

**SUSSEX-WANTAGE REGIONAL  
SCHOOL DISTRICT**

**Sussex-Wantage Regional School District  
Sussex, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual  
Financial Report**

**of the**

**Sussex-Wantage Regional School District  
Board of Education**

**Sussex, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**Prepared by**

**Sussex-Wantage Regional School District  
Board Office**

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INTRODUCTORY SECTION

BOARD OF EDUCATION  
**SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT**

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BRENDA VANWARNER  
 ADMINISTRATIVE ASSISTANT

NANCY SISTO  
 ADMINISTRATIVE ASSISTANT

November 18, 2016

The Honorable President and Members of  
 the Board of Education  
 Sussex-Wantage Regional School District  
 County of Sussex  
 Sussex, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Sussex-Wantage Regional School District for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Sussex-Wantage Regional School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Sussex-Wantage Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) Codification Section 2100. All funds of the District are included in this report. The Sussex-Wantage Regional Board of Education and its schools constitute the District's reporting entity.

The Honorable President and Members of  
the Board of Education  
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The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an average daily enrollment of 1,072 students, a decrease of 83 students from the previous year's enrollment.

(2) ECONOMIC CONDITION AND OUTLOOK: The economic condition of the municipalities comprising the District continues to be influenced by the slow population growth. Both Wantage Township and Sussex Borough experienced a decline in ratables this past year. The percentage of commercial ratables to the total ratables is considerably less than in most areas in the State of New Jersey. There is no prospect of change neither in this fact, nor in the DE rating of the District.

(3) MAJOR INITIATIVES: The total amount of State Aid for the 2015-2016 school year remained constant from the level of the 2014-2015 funding. Despite this, the District was able to maintain class sizes across all grade levels.

The District continued to provide a continuum of in-house services to students with special needs, continued a pull-out Basic Skills program, added a Gifted and Talented program, and maintained smaller class sizes. Teaming was expanded at the Middle School to all three grades and the STEAM cycle was augmented with the addition of a Digital Presentation Design class. The District continued its implementation of Reading-Writing Workshop in grades 3-8, and began the implementation in grades K-2. Online assessment programs were continually utilized to build students' basis skills in mathematics and reading. Students in grades 3-8 were fully immersed in a 1:1 environment using Google Chromebooks. Classroom libraries and math manipulatives were purchased to support the changes in the curriculum. A Literacy coach was added to the faculty to assist teachers in improving their instructional repertoire and to raise performance expectations for their students in Language Arts. Additionally, a Reading Specialist was also added to the faculty to work with students who required intensive reading intervention at the lower grade levels. The professional development focused on DRA2 reading assessments, Reading-Writing Workshop, CCSS math instructional strategies and benchmarks, and Google Apps for Education to create a blended learning environment. Training was offered through job-embedded workshops on effective instructional and assessment strategies, provided by outside consultants, administrators, the Math and Literacy coaches, and teacher colleagues. In-house training was also continued in Crisis Prevention Institute (CPI) to create a safe, humanistic learning environment for at-risk students. Parent workshops were offered to build parents' understanding of the curricular changes.

At the Sussex Middle School the Media Center was relocated from the 2<sup>nd</sup> floor to the 1<sup>st</sup> floor. Also at the Middle School STEM lab facilities were created alongside the newly refurbished Science lab and classroom. A handicapped lift was purchased for installation.

At the Wantage School, the front parking lot was completely recurbed and repaved, the Child Study Team offices were expanded, the Faculty room was upgraded and the 4<sup>th</sup> Grade hallway received a new ceiling.

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



The Honorable President and Members of  
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**5) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2016.

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

**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk management fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

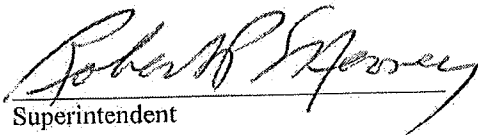
The Honorable President and Members of  
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9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

The auditors’ report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors’ reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

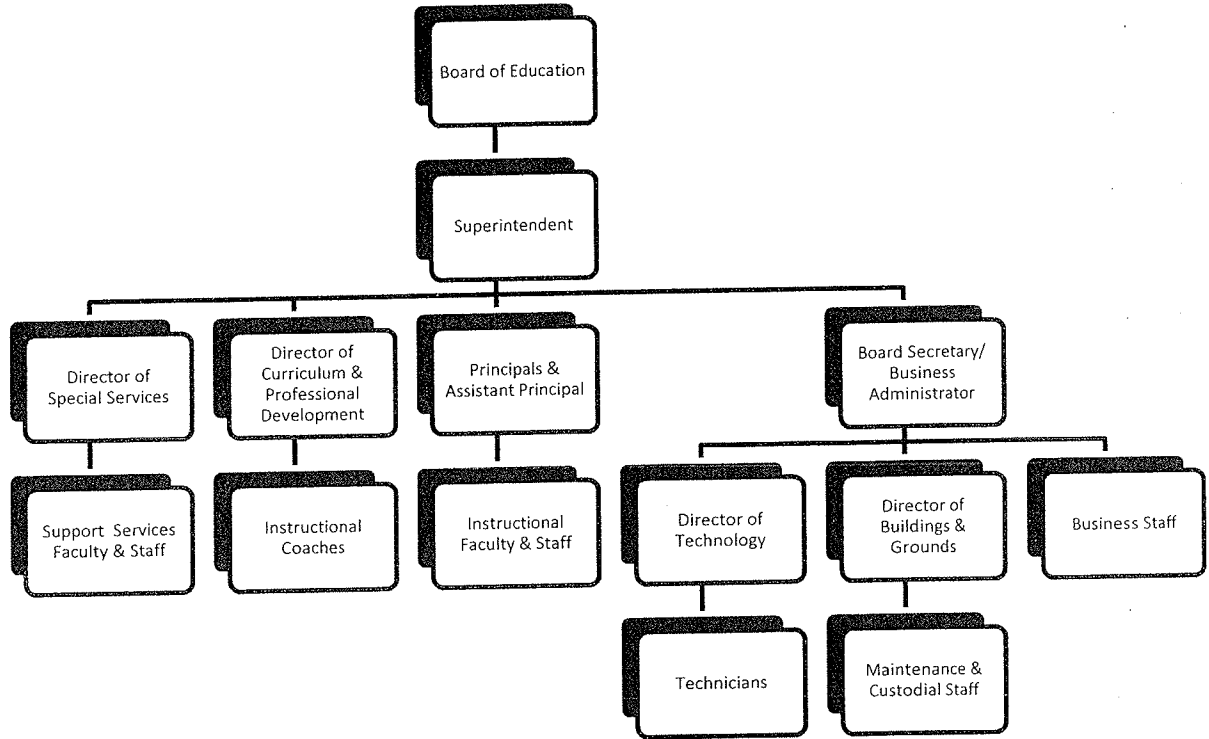
Signed:   
Title: Superintendent

Signed:   
Title: Business Administrator

# SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT

## Organizational Chart

### (Unit Control)



**SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Heiden, President	2017
William Bolella, Vice President	2016
Kenneth Nuss	2017
Steven VanNieuwland	2016
Walter Krynicky	2016
Susan Fields	2016
Ryan Coyle	2018
Susan Langan	2018
Amber Simons	2018

<u>Other Officers</u>	<u>Title</u>
Dr. Jeanne Apryas	Superintendent
Christina Riker	Business Administrator/Board Secretary
Grant W. Rome, Treasurer	Treasurer

**SUSSEX-WANTAGE BOARD OF EDUCATION**  
Consultants and Advisors

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856-1320  
and  
Lawrence Business Park  
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Newton, NJ 07860

**Attorney**

Cleary, Giacobbe, Alfieri, Jacobs, LLC  
7 James Street  
Florham Park, NJ 07932

**Official Depository**

Lakeland Bancorp Inc.  
250 Oak Ridge Road  
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FINANCIAL SECTION



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Lawrence Business Center  
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## Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Sussex-Wantage Regional School District  
 County of Sussex, New Jersey

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Sussex-Wantage Regional School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

The Honorable President and Members  
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Sussex-Wantage Regional School District  
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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sussex-Wantage Regional School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



The Honorable President and Members  
of the Board of Education  
Sussex-Wantage Regional School District  
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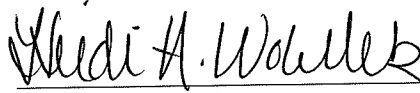
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 18, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)**

This section of the Sussex-Wantage Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial status improved significantly on a district-wide basis.
- Overall revenue was approximately \$30.4 million and overall expenses were approximately \$29.8 million.
- Enrollment in the District decreased in the current year.

**Overview of the Financial Statements**

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

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

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

**Figure A-1  
Organization of the School District's Financial Report**

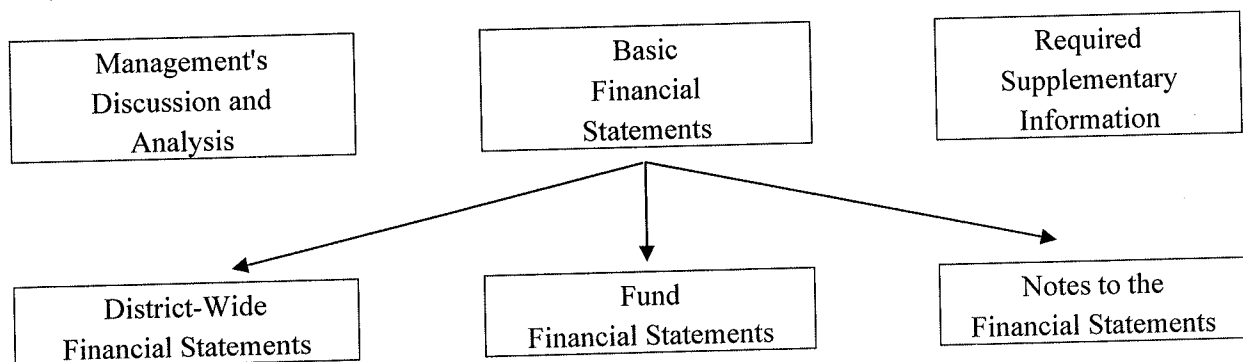


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Figure A-2**

***Major Features of the District-Wide and Fund Financial Statements***

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

### ***District-wide Statements***

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

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and Care Program are included here.

### ***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

**Notes to the Basic Financial Statements:**

Provide additional information essential to a full understanding of the District-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position.* The District's combined net position increased by \$601,581. Net position from governmental activities increased by \$579,418 and net position from business-type activities increased by \$22,163. Net investment in capital assets increased by \$682,978, restricted net position increased by \$261,392, and unrestricted net position decreased by \$342,789.

