

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Sandyston-Walpack Consolidated School District
Layton, New Jersey**

For the Fiscal Year Ended June 30, 2011

Prepared by

**Sandyston Walpack Consolidated Board of Education
Finance Department**

BOARD OF EDUCATION
SANDYSTON-WALPACK
CONSOLIDATED SCHOOL DISTRICT

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Introductory Section

SANDYSTON-WALPACK CONSOLIDATED SCHOOL
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973-948-3263 Nurse's Office

Donald Gross, Ed.D.
Superintendent
dgross@sandystonwalpack.org

Carole Kylish
Board Secretary

August 28, 2011

Honorable President and
Members of the Board of Education
Sandyston-Walpack School District
P.O. Box 128
Layton, N.J. 07851

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Sandyston-Walpack School District for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rest with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly, in all material aspects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position and cash flows where applicable in the United States of America. 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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations"; and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The district provides an education to the children from pre-school through sixth grade who reside in Sandyston and Walpack townships. The teaching staff follows a curriculum that is comprehensive and up-to-date. Along with four other elementary school districts and a regional junior-senior high school district, SW participates in a consortium that involves the planning, developing, and implementation of new curricula based on the requirements of State Code. The

consortium is appropriately moving from the NJ Core Curriculum Content Standards to the national Common Core Standards. During the past year, the members reviewed a variety of math programs, developed the goals/objectives so that they related to the Common Core Standards, and implemented a new math curriculum.

In the spring of 2011, students in grades three through six were administered the NJ Assessment of Skills and Knowledge (NJ ASK). Our students continue to demonstrate a high level of achievement on this test. However, it should be noted that our staff works with each student so as to maximize the student's learning throughout the year (and not just for testing). We are proud of the work our staff does each and every day. In last year's testing, the following levels of success were obtained:

	Language Arts*	Math*
Third Grade	88%	80%
Fourth Grade	86%	95%
Fifth Grade	76%	95%
Combined Grade 3 – 5	84%	97%
Sixth Grade	64%	67%

* Combined proficient and advanced proficient

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2010-2011	156	(0.03)
2009-2010	161	0.012
2008-2009	159	(10.1)
2007-2008	177	(2.7)
2006-2007	182	3.4
2005-2006	176	0
2004-2005	176	(1.6)
2003-2004	179	1.1
2002-2003	177	(11.0)
2001-2002	199	4.7
2000-2001	190	(5.9)
1999-2000	202	0
1998-1999	202	8.2
1997-1998	187	(3.7)
1996-1997	194	5.4
1995-1996	184	11.5
1994-1995	165	(4.0)
1993-1994	172	0
1992-1993	172	2.3
1991-1992	168	

2. ECONOMIC CONDITION AND OUTLOOK: The Sandyston-Walpack School District currently and historically has enjoyed a strong level of support from its two constituent communities with budgets passing the annual vote by a substantial margin year after year. This has been in part due to maintenance of a basic budget that well supports the educational needs of the students, yet has done so without the necessity of significant increases in local property taxes in any given year. This has also been the result of the receipt of Federal Impact Aid title PL 8002, which is the aid from the federal government designed to help offset the loss of ratable

property due to its acquisition for the Delaware Water Gap National Recreation Area. It is currently estimated that these ratables exceed \$1,100,000,000. Payment from Impact Aid may be as high as 17% or more of the school budget.

Although Impact Aid has proven most beneficial over the past years, there has been a history of uncertainty surrounding this funding and whether or not payments will be received within a specific fiscal year or if funds will be continued in future years depending upon congressional discretion. This uncertainty has made budgeting a difficult process in many years since the total expected revenue cannot be guaranteed. This has caused the Board of Education to use Impact Aid for one time costs rather than to become dependent on such funds for ongoing operational needs. However, changes in regulations at the Department of Education and unusual costs for special education have made it necessary to become increasingly reliant upon these funds. Fortunately, for a number of years now, the receipt of federal funding in the form of Impact Aid, although variable in dollar amount, has been consistently received.

The Delaware Water Gap National Recreation Area has been receiving about 2.5 million visitors per year but has had little economic impact on the communities.

The use of the present facility has changed over the years and, although the student population has remained static over the last several years, the change in utilization has created space concerns. The district has more small group instruction areas to meet the needs of special education students and to provide for services associated with basic skills instruction, resource centers, occupational therapy, physical therapy and speech.

It is safe to say that, although the district is working well within its present level of local, state and federal funding, uncertainty continues in the near future. This uncertainty has been greatly increased with the passage of S-1701, a bill that has far reaching effects upon how the district may be able to utilize its Impact Aid.

3. MAJOR INITIATIVES: The Sandyston-Walpack Consolidated School maintains its focus on providing a quality education for all children aged 3 through 12. The Board of Education stands committed to reviewing our current programs and adding the elements needed to comply with the Core Curriculum Standards.

Our curriculum was recently revised in math to encompass the Common Core Standards. The focus of professional development will be to learn and use the curriculum so that learning continues for our students. In addition, all staff working in math will be in-serviced in utilizing all components of the program.

Other professional development opportunities will be in language arts, differentiated instruction so as to maximize our work for all students, and improvement of classroom management skills so that learning continues in the classroom.

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

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is also subject to periodic evaluation by the district management.

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to insure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and for capital outlay. The final budget, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2010.

6. ACCOUNTING SYSTEM AND REPORTS: The district's accounting records reflect generally accepted accounting principles, as promulgated by the Government Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. CASH MANAGEMENT: The investment policy of the Sandyston-Walpack School District is guided in large part by state statute as detailed in "Notes to Financial Statements, Note 2. The district has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provision 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, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION: Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of T.M. Vrabel & Associates 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 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial section statements and combining and individual statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Sandyston-Walpack 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.

Respectfully submitted,



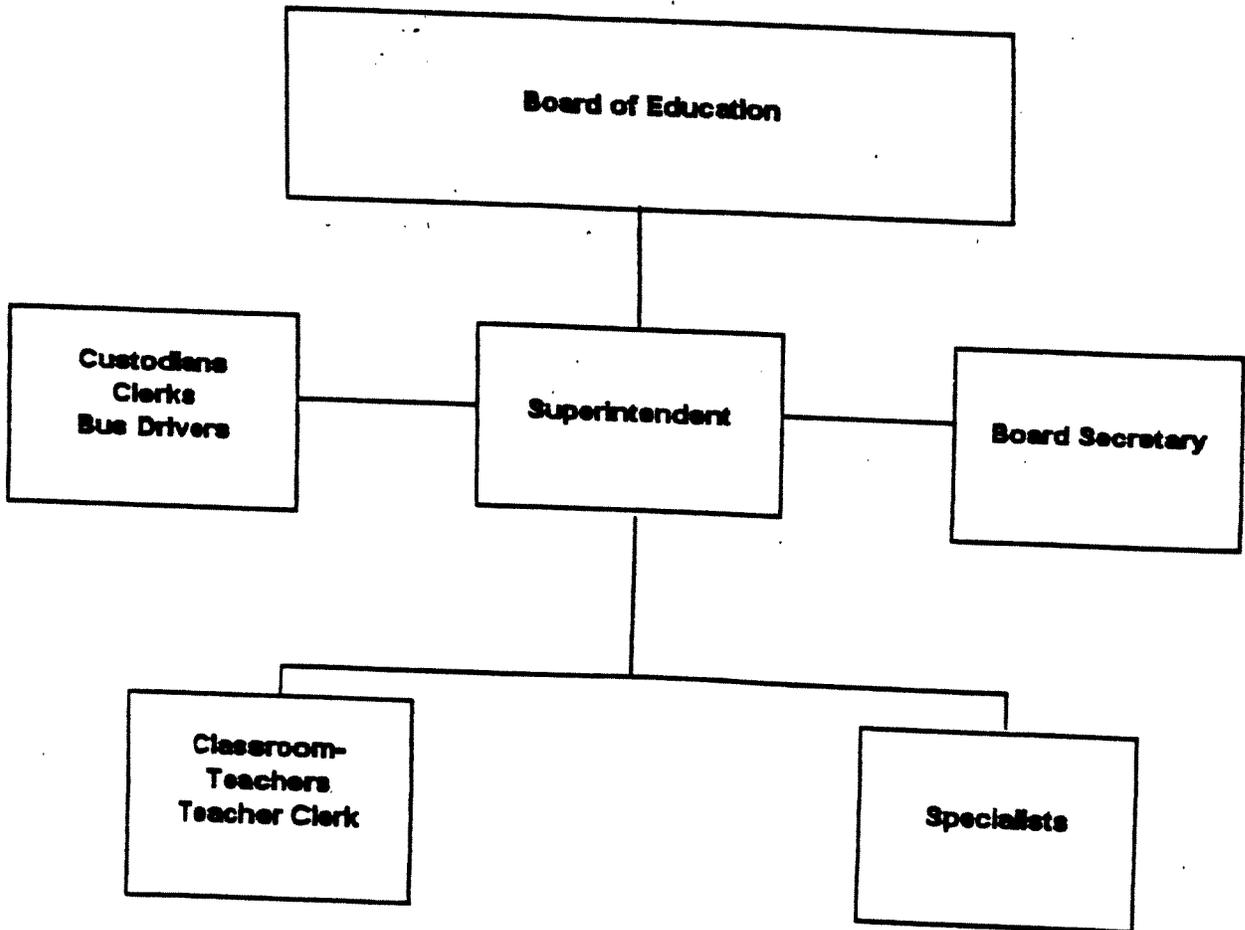
Donald Gross
Superintendent



Carole Kylish
Board Secretary

**BOARD OF EDUCATION
SANDYSTON-WALPACK
CONSOLIDATED SCHOOL
LAYTON, NEW JERSEY**

ORGANIZATIONAL CHART



SANDYSTON-WALPACK CONSOLIDATED BOARD OF EDUCATION
LAYTON, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2011

<u>Members of Board of Education</u>		<u>Term Expires</u>
Ann Gillerlane	President	2012
Brenda Cucchiara	Member	2013
Colleen Hewitt	Member	2014
Nancy Kovar	Member	2013
Michael Milligan III	Member	2013
Kelli Pastor	Member	2012
Abigail Perrelli	Member	2012
Walpack Seat	Vacant	
Jo-Ann Williamson	Member	2014

Other Officials

Bryan Hensz, Superintendent

Carole Kylish, Board Secretary

Lois Kinney, Treasurer

James Fox, Board Attorney

SANDYSTON-WALPACK CONSOLIDATED SCHOOL

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

T.M. VRABEL & ASSOCIATES, LLC
170 MAIN STREET
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DENVILLE, N.J. 07834

ATTORNEY

JAMES FOX, ESQ.
MORRIS, DOWNING & SHERRED
ONE MAIN STREET
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NEWTON, N.J. 07860

OFFICIAL DEPOSITORY

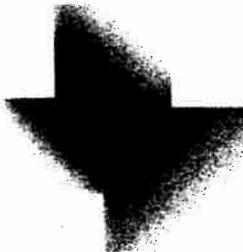
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LAKELAND BANK
362 ROUTE 206 NORTH
BRANCHVILLE, N.J. 07826

SUSSEX BANK
100 ROUTE 206
AUGUSTA, N.J. 07822

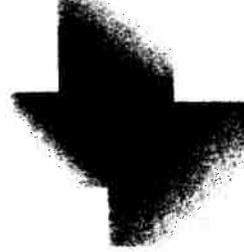
Financial Section

Independent Auditor's Report



T. M. Vrabel & Associates, LLC
Accountants and Auditors

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA



INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Sandyston-Walpack Consolidated School District
County of Sussex, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sandyston-Walpack Consolidated School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sandyston-Walpack Consolidated School District's management. Our responsibility is to express an opinion on these basic 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 in compliance with audit requirements as prescribed by the Division of 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Sandyston-Walpack Consolidated School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

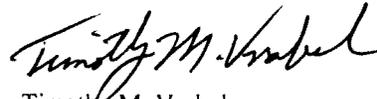
In accordance with Government Auditing Standards, we have also issued our report dated August 26, 2011 on our consideration of the Sandyston-Walpack Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sandyston-Walpack Consolidated School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC0033704

August 26, 2011

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Sandyston-Walpack Consolidated School District financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- The District's net assets decreased \$226,000 as a result of this year's operations. Net assets of our business-type activities increased by \$1,000, or 14 percent, and net assets of our governmental activities increased by \$225,000 or 13.5 percent.
- Total cost of all of the District's programs was \$2,735,000 in 2010-2011 compared to \$2,950,000 in 2009-2010.
- During the year, the District had expenses for governmental activities that were \$274,000 less than the \$2,954,000 generated in tax and other program revenues.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: the District has one proprietary fund as shown on pages 32 and 33.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 29.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's *combined* net assets changed from a year ago, *increasing* from \$1,667,000 to \$1,893,000. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Assets (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	1,087	818	13	15	1,100	833
Long term receivables					-	-
Capital assets	<u>957</u>	<u>997</u>	<u>-</u>	<u>-</u>	<u>957</u>	<u>997</u>
Total assets	<u>2,044</u>	<u>1,815</u>	<u>13</u>	<u>15</u>	<u>2,057</u>	<u>1,830</u>
Long-term debt outstanding	72	70			72	70
Other liabilities	<u>87</u>	<u>85</u>	<u>5</u>	<u>8</u>	<u>92</u>	<u>93</u>
Total liabilities	<u>159</u>	<u>155</u>	<u>5</u>	<u>8</u>	<u>164</u>	<u>163</u>
Net assets:						
Invested in capital assets, net of debt	957	997			957	997
Restricted	296	157			296	157
Unrestricted (deficit)	<u>632</u>	<u>506</u>	<u>8</u>	<u>7</u>	<u>640</u>	<u>513</u>
Total net assets	<u>1,885</u>	<u>1,660</u>	<u>8</u>	<u>7</u>	<u>1,893</u>	<u>1,667</u>

Net assets of the District's governmental activities increased by 13.6 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased \$126,000. Restricted net assets, those restricted mainly for capital projects increased by \$139,000. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category decreased by \$40,000.