**Figure A-3****Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	Change
<b>Assets:</b>							
Current and Other Assets	\$ 4,391,073	\$4,275,725	\$ 373,090	\$331,297	\$ 4,764,163	\$4,607,022	3.41%
Capital Assets, Net	5,360,753	4,669,704	36,263	44,334	5,397,016	4,714,038	14.49%
Total Assets	<u>9,751,826</u>	<u>8,945,429</u>	<u>409,353</u>	<u>375,631</u>	<u>10,161,179</u>	<u>9,321,060</u>	9.01%
Deferred Outflows of Resources	<u>1,233,326</u>	<u>189,161</u>			<u>1,233,326</u>	<u>189,161</u>	552.00%
<b>Liabilities:</b>							
Long-Term Liabilities	7,782,471	6,577,109			7,782,471	6,577,109	18.33%
Other Liabilities	728,288	376,766	22,480	10,921	750,768	387,687	93.65%
Total Liabilities	<u>8,510,759</u>	<u>6,953,875</u>	<u>22,480</u>	<u>10,921</u>	<u>8,533,239</u>	<u>6,964,796</u>	22.52%
Deferred Inflows of Resources	<u>447,068</u>	<u>732,808</u>			<u>447,068</u>	<u>732,808</u>	-38.99%
<b>Net Position:</b>							
Net Investment in Capital Assets	5,360,753	4,669,704	36,263	44,334	5,397,016	4,714,038	14.49%
Restricted	3,691,146	3,429,754			3,691,146	3,429,754	7.62%
Unrestricted/(Deficit)	<u>(7,024,574)</u>	<u>(6,651,551)</u>	<u>350,610</u>	<u>320,376</u>	<u>(6,673,964)</u>	<u>(6,331,175)</u>	-5.41%
Total Net Position	<u>\$ 2,027,325</u>	<u>\$1,447,907</u>	<u>\$ 386,873</u>	<u>\$364,710</u>	<u>\$ 2,414,198</u>	<u>\$1,812,617</u>	33.19%

*Changes in Net Position.* The District's combined net position was \$2,414,198 on June 30, 2016, an increase of \$601,581 or 33.19% more than it was the year before (See Figure A-3). Net Investment in Capital Assets increased by \$682,978 due to the \$1,192,633 of current year capital assets additions offset by the \$509,655 of depreciation expense. Restricted net position increased by \$261,392 due to the increase in excess surplus of \$11,392 and the \$750,000 Board transfer to Capital Reserve offset by the \$500,000 budgeted withdrawal from Capital Reserve. The unrestricted net position decreased by \$342,789 due primarily to the net increase in compensated absences payable of \$45,464, the \$238,725 decrease in year-end encumbrances, the \$1,159,898 increase in net pension liability, offset by unexpended budget appropriations and the increase in pension related deferred inflows and outflows.

Figure A-4

Changes in Net Position from Operating Results							
	Governmental	Business-	Governmental	Business-	Total	Total	Percentage
	Activities	Type	Activities	Type	School	School	Change
	2015/2016	2015/2016	2014/2015	2014/2015	District	District	2015/2016
Revenue:							
Program Revenue:							
Charges for Services	\$ 130,020	\$ 334,004		\$ 313,966	\$ 464,024	\$ 313,966	47.79%
Operating Grants and Contributions	7,877,610	161,976	\$ 6,856,688	182,707	8,039,586	7,039,395	14.21%
General Revenue:							
Property Taxes	15,617,020		15,310,804		15,617,020	15,310,804	2.00%
Unrestricted State and Federal Aid	6,266,361		6,259,289		6,266,361	6,259,289	0.11%
Other	55,522	272	65,157	257	55,794	65,414	-14.71%
Total Revenue	<u>29,946,533</u>	<u>496,252</u>	<u>28,491,938</u>	<u>496,930</u>	<u>30,442,785</u>	<u>28,988,868</u>	5.02%
Expenses:							
Instruction	16,988,833		15,979,080		16,988,833	15,979,080	6.32%
Pupil and Instruction Services	4,780,288		4,057,765		4,780,288	4,057,765	17.81%
Administrative and Business	2,487,874		2,378,690		2,487,874	2,378,690	4.59%
Maintenance and Operations	2,153,881		1,923,511		2,153,881	1,923,511	11.98%
Transportation	1,906,495		1,923,286		1,906,495	1,923,286	-0.87%
Other	1,049,744	474,089	1,061,386	469,003	1,523,833	1,530,389	-0.43%
Total Expenses	<u>29,367,115</u>	<u>474,089</u>	<u>27,323,718</u>	<u>469,003</u>	<u>29,841,204</u>	<u>27,792,721</u>	7.37%
Increase in Net Position	<u>\$ 579,418</u>	<u>\$ 22,163</u>	<u>\$ 1,168,220</u>	<u>\$ 27,927</u>	<u>\$ 601,581</u>	<u>\$ 1,196,147</u>	-49.71%

*Revenue Sources.* The District's total revenue for the 2015/2016 school year was \$30,442,785. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$15,617,020 of the total, or 51.30 percent. (See Figure A-5). Another 47.00 percent came from state and federal aid and the remainder from tuition, miscellaneous sources and charges for services.

Figure A-5

## Sources of Revenue for Fiscal Year 2016

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 7,810,249	25.66%
Property Taxes	15,617,020	51.30%
Federal and State Categorical Grants	6,495,698	21.34%
Charges for Services	464,024	1.52%
Other	55,794	0.18%
	<u>\$ 30,442,785</u>	<u>100.00%</u>

The total cost of all programs and services was \$29,841,204. The District's expenses are predominantly related to instruction, pupil and instruction services and transportation services for students (79.33 percent). (See Figure A-6). The District's administrative and business activities accounted for 8.34 percent of total costs.

**Figure A-6****Expenses for Fiscal Year 2016**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 16,988,833	56.92%
Pupil and Instruction Services	4,780,288	16.02%
Administrative and Business	2,487,874	8.34%
Maintenance and Operations	2,153,881	7.22%
Transportation	1,906,495	6.39%
Other	1,523,833	5.11%
	<u>\$ 29,841,204</u>	<u>100.00%</u>

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District improved significantly. However, maintaining existing programs for regular pupil enrollment and the provision of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health.

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for salary increases, new activities and programs must be evaluated thoroughly. District resources are at their tightest level in a decade.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of the following functions:

**Figure A-7**

	<b>Net Cost of Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2015/2016</u>	<u>2015/2016</u>	<u>2014/2015</u>	<u>2014/2015</u>
Instruction	\$ 16,988,833	\$ 11,631,939	\$ 15,979,080	\$11,126,587
Pupil and Instruction Services	4,780,288	3,703,979	4,057,765	3,386,886
Administrative and Business	2,487,874	2,118,859	2,378,690	2,093,168
Maintenance and Operations	2,153,881	1,970,461	1,923,511	1,788,046
Transportation	1,906,495	884,503	1,923,286	1,010,960
Other	1,049,744	1,049,744	1,061,386	1,061,386
	<u>\$ 29,367,115</u>	<u>\$ 21,359,485</u>	<u>\$ 27,323,718</u>	<u>\$ 20,467,033</u>



- The cost of all governmental activities this year was \$29.4 million.
- The federal and state governments subsidized certain programs with grants and contributions of \$14.14 million.
- Approximately \$15.62 million of the District's costs were financed by District taxpayers.
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

### Business-Type Activities

The District's business-type activities increased by \$22,163. The increase is due primarily to an increase in Care Program fees of approximately \$22,300.

### Financial Analysis of the District's Funds

The District's financial position improved slightly primarily due to unexpended budget appropriations in the General Fund offset by fund balance utilized to support the budget. As the number of low-income students rises, so do the expenditures related to meeting their additional needs. Difficult economic times have had a direct impact upon the District's revenue sources.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

### General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The budget was amended for transfers to prevent over-expenditures of specific line item accounts.

### Capital Asset and Long-Term Liabilities Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Percentage Change 2015/2016
	Government Activities		Business-Type Activities		Total School District		
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	
Buildings and Building Improvements	\$4,492,116	\$4,087,195			\$4,492,116	\$4,087,195	9.91%
Site Improvements	435,684	133,003			435,684	133,003	227.57%
Machinery and Equipment	432,953	449,506	\$ 36,263	\$ 44,334	469,216	493,840	-4.99%
Total Capital Assets (Net of Depreciation)	<u>\$5,360,753</u>	<u>\$4,669,704</u>	<u>\$ 36,263</u>	<u>\$ 44,334</u>	<u>\$5,397,016</u>	<u>\$4,714,038</u>	14.49%

During the current fiscal year, the District had capital additions of \$1,192,633 and depreciated \$509,655 of its capital assets.

### Long-term Liabilities

At year-end, the District had \$7,782,471 in long term liabilities outstanding – an increase of \$1,205,362 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

	Outstanding Long-Term Liabilities		Percentage Change
	Total School District		
	2015/2016	2014/2015	
Net Pension Liability	\$ 7,175,443	\$ 6,015,545	19.28%
Compensated Absences Payable	607,028	561,564	8.10%
Total Long-Term Liabilities	<u>\$ 7,782,471</u>	<u>\$ 6,577,109</u>	18.33%

Compensated absences payable increased by \$45,464. The District's net pension liability increased \$1,159,898 or 19.28%.

#### Factors Bearing on the District's Future

The Sussex-Wantage Regional School District remains financially stable even with continued uncertainty in State funding. The District has maintained programs and class size despite this uncertainty.

The District will continue to look at ways to contain and cut costs in order to keep the School District solvent.

#### Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the money it receives. Questions about this report or additional financial information needs should be directed to Christina Riker, School Business Administrator, Sussex-Wantage Regional Board of Education, 27 Bank Street, Sussex, New Jersey.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,561,625	\$ 333,542	\$ 2,895,167
Interfund Receivable	14,067		14,067
Internal Balances	(3,532)	3,532	
Receivables from State Government	155,867	557	156,424
Receivables from Federal Government	128,952	21,852	150,804
Receivables from Other Governments	10,169	4,376	14,545
Other Accounts Receivable	22,445		22,445
Prepaid Expense	1,480		1,480
Inventories		9,231	9,231
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,500,000		1,500,000
Capital Assets, Net:			
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	5,360,753	36,263	5,397,016
Total Assets	9,751,826	409,353	10,161,179
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Changes in Assumptions - Pensions	770,585		770,585
Difference between Expected & Actual Experience - Pensions	171,181		171,181
District Contribution Subsequent to Measurement Date - Pensions	291,560		291,560
Total Deferred Outflows of Resources	1,233,326		1,233,326
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	447,509	3,491	451,000
Interfund Payable	177,000		177,000
Payable to State Government	16,321		16,321
Unearned Revenue	33,377	17,405	50,782
Prepaid Sales		1,584	1,584
<b>Noncurrent Liabilities:</b>			
Due Within One Year	22,771		22,771
Due Beyond One Year	7,759,700		7,759,700
Total Liabilities	8,510,759	22,480	8,533,239
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Investment Gains - Pensions	115,368		115,368
Changes in Proportion - Pensions	331,700		331,700
Total Deferred Inflows of Resources	447,068		447,068
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,360,753	36,263	5,397,016
Restricted for:			
Capital Reserve	1,500,000		1,500,000
Excess Surplus	2,191,146		2,191,146
Unrestricted/(Deficit)	(7,024,574)	350,610	(6,673,964)
Total Net Position	\$ 2,027,325	\$ 386,873	\$ 2,414,198

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 10,110,172		\$ 2,572,039	\$ (7,538,133)		\$ (7,538,133)
Special Education	6,305,932	\$ 43,179	2,605,393	(3,657,360)		(3,657,360)
Other Special Instruction	359,275		66,188	(293,087)		(293,087)
School Sponsored	213,454		70,095	(143,359)		(143,359)
<b>Support Services:</b>						
Tuition	730,477		210,000	(520,477)		(520,477)
Student and Instruction Related Services	4,049,811		866,309	(3,183,502)		(3,183,502)
General Administrative Services	583,752		46,515	(537,237)		(537,237)
School Administrative Services	1,119,758		234,920	(884,838)		(884,838)
Central Services	470,012		65,631	(404,381)		(404,381)
Administrative Information Technology	314,352		21,949	(292,403)		(292,403)
Plant Operations and Maintenance	2,153,881		183,420	(1,970,461)		(1,970,461)
Pupil Transportation	1,906,495	86,841	935,151	(884,503)		(884,503)
Unallocated Depreciation	331,462			(331,462)		(331,462)
Transfer of Funds to Charter School	718,282			(718,282)		(718,282)
<b>Total Governmental Activities</b>	<b>29,367,115</b>	<b>130,020</b>	<b>7,877,610</b>	<b>(21,359,485)</b>		<b>(21,359,485)</b>
<b>Business-Type Activities:</b>						
Food Service	348,186	173,167	161,976		\$ (13,043)	(13,043)
Care Program	125,903	160,837			34,934	34,934
<b>Total Business-Type Activities</b>	<b>474,089</b>	<b>334,004</b>	<b>161,976</b>		<b>21,891</b>	<b>21,891</b>
<b>Total Primary Government</b>	<b>\$ 29,841,204</b>	<b>\$ 464,024</b>	<b>\$ 8,039,586</b>	<b>(21,359,485)</b>	<b>21,891</b>	<b>(21,337,594)</b>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Property Taxes, Levied for General Purposes	\$ 15,617,020		\$ 15,617,020
Federal and State Aid not Restricted	6,266,361		6,266,361
Interest Earnings		\$ 272	272
Miscellaneous Income	55,522		55,522
	21,938,903	272	21,939,175
Total General Revenues			
Change in Net Position	579,418	22,163	601,581
Net Position - Beginning	1,447,907	364,710	1,812,617
Net Position - Ending	\$ 2,027,325	\$ 386,873	\$ 2,414,198

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

FUND FINANCIAL STATEMENTS



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,515,602	\$ 18,386	\$ 27,637	\$ 2,561,625
Interfund Receivable	16,698			16,698
Receivables From State Government	155,867			155,867
Receivables From Federal Government		128,952		128,952
Receivables From Other Governments	10,169			10,169
Other Accounts Receivable	14,525	7,920		22,445
Prepaid Expenses	1,480			1,480
Restricted Cash and Cash Equivalents	1,500,000			1,500,000
<b>Total Assets</b>	<b>\$ 4,214,341</b>	<b>\$ 155,258</b>	<b>\$ 27,637</b>	<b>\$ 4,397,236</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 104,290	\$ 51,659		\$ 155,949
Interfund Payable	183,163			183,163
Payable to State Government	180	16,141		16,321
Payable to Federal Government		54,081		54,081
Payable to Other Governments				
Unearned Revenue		33,377		33,377
<b>Total Liabilities</b>	<b>287,633</b>	<b>155,258</b>		<b>442,891</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Excess Surplus - Restricted for 2017-2018	1,007,471			1,007,471
Excess Surplus - Restricted for 2016-2017	1,183,675			1,183,675
Capital Reserve Account	1,500,000			1,500,000
<b>Committed:</b>				
Other Purposes			\$ 27,637	27,637
<b>Assigned:</b>				
Other Purposes	235,562			235,562
<b>Total Fund Balances</b>	<b>3,926,708</b>		<b>27,637</b>	<b>3,954,345</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,214,341</b>	<b>\$ 155,258</b>	<b>\$ 27,637</b>	<b>\$ 4,397,236</b>

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Fund Balances at June 30, 2016	\$ 3,954,345
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$11,850,640 and the Accumulated Depreciation is \$6,489,887.	5,360,753
Long-Term Liabilities, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	(607,028)

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>Total Governmental Funds</u>
<p>Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:</p>	
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	\$ (7,175,443)
<p>Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:</p>	
Changes in Assumptions - Pensions	770,585
Investment Gains - Pensions	(115,368)
Difference Between Expected and Actual Experience - Pensions	171,181
Changes in Proportions - Pensions	<u>(331,700)</u>
Net Position of Governmental Activities	<u>\$ 2,027,325</u>

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

Exhibit B-2

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
<b>Local Sources:</b>				
Local Tax Levy	\$ 15,617,020			\$ 15,617,020
Tuition	43,179			43,179
Transportation Fees	86,841			86,841
Miscellaneous	55,522			55,522
Total - Local Sources	15,802,562			15,802,562
State Sources	10,366,654	\$ 85,460		10,452,114
Federal Sources	54,466	590,850		645,316
Total Revenues	26,223,682	676,310		26,899,992
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	5,818,080	206,930		6,025,010
Special Education Instruction	3,477,192	173,920		3,651,112
Other Special Instruction	255,162			255,162
School-Sponsored	84,772			84,772
<b>Support Services and Undistributed Costs:</b>				
Tuition	520,477	210,000		730,477
Student and Other Instruction Related Services	2,509,617	85,460		2,595,077
General Administrative Services	471,737			471,737
School Administrative Services	674,856			674,856
Central Services	310,922			310,922
Administrative Information Technology	261,226			261,226
Plant Operations and Maintenance	1,694,577			1,694,577
Student Transportation	1,542,729			1,542,729
Unallocated Benefits	6,644,444			6,644,444
Capital Outlay	1,184,223			1,184,223
Transfer of Funds to Charter School	718,282			718,282
Total Expenditures	26,168,296	676,310		26,844,606
Excess of Revenue Over Expenditures	55,386			55,386
Fund Balance - July 1	3,871,322		\$ 27,637	3,898,959
Fund Balance - June 30	\$ 3,926,708	\$ -0-	\$ 27,637	\$ 3,954,345

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

Exhibit B-3

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 55,386
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.		
Depreciation Expense	\$ (501,584)	
Capital Outlays	<u>1,192,633</u>	691,049
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(1,159,898)
Deferred Outflows:		581,424
Changes in Assumptions		171,181
Difference between Expected and Actual Experience		
Deferred Inflows:		42,614
Changes in Proportion		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		243,126
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(45,464)</u>
Change in net position of governmental activities (A-2)		<u>\$ 579,418</u>

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

Exhibit B-4

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major</u>	<u>Total</u>
	<u>Food Service</u>	<u>Fund</u>	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 103,491	\$ 230,051	\$ 333,542
Intergovernmental Accounts Receivable:			
State	557		557
Federal	21,852		21,852
Other Accounts Receivable	4,376		4,376
Interfund Receivable	6,163		6,163
Inventories	9,231		9,231
Total Current Assets	<u>145,670</u>	<u>230,051</u>	<u>375,721</u>
Non-Current Assets:			
Capital Assets	199,654		199,654
Accumulated depreciation	<u>(163,391)</u>		<u>(163,391)</u>
Total Non-Current Assets	<u>36,263</u>		<u>36,263</u>
Total Assets	<u>181,933</u>	<u>230,051</u>	<u>411,984</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable - Vendors	3,491		3,491
Interfund Payable		2,631	2,631
Prepaid Sales	1,584		1,584
Unearned Revenue	3,620	13,785	17,405
Total Current Liabilities	<u>8,695</u>	<u>16,416</u>	<u>25,111</u>
<b>NET POSITION:</b>			
Investment in Capital Assets	36,263		36,263
Unrestricted	<u>136,975</u>	<u>213,635</u>	<u>350,610</u>
Total Net Position	<u>\$ 173,238</u>	<u>\$ 213,635</u>	<u>\$ 386,873</u>

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

Exhibit B-5

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major	Total
	Food Service	Fund	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable	\$ 136,107		\$ 136,107
Daily Sales - Non Reimbursable Programs	37,060		37,060
Child Care Fees		\$ 160,837	160,837
Total Operating Revenue	173,167	160,837	334,004
Operating Expenses:			
Cost of Goods Sold - Reimbursable Programs	135,657		135,657
Cost of Goods Sold - Non-Reimbursable Programs	18,195		18,195
Salaries	110,937	123,740	234,677
Employee Benefits and Payroll Taxes	27,352		27,352
Purchased Services	13,715	1,476	15,191
Supplies and Materials	34,259	428	34,687
Depreciation	8,071		8,071
Other		259	259
Total Operating Expenses	348,186	125,903	474,089
Operating Income/(Loss)	(175,019)	34,934	(140,085)
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	3,562		3,562
Federal Sources:			
National School Lunch Program	114,627		114,627
School Breakfast Program	17,918		17,918
Food Distribution Program	25,869		25,869
Local Sources:			
Interest Revenue	272		272
Total Non-Operating Revenue	162,248		162,248
Change in Net Position	(12,771)	34,934	22,163
Net Position - Beginning of Year	186,009	178,701	364,710
Net Position - End of Year	\$ 173,238	\$ 213,635	\$ 386,873

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major	Total
	Food Service	Fund	
Cash Flows for Operating Activities:			
Receipts from Customers	\$ 174,751	\$ 171,378	\$ 346,129
Payments for Salaries, Payroll Taxes and Benefits	(138,289)	(123,740)	(262,029)
Payments to Suppliers	(184,326)	(2,163)	(186,489)
Net Cash Provided by/(Used for) Operating Activities	<u>(147,864)</u>	<u>45,475</u>	<u>(102,389)</u>
Cash Flows for Noncapital Financing Activities:			
Federal and State Sources Received in Food Service Fund	129,746		129,746
Net Cash Provided by Noncapital Financing Activities	<u>129,746</u>		<u>129,746</u>
Cash Flows from Investing Activities:			
Interest on Investments	272		272
Net Cash Provided by Investing Activities	<u>272</u>		<u>272</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(17,846)	45,475	27,629
Cash and Cash Equivalents, July 1	121,337	184,576	305,913
Cash and Cash Equivalents, June 30	<u>\$ 103,491</u>	<u>\$ 230,051</u>	<u>\$ 333,542</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ (175,019)	\$ 34,934	\$ (140,085)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities			
Depreciation	8,071		8,071
Food Distribution Program	25,869		25,869
Changes in Assets and Liabilities:			
Decrease in Inventory	2,143		2,143
(increase)/Decrease in Other Accounts Receivable	(4,376)	2,460	(1,916)
Increase in Accounts Payable	3,490		3,490
Increase in Unearned Revenue	1,034	5,450	6,484
Increase in - Prepaid Sales	1,584		1,584
(Increase) in Interfund Receivable	(10,660)		(10,660)
Increase in Interfund Payable		2,631	2,631
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (147,864)</u>	<u>\$ 45,475</u>	<u>\$ (102,389)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$27,578 and utilized commodities valued at \$25,869 for the fiscal year ended June 30, 2016.