Table 2
Changes in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Revenues</u>						
Program revenues:						
Charges for Services			8	9	8	9
Operating Grants and Contributions	267	402	3	4	270	406
General revenues:						
Property Taxes	1,849	1,731			1,849	1,731
Federal and State Aid	831	708			831	708
Interest and Investment Earnings	4	7			4	7
Other General Revenues	(9)	15	7	8	(2)	23
Total Revenues:	<u>2,942</u>	<u>2,863</u>	<u>18</u>	<u>21</u>	<u>2,960</u>	<u>2,884</u>
<u>Program expenses including indirect expenses</u>						
Instruction:						
Regular	1,091	1,292			1,091	1,292
Special	352	376			352	376
Other instruction	193	161			193	161
Support services:						
Tuition	28	40			28	40
Student and instruction related services	378	348			378	348
School administrative services	68	60			68	60
General and business administrative services	227	227			227	227
Plant operations and maintenance	238	257			238	257
Pupil transportation	143	150			143	150
Charter school		19			-	19
Business-type activities:						
Food Services	-	-	17	20	17	20
Total Expenses	<u>2,718</u>	<u>2,930</u>	<u>17</u>	<u>20</u>	<u>2,735</u>	<u>2,950</u>
Increase (Decrease) in Net Assets	<u>224</u>	<u>(67)</u>	<u>1</u>	<u>1</u>	<u>225</u>	<u>(66)</u>

THE DISTRICT'S FUNDS**Governmental Activities****Table 3****Information below compares revenues and expenditures for all governmental fund types for 2010-2011 and 2009-2010.**

(\$000 omitted)

<u>Revenues by Source:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Local Tax Levy	1,849	1,731	6.82%
Interest Earned to Investments	4	8	-50.00%
Miscellaneous	4	23	-82.61%
Total - Local Sources	1,857	1,762	5.39%
State Sources	694	723	-4.01%
Federal Sources	403	387	4.13%
Total Revenues	<u>2,954</u>	<u>2,872</u>	2.86%

(\$000 omitted)

<u>Expenditures by Function:</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>% Change</u>
Current:			
Regular Instruction	795	947	-16.05%
Special education	221	251	-11.95%
Other instruction	161	135	19.26%
Support Services and undistributed costs:			
Tuition	28	40	-30.00%
Student and instruction related services	328	307	6.84%
School administrative services	58	56	3.57%
General and Business administrative services	181	188	-3.72%
Plant operations and maintenance	208	230	-9.57%
Pupil transportation	132	139	-5.04%
Employee Benefits	565	584	-3.25%
Capital Outlay	3	109	-97.25%
Charter School	-	19	-100.00%
Total Expenditures	<u>2,680</u>	<u>3,005</u>	-10.82%

Business-type Activities

The District's major Enterprise Fund consists of the Food Service.. The basic financial statements for this major fund are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included this fund in Table 4, which demonstrates return on ending assets and return on ending net assets.

Table 4

(\$000 omitted)

	<u>Food Service</u>
Total Assets	13
Net Assets	8
Change in Net Assets	1
Return on Ending Total Assets	7.69%
Return on Ending Net Assets	12.50%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 5

Capital Assets at Year-end
(Net of Depreciation, in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	50	50			50	50
Buildings	1,367	1,366			1,367	1,366
Machinery and Equipment	260	260			260	260
Subtotal	1,677	1,676	-	-	1,677	1,676
Accumulated Depreciation	(720)	(679)	-	-	(720)	(679)
Totals	<u>957</u>	<u>997</u>	<u>-</u>	<u>-</u>	<u>957</u>	<u>997</u>

DEBT

At year-end the District had total debt of \$0 versus \$0 last year as shown in Table 6.

Outstanding Debt, at year –end (in thousands)
Table 6

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Serial Bonds		
Loans		
Lease Purchase Agreement		
Temporary Notes		
Authorized but not Issued	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

An analysis of District Debt is presented in Note III:D. to the basic financial statements.

BUDGETS

The significant variances between the originally adopted budget for the year 2010-2011 and the final budget were caused by the treatment of encumbrances that are added to the original budget. In addition, the State pension payments, which are paid by the State on behalf of employees are not budgeted, however they are counted as an expense in the audit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator/Board Secretary, Sandyston-Walpack School District, Layton, New Jersey

BASIC FINANCIAL STATEMENTS

Section A
DISTRICT – WIDE FINANCIAL STATEMENTS

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 702,772.95	\$ 8,004.19	\$ 710,777.14
Receivables, net	100,167.11	642.84	100,809.95
Interfund receivables	4,427.52	4,678.15	9,105.67
Restricted assets:			
Capital reserve account - cash	279,640.10		279,640.10
Capital assets, net (Note III:C.):	<u>957,011.62</u>	<u>-</u>	<u>957,011.62</u>
Total Assets	<u>2,044,019.30</u>	<u>13,325.18</u>	<u>2,057,344.48</u>
LIABILITIES			
Accounts payable	70,929.94	622.40	71,552.34
Interfunds payable	4,678.15	4,427.52	9,105.67
Payable to state government	2,881.61		2,881.61
Deferred revenue	5,730.45		5,730.45
Other	2,129.43		2,129.43
Noncurrent liabilities (Note IV:B.):			
Due within one year	12,213.00		12,213.00
Due beyond one year	<u>60,111.65</u>	<u>-</u>	<u>60,111.65</u>
Total liabilities	<u>158,674.23</u>	<u>5,049.92</u>	<u>163,724.15</u>
NET ASSETS			
Invested in capital assets, net of related debt	957,011.62		957,011.62
Restricted for:			
Capital projects	279,640.10		279,640.10
Other purposes	17,009.48		17,009.48
Unrestricted	<u>631,683.87</u>	<u>8,275.26</u>	<u>639,959.13</u>
Total Net Assets	<u>\$ 1,885,345.07</u>	<u>\$ 8,275.26</u>	<u>\$ 1,893,620.33</u>

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

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
 Statement of Activities
 For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 1,090,603.54	\$ -	\$ -	\$ (980,931.73)	\$ -	\$ (980,931.73)
Special education	352,274.98	34,525.75		(317,749.23)		(317,749.23)
Other instruction	192,914.81	17,731.29		(175,183.52)		(175,183.52)
Support services:						
Tuition	27,954.05	1,137.39		(26,816.66)		(26,816.66)
Student and instruction related services	378,652.50	63,297.69		(315,354.81)		(315,354.81)
School administrative services	68,308.36	6,418.43		(61,889.93)		(61,889.93)
General and business administrative services	227,190.15	16,085.84		(211,104.31)		(211,104.31)
Plant operations and maintenance	238,351.98	8,589.54		(229,762.44)		(229,762.44)
Pupil transportation	143,478.55	9,133.57		(134,344.98)		(134,344.98)
Total governmental activities	<u>2,719,728.92</u>	<u>266,591.31</u>		<u>(2,453,137.61)</u>		<u>(2,453,137.61)</u>
Business-type activities:						
Food Service	16,923.68	7,799.31			(6,017.52)	(6,017.52)
Total business-type activities	<u>16,923.68</u>	<u>7,799.31</u>	<u>-</u>	<u>-</u>	<u>(6,017.52)</u>	<u>(6,017.52)</u>
Total primary government	<u>\$ 2,736,652.60</u>	<u>\$ 7,799.31</u>	<u>\$ -</u>	<u>\$ (2,453,137.61)</u>	<u>\$ (6,017.52)</u>	<u>\$ (2,459,155.13)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				\$ 1,848,908.00	\$ -	\$ 1,848,908.00
Federal and State aid not restricted				830,595.48		830,595.48
Investment Earnings				3,814.72	37.39	3,852.11
Miscellaneous Income				4,067.19		4,067.19
Transfers				(7,465.83)	7,465.83	-
Debt Service Assessment				(2,115.00)		(2,115.00)
Total general revenues, special items, extraordinary items and transfers				<u>2,677,804.56</u>	<u>7,503.22</u>	<u>2,685,307.78</u>
Change in Net Assets				224,666.95	1,485.70	226,152.65
Net Assets—beginning				1,660,678.12	6,789.56	1,667,467.68
Net Assets—ending				<u>\$ 1,885,345.07</u>	<u>\$ 8,275.26</u>	<u>\$ 1,893,620.33</u>

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

Section B
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 754,535.66	\$ (51,762.71)	\$ 702,772.95
Interfunds receivable	4,427.52		4,427.52
Receivables from other governments	34,860.12	55,600.29	90,460.41
Tax Levy receivable	9,706.70		9,706.70
Restricted cash and cash equivalents	<u>279,640.10</u>	<u>-</u>	<u>279,640.10</u>
 Total Assets	 <u>\$ 1,083,170.10</u>	 <u>\$ 3,837.58</u>	 <u>\$ 1,087,007.68</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 69,973.97	\$ 955.97	\$ 70,929.94
Interfunds payable	4,678.15		4,678.15
Payable to state government		2,881.61	2,881.61
Deferred revenue	5,730.45		5,730.45
Other	<u>2,129.43</u>	<u>-</u>	<u>2,129.43</u>
Total Liabilities	<u>82,512.00</u>	<u>3,837.58</u>	<u>86,349.58</u>
Fund Balances:			
Restricted for:			
Capital Reserve Account	279,640.10		279,640.10
Assigned to:			
Other Purposes	17,009.48		17,009.48
Designated for Subsequent Year's Expenditures	209,810.00		209,810.00
Unassigned	<u>494,198.52</u>		<u>494,198.52</u>
Total Fund Balances	<u>1,000,658.10</u>	<u>-</u>	<u>1,000,658.10</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,083,170.10</u>	 <u>\$ 3,837.58</u>	

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

Adjustment to Debt Service Fund net assets for the accrual of interest expense.

-

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,676,681.18 and the accumulated depreciation is \$719,669.56.

957,011.62

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note IV:B.)

(72,324.65)

Net assets of governmental activities

\$ 1,885,345.07

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

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Local sources:			
Local tax levy	\$ 1,848,908.00	\$ -	\$ 1,848,908.00
Interest earned on investments	3,083.33		3,083.33
Interest earned on Capital Reserve Funds	731.39		731.39
Miscellaneous	<u>4,067.19</u>		<u>4,067.19</u>
Total - Local Sources	1,856,789.91	-	1,856,789.91
State sources	693,747.16		693,747.16
Federal sources	<u>323,772.00</u>	<u>79,667.63</u>	<u>403,439.63</u>
Total Revenues	<u>2,874,309.07</u>	<u>79,667.63</u>	<u>2,953,976.70</u>
EXPENDITURES			
Current:			
Regular instruction	766,446.12	28,629.98	795,076.10
Special education instruction	216,932.79	3,649.77	220,582.56
Other Instruction	161,078.23		161,078.23
Support services and undistributed costs:			
Tuition	27,954.05		27,954.05
Student and instruction related services	281,528.68	45,994.88	327,523.56
School administrative services	57,776.96		57,776.96
General and business administrative services	181,095.97		181,095.97
Plant operations and maintenance	207,962.46		207,962.46
Pupil transportation	132,076.36		132,076.36
Unallocated benefits	563,949.35	1,393.00	565,342.35
Capital outlay	<u>3,335.00</u>	<u>-</u>	<u>3,335.00</u>
Total Expenditures	<u>2,600,135.97</u>	<u>79,667.63</u>	<u>2,679,803.60</u>
Excess (Deficiency) of revenues over expenditures	<u>274,173.10</u>	<u>-</u>	<u>274,173.10</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers (out)	<u>(7,465.83)</u>		<u>(7,465.83)</u>
Total Other Financing Sources and (Uses)	<u>(7,465.83)</u>	<u>-</u>	<u>(7,465.83)</u>
Net change in fund balances	266,707.27	-	266,707.27
Fund Balance—July 1	<u>733,950.83</u>	<u>-</u>	<u>733,950.83</u>
Fund Balance—June 30	<u>\$ 1,000,658.10</u>	<u>\$ -</u>	<u>\$ 1,000,658.10</u>