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

Exhibit B-7

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 807,908	\$ 127,865
Interfund Receivable - General Fund		177,000
Total Assets	<u>807,908</u>	<u>304,865</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	148,829	
Interfund Payable - General Fund	14,067	
Accrued Salaries and Wages	552,509	
Due to Student Groups	92,503	
Total Liabilities	<u>807,908</u>	
<u>NET POSITION:</u>		
Held in Trust for Unemployment Claims		<u>304,865</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 304,865</u>

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



Exhibit B-8

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS:</b>	
Contributions:	
Employer Contributions	\$ 100,000
Employee Contributions	41,531
Total Contributions	<u>141,531</u>
Investment Earnings:	
Interest	283
Net Investment Earnings	<u>283</u>
Total Additions	<u>141,814</u>
<b>DEDUCTIONS:</b>	
Quarterly Contribution Reports/Unemployment Claims	<u>75,870</u>
Total Deductions	<u>75,870</u>
Change in Net Position	65,944
Net Position - Beginning of the Year	<u>238,921</u>
Net Position - End of the Year	<u><u>\$ 304,865</u></u>

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include two elementary schools and a middle school located in the Borough of Sussex and the Township of Wantage. 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.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund: (Cont'd)

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria operations and its Care Program. These two Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Unemployment Compensation Trust Fund.

C. Measurement Focus and Basis of Accounting

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

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

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for fiscal year ending June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 26,222,682	\$ 687,210
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis Does Not:		
Prior Year Encumbrances		5,570
Current Year Encumbrances		(16,470)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	779,896	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(778,896)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 26,223,682</u>	<u>\$ 676,310</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 26,168,296	\$ 687,210
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Prior Year Encumbrances		5,570
Current Year Encumbrances		(16,470)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 26,168,296</u>	<u>\$ 676,310</u>

E. Cash and Cash Equivalents and Investments

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

E. Cash and Cash Equivalents and Investments (Cont'd)

Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 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 depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Site Improvements	20 years
Machinery and Equipment	10 to 12 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premiums and discounts are amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources.



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

L. Long Term Liabilities: (Cont'd)

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the amount earned by these employees but not disbursed was \$552,509.

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,926,708 General Fund fund balance at June 30, 2016, \$1,500,000 is restricted in a capital reserve; \$1,183,675 is restricted as prior year excess surplus which has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; \$1,007,471 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; and \$235,562 is assigned for year-end encumbrances which is \$219,109 less than the actual year-end encumbrances, on a GAAP Basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2016. Additionally, there is \$7,236 of assigned fund balance which has been appropriated and included as anticipated revenue for the fiscal year end June 30, 2017 and \$552,551 of unassigned fund balance which are not reported on a GAAP basis due to the final two state aid payments.

Capital Projects Fund: The entire \$27,637 fund balance at June 30, 2016 is committed for other purposes.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted on the prior page.

The following General Fund fund balances are less on a GAAP basis than budgetary basis as of June 30, 2016 as reported in the fund statements (modified accrual basis): unassigned fund balance - \$552,551, assigned fund balance for subsequent year's expenditures - \$7,236 and assigned for year-end encumbrances - \$219,109. P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record these state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for the changes in assumptions in pensions, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date related to pensions.

The District had deferred inflows of resources at June 30, 2016 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

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

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

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

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

R. Deficit Net Position

There is a deficit in unrestricted governmental activities net position in the amount of \$7,024,574. The deficit is due to the committed fund balance of \$27,637 in the Capital Projects Fund and the assigned fund balance for year-end encumbrances of \$235,562 in the General Fund as well as the following deferred inflows and outflows of \$494,698 related to pensions – changes in assumptions and proportions, the difference between expected and actual experience and investment gains offset by compensated absences payable of \$607,028 and the net pension liability of \$7,175,443. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus and a capital reserve in the General Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources at June 30, 2016 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources in the General Fund at June 30, 2016 for year-end encumbrances on a GAAP and budgetary basis and for amounts designated for subsequent year's expenditures on a budgetary basis.

T. Revenue - Exchange and Nonexchange Transactions:

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions: Cont'd)

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service and Care Program fees. Operating expenses are necessary costs incurred to provide the service that are the primary activities of the Enterprise Funds.

V. Management Estimates:

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

W. Pensions

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

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

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Custodial Credit Risk – the District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

Investments:

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

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

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Reserve</u>	<u>Total</u>
Checking Accounts	<u>\$ 3,830,940</u>	<u>\$ 1,500,000</u>	<u>\$ 5,330,940</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$5,330,940 and the bank balance was \$6,770,972.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account in the amount of \$400,000 was established by Board resolution on June 26, 2013 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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 1,250,000
Deposit - Board Resolution June 29, 2016	<u>750,000</u>
	2,000,000
Budgeted Withdrawal	<u>(500,000)</u>
Ending Balance, June 30, 2016	<u>\$ 1,500,000</u>

The balance in the capital reserve at June 30, 2016 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending</u> <u>Balance</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 8,679,600	\$ 705,012		\$ 9,384,612
Site Improvements	229,012	334,052		563,064
Machinery and Equipment	<u>1,749,395</u>	<u>153,569</u>		<u>1,902,964</u>
Total Capital Assets Being Depreciated	<u>10,658,007</u>	<u>1,192,633</u>		<u>11,850,640</u>
Governmental Activities Capital Assets	<u>10,658,007</u>	<u>1,192,633</u>		<u>11,850,640</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Less Accumulated Depreciation for:				
Buildings and Building Improvements	\$ (4,592,405)	\$ (300,091)		\$ (4,892,496)
Site Improvements	(96,009)	(31,371)		(127,380)
Machinery and Equipment	(1,299,889)	(170,122)		(1,470,011)
	<u>(5,988,303)</u>	<u>(501,584)</u>		<u>(6,489,887)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,669,704</u>	<u>\$ 691,049</u>	<u>\$ -0-</u>	<u>\$ 5,360,753</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 199,654			\$ 199,654
Less Accumulated Depreciation	(155,320)	\$ (8,071)		(163,391)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 44,334</u>	<u>\$ (8,071)</u>	<u>\$ -0-</u>	<u>\$ 36,263</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 5,332
Student and Instruction Related Services	8,741
General Administrative Services	7,240
School Administrative Services	7,723
Central Services	232
Plant Operations and Maintenance	9,786
Pupil Transportation	131,068
Unallocated	331,462
	<u>\$ 501,584</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred a total amount of \$2,202 to the capital outlay accounts for equipment which did not require county superintendent approval.



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Compensated Absences Payable	\$ 561,564	\$ 155,182	\$ 109,718	\$ 607,028
Net Pension Liability	<u>6,015,545</u>	<u>1,159,898</u>		<u>7,175,443</u>
	<u>\$ 6,577,109</u>	<u>\$ 1,315,080</u>	<u>\$ 109,718</u>	<u>\$ 7,782,471</u>

A. Bonds Authorized But Not Issued / Bonds Payable:

As of June 30, 2016, the District has no bonds authorized but not issued or bonded debt outstanding.

B. Capital Leases Payable:

As of June 30, 2016, the District has no capital leases payable.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is \$607,028. The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The current portion is \$22,771 and \$584,257 is the long-term portion. The General Fund will be used to liquidate the Compensated Absences Payable.

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, 2016, no liability existed for compensated absences in the Enterprise Funds.

D. Operating Lease Payable:

The District has commitments to lease copiers under operating leases which expire in 2020. Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2017	\$ 35,628
June 30, 2018	35,628
June 30, 2019	35,628
June 30, 2020	<u>8,907</u>
Total future minimum lease payments	<u>\$ 115,791</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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 (Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$7,175,443. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$274,811 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$7,175,443 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.03197%, which was a decrease of 0.00016 from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$396,351. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	6.44	\$ 153,596	
Changes in Assumptions - 2015	5.72	616,989	
Difference Between Expected and Actual Experience - 2015	5.72	171,181	
Changes in Proportion - 2014	6.44		\$ 305,506
Changes in Proportion - 2015	5.72		26,194
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		267,490
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		(152,122)
District Contribution Subsequent to the Measurement Date - 2015	1	291,560	
		<u>\$ 1,233,326</u>	<u>\$ 447,068</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 150,446
2017	150,446
2018	150,446
2019	239,610
2020	135,450
	<u>\$ 826,398</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 8,918,197	\$ 7,175,443	\$ 5,714,330

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$774,962 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,821,503.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$62,587,047. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.099%, which was an increase of 0.0003% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		62,587,047
Total	\$	62,587,047

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$3,821,503 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2015	5		(770,568,242)
		\$ 7,521,378,257	\$ 554,399,005

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1%	Current	1%
	Decrease (3.13%)	Discount Rate (4.13%)	Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 74,382,366	\$ 62,587,047	\$ 52,424,674

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$6,340 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$11,623 for the fiscal year ended June 30, 2016.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 Public Laws 2007 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 education employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of the post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State is also responsible for the cost attributable to P.L. 1992, c.126 which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$922,766, \$849,880 and \$684,682 for 2016, 2015 and 2014, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through Horizon Blue Cross/Blue Shield of NJ.

Property and Liability Insurance

The Sussex-Wantage Regional School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk management pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

The audit for the fiscal year ended June 30, 2016 was not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2015 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	<u>\$ 35,565,090</u>
Net Position	<u>\$ 7,171,390</u>
Total Revenue	<u>\$ 38,392,884</u>
Total Expenses	<u>\$ 36,335,763</u>
Change in Net Position	<u>\$ 2,057,121</u>
Member Dividends	<u>\$ -0-</u>

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

Public Entity Group Administrative Services  
51 Everett Drive  
Suite B-40  
West Windsor, NJ 08550  
(609) 275-1155

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 is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 100,000	\$ 283	\$ 41,531	\$ 75,870	\$ 304,865
2014-2015	100,000	108	40,855	129,989	238,921
2013-2014	100,000	69	59,881	40,848	227,947

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 16,698	\$ 183,163
Food Service Fund	6,163	
Care Program		2,631
Unemployment Compensation Trust Fund	177,000	
Payroll Agency Fund		14,067
	<u>\$ 199,861</u>	<u>\$ 199,861</u>

The interfund receivable in the General Fund from the Payroll Agency Fund relates to interest earnings and other amounts due from the payroll accounts to the General Fund.