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

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2)	266,707.27
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)	
Interest paid	-
Interest accrued	-
	-
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	(41,174.07)
Capital outlays	3,335.00
	(37,839.07)
A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets.	
	(2,115.00)
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)	
	-
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) 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 in the reconciliation (+).	
	(2,086.25)
Payment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Debt principal	-
Capital lease principal	-
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.	
Proceeds of long-term debt	-
Capital lease proceeds	-
Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)	
	-
Change in net assets of governmental activities	224,666.95

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

PROPRIETARY FUNDS

BOARD OF EDUCATION
 SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
 Statement of Net Assets
 Proprietary Funds
 June 30, 2011

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,004.19	\$ 8,004.19
Accounts receivable	642.84	642.84
Interfund receivables	4,678.15	4,678.15
Total Current Assets	13,325.18	13,325.18
Total Assets	13,325.18	13,325.18
LIABILITIES		
Current Liabilities:		
Accounts payable	622.40	622.40
Interfund payable	4,427.52	4,427.52
Total Current Liabilities	5,049.92	5,049.92
NET ASSETS		
Unrestricted	8,275.26	8,275.26
Total Net Assets	\$ 8,275.26	\$ 8,275.26

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

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
Operating Revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$ 4,935.51	\$ 4,935.51
Daily sales - non-reimbursable programs	<u>2,863.80</u>	<u>2,863.80</u>
Total Operating Revenues	<u>7,799.31</u>	<u>7,799.31</u>
 Operating Expenses:		
Cost of sales	9,449.50	9,449.50
Salaries	6,089.38	6,089.38
General supplies	<u>1,384.80</u>	<u>1,384.80</u>
Total Operating Expenses	<u>16,923.68</u>	<u>16,923.68</u>
Operating Income (Loss)	<u>(9,124.37)</u>	<u>(9,124.37)</u>
 Nonoperating Revenues (Expenses):		
State sources:		
State school lunch program	103.11	103.11
Federal sources:		
National school lunch program	3,003.74	3,003.74
Interest and investment revenue	<u>37.39</u>	<u>37.39</u>
Total Nonoperating Revenues (Expenses)	<u>3,144.24</u>	<u>3,144.24</u>
Income (loss) before contributions and transfers	<u>(5,980.13)</u>	<u>(5,980.13)</u>
Transfers in (out)	<u>7,465.83</u>	<u>7,465.83</u>
Change in net assets	1,485.70	1,485.70
Total Net Assets—Beginning	<u>6,789.56</u>	<u>6,789.56</u>
 Total Net Assets—Ending	<u>\$ 8,275.26</u>	<u>\$ 8,275.26</u>

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

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 4,692.46	\$ 4,692.46
Payments to employees	(6,089.38)	(6,089.38)
Payments to suppliers	<u>(13,905.85)</u>	<u>(13,905.85)</u>
Net cash provided by (used for) operating activities	<u>(15,302.77)</u>	<u>(15,302.77)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	103.11	103.11
Federal Sources	3,003.74	3,003.74
Operating subsidies and transfers to other funds	<u>7,465.83</u>	<u>7,465.83</u>
Net cash provided by (used for) non-capital financing activities	<u>10,572.68</u>	<u>10,572.68</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	<u>37.39</u>	<u>37.39</u>
Net cash provided by (used for) investing activities	<u>37.39</u>	<u>37.39</u>
Net increase (decrease) in cash and cash equivalents	(4,692.70)	(4,692.70)
Balances—beginning of year	<u>12,696.89</u>	<u>12,696.89</u>
Balances—end of year	<u>\$ 8,004.19</u>	<u>\$ 8,004.19</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (9,124.37)	(9,124.37)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
(Increase) decrease in accounts receivable, net	(3,106.85)	(3,106.85)
Increase (decrease) in accounts payable	<u>(3,071.55)</u>	<u>(3,071.55)</u>
Total adjustments	<u>(6,178.40)</u>	<u>(6,178.40)</u>
Net cash provided by (used for) operating activities	<u>\$ (15,302.77)</u>	<u>\$ (15,302.77)</u>

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

FIDUCIARY FUNDS

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011**

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 26,162.37	\$ 38,771.11
Total Assets	<u>\$ 26,162.37</u>	<u>\$ 38,771.11</u>
LIABILITIES		
Payroll deductions and withholdings		\$ 38,771.11
Total Liabilities		<u>\$ 38,771.11</u>
NET ASSETS		
Held in trust for unemployment claims and other purposes	<u>\$ 26,162.37</u>	

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

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan member	\$ 4,669.83
Board of Education	<u>1,036.00</u>
Total Contributions	<u>5,705.83</u>
Investment earnings:	
Interest	<u>139.70</u>
Net investment earnings	<u>139.70</u>
Total Additions	<u>5,845.53</u>
DEDUCTIONS	
Unemployment claims	<u>4,209.45</u>
Total Deductions	<u>4,209.45</u>
Change in Net Assets	1,636.08
Net Assets—beginning	<u>24,526.29</u>
Net Assets—ending	<u>\$ 26,162.37</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Sandyston-Walpack Consolidated School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2004.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2004, Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in Layton. 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.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

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

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. 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 must be approved by School Board resolution. Appropriation of prior year encumbrances in the amount of \$3,870.62 were made during the year ended June 30, 2011. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

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

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

The special revenue fund had no encumbrances at June 30, 2011.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types 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.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents 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.

3. Inventories

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note 1: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

6. Deferred Revenue

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 differs from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

	<u>Balance Sheet/Statement of Net Assets</u>			<u>Statement</u>
<u>Assets</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>Long - term</u> <u>Assets</u> <u>Liabilities (1)</u>	<u>Reclassifications</u> <u>and Eliminations</u>	<u>of Net</u> <u>Assets</u> <u>Totals</u>
Cash and cash equivalents	\$ 702,772.95	\$ -	\$ -	\$ 702,772.95
Receivables, net			100,167.11	100,167.11
Interfund Receivables	4,427.52			4,427.52
Receivables from Other Governments	90,460.41		(90,460.41)	-
Tax Levy Receivable	9,706.70		(9,706.70)	
Restricted assets:				
Capital Reserve Account - cash	279,640.10			279,640.10
Capital Assets, net	-	957,011.62	-	957,011.62
Total Assets	\$ 1,087,007.68	\$ 957,011.62	\$ -	\$ 2,044,019.30
 <u>Liabilities</u>				
Accounts Payable	\$ 70,929.94	\$ -	\$ -	\$ 70,929.94
Interfunds Payable	4,678.15			4,678.15
Payable to State Government	2,881.61			2,881.61
Deferred Revenue	5,730.45			5,730.45
Other	2,129.43			2,129.43
Noncurrent Liabilities	-		72,324.65	72,324.65
Total Liabilities	86,349.58		72,324.65	158,674.23
 <u>Fund Balances/Net Assets</u>				
<u>Net Assets</u>				
Invested in capital assets, net of related debt		957,011.62		957,011.62
Restricted for:				
Capital projects	279,640.10			279,640.10
Other purposes	17,009.48			17,009.48
Unrestricted	704,008.52	-	(72,324.65)	631,683.87
Total Fund Balances/Net Assets	1,000,658.10	957,011.62	(72,324.65)	1,885,345.07
Total Liabilities and Fund Balances/Net Assets	\$ 1,087,007.68	\$ 957,011.62	\$ -	\$ 2,044,019.30

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 1,676,681.18
Accumulated depreciation	(719,669.56)
	<u>\$ 957,011.62</u>

Long - term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long - term are reported in the of net assets.

Compensated Absences	\$ 72,324.65
	<u>\$ 72,324.65</u>

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

Revenues and Other Sources	Total Governmental Funds	Long - term Revenue, Expenses (2)	Capital Related Items (3)	Long - term Debt Transactions (4)	Reclassifications and Eliminations (5)	Statement of Activities Totals
Local Tax Levy	\$ 1,848,908.00	\$ -	\$ -	\$ -	\$ -	\$ 1,848,908.00
Interest Earned on Investments	3,814.72					3,814.72
Miscellaneous	4,067.19					4,067.19
State Sources	693,747.16					693,747.16
Federal Sources	403,439.63	-	-	-	-	403,439.63
Total	2,953,976.70	-	-	-	-	2,953,976.70
Expenditures						
Current:						
Regular instruction	795,076.10	-	24,175.76	875.19	270,476.49	1,090,603.54
Special education	220,582.56		2,581.27		129,111.15	352,274.98
Other instruction	161,078.23		250.00	242.21	31,344.37	192,914.81
Support Services and undistributed costs:						
Tuition	27,954.05					27,954.05
Student and instruction related services	327,523.56			129.18	50,999.76	378,652.50
School administrative services	57,776.96		442.61		10,088.79	68,308.36
General and business administrative services	181,095.97		3,356.04	839.67	41,898.47	227,190.15
Plant operations and maintenance	207,962.46		1,380.49		29,009.03	238,351.98
Pupil transportation	132,076.36		8,987.90		2,414.29	143,478.55
Unallocated Benefits	565,342.35				(565,342.35)	-
Capital Outlay	3,335.00		(3,335.00)	-	-	-
Total	2,679,803.60		37,839.07	2,086.25	-	2,719,728.92
Other Financing Uses/Changes in Net Assets:						
Debt Service Assessment			(2,115.00)			(2,115.00)
Net Transfers to(from) other funds	(7,465.83)		-			(7,465.83)
Total	(7,465.83)	-	(2,115.00)	-	-	(9,580.83)
Net Change for the Year	\$ 266,707.27	\$ -	\$ (39,954.07)	\$ (2,086.25)	\$ -	\$ 224,666.95

2. In the statement of activities, interest on long - term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliations. (+)

\$ -

3. 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 which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (41,174.07)
Capital outlays	3,335.00
	<u>\$ (37,839.07)</u>

3. A Debt Service Assessment which is a capital outlay expenditure but not included in capital assets.

\$ (2,115.00)

3. In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)

4. In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) 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 differences is an addition to the reconciliation (+).

\$ (2,086.25)

Payment of long-term liability principal is an expenditure in the government funds, but the payment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal	-
Capital lease principal	-
	<u>\$ (2,086.25)</u>

4. Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities, issuing debt increases long - term liabilities in the statement of net assets.

Proceeds of long - term debt	\$ -
Capital lease proceeds	-
	<u>\$ -</u>

5. Allocate Benefits expenditures

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. 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 public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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 other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2011 the Sandyston-Walpack Consolidated School District's cash and cash equivalent's amounted to \$1,096,722.98. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$846,722.98 was covered by a collateral pool maintained by the banks as required by GUDPA

At June 30, 2011 the Sandyston-Walpack Consolidated School District had no participation in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Sandyston-Walpack Consolidated School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2011, none of the Sandyston-Walpack Consolidated School District's cash and cash equivalents of \$\$1,096,722.98 was exposed to custodial credit risk.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Sandyston-Walpack Consolidated School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Sandyston-Walpack Consolidated School District had no investments as described in Note I:G.1 at June 30,2011.

B. Interfund Receivables and Payables

As of June 30, 2011, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$4,427.52	\$4,678.15
Enterprise Fund	4,678.15	4,427.52

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 50,000.00	\$ -	\$ -	\$ 50,000.00
Total Capital assets not being depreciated	<u>50,000.00</u>	<u>-</u>	<u>-</u>	<u>50,000.00</u>
Buildings and Improvements	1,365,596.17	1,220.00		1,366,816.17
Machinery and Equipment	<u>259,865.01</u>	<u>-</u>	<u>-</u>	<u>259,865.01</u>
Totals at historical cost	<u>1,625,461.18</u>	<u>1,220.00</u>	<u>-</u>	<u>1,626,681.18</u>
Less accumulated depreciation for:				
Buildings and Improvements	(454,635.10)	(22,130.76)		(476,765.86)
Machinery and Equipment	<u>(223,860.39)</u>	<u>(19,043.31)</u>	<u>-</u>	<u>(242,903.70)</u>
Total accumulated depreciation	<u>(678,495.49)</u>	<u>(41,174.07)</u> (1)	<u>-</u>	<u>(719,669.56)</u>
Net capital assets being depreciated	<u>946,965.69</u>	<u>(39,954.07)</u>	<u>-</u>	<u>907,011.62</u>
Governmental activities capital assets, net	<u>\$ 996,965.69</u>	<u>\$ (39,954.07)</u>	<u>\$ -</u>	<u>\$ 957,011.62</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 24,175.76
Special Education	2,581.27
Other Instruction (Athletic)	250.00
School Administrative Services	442.61
General and Business Administrative Services	3,356.04
Plant Operations and Maintenance	1,380.49
Pupil Transportation	<u>8,987.90</u>
	<u>\$ 41,174.07</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has no operating leases.

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Accruals</u>	<u>Payments</u>		<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Other liabilities:						
Compensated absences	\$ 70,238.40	\$ 2,086.25	\$ -		\$ 72,324.65	\$ 12,213.00
Total other liabilities	<u>70,238.40</u>	<u>2,086.25</u>	<u>-</u>	(1)	<u>72,324.65</u>	<u>12,213.00</u>
Governmental activities						
long - term liabilities	<u>\$ 70,238.40</u>	<u>\$ 2,086.25</u>	<u>\$ -</u>		<u>\$ 72,324.65</u>	<u>\$ 12,213.00</u>

(1) Paid by general fund

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

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

There were no Serial Bonds outstanding as of June 30, 2011.