The interfund payable in the Food Service Fund due to the General Fund is for equipment repairs paid by the General Fund on behalf of the Food Service Fund in the prior year.

The interfund receivable in the Unemployment Compensation Trust Fund due from the General Fund is the employer share of unemployment funds due to the Unemployment Compensation Trust Fund from the current year and a prior year.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The 403(b) plan administrators are as follows:

Variable Annuity Life (VALIC)	Lincoln Investment Planning
Equitable Life Insurance Company	Lincoln National Life
Metropolitan Life Insurance Company	

Equitable Life Insurance Company is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 14. TAX CALENDAR

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 14. TAX CALENDAR (Cont'd)

Taxes are collected by the constituent municipalities and are remitted to the local school district on predetermined mutually agreed-upon schedules.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>\$ 454,671</u>	<u>\$ 16,470</u>	<u>\$ 471,141</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$235,562 is assigned for year-end encumbrances in the General Fund, which is \$219,109 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, the reduction of fund balance is due to the non-recognition of the final two state aid payments as detailed in Note 1P. On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$16,470 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 16. ACCOUNTS PAYABLE

	<u>Governmental Funds</u>		<u>District Contri- bution Subsequent to the Measure- ment Date</u>	<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		
Salaries	\$ 36,161			\$ 36,161
Vendors	68,129			68,129
Due to State of New Jersey		\$ 51,659	\$ 291,560	343,219
	<u>\$ 104,290</u>	<u>\$ 51,659</u>	<u>\$ 291,560</u>	<u>\$ 447,509</u>



SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

L-1

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0321296257%	0.0319647358%
District's proportionate share of the net pension liability	\$ 6,015,545	\$ 7,175,443
District's covered employee payroll	\$ 2,191,492	\$ 2,205,424
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	274.50%	325.35%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2016.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 264,872	\$ 274,811
Contributions in relation to the contractually required contribution	<u>(264,872)</u>	<u>(274,811)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,205,424	\$ 2,271,942
Contributions as a percentage of covered employee payroll	12.01%	12.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2016.

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SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.0987102624%	0.0990234474%
State's proportionate share of the net pension liability attributable to the District	\$ 52,757,423	\$ 62,587,047
District's covered employee payroll	\$ 9,723,839	\$ 9,630,467
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	542.56%	649.89%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2016.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 2,838,845	\$ 3,821,503
Contributions in relation to the contractually required contribution	<u>(535,357)</u>	<u>(774,962)</u>
Contribution deficiency/(excess)	<u>\$ 2,303,488</u>	<u>\$ 3,046,541</u>
District's covered employee payroll	9,630,467	10,159,774
Contributions as a percentage of covered employee payroll	5.56%	7.63%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2016.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 15,617,020		\$ 15,617,020	\$ 15,617,020	
Tuition from Other LEAs	19,000		19,000	43,179	\$ 24,179
Transportation Fees	80,000		80,000	86,841	6,841
Unrestricted Miscellaneous Revenues	50,000		50,000	55,522	5,522
<b>Total - Local Sources</b>	<u>15,766,020</u>		<u>15,766,020</u>	<u>15,802,562</u>	<u>36,542</u>
State Sources:					
Extraordinary Aid	40,000		40,000	103,440	63,440
Categorical Special Education Aid	773,754		773,754	773,754	
School Choice Aid	26,145		26,145	26,145	
Equalization Aid	5,670,481		5,670,481	5,670,481	
Categorical Security Aid	152,070		152,070	152,070	
Adjustment Aid	337,885		337,885	337,885	
Categorical Transportation Aid	824,394		824,394	824,394	
Non Public Transportation Aid				14,514	14,514
PARCC Readiness Aid	12,260		12,260	12,260	
Per Pupil Growth Aid	12,260		12,260	12,260	
On-behalf TPAF Pension Contributions (non-budgeted)				774,962	774,962
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				922,766	922,766
Reimbursed TPAF Social Security Contributions (non-budgeted)				740,723	740,723
<b>Total State Sources</b>	<u>7,849,249</u>		<u>7,849,249</u>	<u>10,365,654</u>	<u>2,516,405</u>
Federal Sources:					
Medicaid Reimbursement	29,644		29,644	54,466	24,822
<b>Total Federal Sources</b>	<u>29,644</u>		<u>29,644</u>	<u>54,466</u>	<u>24,822</u>
<b>TOTAL REVENUES</b>	<u>23,644,913</u>		<u>23,644,913</u>	<u>26,222,682</u>	<u>2,577,769</u>



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 460,090	\$ 2,693	\$ 462,783	\$ 462,350	\$ 433
Grades 1-5 - Salaries of Teachers	2,796,551	(27,500)	2,769,051	2,735,369	33,682
Grades 6-8 - Salaries of Teachers	1,903,985	(17,069)	1,886,916	1,808,171	78,745
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000		15,000	10,715	4,285
Purchased Professional - Educational Services	7,500		7,500	5,264	2,236
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	118,437	112,662	231,099	231,099	
Purchased Professional - Educational Services	32,260	5,637	37,897	37,897	
Purchased Technical Services	1,800	(256)	1,544	465	1,079
Other Purchased Services (400-500 Series)	10,600		10,600	5,262	5,338
General Supplies	491,244	(7,534)	483,710	443,444	40,266
Textbooks	68,220	2,056	70,276	46,997	23,279
Other Objects	30,951	96	31,047	31,047	
Total Regular Programs - Instruction	<u>5,936,638</u>	<u>70,785</u>	<u>6,007,423</u>	<u>5,818,080</u>	<u>189,343</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	274,270	(27,000)	247,270	217,033	30,237
Other Salaries for Instruction	173,840		173,840	163,674	10,166
General Supplies	6,550	(1,600)	4,950	4,160	790
Textbooks	300		300	300	300
Total Learning and/or Language Disabilities	<u>454,960</u>	<u>(28,600)</u>	<u>426,360</u>	<u>384,867</u>	<u>41,493</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Multiple Disabilities:					
Salaries of Teachers	\$ 182,025	\$ 78,410	\$ 260,435	\$ 235,439	\$ 24,996
Other Salaries for Instruction	131,598	129,700	261,298	256,542	4,756
General Supplies	3,900	2,399	6,299	6,150	149
Total Multiple Disabilities	<u>317,523</u>	<u>210,509</u>	<u>528,032</u>	<u>498,131</u>	<u>29,901</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,850,108		1,850,108	1,763,525	86,583
Other Salaries for Instruction	141,090		141,090	116,871	24,219
General Supplies	12,200		12,200	11,342	858
Textbooks	2,440	(1,700)	740		740
Total Resource Room/Resource Center	<u>2,005,838</u>	<u>(1,700)</u>	<u>2,004,138</u>	<u>1,891,738</u>	<u>112,400</u>
Autism:					
Salaries of Teachers	191,165	(52,000)	139,165	139,165	
Other Salaries for Instruction	251,310	(103,799)	147,511	136,583	10,928
General Supplies	4,050	(350)	3,700	3,691	9
Total Autism	<u>446,525</u>	<u>(156,149)</u>	<u>290,376</u>	<u>279,439</u>	<u>10,937</u>
Preschool Handicapped - Part Time:					
Salaries of Teachers	192,160	48,500	240,660	240,606	54
Other Salaries for Instruction	124,492	55,000	179,492	178,974	518
General Supplies	1,825	2,350	4,175	3,437	738
Total Preschool Handicapped - Part Time	<u>318,477</u>	<u>105,850</u>	<u>424,327</u>	<u>423,017</u>	<u>1,310</u>
Home Instruction:					
Purchased Professional - Educational Services	2,000		2,000		2,000
Total Home Instruction	<u>2,000</u>		<u>2,000</u>		<u>2,000</u>
Total Special Education Instruction	<u>3,545,323</u>	<u>129,910</u>	<u>3,675,233</u>	<u>3,477,192</u>	<u>198,041</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 122,446	\$ (1,704)	\$ 120,742	\$ 117,149	\$ 3,593
General Supplies	4,800	1,704	6,504	6,504	
Total Basic Skills/Remedial - Instruction	<u>127,246</u>		<u>127,246</u>	<u>123,653</u>	<u>3,593</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	84,596		84,596	74,515	10,081
Purchased Services (300-500 Series)	10,000	6,380	16,380	8,925	7,455
Supplies and Materials	20,000	(6,380)	13,620	1,332	12,288
Total School-Sponsored Cocurricular Activities - Instruction	<u>114,596</u>		<u>114,596</u>	<u>84,772</u>	<u>29,824</u>
Other Supplemental At Risk Programs Instruction					
Salaries of Reading Specialists	75,000	(6,410)	68,590	59,589	9,001
Purchased Professional & Technical Services	20,000		20,000	15,875	4,125
General Supplies	500	2,950	3,450	3,441	9
Total Other Supplemental At risk Programs Instruction	<u>95,500</u>	<u>(3,460)</u>	<u>92,040</u>	<u>78,905</u>	<u>13,135</u>
Other Alternative Education Programs Instruction					
Salaries of Teachers	63,110		63,110	51,130	11,980
General Supplies	2,100	(150)	1,950	1,474	476
Total Other Alternative Education Programs Instruction	<u>65,210</u>	<u>(150)</u>	<u>65,060</u>	<u>52,604</u>	<u>12,456</u>
Total Instruction	<u>9,884,513</u>	<u>197,085</u>	<u>10,081,598</u>	<u>9,635,206</u>	<u>446,392</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	56,270	38,098	94,368	82,644	11,724
Tuition to Private Schools for the Handicapped - Within State	490,505	(21,616)	468,889	437,833	31,056
Tuition - Other	9,237	(9,237)			
Total Undistributed Expenditures - Instruction:	<u>556,012</u>	<u>7,245</u>	<u>563,257</u>	<u>520,477</u>	<u>42,780</u>
Attendance and Social Work:					
Salaries of Drop-Out Prevention Officer/Coordinator	2,500		2,500	90	2,410
Total Attendance and Social Work	<u>2,500</u>		<u>2,500</u>	<u>90</u>	<u>2,410</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 222,670	\$ 375	\$ 223,045	\$ 223,045	
Other Purchased Services (400-500 Series)	5,000		5,000	5,000	
Supplies and Materials	8,644	(534)	8,110	7,030	\$ 1,080
Other Objects	3,050	159	3,209	3,209	
Total Health Services	<u>239,364</u>	<u>2,500</u>	<u>241,864</u>	<u>238,284</u>	<u>3,580</u>
Speech, OT, PT and Related Services:					
Salaries	432,960	(15,000)	417,960	417,397	563
Purchased Professional - Educational Services	192,500	(1,146)	191,354	155,448	35,906
Supplies and Materials	4,150		4,150	4,119	31
Total Speech, OT, PT and Related Services	<u>629,610</u>	<u>(16,146)</u>	<u>613,464</u>	<u>576,964</u>	<u>36,500</u>
Other Support Services - Guidance:					
Salaries of Other Professional Staff	232,470	18,610	251,080	251,080	
Total Other Support Services - Guidance	<u>232,470</u>	<u>18,610</u>	<u>251,080</u>	<u>251,080</u>	
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	713,543	1,146	714,689	714,689	
Salaries of Secretarial and Clerical Assistants	111,780	75	111,855	111,855	
Purchased Professional - Educational Services	14,750	(75)	14,675	14,353	322
Total Other Support Services - Child Study Team	<u>840,073</u>	<u>1,146</u>	<u>841,219</u>	<u>840,897</u>	<u>322</u>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	58,285	3,252	61,537	61,537	
Total Improvement of Instructional Services	<u>58,285</u>	<u>3,252</u>	<u>61,537</u>	<u>61,537</u>	
Educational Media Services/School Library:					
Salaries	222,145		222,145	222,145	
Salaries of Technology Coordinators	77,500	2,068	79,568	79,568	
Supplies and Materials	27,300	(5,020)	22,280	19,662	2,618
Total Educational Media Services/School Library	<u>326,945</u>	<u>(2,952)</u>	<u>323,993</u>	<u>321,375</u>	<u>2,618</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	\$ 112,862	\$ 12,539	\$ 125,401	\$ 125,401	
Salaries of Secretarial and Clerical Assistants	18,347		18,347	18,347	
Purchased Professional - Educational Services	76,600	1,271	77,871	73,121	\$ 4,750
Other Purchased Professional and Technical Services	3,828	(3,828)			
Supplies and Materials	1,000	50	1,050	876	174
Other Objects	1,875	(50)	1,825	1,645	180
<b>Total Instructional Staff Training Services</b>	<b>214,512</b>	<b>9,982</b>	<b>224,494</b>	<b>219,390</b>	<b>5,104</b>
Support Services - General Administration:					
Salaries	237,323		237,323	207,013	30,310
Legal Services	50,000	344	50,344	50,000	344
Audit Fees	62,000		62,000	33,750	28,250
Architectural/Engineering Services	13,610		13,610	7,636	5,974
Other Purchased Professional Services	34,975		34,975	34,776	199
Purchased Technical Services	5,600	(344)	5,256		5,256
Communications/Telephone	79,372	(8,699)	70,673	64,734	5,939
Other Purchased Services (400-500 Series)	37,559	1,803	39,362	33,861	5,501
General Supplies	5,500		5,500	2,039	3,461
BOE In-house Training/Meeting Supplies	12,000	(3,301)	8,699	8,699	
Miscellaneous Expenditures	24,510	(1,803)	22,707	17,421	5,286
BOE Membership Dues and Fees		12,000	12,000	11,808	192
<b>Total Support Services - General Administration</b>	<b>562,449</b>		<b>562,449</b>	<b>471,737</b>	<b>90,712</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	406,955	983	407,938	407,938	
Salaries of Secretarial and Clerical Assistants	239,430	(983)	238,447	227,264	11,183
Supplies and Materials	23,000		23,000	20,663	2,337
Other Objects	21,528		21,528	18,991	2,537
<b>Total Support Services - School Administration</b>	<b>690,913</b>		<b>690,913</b>	<b>674,856</b>	<b>16,057</b>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 298,462		\$ 298,462	\$ 292,090	\$ 6,372
Purchased Professional Services	11,950	\$ 2,550	14,500	12,833	1,667
Supplies and Materials	5,000		5,000	4,609	391
Miscellaneous Expenditures	4,330	(2,550)	1,780	1,390	390
Total Central Services	<u>319,742</u>		<u>319,742</u>	<u>310,922</u>	<u>8,820</u>
Administrative Information Technology:					
Salaries	89,181	8,501	97,682	97,682	
Purchased Professional Services	99,069		99,069	78,175	20,894
Supplies and Materials	136,442		136,442	85,356	51,086
Other Objects	20,000	(10,702)	9,298	13	9,285
Total Administrative Information Technology	<u>344,692</u>	<u>(2,201)</u>	<u>342,491</u>	<u>261,226</u>	<u>81,265</u>
Required Maintenance of School Facilities:					
Salaries	339,115	2,343	341,458	341,458	
Cleaning, Repair and Maintenance Services	113,225	10,029	123,254	120,839	2,415
General Supplies	83,056	(12,372)	70,684	63,846	6,838
Total Required Maintenance of School Facilities	<u>535,396</u>		<u>535,396</u>	<u>526,143</u>	<u>9,253</u>
Custodial Services:					
Salaries	464,240	24,437	488,677	474,853	13,824
Cleaning, Repair and Maintenance Services	212,738	269	213,007	138,487	74,520
Other Purchased Property Services	96,600	22,000	118,600	118,476	124
Insurance	117,747	1,009	118,756	118,756	
Miscellaneous Purchased Services	88,824		88,824	74,527	14,297
General Supplies	56,781		56,781	36,941	19,840
Energy (Electricity)	162,231		162,231	123,941	38,290
Energy (Natural Gas)	154,000	(47,715)	106,285	75,285	31,000
Other Objects	14,000		14,000	7,168	6,832
Total Custodial Services	<u>1,367,161</u>		<u>1,367,161</u>	<u>1,168,434</u>	<u>198,727</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 104,315		\$ 104,315	\$ 94,877	\$ 9,438
Salaries for Pupil Transportation (Between Home & School) - Regular	351,857		351,857	332,982	18,875
Other Purchased Professional and Technical Services	7,750		7,750	3,500	4,250
Cleaning, Repair and Maintenance Services	60,000		60,000	27,915	32,085
Rental Payments - School Buses	10,000		10,000		10,000
Contracted Services:					
Between Home and School - Vendors	825,463	\$ (28,182)	797,281	722,489	74,792
Other Between Home and School - Vendors	94,554		94,554	58,003	36,551
Between Home and School - Joint Agreements	24,333		24,333	22,417	1,916
Special Education Students - Joint Agreements	189,653		189,653	164,893	24,760
Aid in Lieu Payments - Nonpublic School	39,780	3,182	42,962	42,962	
Transportation Supplies	144,845		144,845	60,130	84,715
Other Objects	32,834		32,834	12,561	20,273
<b>Total Student Transportation Services</b>	<b>1,885,384</b>	<b>(25,000)</b>	<b>1,860,384</b>	<b>1,542,729</b>	<b>317,655</b>
Unallocated Benefits:					
Social Security Contributions	375,000		375,000	282,052	92,948
Other Retirement Contribution - PERS	308,549	(33,738)	274,811	274,811	
Unemployment Compensation	100,000		100,000	100,000	
Workmen's Compensation	180,812	6,452	187,264	187,264	
Health Benefits	3,519,000	(185,036)	3,333,964	3,198,709	135,255
Tuition Reimbursement	42,000	26,881	68,881	68,881	
Other Employee Benefits	131,803	(10,282)	121,521	94,276	27,245
<b>Total Unallocated Benefits</b>	<b>4,657,164</b>	<b>(195,723)</b>	<b>4,461,441</b>	<b>4,205,993</b>	<b>255,448</b>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf and Reimbursed Benefits:					
On-behalf TPAF Pension Contributions (non-budgeted)				\$ 774,962	\$ (774,962)
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				922,766	(922,766)
Reimbursed TPAF Social Security Contributions (non-budgeted)				740,723	(740,723)
Total On-Behalf and Reimbursed Benefits				2,438,451	(2,438,451)
Total Undistributed Expenses	\$ 13,462,672	\$ (199,287)	\$ 13,263,385	14,630,585	(1,367,200)
TOTAL GENERAL CURRENT EXPENSE	23,347,185	(2,202)	23,344,983	24,265,791	(920,808)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	49,198		49,198	18,963	30,235
School Administration	38,700		38,700	22,860	15,840
Administrative Information Technology	45,895	2,202	48,097	48,097	
Required Maintenance for School Facilities	38,650		38,650	38,519	131
School Transportation - School Buses - Regular	10,346		10,346	10,346	
Total Equipment	182,789	2,202	184,991	138,785	46,206
Facilities Acquisition and Construction Services:					
Construction Services	1,438,330		1,438,330	950,325	488,005
Purchased Professional/Technical Services	16,984	(16,984)			
Architectural/Engineering Services	100,000	16,984	116,984	93,840	23,144
Assessment for Debt Service on SDA Funding	1,273		1,273	1,273	
Total Facilities Acquisition and Construction Services	1,556,587		1,556,587	1,045,438	511,149
TOTAL CAPITAL OUTLAY	1,739,376	2,202	1,741,578	1,184,223	557,355
Transfer of Funds to Charter Schools	765,486		765,486	718,282	47,204
TOTAL EXPENDITURES	25,852,047		25,852,047	26,168,296	(316,249)



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (2,207,134)		\$ (2,207,134)	\$ 54,386	\$ 2,261,520
Fund Balance, July 1	4,651,218		4,651,218	4,651,218	
Fund Balance, June 30	<u>\$ 2,444,084</u>	<u>\$ -0-</u>	<u>\$ 2,444,084</u>	<u>\$ 4,705,604</u>	<u>\$ 2,261,520</u>
 <u>Recapitulation:</u>					
Restricted:				\$ 1,007,471	
Excess Surplus - Restricted for 2017-2018				1,183,675	
Excess Surplus - Restricted for 2016-2017				1,500,000	
Capital Reserve					
Assigned:				454,671	
Year-End Encumbrances				7,236	
Designated for Subsequent Year's Expenditures				552,551	
Unassigned				<u>4,705,604</u>	
Reconciliation to Governmental Funds Statements (GAAP):				<u>(778,896)</u>	
Last State Aid Payments not Recognized on GAAP Basis				<u>\$ 3,926,708</u>	
Fund Balance per Governmental Funds (GAAP)					