2. Temporary Notes

There were no Temporary Notes outstanding as of June 30, 2011.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2011.

4. Capital Leases Payable

There were no Capital Leases Payable as of June 30, 2011.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note V: Detailed Disclosure Regarding Fund Equity

A. Capital Reserve Account

A capital reserve account was established by the Sandyston-Walpack Consolidated School District Board of Education by inclusion of \$1.00 on October 4, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

A summary of the account's transactions is as follows:

2000-2001 Budget (described above)	\$ 1.00
2003-2004 Tax Levy	100,000.00
2003-2004 Resolution (Unreserved Fund Balance)	125,650.00
2003-2004 Interest Income	2,509.20
2003-2004 Transfer to Capital Projects	(277,400.00)
2004-2005 Interest Income	15.20
2004-2005 Transfer to Capital Projects	(107.17)
2005-2006 Fund Balance	135,338.00
2005-2006 Interest Income	2,051.32
2006-2007 Fund Balance	101,308.00
2006-2007 Interest Income	12,013.28
2007-2008 Interest Income	6,284.47
2008-2009 Interest Income	3,864.95
2009-2010 Interest Income	905.46
2009-2010 Withdrawal	(108,525.00)
2010-2011 Fund Balance	125,000.00
2010-2011 Interest Income	<u>731.39</u>
Balance June 30, 2011	<u>\$ 279,640.10</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$1,005,000.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note VI: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note VI: Pension Plans (Continued)

Significant Legislation (Continued)

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPPF, JRS, and SPRS) is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

The required supplementary information regarding the funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. The pension funds provide for employee contributions based on 5.5 percent for TPAF and 5.5 percent for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the state fiscal year ended June 30, 2010, for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note VI: Pension Plans (Continued)

Contributions – Actual

The District's total payroll for the year ended June 30, 2011 was \$1,607,574.03 and covered payroll was \$1,103,052.00 for TPAF and \$275,815.00 for PERS. Contributions to the TPAF and the PERS for the years ended June 30, 2009, 2010, and 2011 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		TPAF	Percent of Covered Payroll	PERS	Percent of Covered Payroll
Employees	6/30/09	\$ 71,310.79	5.54%	\$ 6,084.75	5.73%
	6/30/10	69,277.84	5.86%	16,530.33	5.69%
	6/30/11	64,573.77	5.85%	15,269.03	5.54%
Board of Education	6/30/09	N/A	N/A	22,606.00	8.06%
	6/30/10	N/A	N/A	20,764.00	7.15%
	6/30/11	N/A	N/A	32,201.20	11.67%
State of New Jersey	6/30/09	84,425.00	6.56%	N/A	N/A
	6/30/10	85,569.00	7.24%	N/A	N/A
	6/30/11	82,199.00	7.45%	N/A	N/A

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$87,163.16 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

Note VII: Post-Retirement Medical Benefits

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, respectively, to fund post-retirement medical benefits for those employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the state contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note VIII: Risk Management

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

The following table is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 1,036.00	\$ 4,669.83	\$ 4,209.45	\$ 26,162.37
2009-2010	-0-	2,267.13	15,237.03	24,526.29
2008-2009	-0-	2,156.27	19,506.67	37,244.39

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 is a member of the North Jersey Preferred Pool 2C (the “Pool”). The Pool is an insured group of school districts established for the purpose of providing certain low-cost workers’ compensation, automobile and various liabilities insurance coverage for member school districts in order to keep local property taxes at a minimum.

The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

Note IX: 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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after 10 years of service.

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

Section C
BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 1,848,908.00	\$ -	\$ 1,848,908.00	\$ 1,848,908.00	\$ -	
Interest Earned on Investments	16,000.00	-	16,000.00	3,083.33	(12,916.67)	
Interest Earned on Capital Reserve Funds	1,000.00	-	1,000.00	731.39	(268.61)	
Miscellaneous	-	-	-	4,067.19	4,067.19	
Total - Local Sources	<u>1,865,908.00</u>		<u>1,865,908.00</u>	<u>1,856,789.91</u>	<u>(9,118.09)</u>	
State Sources:						
Equalization Aid	499,117.00	-	499,117.00	429,181.00	(69,936.00)	
Categorical Special Education Aid	10,844.00	-	10,844.00	80,780.00	69,936.00	
Nonpublic Transportation Aid	-	-	-	174.00	174.00	
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	82,199.00	82,199.00	
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	87,163.16	87,163.16	
Total State Sources	<u>509,961.00</u>		<u>509,961.00</u>	<u>679,497.16</u>	<u>169,536.16</u>	
Federal Sources:						
Impact Aid	-	-	-	323,772.00	323,772.00	
Total - Federal Sources				<u>323,772.00</u>	<u>323,772.00</u>	
Total Revenues	<u>2,375,869.00</u>		<u>2,375,869.00</u>	<u>2,860,059.07</u>	<u>484,190.07</u>	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool/Kindergarten - Salaries of Teachers	110-100-101	\$ 113,943.00	\$ 4,446.10	\$ 118,389.10	\$ 94,698.50	\$ 23,690.60
Grades 1-5 - Salaries of Teachers	120-100-101	551,529.00	(25,664.41)	525,864.59	500,578.95	25,285.64
Grades 6-8 - Salaries of Teachers	130-100-101	115,054.00	(14,966.30)	100,087.70	79,794.10	20,293.60
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	190-100-106	42,915.00	-	42,915.00	41,805.04	1,009.96
Purchased Professional-Educational Services	190-100-320	2,200.00	999.04	3,199.04	1,054.04	2,145.00
Purchased Technical Services	190-100-340	1,900.00	-	1,900.00	1,595.00	305.00
Other Purchased Services (400-500 series)	190-100-500	5,950.00	-	5,950.00	5,647.86	302.14
General Supplies	190-100-610	35,856.00	202.64	36,058.64	32,647.58	3,411.06
Textbooks	190-100-640	11,566.00	12,305.31	23,871.31	8,455.05	15,416.26
Other Objects	190-100-800	-	70.00	70.00	70.00	-
TOTAL REGULAR PROGRAMS - INSTRUCTION		<u>880,913.00</u>	<u>(22,607.62)</u>	<u>858,305.38</u>	<u>766,446.12</u>	<u>91,859.26</u>
SPECIAL EDUCATION - INSTRUCTION						
Learning and/or Language Disabilities:						
Salaries of Teachers	204-100-101	60,112.00	(910.91)	59,201.09	57,576.00	1,625.09
Other Salaries for Instruction	204-100-106	16,870.00	-	16,870.00	16,626.90	243.10
Total Learning and/or Language Disabilities		<u>76,982.00</u>	<u>(910.91)</u>	<u>76,071.09</u>	<u>74,202.90</u>	<u>1,868.19</u>
Resource Room/Resource Center:						
Salaries of Teachers	213-100-101	163,874.00	(411.43)	163,462.57	140,907.13	22,555.44
General Supplies	213-100-610	2,000.00	-	2,000.00	1,922.76	177.24
Total Resource Room/Resource Center		<u>165,874.00</u>	<u>(411.43)</u>	<u>165,462.57</u>	<u>142,729.89</u>	<u>22,732.68</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION		<u>242,856.00</u>	<u>(1,322.34)</u>	<u>241,533.66</u>	<u>216,932.79</u>	<u>24,800.87</u>
Basic Skills/Remedial - Instruction						
Salaries of Teachers	230-100-101	160,632.00	-	160,632.00	159,540.13	1,091.87
General Supplies	230-100-610	1,500.00	-	1,500.00	-	1,500.00
Total Basic Skills/Remedial - Instruction		<u>162,132.00</u>		<u>162,132.00</u>	<u>159,540.13</u>	<u>2,591.87</u>
School-Spon. Cocurricular Actvts. - Inst.						
Other Objects	401-100-800	1,400.00	66.10	1,466.10	1,466.10	-
Total School-Spon. Cocurricular Actvts. - Inst.		<u>1,400.00</u>	<u>66.10</u>	<u>1,466.10</u>	<u>1,466.10</u>	<u>-</u>
School-Spon. Athletics - Instruction						
Salaries	402-100-100	-	72.00	72.00	72.00	-
Total School-Spon. Athletics - Instruction		<u>-</u>	<u>72.00</u>	<u>72.00</u>	<u>72.00</u>	<u>-</u>
Total Instruction		<u>1,287,301.00</u>	<u>(23,791.86)</u>	<u>1,263,509.14</u>	<u>1,144,457.14</u>	<u>119,052.00</u>
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Special	000-100-562	27,350.00	(7,938.00)	19,412.00	18,953.57	458.43
Tuition to Private Schools for the Disabled - Within State	000-100-566	-	9,000.48	9,000.48	9,000.48	-
Total Undistributed Expenditures - Instruction:		<u>27,350.00</u>	<u>1,062.48</u>	<u>28,412.48</u>	<u>27,954.05</u>	<u>458.43</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	72,087.00	-	72,087.00	70,586.00	1,501.00
Purchased Professional and Technical Services	000-213-300	1,600.00	-	1,600.00	1,545.00	55.00
Supplies and Materials	000-213-600	700.00	-	700.00	362.84	337.16
Total Undistributed Expenditures - Health Services		<u>74,387.00</u>		<u>74,387.00</u>	<u>72,493.84</u>	<u>1,893.16</u>

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech,OT,PT & Related Services						
Purchased Professional - Educational Services	000-216-320	\$ 124,919.00	\$ (15,164.49)	\$ 109,754.51	\$ 66,768.66	\$ 42,985.85
Supplies and Materials	000-216-600	500.00	-	500.00	178.99	321.01
Total Undist. Expend. - Speech,OT,PT & Related Services		<u>125,419.00</u>	<u>(15,164.49)</u>	<u>110,254.51</u>	<u>66,947.65</u>	<u>43,306.86</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Salaries of Other Professional Staff	000-217-100	32,345.00	15,922.66	48,267.66	41,202.78	7,064.88
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		<u>32,345.00</u>	<u>15,922.66</u>	<u>48,267.66</u>	<u>41,202.78</u>	<u>7,064.88</u>
Undist. Expend. - Guidance						
Salaries of Other Professional Staff	000-218-104	3,200.00	709.59	3,909.59	3,909.59	-
Total Undist. Expend. - Guidance		<u>3,200.00</u>	<u>709.59</u>	<u>3,909.59</u>	<u>3,909.59</u>	<u>-</u>
Undist. Expend. - Child Study Team						
Salaries of Other Professional Staff	000-219-104	9,689.00	1,643.09	11,332.09	11,332.09	-
Salaries of Secretarial and Clerical Assistants	000-219-105	19,068.00	-	19,068.00	18,410.54	657.46
Purchased Professional - Educational Services	000-219-320	41,060.00	6,145.16	47,205.16	42,762.20	4,442.96
Other Purchased Prof. and Tech. Services	000-219-390	4,000.00	1,127.72	5,127.72	2,975.00	2,152.72
Supplies and Materials	000-219-600	-	145.75	145.75	145.75	-
Other Objects	000-219-800	-	100.00	100.00	100.00	-
Total Undist. Expend. - Child Study Team		<u>73,817.00</u>	<u>9,161.72</u>	<u>82,978.72</u>	<u>75,725.58</u>	<u>7,253.14</u>
Undist. Expend. - Improvement of Inst. Serv.						
Purchased Prof. Educational Services	000-221-320	3,000.00	(188.83)	2,811.17	2,811.17	-
Total Undist. Expend. - Improvement of Inst. Serv.		<u>3,000.00</u>	<u>(188.83)</u>	<u>2,811.17</u>	<u>2,811.17</u>	<u>-</u>
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	10,757.00	(442.86)	10,314.14	10,314.14	-
Purchased Professional and Technical Services	000-222-300	-	4,839.48	4,839.48	4,012.00	827.48
Other Purchased Services (400-500 series)	000-222-500	-	25.00	25.00	25.00	-
Supplies and Materials	000-222-600	6,200.00	(3,514.73)	2,685.27	1,888.41	796.86
Total Undist. Expend. - Edu. Media Serv./Sch. Library		<u>16,957.00</u>	<u>906.89</u>	<u>17,863.89</u>	<u>16,239.55</u>	<u>1,624.34</u>
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Service	000-223-320	1,000.00	1,042.31	2,042.31	1,862.31	180.00
Other Purchased Services (400-500 series)	000-223-500	250.00	86.21	336.21	336.21	-
Total Undist. Expend. - Instructional Staff Training Serv.		<u>1,250.00</u>	<u>1,128.52</u>	<u>2,378.52</u>	<u>2,198.52</u>	<u>180.00</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	84,156.00	579.82	84,735.82	84,735.82	-
Legal Services	000-230-331	1,350.00	1,888.56	3,238.56	3,238.56	-
Audit Fees	000-230-332	8,700.00	(69.46)	8,630.54	8,600.00	30.54
Other Purchased Professional Services	000-230-339	2,200.00	249.88	2,449.88	2,449.88	-
Purchased Technical Services	000-230-340	1,500.00	1,245.37	2,745.37	2,745.37	-
Communications/Telephone	000-230-530	3,500.00	(1,245.37)	2,254.63	2,095.77	158.86
Other Purchased Services (400-500 series)	000-230-590	645.00	-	645.00	500.00	145.00
General Supplies	000-230-610	2,700.00	51.75	2,751.75	2,644.92	106.83
Miscellaneous Expenditures	000-230-890	4,000.00	77.25	4,077.25	4,077.25	-
BOE Membership Dues and Fees	000-230-895	4,450.00	(416.26)	4,033.74	3,138.70	895.04
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>113,201.00</u>	<u>2,361.54</u>	<u>115,562.54</u>	<u>114,226.27</u>	<u>1,336.27</u>
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	55,000.00	-	55,000.00	54,999.96	0.04
Salaries of Other Professional Staff	000-240-104	2,913.00	-	2,913.00	2,777.00	136.00
Total Undist. Expend. - Support Serv. - School Admin.		<u>57,913.00</u>	<u>-</u>	<u>57,913.00</u>	<u>57,776.96</u>	<u>136.04</u>
Undist. Expend. - Central Services						
Salaries	000-251-100	60,940.00	(875.55)	60,064.45	60,064.45	-
Purchased Professional Services	000-251-330	3,600.00	-	3,600.00	3,190.00	410.00
Purchased Technical Services	000-251-340	3,700.00	-	3,700.00	3,615.25	84.75
Total Undist. Expend. - Central Services		<u>68,240.00</u>	<u>(875.55)</u>	<u>67,364.45</u>	<u>66,869.70</u>	<u>494.75</u>
Undist. Expend. - Allowable Maint. For School Facilities						
Salaries	000-261-100	23,750.00	112.50	23,862.50	23,862.50	-
Cleaning, Repair and Maintenance Services	000-261-420	16,916.00	(112.50)	16,803.50	16,107.00	696.50
General Supplies	000-261-610	14,750.00	(7,541.88)	7,208.12	5,476.21	1,731.91
Other Objects	000-261-800	875.00	-	875.00	468.96	406.04
Total Undist. Expend. - Allowable Maint. For School Facilities		<u>56,291.00</u>	<u>(7,541.88)</u>	<u>48,749.12</u>	<u>45,914.67</u>	<u>2,834.45</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Salaries	000-262-100	54,554.00	-	54,554.00	53,458.17	1,095.83
Purchased Professional and Technical Services	000-262-300	4,735.00	(5.79)	4,729.21	4,494.40	234.81
Cleaning, Repair and Maintenance Services	000-262-420	4,597.00	6,966.90	11,563.90	11,442.36	121.54
Insurance	000-262-520	28,640.00	(12,013.15)	16,626.85	14,180.00	2,446.85
General Supplies	000-262-610	13,700.00	2,842.82	16,542.82	16,542.82	-
Energy (Electricity)	000-262-622	27,000.00	-	27,000.00	22,673.54	4,326.46
Energy (Oil)	000-262-624	27,500.00	6,646.50	34,146.50	34,146.50	-
Other Objects	000-262-800	100.00	160.00	260.00	260.00	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant		<u>160,826.00</u>	<u>4,597.28</u>	<u>165,423.28</u>	<u>157,197.79</u>	<u>7,990.88</u>
Undist. Expend. - Care and Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	000-263-420	7,500.00	-	7,500.00	4,850.00	2,650.00
General Supplies	000-263-610	1,200.00	-	1,200.00	-	1,200.00
Total Undist. Expend. - Care and Upkeep of Grounds		<u>8,700.00</u>	<u>-</u>	<u>8,700.00</u>	<u>4,850.00</u>	<u>3,850.00</u>
Undist. Expend. - Student Transportation Serv.						
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160	11,009.00	-	11,009.00	10,851.30	157.70
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161	979.00	-	979.00	955.00	24.00
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	2,400.00	-	2,400.00	2,020.00	380.00
Other Purchased Professional and Technical Services	000-270-390	5,400.00	-	5,400.00	4,337.71	1,062.29
Cleaning, Repair and Maintenance Services	000-270-420	4,000.00	(772.00)	3,228.00	685.09	2,542.91
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	000-270-503	2,652.00	(329.60)	2,322.40	884.00	1,438.40
Contracted Services (Between Home and School) - Vendors	000-270-511	85,301.00	229.10	85,530.10	85,530.10	-
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	500.00	182.15	682.15	682.15	-
Contracted Services (Special Education Students) - Vendors	000-270-514	18,042.00	772.00	18,814.00	18,814.00	-
Miscellaneous Purchased Services - Transportation	000-270-593	1,357.00	-	1,357.00	1,254.00	103.00
Supplies and Materials	000-270-600	7,000.00	(196.65)	6,803.35	5,948.01	855.34
Miscellaneous Expenditures	000-270-890	-	115.00	115.00	115.00	-
Total Undist. Expend. - Student Transportation Serv.		<u>138,640.00</u>	<u>0.00</u>	<u>138,640.00</u>	<u>132,076.36</u>	<u>6,563.64</u>

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

Exhibit C-1

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ALLOCATED BENEFITS						
Health Benefits:						
Regular Programs - Instruction	100-100-270	\$ 152,764.00	\$ (8,876.17)	\$ 143,887.83	\$ 143,887.83	\$ -
Resource Room/Resource Center	213-100-270	91,195.00	6,724.99	97,919.99	94,452.80	3,467.19
Basic Skills/Remedial	230-100-270		3,473.52	3,473.52	3,473.52	-
Health Services	000-213-270	16,772.00	1,986.40	18,758.40	18,758.40	-
Child Study team	000-219-270	5,044.00	-	5,044.00	5,044.00	-
General Administration	000-230-270	9,367.00	739.01	10,106.01	10,106.01	-
Central Services	000-251-270	6,508.00	-	6,508.00	6,508.00	-
Operation and Maintenance of Plant	000-260-270	13,783.00	1,724.60	15,507.60	15,507.60	-
TOTAL ALLOCATED BENEFITS		<u>295,433.00</u>	<u>5,772.35</u>	<u>301,205.35</u>	<u>297,738.16</u>	<u>3,467.19</u>
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	37,000.00	3,290.51	40,290.51	37,093.94	3,196.57
Other Retirement Contributions - Regular	000-291-241	23,611.00	8,590.20	32,201.20	32,201.20	-
Unemployment Compensation	000-291-250	5,000.00	(3,964.00)	1,036.00	1,036.00	-
Workmen's Compensation	000-291-260	25,031.00	(1,399.00)	23,632.00	23,632.00	-
Tuition Reimbursement	000-291-280	1,200.00	120.00	1,320.00	1,320.00	-
Other Employee Benefits	000-291-290	-	1,952.49	1,952.49	1,565.89	386.60
TOTAL UNALLOCATED BENEFITS		<u>91,842.00</u>	<u>8,590.20</u>	<u>100,432.20</u>	<u>96,849.03</u>	<u>3,583.17</u>
On-behalf TPAF Pension Contributions (non-budgeted)					82,199.00	(82,199.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)					87,163.16	(87,163.16)
TOTAL ON-BEHALF CONTRIBUTIONS		<u>-</u>	<u>-</u>	<u>-</u>	<u>169,362.16</u>	<u>(169,362.16)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>387,275.00</u>	<u>14,362.55</u>	<u>401,637.55</u>	<u>563,949.35</u>	<u>(162,311.80)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>1,348,811.00</u>	<u>26,442.48</u>	<u>1,375,253.48</u>	<u>1,452,343.83</u>	<u>(77,325.16)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>2,636,112.00</u>	<u>2,650.62</u>	<u>2,638,762.62</u>	<u>2,596,800.97</u>	<u>41,961.65</u>
CAPITAL OUTLAY						
Facilities Acquisition and Construction Services						
Architectural/Engineering Services	000-400-334		1,220.00	1,220.00	1,220.00	-
Other Objects	000-400-800	2,115.00	-	2,115.00	2,115.00	-
Total Facilities Acquisition and Construction Services		<u>2,115.00</u>	<u>1,220.00</u>	<u>3,335.00</u>	<u>3,335.00</u>	<u>-</u>
TOTAL CAPITAL OUTLAY		<u>2,115.00</u>	<u>1,220.00</u>	<u>3,335.00</u>	<u>3,335.00</u>	<u>-</u>
TOTAL EXPENDITURES		<u>2,638,227.00</u>	<u>3,870.62</u>	<u>2,642,097.62</u>	<u>2,600,135.97</u>	<u>41,961.65</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(262,358.00)</u>	<u>(3,870.62)</u>	<u>(266,228.62)</u>	<u>259,923.10</u>	<u>526,151.72</u>
Other Financing Sources (Uses):						
Operating Transfer Out:						
Transfer to Food Service Fund		(8,768.00)	-	(8,768.00)	(7,465.83)	1,302.17
Total Other Financing Sources (Uses)		<u>(8,768.00)</u>	<u>-</u>	<u>(8,768.00)</u>	<u>(7,465.83)</u>	<u>1,302.17</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)		<u>(271,126.00)</u>	<u>(3,870.62)</u>	<u>(274,996.62)</u>	<u>252,457.27</u>	<u>527,453.89</u>
Fund Balance, July 1		<u>798,990.83</u>	<u>-</u>	<u>798,990.83</u>	<u>798,990.83</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 527,864.83</u>	<u>\$ (3,870.62)</u>	<u>\$ 523,994.21</u>	<u>\$ 1,051,448.10</u>	<u>\$ 527,453.89</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):						
Increase in Capital Reserve		\$ 1,000.00	\$ -	\$ 1,000.00	\$ 125,731.39	\$ 124,731.39
Adjustment for Prior Year Encumbrances		(272,126.00)	(3,870.62)	(276,000.00)	(3,870.62)	-
Budgeted Fund Balance		<u>-</u>	<u>-</u>	<u>(272,126.00)</u>	<u>130,596.50</u>	<u>402,722.50</u>
Total		<u>\$ (271,126.00)</u>	<u>\$ (3,870.62)</u>	<u>\$ (274,996.62)</u>	<u>\$ 252,457.27</u>	<u>\$ 527,453.89</u>
Analysis of Fund Balance June 30, 2011:						
Restricted Fund Balance:						
Capital Reserve Account				\$ 279,640.10		
Assigned Fund Balance:						
Year-end Encumbrances				17,009.48		
Designated for Subsequent Year's Expenditures				209,810.00		
Unassigned Fund Balance				<u>544,988.52</u>		
				<u>\$ 1,051,448.10</u>		
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2011				\$ 1,051,448.10		
Last Two Current Year State Aid Payments Not Realized on GAAP Basis				<u>(50,790.00)</u>		
				<u>\$ 1,000,658.10</u>		

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 59,000.00	\$ 27,950.38	\$ 86,950.38	\$ 79,667.63	\$ 7,282.75
Total Revenues	<u>\$ 59,000.00</u>	<u>\$ 27,950.38</u>	<u>\$ 86,950.38</u>	<u>\$ 79,667.63</u>	<u>\$ 7,282.75</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	\$ 59,000.00	\$ (29,529.00)	\$ 29,471.00	\$ 27,382.98	\$ 2,088.02
Other Purchased Services (400-500 series)	-	1,450.00	1,450.00	1,450.00	-
General Supplies	-	6,096.47	6,096.47	3,446.77	2,649.70
Total Instruction	<u>59,000.00</u>	<u>(21,982.53)</u>	<u>37,017.47</u>	<u>32,279.75</u>	<u>4,737.72</u>
Support Services					
Personal Services - Employee Benefits		1,393.00	1,393.00	1,393.00	-
Purchased Professional and Technical Services		6,329.91	6,329.91	6,168.88	161.03
Purchased Professional - Educational Services	40,000.00	2,210.00	42,210.00	39,826.00	2,384.00
Total Support Services	<u>40,000.00</u>	<u>9,932.91</u>	<u>49,932.91</u>	<u>47,387.88</u>	<u>2,545.03</u>
Total Expenditures	<u>99,000.00</u>	<u>(12,049.62)</u>	<u>86,950.38</u>	<u>79,667.63</u>	<u>7,282.75</u>
Total Outflows	<u>\$ 99,000.00</u>	<u>\$ (12,049.62)</u>	<u>\$ 86,950.38</u>	<u>\$ 79,667.63</u>	<u>\$ 7,282.75</u>

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2011**

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1&C-2]	2,860,059.07	\$ 79,667.63
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		14,250.00	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 2,874,309.07</u>	<u>\$ 79,667.63</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	\$ 2,600,135.97	\$ 79,667.63
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -		
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 2,600,135.97</u>	<u>\$ 79,667.63</u>