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ 85,728	\$ 16,874	\$ 102,602	\$ 85,461	\$ (17,141)
Federal Sources	649,256	126,144	775,400	601,749	(173,651)
<b>Total Revenues</b>	<u>734,984</u>	<u>143,018</u>	<u>878,002</u>	<u>687,210</u>	<u>(190,792)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	104,307	21,061	125,368	123,256	2,112
Purchased Professional - Educational Services	110,440	74,962	185,402	104,123	81,279
Tuition	200,000	10,000	210,000	210,000	
General Supplies	13,116	12,420	25,536	13,008	12,528
Textbooks	6,733	(737)	5,996	5,503	493
<b>Total Instruction</b>	<u>434,596</u>	<u>117,706</u>	<u>552,302</u>	<u>455,890</u>	<u>96,412</u>
Support Services:					
Salaries of Other Professional Staff	79,705	(289)	79,416	60,120	19,296
Personal Services - Employee Benefits	20,000	2,924	22,924	22,924	
Purchased Professional and Technical Services	200,683	22,677	223,360	148,276	75,084
<b>Total Support Services</b>	<u>300,388</u>	<u>25,312</u>	<u>325,700</u>	<u>231,320</u>	<u>94,380</u>
<b>Total Expenditures</b>	<u>\$ 734,984</u>	<u>\$ 143,018</u>	<u>\$ 878,002</u>	<u>\$ 687,210</u>	<u>\$ 190,792</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 26,222,682	\$ 687,210
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not:		
Prior Year Encumbrances		5,570
Current Year Encumbrances		(16,470)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	779,896	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(778,896)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 26,223,682</u>	<u>\$ 676,310</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 26,168,296	\$ 687,210
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		5,570
Current Year Encumbrances		(16,470)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 26,168,296</u>	<u>\$ 676,310</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget for the fiscal year ending June 30, 2016, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>No Child Left Behind</u>		<u>IDEA Part B</u>		<u>Nonpublic Textbook Aid</u>	<u>Nonpublic Nursing Aid</u>
	<u>Title I</u>	<u>Title II</u>	<u>Preschool</u>	<u>Basic</u>		
REVENUE:						
State Sources					\$ 5,503	\$ 12,150
Federal Sources	\$ 160,195	\$ 46,735	\$ 19,930	\$ 374,889		
Total Revenue	<u>160,195</u>	<u>46,735</u>	<u>19,930</u>	<u>374,889</u>	<u>5,503</u>	<u>12,150</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	91,918					
Purchased Professional/Educational Services				81,535		
Tuition				210,000		
General Supplies	4,220	2,913		2,500		
Textbooks					5,503	
Total Instruction	<u>96,138</u>	<u>2,913</u>		<u>294,035</u>	<u>5,503</u>	
Support Services:						
Salaries of Other Professional Staff	40,190		19,930			
Personal Services - Employee Benefits	22,924					
Purchased Professional and Technical Services	943	43,822		80,854		12,150
Total Support Services	<u>64,057</u>	<u>43,822</u>	<u>19,930</u>	<u>80,854</u>		<u>12,150</u>
Total Expenditures	<u>\$ 160,195</u>	<u>\$ 46,735</u>	<u>\$ 19,930</u>	<u>\$ 374,889</u>	<u>\$ 5,503</u>	<u>\$ 12,150</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Security Aid	Chapter 192	Chapter 193			Totals
		Auxiliary Aid Compensatory Education	Nonpublic Handicapped Aid			
			Examination and Classification	Supplementary Instruction	Corrective Speech	
REVENUE:						
State Sources	\$ 3,375	\$ 22,588	\$ 21,640	\$ 10,507	\$ 9,698	\$ 85,461
Federal Sources						601,749
Total Revenue	<u>3,375</u>	<u>22,588</u>	<u>21,640</u>	<u>10,507</u>	<u>9,698</u>	<u>687,210</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers			21,640		9,698	123,256
Purchased Professional/Educational Services		22,588				104,123
Tuition						210,000
General Supplies	3,375					13,008
Textbooks						5,503
Total Instruction	<u>3,375</u>	<u>22,588</u>	<u>21,640</u>		<u>9,698</u>	<u>455,890</u>
Support Services:						
Salaries of Other Professional Staff						60,120
Personal Services - Employee Benefits						22,924
Purchased Professional and Technical Services				10,507		148,276
Total Support Services				<u>10,507</u>		<u>231,320</u>
Total Expenditures	<u>\$ 3,375</u>	<u>\$ 22,588</u>	<u>\$ 21,640</u>	<u>\$ 10,507</u>	<u>\$ 9,698</u>	<u>\$ 687,210</u>



CAPITAL PROJECTS FUND

Exhibit F-1

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Fund Balance - Beginning	<u>\$ 27,637</u>
Fund Balance - Ending	<u><u>\$ 27,637</u></u>
 <u>Recapitulation:</u>	
Committed:	
Other Purposes	<u>\$ 27,637</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 27,637</u></u>

Exhibit F-1a

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
SOLAR PANEL PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Contribution from Private Source	\$ 70,680		\$ 70,680	\$ 70,680
Total Revenue and Other Financing Sources	<u>70,680</u>		<u>70,680</u>	<u>70,680</u>
Expenditures:				
Purchased Professional and Technical Services	43,043		43,043	70,680
Total Expenditures	<u>43,043</u>	<u>-0-</u>	<u>43,043</u>	<u>70,680</u>
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under)Expenditures	<u>\$ 27,637</u>	<u>\$ -0-</u>	<u>\$ 27,637</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	N/A			
Grant Date(s)	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 20,000			
Additional Funds	\$ 50,680			
Revised Authorized Cost	<u>\$ 70,680</u>			
Change Order Percentage	253.40%			
Percentage Completion	60.90%			
Original Target Completion Date	06/30/13			
Revised Target Completion Date	06/30/17			

PROPRIETARY FUNDS

Exhibit G-1

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Major Fund</u> Food Service	<u>Non-Major Fund</u> Care Program	<u>Total</u>
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 103,491	\$ 230,051	\$ 333,542
Intergovernmental Accounts Receivable:			
State	557		557
Federal	21,852		21,852
Other Accounts Receivable	4,376		4,376
Interfund Receivable	6,163		6,163
Inventories	9,231		9,231
Total Current Assets	<u>145,670</u>	<u>230,051</u>	<u>375,721</u>
Non-Current Assets:			
Capital Assets	199,654		199,654
Accumulated depreciation	<u>(163,391)</u>		<u>(163,391)</u>
Total Non-Current Assets	<u>36,263</u>		<u>36,263</u>
Total Assets	<u>181,933</u>	<u>230,051</u>	<u>411,984</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable - Vendors	3,491		3,491
Interfund Payable		2,631	2,631
Prepaid Sales	1,584		1,584
Unearned Revenue	<u>3,620</u>	<u>13,785</u>	<u>17,405</u>
Total Current Liabilities	<u>8,695</u>	<u>16,416</u>	<u>25,111</u>
<b>NET POSITION:</b>			
Investment in Capital Assets	36,263		36,263
Unrestricted	<u>136,975</u>	<u>213,635</u>	<u>350,610</u>
Total Net Position	<u>\$ 173,238</u>	<u>\$ 213,635</u>	<u>\$ 386,873</u>

Exhibit G-2

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Major Fund</u>	<u>Non-Major</u> <u>Fund</u>	
	<u>Food</u> <u>Service</u>	<u>Care Program</u>	<u>Total</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 136,107		\$ 136,107
Daily Sales - Non Reimbursable Programs	37,060		37,060
Child Care Fees		\$ 160,837	160,837
	<u>173,167</u>	<u>160,837</u>	<u>334,004</u>
Total Operating Revenue			
Operating Expenses:			
Cost of Goods Sold - Reimbursable Programs	135,657		135,657
Cost of Goods Sold - Non-Reimbursable Programs	18,195		18,195
Salaries	110,937	123,740	234,677
Employee Benefits and Payroll Taxes	27,352		27,352
Purchased Services	13,715	1,476	15,191
Supplies and Materials	34,259	428	34,687
Depreciation	8,071		8,071
Other		259	259
	<u>348,186</u>	<u>125,903</u>	<u>474,089</u>
Total Operating Expenses			
Operating Income/(Loss)	<u>(175,019)</u>	<u>34,934</u>	<u>(140,085)</u>
Non-Operating Revenue:			
State Sources:			
State School Lunch Program	3,562		3,562
Federal Sources:			
National School Lunch Program	114,627		114,627
School Breakfast Program	17,918		17,918
Food Distribution Program	25,869		25,869
Local Sources:			
Interest Revenue	272		272
	<u>162,248</u>		<u>162,248</u>
Total Non-Operating Revenue			
Change in Net Position	<u>(12,771)</u>	<u>34,934</u>	<u>22,163</u>
Net Position - Beginning of Year	186,009	178,701	364,710
Net Position - End of Year	<u>\$ 173,238</u>	<u>\$ 213,635</u>	<u>\$ 386,873</u>

Exhibit G-3

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Major Fund</u>	<u>Non-Major</u>	
	<u>Food</u>	<u>Fund</u>	
	<u>Service</u>	<u>Care Program</u>	<u>Total</u>
Cash Flows for Operating Activities:			
Receipts from Customers	\$ 174,751	\$ 171,378	\$ 346,129
Payments for Salaries, Payroll Taxes and Benefits	(138,289)	(123,740)	(262,029)
Payments to Suppliers	(184,326)	(2,163)	(186,489)
Net Cash Provided by/(Used for) Operating Activities	<u>(147,864)</u>	<u>45,475</u>	<u>(102,389)</u>
Cash Flows for Noncapital Financing Activities:			
Federal and State Sources Received in Food Service Fund	<u>129,746</u>		<u>129,746</u>
Net Cash Provided by Noncapital Financing Activities	<u>129,746</u>		<u>129,746</u>
Cash Flows from Investing Activities:			
Interest on Investments	<u>272</u>		<u>272</u>
Net Cash Provided by Investing Activities	<u>272</u>		<u>272</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(17,846)	45,475	27,629
Cash and Cash Equivalents, July 1	<u>121,337</u>	<u>184,576</u>	<u>305,913</u>
Cash and Cash Equivalents, June 30	<u>\$ 103,491</u>	<u>\$ 230,051</u>	<u>\$ 333,542</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ (175,019)	\$ 34,934	\$ (140,085)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities			
Depreciation	8,071		8,071
Food Distribution Program	25,869		25,869
Changes in Assets and Liabilities:			
Decrease in Inventory	2,143		2,143
(Increase)/Decrease in Other Accounts Receivable	(4,376)	2,460	(1,916)
Increase in Accounts Payable	3,490		3,490
Increase in Unearned Revenue	1,034	5,450	6,484
Increase in - Prepaid Sales	1,584		1,584
(Increase) in Interfund Receivable	(10,660)		(10,660)
Increase in Interfund Payable		2,631	2,631
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (147,864)</u>	<u>\$ 45,475</u>	<u>\$ (102,389)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$27,578 and utilized commodities valued at \$25,869 for the fiscal year ended June 30, 2016.