OTHER SUPPLEMENTARY INFORMATION

Section D
SCHOOL LEVEL SCHEDULES

Section E
SPECIAL REVENUE FUND

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

		<u>Total</u>	<u>Federal Aid</u>
REVENUES			
Federal Sources		\$ 79,667.63	\$ 79,667.63
		<u>79,667.63</u>	<u>79,667.63</u>
Total Revenues		<u>\$ 79,667.63</u>	<u>\$ 79,667.63</u>
EXPENDITURES:			
Instruction:			
Personal Services - Salaries	100-100	\$ 27,382.98	\$ 27,382.98
Other Purchased Services (400-500 series)	100-500	1,450.00	1,450.00
General Supplies	100-610	<u>3,446.77</u>	<u>3,446.77</u>
Total Instruction		<u>32,279.75</u>	<u>32,279.75</u>
Support Services:			
Personal Services - Employee Benefits	200-200	1,393.00	1,393.00
Purchased Professional and Technical Services	200-300	6,168.88	6,168.88
Purchased Professional - Educational Services	200-320	<u>39,826.00</u>	<u>39,826.00</u>
Total Support Services		<u>47,387.88</u>	<u>47,387.88</u>
Total Expenditures		<u>\$ 79,667.63</u>	<u>\$ 79,667.63</u>

BOARD OF EDUCATION
 SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2011

		<u>Total</u>	<u>E.S.E.A.</u>		<u>I.D.E.A. Part B</u>		<u>ARRA</u>	<u>R.E.A.P.</u>
			<u>Title I</u>	<u>Title II</u>	<u>Basic</u>	<u>Preschool</u>	<u>I.D.E.A. Part B</u> <u>Basic</u>	
REVENUES								
Federal Sources		\$ 79,667.63	\$ 6,158.98	\$ 3,229.00	\$ 36,597.00	\$ 1,161.00	\$ 8,657.65	\$ 23,864.00
Total Federal Revenues		<u>\$ 79,667.63</u>	<u>\$ 6,158.98</u>	<u>\$ 3,229.00</u>	<u>\$ 36,597.00</u>	<u>\$ 1,161.00</u>	<u>\$ 8,657.65</u>	<u>\$ 23,864.00</u>
EXPENDITURES:								
Instruction:								
Personal Services - Salaries	100-100	\$ 27,382.98	\$ 4,911.98	\$ -	\$ -	\$ -	\$ -	\$ 22,471.00
Other Purchased Services (400-500 series)	100-500	1,450.00	-	-	-	1,161.00	289.00	-
General Supplies	100-610	3,446.77	1,247.00	-	-	-	2,199.77	-
Total Instruction		<u>32,279.75</u>	<u>6,158.98</u>			<u>1,161.00</u>	<u>2,488.77</u>	<u>22,471.00</u>
Support Services:								
Personal Services - Employee Benefits	200-200	1,393.00	-	-	-	-	-	1,393.00
Purchased Professional and Technical Services	200-300	6,168.88	-	-	-	-	6,168.88	-
Purchased Professional - Educational Services	200-320	39,826.00	-	3,229.00	36,597.00	-	-	-
Total Support Services		<u>47,387.88</u>	<u>-</u>	<u>3,229.00</u>	<u>36,597.00</u>	<u>-</u>	<u>6,168.88</u>	<u>1,393.00</u>
Total Expenditures		<u>\$ 79,667.63</u>	<u>\$ 6,158.98</u>	<u>\$ 3,229.00</u>	<u>\$ 36,597.00</u>	<u>\$ 1,161.00</u>	<u>\$ 8,657.65</u>	<u>\$ 23,864.00</u>

Section F
CAPITAL PROJECTS FUND

Section G
PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H
FIDUCIARY FUND

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Payroll Deductions and Withholdings	\$ 4,119.26	\$ 710,848.50	\$ 676,196.65	\$ 38,771.11
Net Salaries and Wages		1,052,583.73	1,052,583.73	-
Interfund Accounts Payable	-	293.84	293.84	-
	<u>\$ 4,119.26</u>	<u>\$ 1,763,726.07</u>	<u>\$ 1,729,074.22</u>	<u>\$ 38,771.11</u>

Section I
LONG – TERM DEBT

STATISTICAL SECTION (UNAUDITED)

GASB requires that ten years of statistical data be presented. Pursuant to State of New Jersey Department of Education requirements issued for the fiscal year ended June 30, 1994, only two years statistical data needed to be presented. Additional year's data will be included each year thereafter until ten years of data is presented.

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
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Revenue Capacity

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J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

Debt Capacity

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J-13	Legal Debt Margin Information

Demographic and Economic Information

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

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2006.

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities								
Invested in capital assets, net of related debt	\$ 957,011.62	\$ 996,965.69	\$ 929,590.36	\$ 967,499.53	\$ 896,678.30	\$ 780,727.17	\$ 679,555.58	\$ 310,404.98
Restricted	296,649.58	157,779.33	267,700.25	259,918.70	272,648.05	343,954.27	492,493.77	761,803.68
Unrestricted	631,683.87	505,933.10	529,978.43	641,869.77	785,174.94	832,116.81	599,331.74	614,535.10
Total governmental activities net assets	\$ 1,885,345.07	\$ 1,660,678.12	\$ 1,727,269.04	\$ 1,869,288.00	\$ 1,954,501.29	\$ 1,956,798.25	\$ 1,771,381.09	\$ 1,686,743.76
Business-type activities								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,275.26	6,789.56	5,205.27	5,871.64	5,896.07	6,013.79	4,985.38	4,434.66
Unrestricted	8,275.26	6,789.56	5,205.27	5,871.64	5,896.07	6,013.79	4,985.38	4,434.66
Total business-type activities net assets	\$ 8,275.26	\$ 6,789.56	\$ 5,205.27	\$ 5,871.64	\$ 5,896.07	\$ 6,013.79	\$ 4,985.38	\$ 4,434.66
District-wide								
Invested in capital assets, net of related debt	\$ 957,011.62	\$ 996,965.69	\$ 929,590.36	\$ 967,499.53	\$ 896,678.30	\$ 780,727.17	\$ 679,555.58	\$ 310,404.98
Restricted	296,649.58	157,779.33	267,700.25	259,918.70	272,648.05	343,954.27	492,493.77	761,803.68
Unrestricted	639,959.13	512,722.66	535,183.70	647,741.41	791,071.01	838,130.60	604,317.12	618,969.76
Total district net assets	\$ 1,893,620.33	\$ 1,667,467.68	\$ 1,732,474.31	\$ 1,875,159.64	\$ 1,960,397.36	\$ 1,962,812.04	\$ 1,776,366.47	\$ 1,691,178.42

Source: District records

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses								
Governmental activities								
Instruction								
Regular	\$ 1,090,603.54	\$ 1,291,953.56	\$ 1,349,039.30	\$ 1,432,316.85	\$ 1,419,472.73	\$ 1,278,366.22	\$ 1,241,552.33	\$ 1,145,860.06
Special education	352,274.98	376,226.44	261,378.00	234,511.91	206,794.35	190,446.67	229,436.30	204,080.34
Other instruction	192,914.81	160,833.48	132,267.25	124,683.39	149,528.72	108,174.27	85,317.74	95,311.16
Support Services:								
Tuition	27,954.05	40,263.17	78,321.25	75,902.74	58,900.72	25,805.00	42,187.00	30,256.58
Student and instruction related services	378,652.50	347,610.14	312,929.71	319,281.55	309,148.18	340,330.28	304,175.95	238,865.01
School administrative services	68,308.36	59,883.73	70,907.23	74,642.86	80,432.27	75,643.00	74,581.13	61,583.96
General and business administrative services	227,190.15	226,642.78	222,437.47	234,951.20	230,484.00	210,711.96	206,177.59	236,193.34
Plant operations and maintenance	238,351.98	257,237.30	227,087.87	229,873.99	227,940.87	209,714.70	202,112.96	168,924.09
Pupil transportation	143,478.55	150,291.21	224,686.88	225,282.49	167,008.10	133,328.83	134,032.17	113,071.59
Charter Schools	-	19,356.00	47,428.00	12,833.00	8,609.00	8,305.00	-	-
Total governmental activities expenses	2,719,728.92	2,930,297.81	2,926,482.96	2,964,279.98	2,858,318.94	2,580,825.93	2,519,573.17	2,294,146.13
Business-type activities:								
Food service	16,923.68	19,752.91	23,211.36	21,005.53	20,284.50	19,185.06	17,721.29	16,741.32
Total business-type activities expense	16,923.68	19,752.91	23,211.36	21,005.53	20,284.50	19,185.06	17,721.29	16,741.32
Total district-wide expenses	2,736,652.60	2,950,050.72	2,949,694.32	2,985,285.51	2,878,603.44	2,600,010.99	2,537,294.46	2,310,887.45
Program Revenues								
Governmental activities:								
Operating grants and contributions	266,591.31	402,422.28	378,532.33	505,290.14	472,358.84	413,145.46	386,543.70	339,493.04
Total governmental activities program revenues	266,591.31	402,422.28	378,532.33	505,290.14	472,358.84	413,145.46	386,543.70	339,493.04

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Fund Balances - Governmental Funds,
Last Eight Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
General Fund								
Restricted	\$ 279,640.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	226,819.48							
Unassigned	494,198.52							
Reserved		157,779.33	267,700.25	259,918.70	272,648.05	343,954.27	492,493.77	382,803.68
Unreserved		576,171.50	607,994.54	714,853.24	850,171.86	898,683.06	664,034.77	683,050.02
Total general fund	\$1,000,658.10	\$ 733,950.83	\$ 875,694.79	\$ 974,771.94	\$ 1,122,819.91	\$ 1,242,637.33	\$ 1,156,528.54	\$ 1,065,853.70
All Other Governmental Funds								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 373,321.87
Unreserved, reported in:								
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,678.13
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379,000.00
Total Fund Balances	\$1,000,658.10	\$ 733,950.83	\$ 875,694.79	\$ 974,771.94	\$ 1,122,819.91	\$ 1,242,637.33	\$ 1,156,528.54	\$ 1,444,853.70

Source: District records

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds,
Last Eight Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues								
Tax levy	\$ 1,848,908.00	\$ 1,731,136.00	\$ 1,622,517.00	\$ 1,600,533.00	\$ 1,497,522.00	\$ 1,373,263.00	\$ 1,497,522.00	\$ 1,485,791.00
Interest earnings	3,814.72	7,542.25	20,065.00	26,879.01	29,283.76	27,605.11	24,312.86	21,567.95
Miscellaneous	4,067.19	22,892.57	11,750.78	5,072.48	3,199.47	4,039.73	3,936.38	4,116.15
State sources	693,747.16	722,980.33	790,884.65	878,955.96	813,221.37	736,765.50	718,695.75	679,642.72
Federal sources	403,439.63	386,959.55	348,505.44	376,381.05	517,249.67	634,685.96	366,610.27	486,144.97
Total revenues	2,953,976.70	2,871,510.70	2,793,722.87	2,887,821.50	2,860,476.27	2,776,359.30	2,611,077.26	2,677,262.79
Expenditures								
Instruction								
Regular instruction	795,076.10	946,903.29	979,156.57	1,003,740.66	1,032,422.34	980,807.13	981,935.38	891,549.20
Special education instruction	220,582.56	250,927.06	179,028.30	169,007.87	147,407.06	144,323.05	175,377.76	160,364.25
Other instruction	161,078.23	135,089.05	114,358.36	101,891.90	107,578.47	82,860.85	66,111.39	74,687.61
Support Services:								
Tuition	27,954.05	40,263.17	78,321.25	75,902.74	58,900.72	25,805.00	42,187.00	30,256.58
Student and instruction related services	327,523.56	307,146.31	271,208.58	262,371.41	256,140.87	286,595.57	264,609.81	211,047.28
School administrative services	57,776.96	55,471.07	60,201.00	57,560.96	57,356.60	57,265.96	57,173.96	49,700.75
General and business administrative services	181,095.97	188,151.57	180,352.39	176,214.06	173,138.73	165,161.40	163,542.16	188,737.39
Plant operations and maintenance	207,962.46	230,398.98	202,309.19	194,770.96	197,297.41	188,359.71	181,869.05	152,261.86
Pupil transportation	132,076.36	139,012.76	211,444.14	212,979.70	162,029.25	129,728.04	130,667.60	110,329.00
Employee benefits	565,342.35	584,206.59	558,663.37	650,062.40	626,435.95	486,089.59	435,966.20	404,715.72
Charter Schools		19,356.00	47,428.00	12,833.00	8,609.00	8,305.00		
Capital outlay	3,335.00	108,525.00	1,070.00	109,779.00	145,523.00	127,833.00	393,095.35	157,852.60
Total expenditures	2,679,803.60	3,005,450.85	2,883,541.15	3,027,114.66	2,972,839.40	2,683,134.30	2,892,535.66	2,431,502.24
Excess (Deficiency) of revenues over (under) expenditures	274,173.10	(133,940.15)	(89,818.28)	(139,293.16)	(112,363.13)	93,225.00	(281,458.40)	245,760.55

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Changes in Fund Balances - Governmental Funds,
Last Eight Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Other Financing sources (uses)								
N.J. Economic Development Authority grants							107.17	151,600.00
Transfers in		(7,803.81)	(9,258.87)	(8,754.81)	(7,454.29)	(7,116.21)	(6,973.93)	227,400.00
Transfers out	(7,465.83)	(7,803.81)	(9,258.87)	(8,754.81)	(7,454.29)	(7,116.21)	(6,866.76)	(234,241.62)
Total other financing sources (uses)	<u>(7,465.83)</u>	<u>(7,803.81)</u>	<u>(9,258.87)</u>	<u>(8,754.81)</u>	<u>(7,454.29)</u>	<u>(7,116.21)</u>	<u>(6,866.76)</u>	<u>144,758.38</u>
Net change in fund balances	<u>\$266,707.27</u>	<u>\$(141,743.96)</u>	<u>\$(99,077.15)</u>	<u>\$(148,047.97)</u>	<u>\$(119,817.42)</u>	<u>\$86,108.79</u>	<u>\$(288,325.16)</u>	<u>\$390,518.93</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

General Fund - Other Local Revenue by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Interest</u>	<u>Prior Year Refunds</u>	<u>Donations</u>	<u>Miscellaneous</u>
2002	20,048.75	3,040.00	13,031.98	3,976.77		26.30
2003	18,742.66		18,107.51	608.85		4,116.15
2004	25,684.10		21,567.95			3,936.38
2005	28,249.24		24,312.86			4,039.73
2006	31,644.84		27,605.11			3,199.47
2007	32,483.23		29,283.76			5,072.48
2008	31,951.49		26,879.01			11,750.78
2009	31,815.78		20,065.00			22,892.57
2010	30,434.82		7,542.25			4,067.19
2011	7,881.91		3,814.72			

Source: District records

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

Sandyston Township

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	128,533,219	137,815,181	1.850
2003									130,168,154	145,325,749	1.968
2004									132,093,396	166,310,598	2.025
2005	7,137,200	103,795,400	10,328,800	10,012,300	1,388,000		132,671,700	509,389	133,181,089	194,207,401	2.003
2006	6,435,300	100,669,600	15,706,400	10,003,100	1,398,000		134,212,400	435,724	134,648,124	225,146,954	2.041
2007	16,192,800	200,599,000	30,903,200	19,816,200	2,373,100		269,884,300	670,183	270,554,483	260,779,161	1.076
2008	14,650,800	202,755,300	31,920,800	20,093,100	2,373,100		271,793,100	661,426	272,454,526	289,635,447	1.135
2009	13,944,800	203,957,600	31,699,800	19,986,300	2,373,100		271,961,600	497,013	272,458,613	304,828,906	1.208
2010	12,933,200	205,131,800	32,489,100	20,104,200	2,373,100		273,031,400	634,888	273,666,288	276,815,900	1.260
2011	12,335,500	206,092,100	32,481,600	20,534,700	2,373,100		273,817,000	703,921	274,520,921	274,602,009	1.308

Source: Municipal Tax Assessor

Walpack Township

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,439,725.00	\$ 2,704,440.00	0.953
2003									2,404,887	2,657,851	1.091
2004									2,408,949	2,678,962	1.196
2005	85,100	645,250	523,950	1,077,400			2,331,700	76,566	2,331,700	2,699,349	1.034
2006	85,100	645,250	523,950	1,077,400			2,331,700	66,813	2,408,266	2,736,761	0.860
2007	85,100	645,250	523,950	1,077,400			2,331,700	65,827	2,398,513	2,805,243	0.572
2008	85,100	645,250	523,950	1,077,400			2,331,700	65,386	2,397,527	2,887,175	0.371
2009	85,100	645,250	523,950	1,077,400			2,331,700	60,297	2,397,086	2,443,618	0.360
2010	85,100	645,250	523,950	1,077,400			2,331,700	75,086	2,391,997	2,897,014	0.154
2011	85,100	645,250	523,950	1,077,400			2,331,700		2,406,786	3,059,927	0.000

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited**

Sandyston Township

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	County	
2002	1.772	0.078	1.850	0.220	0.620	0.620	2.690
2003	1.901	0.067	1.968	0.217	0.615	0.615	2.800
2004	1.970	0.055	2.025	0.218	0.637	0.637	2.880
2005	1.949	0.054	2.003	0.250	0.677	0.677	2.930
2006	1.988	0.053	2.041	0.251	0.738	0.738	3.030
2007	1.050	0.026	1.076	0.147	0.397	0.397	1.620
2008	1.122	0.012	1.135	0.170	0.410	0.410	1.715
2009	1.208		1.208	0.191	0.427	0.427	1.826
2010	1.260		1.260	0.191	0.410	0.410	1.861
2011	1.308		1.308	0.191	0.435	0.435	1.934

Source: Municipal Tax Collector

Walpack Township

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County	County	
2002	0.953		0.953		0.577	0.577	1.530
2003	0.939	0.152	1.091		0.589	0.589	1.680
2004	1.061	0.135	1.196		0.544	0.544	1.740
2005	0.923	0.111	1.034		0.626	0.626	1.660
2006	0.749	0.111	0.860		0.460	0.460	1.320
2007	0.356	0.111	0.371		0.438	0.438	0.790
2008	0.348	0.015	0.360		0.419	0.419	0.760
2009	0.143	0.011	0.154		0.400	0.400	0.554
2010	0.154		0.154		0.398	0.398	0.552
2011	-		-		0.451	0.451	0.451

Source: Municipal Tax Collector

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited

Sandyston Township

Fiscal Year Ended June 30,	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Dingmans Choice & Delaware Bridge	\$ 1,500,000	1	0.55%			
Stokes Realty LLC	1,336,600	2	0.49%			
YMCA of Newark	1,175,100	3	0.43%			
Naftal, Marvin J. & Frances G TST	1,006,900	4	0.37%			
Individual Taxpayer #1	972,300	5	0.36%			
Individual Taxpayer #2	912,600	6	0.33%			
Individual Taxpayer #3	883,300	7	0.32%			
Individual Taxpayer #4	834,400	8	0.30%			
Individual Taxpayer #5	830,400	9	0.30%			
Kittatinny Lake Club	820,900	10	0.30%			
						Not Available
Total	\$ 10,272,500		3.75%	\$ -		0.00%

Source: Municipal Tax Assessor

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited

Walpack Township

Fiscal Year Ended June 30,	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Walpack Inn	\$ 1,056,800	1	43.91%			
Individual Taxpayer #1	223,400	2	9.28%			
Individual Taxpayer #2	175,300	3	7.28%			
BA Handler	113,900	4	4.73%			
Individual Taxpayer #3	85,400	5	3.55%			
Overlook Rod & Gun	77,000	6	3.20%		Not Available	
Individual Taxpayer #4	59,200	7	2.46%			
BA Handler	55,800	8	2.32%			
Individual Taxpayer #5	49,500	9	2.06%			
Individual Taxpayer #6	42,200	10	1.75%			
Total	\$ 1,938,500		80.54%	\$ -		0.00%

Source: Municipal Tax Assessor

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Sandyston Township

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 3,270,235	\$ 3,075,668	94.05%	-	\$ 3,075,668	94.05%
2002	3,508,381	3,300,906	94.08%	-	3,300,906	94.08%
2003	3,703,648	3,504,643	94.62%	199,610	3,704,253	100.01%
2004	3,791,312	3,611,100	95.24%	159,448	3,770,548	99.45%
2005	3,956,395	3,781,958	95.59%	169,247	3,951,205	99.86%
2006	4,127,199	3,950,780	95.72%	166,770	4,117,550	99.76%
2007	4,419,230	4,318,495	97.72%	74,107	4,318,495	97.72%
2008	4,681,504	4,507,675	96.28%	135,092	4,642,767	99.17%
2009	4,989,934	4,791,800	96.02%	162,537	4,954,337	99.28%
2010	5,105,239	4,946,070	96.88%		4,946,070	96.88%

Source: Municipal Tax Collector

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Walpack Township

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	37,412	37,368	99.88%	-	37,368	99.88%
2002	40,987	40,905	99.79%	-	40,905	99.79%
2003	41,845	41,837	99.98%	-	41,837	99.98%
2004	39,989	39,989	100.00%	-	39,989	100.00%
2005	31,789	31,755	99.89%	-	31,755	99.89%
2006	25,688	25,688	100.00%	-	25,688	100.00%
2007	18,727	18,727	100.00%	-	18,727	100.00%
2008	17,372	17,372	100.00%	-	17,372	100.00%
2009	13,182	13,182	100.00%	-	13,182	100.00%
2010	10,853	10,853	100.00%	-	10,853	100.00%

Source: Municipal Tax Collector

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2002	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	-	
2003	-	-	-	-	-	-	0.00%	-	
2004	-	-	-	-	-	-	0.00%	-	
2005	-	-	-	-	-	-	0.00%	-	
2006	-	-	-	-	-	-	0.00%	-	
2007	-	-	-	-	-	-	0.00%	-	
2008	-	-	-	-	-	-	0.00%	-	
2009	-	-	-	-	-	-	0.00%	-	
2010	-	-	-	-	-	-	0.00%	-	
2011	-	-	-	-	-	-	0.00%	-	

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Direct and Overlapping Governmental Activities Debt
As of December 31, 2010
Unaudited**

	Sandyston Township	Walpack Township
Net Direct Debt of School District as of December 31, 2010	\$ -	\$ -
Net Overlapping Debt of School District:		
Municipal (100%)	-	-
Regional School Share	281,429	2,428
County of Sussex Share (1)	<u>989,829</u>	<u>10,942</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2010	\$ <u>1,271,258</u>	\$ <u>13,369</u>

(1) Sandyston Township - 1.3281%
Walpack Township - 0.0146%

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2010

	Sandyston Township	Walpack Township	Equalized Valuation Basis
2008	303,238,982	2,443,618	305,682,600
2009	274,210,123	2,443,618	276,653,741
2010	272,323,359	2,443,618	274,766,977
	<u>\$ 849,772,464</u>	<u>\$ 7,330,854</u>	<u>\$ 857,103,318</u>
Average equalized valuation of taxable property			\$ 285,701,106
Debt limit (2.5% of average equalization value)			\$ 7,142,528
Total Net Debt Applicable to Limit			<u>\$ -</u>
Legal debt margin			<u>\$ 7,142,528</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 5,630,307	\$ 6,418,968	\$ 7,100,837	\$ 7,256,377	\$ 7,142,528
Total net debt applicable to limit					
Legal debt margin	<u>\$ 5,630,307</u>	<u>\$ 6,418,968</u>	<u>\$ 7,100,837</u>	<u>\$ 7,256,377</u>	<u>\$ 7,142,528</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt limit	\$ 3,335,312	\$ 3,449,682	\$ 3,726,042	\$ 4,192,877	\$ 4,855,595
Total net debt applicable to limit					
Legal debt margin	<u>\$ 3,335,312</u>	<u>\$ 3,449,682</u>	<u>\$ 3,726,042</u>	<u>\$ 4,192,877</u>	<u>\$ 4,855,595</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

Sandyston Township

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	1,846	57,773,431	31,297	4.4%
2003	1,876	60,473,698	32,235	4.6%
2004	1,883	62,520,326	33,203	3.5%
2005	1,891	64,669,525	34,199	3.8%
2006	1,900	66,926,631	35,225	4.1%
2007	1,897	68,825,586	36,281	4.0%
2008	1,892	70,703,505	37,370	5.1%
2009	1,890	72,747,629	38,491	8.5%
2010	1,890 (Est.)	74,012,400	39,160 (Actual)	9.0%
2011	1,890 (Est.)	76,232,772	40,335	

Walpack Township

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	41	1,174,416	28,644	0.00%
2003	41	1,209,649	29,504	0.00%
2004	40	1,215,550	30,389	0.00%
2005	40	1,252,016	31,300	0.00%
2006	40	1,289,576	32,239	0.00%
2007	40	1,328,264	33,207	0.00%
2008	39	1,333,909	34,203	0.00%
2009	39	1,373,926	35,229	0.00%
2010	39 (Est.)	1,423,344	36,496 (Actual)	0.00%
2011	39 (Est.)	1,466,044	37,591	0.00%

Sources:
 Population information provided by the NJ Dept of Labor and Workforce Development
 Personal income has been estimated based upon the municipal population and per capita personal income presented
 Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
 Unemployment data provided by the NJ Dept of Labor and Workforce Development

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Principal Employers
Current Year and Nine Years Ago
Unaudited**

Employer	2010			2001		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
	0		0			
	0		0.00%	0		0.00%
		Not Available			Not Available	

Source: _____

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
Last Seven Fiscal Years
Unaudited

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular				16.1	17.7	15	15.5	16.5	15.1	14.75
Special education				5.6	5.7	5.3	5	6	7.7	7
Other instruction				1.8	1.8	1.8	1.8	1.7	1.7	1.7
Support Services:										
Student and instruction related services				1.2	1.2	1.2	1.2	1.2	1.2	1.2
School administrative services				1.2	1.2	1.2	1.2	1.2	1	1
General and business administrative services				2.1	2.1	2.1	2.1	2.1	2.1	2.1
Plant operations and maintenance				2.1	2	2	2	2	2	2.1
Pupil transportation				0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total	0	0	0	30.5	32.1	29	29.2	31.1	31.2	30.25

Source: District Personnel Records

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	199.4	2,023,395	10147	2.36%	24	1:10		199.4	189.9	4.73%	95.24%	
2003	176.9	2,275,043	12861	26.74%	23	1:10.8		176.9	169.9	-11.28%	96.04%	
2004	178.7	2,266,724	12685	-1.37%	23	1:10.5		178.7	170.5	1.02%	95.41%	
2005	175.5	2,429,599	13844	9.14%	23	1:9.6		175.5	167.7	-1.79%	95.56%	
2006	176.1	2,593,786	14729	6.39%	25	1:9.6		176.1	169.7	0.34%	96.37%	
2007	184.0	2,827,316	15366	4.32%	20	1:9.2		182.8	174.4	3.80%	95.40%	
2008	177.0	2,947,749	16654	8.38%	19	1:9.2		175.6	166.8	-3.94%	94.99%	
2009	162.0	2,882,471	17793	6.84%	18	1:9		158.7	151.1	-9.62%	95.21%	
2010	161.0	2,896,926	17993	1.13%	18	1:9.1		160.7	151.9	1.26%	94.52%	
2011	160.0	2,676,469	16728	-7.03%	19	1:8.4		155.2	148.3	-3.42%	95.55%	

Source: District records

Note: Enrollment based on annual October district count.

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
School Building Information Last Ten Fiscal Years Unaudited										
District Building										
Sandyston - Walpack Elementary (19)	24694	24694	24694	24694	24694	24694	24694	24694	24694	24694
Square Feet	210	210	210	210	210	210	210	210	210	210
Capacity (students)	199	177	179	176	176	184	177	162	161	158
Enrollment										

Number of Schools at June 30, 2010
 Elementary = 1
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited**

*School Facility	Ten Year Total	2010	2009	2008	2007	2006	2005	2004	2003	2002
Undistributed Expenditures—Required Maintenance for School Facilities 11-000-261-XXX										
Pending Projects (w/DOE Project #)										
SP202929	\$482,076.02	\$ 53,717.21	\$51,009.99	\$ 41,497.45	\$ 50,399.45	\$ 47,704.52	\$ 50,114.51	\$ 42,908.22	\$ 53,854.00	\$ 44,956.00
Sandyston-Walpack Consolidated School	\$482,076.02	\$ 53,717.21	\$51,009.99	\$ 41,497.45	\$ 50,399.45	\$ 47,704.52	\$ 50,114.51	\$ 42,908.22	\$ 53,854.00	\$ 44,956.00
Total School Facilities										

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

Source: District records

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT**

**Insurance Schedule
As of June 30, 2011
Unaudited**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Alliance Insurance Fund:		
Educational Risk Insurance Consortium - West:		
Package Policy:		
Blanket Real and Personal Property	\$ 5,109,600	\$ 5,000
Enviornmental Liability	1,000,000.00	10,000.00
Extra Expense	50,000,000	5,000.00
Valuable Papers	10,000,000	5,000.00
EDP	200,000	1,000.00
Equipment Breakdown	100,000,000	5,000.00
Crime Coverage:		
Faithful Performance	100,000	1,000.00
Forgery	25,000	1,000.00
Money and Securities	50,000	1,000.00
Counterfeit	50,000	1,000.00
Computer Fraud	100,000	1,000.00
General Liability	11,000,000	
Student Accident Insurance	1,000,000	
Automobile	11,000,000	
Educational Risk Insurance Consortium - West:		
Workers Compensation	1,600,000	
Educational Risk Insurance Consortium - West:		
School Leaders Errors and Omissions Liability	6,000,000	5,000
Surety Bonds:		
Board Secretary/Business Administrator	25,000	
Treasurer of School Moneys	75,000	

Source: District records

Single Audit Section

T. M. Vrabel & Associates, LLC
Accountants and Auditors

K-1
Sheet 1

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

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

The Honorable President
Members of the Board of Education
Sandyston-Walpack Consolidated School District
County of Sussex, New Jersey

We have audited the basic financial statements of the Sandyston-Walpack Consolidated School District as of and for the year ended June 30, 2011, and have issued our report thereon dated August 26, 2011. 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 in compliance with audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sandyston-Walpack Consolidated School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item #2011-1 that we consider to be significant deficiencies in internal control over financial reporting. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sandyston-Walpack Consolidated School 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 Governmental Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey

This report is intended solely for the information and use of management, the Sandyston-Walpack Consolidated School District, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

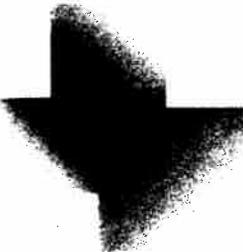


Timothy M. Vrabel
Public School Accountant
License No. CS000698

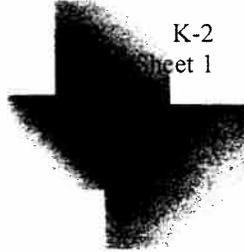


Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

August 26, 2011



T. M. Vrabel & Associates, LLC
Accountants and Auditors



K-2
Sheet 1

Timothy M. Vrabel, RMA, PSA
Chris C. Hwang, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President
Members of the Board of Education
Sandyston-Walpack Consolidated School District
County of Sussex, New Jersey

Compliance

We have audited the compliance of the Sandyston-Walpack Consolidated School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2011. Sandyston-Walpack Consolidated School District major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Sandyston-Walpack Consolidated School District's management. Our responsibility is to express an opinion on Sandyston-Walpack Consolidated School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Sandyston-Walpack Consolidated School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sandyston-Walpack Consolidated School District's compliance with those requirements.

In our opinion, the Board of Education of the Sandyston-Walpack Consolidated School District, in the County of Sussex, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2011.

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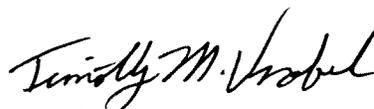
Internal Control Over Compliance

The management of Sandyston-Walpack Consolidated School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Sandyston-Walpack Consolidated School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item #2011-1. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the management, the Sandyston-Walpack Consolidated School District, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



Chris C. W. Hwang
Certified Public Accountant
License No. CC033704

August 26, 2011

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable					
U.S. Department of Treasury: P.L. 81-874 (Impact)	84.041	7/1/10-6/30/11	\$ 323,772.00	\$ -	\$ -	\$ 323,772.00	\$ -	\$ -	\$ 323,772.00	\$ -	\$ -	\$ -	\$ -
Total U.S. Department of Treasury						<u>323,772.00</u>			<u>323,772.00</u>				
U.S. Department of Agriculture Passed - Through State Department of Education:													
National School Lunch Program	10.555	7/1/10-6/30/11	3,003.74	(262.92)	-	2,382.14	-	-	3,003.74	-	(621.60)	-	-
National School Lunch Program	10.555	7/1/09-6/30/10	4,309.93	(262.92)	-	2,645.06	-	-	-	-	-	-	-
Total U.S. Department of Agriculture						<u>2,645.06</u>			<u>3,003.74</u>		<u>(621.60)</u>		
U.S. Department of Education Passed - Through State Department of Education:													
General Funds:													
American Recovery and Reinvestment Act: Education Stabilization Fund	84.394	7/1/09-6/30/10	68,271.00	(6,069.00)	-	6,069.00	-	-	-	-	-	-	-
Government Services Fund	84.397	7/1/09-6/30/10	2,643.00	(237.00)	-	237.00	-	-	-	-	-	-	-
Total U.S. Department of Education (Fund 10)						<u>6,306.00</u>							
Special Revenue Funds:													
E.S.E.A. Title I	84.010A	9/1/10-8/31/11	6,299.00	-	-	6,158.98	-	-	6,158.98	-	(6,158.98)	-	-
E.S.E.A. Title II A	84.367A	9/1/10-8/31/11	5,613.00	-	-	3,229.00	-	-	3,229.00	-	(3,229.00)	-	-
E.S.E.A. Title II A	84.367A	9/1/09-8/31/10	5,715.00	(660.79)	-	660.00	-	-	-	-	(0.79)	-	-
I.D.E.A. Part B, Basic	84.027A	9/1/10-8/31/11	36,597.00	-	-	36,567.00	30.00	-	36,597.00	-	(36,597.00)	-	-
I.D.E.A. Part B, Preschool	84.173A	9/1/10-8/31/11	1,161.00	-	-	1,161.00	-	-	1,161.00	-	(1,161.00)	-	-
ARRA I.D.E.A., Basic	84.391	7/1/09-8/31/11	33,974.00	(6,455.62)	-	8,656.00	925.97	-	8,657.65	-	(6,457.27)	-	-
Rural Education Achievement Program	84.358A	9/1/10-8/31/11	23,864.00	-	-	21,867.75	-	-	23,864.00	-	(1,996.25)	-	-
Total U.S. Department of Education (Fund 20)						<u>31,183.75</u>	<u>955.97</u>		<u>79,667.63</u>		<u>(55,600.29)</u>		
Total Federal Financial Assistance						<u>\$ 363,906.81</u>	<u>\$ 955.97</u>		<u>\$ 406,443.37</u>		<u>\$ (56,221.89)</u>		

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

BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2011

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Total	Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2011 Deferred Revenue	Due to Grantor
							Disbursements	Accounts Payable					
State Department of Education:													
General Funds:													
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 429,181.00	\$ -	\$ -	\$ 386,436.35	\$ 429,181.00	\$ -	\$ 429,181.00	\$ -	\$ (42,744.65)	\$ -	\$ -
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	319,911.00	(37,881.34)	-	37,881.34	-	-	-	-	-	-	-
Categorical Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	62,693.00	(7,423.61)	-	7,423.61	-	-	-	-	-	-	-
Categorical Special Education Aid	11-495-034-5120-011	7/1/10-6/30/11	80,780.00	-	-	72,734.65	80,780.00	-	80,780.00	-	(8,045.35)	-	-
Categorical Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	84,146.00	(9,963.91)	-	9,963.91	-	-	-	-	-	-	-
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	10,980.00	(1,300.17)	-	1,300.17	-	-	-	-	-	-	-
Adjustment Aid	10-495-034-5120-085	7/1/09-6/30/10	101,720.00	(8,470.97)	-	8,470.97	-	-	-	-	-	-	-
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	174.00	-	-	-	174.00	-	174.00	-	(174.00)	-	-
Non-Public Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	141.00	(141.00)	-	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	87,163.16	-	-	52,477.04	87,163.16	-	87,163.16	-	(34,686.12)	-	-
Reimbursed TPAF Social Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	89,560.33	(36,215.38)	-	36,215.38	-	-	-	-	-	-	-
On-Behalf TPAF Pension Contributions	11-495-034-5095-001	7/1/10-6/30/11	82,199.00	-	-	82,199.00	82,199.00	-	82,199.00	-	-	-	-
Total General Funds				(101,396.38)		695,243.42	679,497.16		679,497.16		(65,650.12)		
Special Revenue Funds:													
Character Education	07-100-034-5120-063	7/1/05-6/30/06	4,000.00	1,321.61	-	-	-	-	-	-	-	-	1,321.61
Character Education	06-100-034-5120-063	7/1/04-6/30/05	4,000.00	1,560.00	-	-	-	-	-	-	-	-	1,560.00
Total Special Revenue Funds				2,881.61									2,881.61
Enterprise Funds:													
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	103.11	(13.38)	-	81.87	103.11	-	103.11	-	(21.24)	-	-
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	211.98	-	-	13.38	-	-	-	-	-	-	-
Total All Funds				(98,528.15)		695,338.67	679,600.27		679,600.27		(65,671.36)		2,881.61

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Sandyston-Walpack Consolidated School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more deferred June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2011
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$14,250.00 for the general fund and \$ -0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 323,772.00	\$ 693,747.16	\$ 1,017,519.16
Special Revenue Fund	79,667.63	0.00	79,667.63
Food Service Fund	<u>3,003.74</u>	<u>103.11</u>	<u>3,106.85</u>
Total Awards and Financial Assistance	<u>\$ 406,443.37</u>	<u>\$ 693,850.27</u>	<u>\$ 1,100,293.64</u>

Note 4: Relationship to State Financial Reports

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

Note 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor’s report issued: Unqualified_____
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? ____yes _____X__no
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? X____yes_____none reported
- C) Noncompliance material to basic financial statements noted? _____yes _____X__no

Federal Awards Section Not Applicable

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results (Continued)

State Financial Assistance Section

- F) Dollar threshold used to determine Type A Programs \$ 300,000.00
- K) Auditee qualified as low-risk auditee? _____yes _____no
- L) Type of auditor’s report on compliance for major programs. Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? _____yes no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes _____none reported
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? _____yes no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization Aid

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Finding 2011-1

Criteria or specific requirement:

Management is responsible for establishing and maintaining an internal control system to ensure compliance with requirements of laws, regulations, contracts and grants.

Condition:

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Questioned Costs:

Not Applicable

Context:

While this situation is not unusual in operations the size of the School District, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Effect:

Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employees' duties and responsibilities.

Recommendation:

Not Applicable

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS – Not Applicable

STATE FINANCIAL ASSISTANCE – See Financial Statements Finding #2011-1.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2011

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

FINDING #2010-1

Condition

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Certain functions, including payroll preparation, in the Board Office are handled by one person.

Current Status

Unchanged – See Finding #2011-1.