FIDUCIARY FUNDS



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Agency</u>		<u>Total Agency Funds</u>	<u>Unemployment Compensation Trust</u>
	<u>Payroll</u>	<u>Student Activity</u>		
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 715,405	\$ 92,503	\$ 807,908	\$ 127,865
Interfund Receivable - General Fund				177,000
Total Assets	<u>715,405</u>	<u>92,503</u>	<u>807,908</u>	<u>304,865</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	148,829		148,829	
Interfund Payable - General Fund	14,067		14,067	
Accrued Salaries and Wages	552,509		552,509	
Due to Student Groups		92,503	92,503	
Total Liabilities	<u>715,405</u>	<u>92,503</u>	<u>807,908</u>	
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims				<u>304,865</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 304,865</u>

Exhibit H-2

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS:</b>	
Contributions:	
Employer Contributions	\$ 100,000
Employee Contributions	41,531
Total Contributions	<u>141,531</u>
Investment Earnings:	
Interest	283
Net Investment Earnings	<u>283</u>
Total Additions	<u>141,814</u>
 <b>DEDUCTIONS:</b>	
Quarterly Contribution Reports/Unemployment Claims	<u>75,870</u>
Total Deductions	<u>75,870</u>
 Change in Net Position	 65,944
 Net Position - Beginning of the Year	 <u>238,921</u>
 Net Position - End of the Year	 <u>\$ 304,865</u>

Exhibit H-3

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 95,190	\$ 153,293	\$ 155,980	\$ 92,503
Total Assets	<u>\$ 95,190</u>	<u>\$ 153,293</u>	<u>\$ 155,980</u>	<u>\$ 92,503</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 95,190	\$ 153,293	\$ 155,980	\$ 92,503
Total Liabilities	<u>\$ 95,190</u>	<u>\$ 153,293</u>	<u>\$ 155,980</u>	<u>\$ 92,503</u>

Exhibit H-4

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 693,715	\$ 25,358,703	\$ 25,337,013	\$ 715,405
Total Assets	<u>\$ 693,715</u>	<u>\$ 25,358,703</u>	<u>\$ 25,337,013</u>	<u>\$ 715,405</u>
<b><u>LIABILITIES:</u></b>				
Payroll Deductions and Withholdings	\$ 134,984	\$ 24,810,476	\$ 24,796,631	\$ 148,829
Interfund Payable - General Fund	12,986	1,081		14,067
Accrued Salaries and Wages	<u>545,745</u>	<u>547,146</u>	<u>540,382</u>	<u>552,509</u>
Total Liabilities	<u>\$ 693,715</u>	<u>\$ 25,358,703</u>	<u>\$ 25,337,013</u>	<u>\$ 715,405</u>

LONG-TERM DEBT  
(NOT APPLICABLE)

STATISTICAL SECTION

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NET POSITION BY COMPONENT,  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

	June 30,				
	2007	2008	2009	2010	2011
Governmental Activities					
Net Investment in Capital Assets	\$ 1,974,968	\$ 2,670,029	\$ 3,770,320	\$ 4,100,593	\$ 4,085,016
Restricted	1,107,388	1,436,065	504,187	295,451	57,896
Unrestricted/(Deficit)	(671,190)	(643,835)	(971,520)	(1,268,685)	(659,916)
Total Governmental Activities Net Position	<u>\$ 2,411,166</u>	<u>\$ 3,462,259</u>	<u>\$ 3,302,987</u>	<u>\$ 3,127,359</u>	<u>\$ 3,482,996</u>
Business-type Activities					
Investment in Capital Assets	\$ 12,911	\$ 28,799	\$ 19,451	\$ 10,103	\$ 14,124
Unrestricted	103,352	155,484	218,752	260,900	270,217
Total Business-type Activities Net Position	<u>\$ 116,263</u>	<u>\$ 184,283</u>	<u>\$ 238,203</u>	<u>\$ 271,003</u>	<u>\$ 284,341</u>
District-wide					
Net Investment in Capital Assets	\$ 1,987,879	\$ 2,698,828	\$ 3,789,771	\$ 4,110,696	\$ 4,099,140
Restricted	1,107,388	1,436,065	504,187	295,451	57,896
Unrestricted/(Deficit)	(567,838)	(488,351)	(752,768)	(1,007,785)	(389,699)
Total District Net Position	<u>\$ 2,527,429</u>	<u>\$ 3,646,542</u>	<u>\$ 3,541,190</u>	<u>\$ 3,398,362</u>	<u>\$ 3,767,337</u>



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NET POSITION BY COMPONENT,  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

	June 30,				
	2012	2013	2014	2015	2016
Governmental Activities					
Net Investment in Capital Assets	\$ 4,171,393	\$ 4,541,835	\$ 4,426,455	\$ 4,669,704	\$ 5,360,753
Restricted	783,856	2,015,681	2,785,800	3,429,754	3,691,146
Unrestricted/(Deficit)	(222,561)	(471,386)	(6,932,568)	(6,651,551)	(7,024,574)
Total Governmental Activities Net Position	<u>\$ 4,732,688</u>	<u>\$ 6,086,130</u>	<u>\$ 279,687</u>	<u>\$ 1,447,907</u>	<u>\$ 2,027,325</u>
Business-type Activities					
Investment in Capital Assets	\$ 11,852	\$ 54,554	\$ 45,434	\$ 44,334	\$ 36,263
Unrestricted	294,664	267,452	291,349	320,376	350,610
Total Business-type Activities Net Position	<u>\$ 306,516</u>	<u>\$ 322,006</u>	<u>\$ 336,783</u>	<u>\$ 364,710</u>	<u>\$ 386,873</u>
District-wide					
Net Investment in Capital Assets	\$ 4,183,245	\$ 4,596,389	\$ 4,471,889	\$ 4,714,038	\$ 5,397,016
Restricted	783,856	2,015,681	2,785,800	3,429,754	3,691,146
Unrestricted/(Deficit)	72,103	(203,934)	(6,641,219)	(6,331,175)	(6,673,964)
Total District Net Position	<u>\$ 5,039,204</u>	<u>\$ 6,408,136</u>	<u>\$ 616,470</u>	<u>\$ 1,812,617</u>	<u>\$ 2,414,198</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities					
Instruction:					
Regular	\$ 8,897,855	\$ 9,223,292	\$ 8,686,521	\$ 9,282,440	\$ 8,175,506
Special Education	4,684,723	4,793,484	5,156,734	5,619,874	5,694,972
Other Special Instruction	301,897	612,202	485,638	405,347	242,415
School Sponsored/Other Instruction	354,211	307,730	351,185	439,234	71,528
Support Services:					
Tuition	238,603	124,837	326,969	152,192	271,620
Student & Instruction Related Services	3,011,530	3,065,275	3,069,196	3,224,294	3,065,680
General Administrative Services	614,145	626,596	620,198	369,281	506,152
School Administrative Services	942,613	982,252	1,082,295	925,112	929,181
Central Services	355,983	315,738	366,723	403,258	383,641
Administrative Information Technology	234,173	275,762	201,549	183,970	185,099
Plant Operations and Maintenance	1,689,204	2,008,681	1,966,154	2,050,404	1,906,119
Pupil Transportation	1,747,437	1,764,018	1,887,345	1,977,677	1,886,187
Transfer of Funds to Charter School	48,953	68,437	218,180	365,959	548,659
Interest on Long-term Debt	11,098	7,763	312		
Unallocated Depreciation	109,736	140,494	185,133	208,287	212,038
Capital Outlay	21,706	15,049			1,034
Total Governmental Activities Expenses	<u>23,242,161</u>	<u>24,331,610</u>	<u>24,604,132</u>	<u>25,607,329</u>	<u>24,079,831</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Continued)

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Business-type Activities:					
Food Service	\$ 500,136	\$ 421,354	\$ 414,776	\$ 404,179	\$ 383,217
Care Program	130,286	155,414	144,124	144,834	119,857
Total Business-type Activities Expense	<u>630,422</u>	<u>576,768</u>	<u>558,900</u>	<u>549,013</u>	<u>503,074</u>
Total District Expenses	<u>\$ 23,872,583</u>	<u>\$ 24,908,378</u>	<u>\$ 25,163,032</u>	<u>\$ 26,156,342</u>	<u>\$ 24,582,905</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
Instruction (Tuition)	\$ 225,094	\$ 180,987	\$ 81,398	\$ 89,441	\$ 114,146
Transportation Fees					4,270
Operating Grants and Contributions	<u>5,221,358</u>	<u>5,079,519</u>	<u>3,897,240</u>	<u>5,143,102</u>	<u>3,941,493</u>
Total Governmental Activities Program Revenues	<u>5,446,452</u>	<u>5,260,506</u>	<u>3,978,638</u>	<u>5,232,543</u>	<u>4,059,909</u>
Business-type Activities:					
Charges for Services:					
Food Service	349,986	300,933	299,890	273,174	238,723
Care Program	163,055	158,923	165,992	146,821	121,900
Operating Grants and Contributions	<u>148,055</u>	<u>158,654</u>	<u>146,524</u>	<u>156,154</u>	<u>155,451</u>
Total Business-type Activities Program Revenues	<u>661,096</u>	<u>618,510</u>	<u>612,406</u>	<u>576,149</u>	<u>516,074</u>
Total District Program Revenues	<u>\$ 6,107,548</u>	<u>\$ 5,879,016</u>	<u>\$ 4,591,044</u>	<u>\$ 5,808,692</u>	<u>\$ 4,575,983</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (17,795,709)	\$ (19,071,104)	\$ (20,625,494)	\$ (20,374,786)	\$ (20,019,922)
Business-Type Activities	<u>30,674</u>	<u>41,742</u>	<u>53,506</u>	<u>27,136</u>	<u>13,000</u>
Total District-Wide Net Expense	<u>\$ (17,765,035)</u>	<u>\$ (19,029,362)</u>	<u>\$ (20,571,988)</u>	<u>\$ (20,347,650)</u>	<u>\$ (20,006,922)</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Continued)

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 13,169,324	\$ 13,798,601	\$ 13,798,601	\$ 14,223,504	\$ 14,570,561
Taxes Levied for Debt Service	95,332	132,626	130,432		
Unrestricted Grants and Contributions	5,784,695	6,046,567	6,434,132	5,908,799	5,710,842
Miscellaneous Income	109,504	169,638	103,057	66,855	94,156
Cancellation of Prior Year Accounts Payable	63,990				
Board Contribution - Capital Assets		(25,235)			
Total Governmental Activities	<u>19,222,845</u>	<u>20,122,197</u>	<u>20,466,222</u>	<u>20,199,158</u>	<u>20,375,559</u>
Business-type Activities:					
Interest Income	1,414	1,043	414	483	338
Board Contribution - Capital Assets		25,235			
Cancellation of Prior Year Interfund Payable				5,181	
Adjustment to Capital Assets	(3,763)				
Total Business-Type Activities	<u>1,414</u>	<u>26,278</u>	<u>414</u>	<u>5,664</u>	<u>338</u>
Total District-Wide	<u>\$ 19,224,259</u>	<u>\$ 20,148,475</u>	<u>\$ 20,466,636</u>	<u>\$ 20,204,822</u>	<u>\$ 20,375,897</u>
Change in Net Position					
Governmental Activities	\$ 1,427,136	\$ 1,051,093	\$ (159,272)	\$ (175,628)	\$ 355,637
Business-type Activities	32,088	68,020	53,920	32,800	13,338
Total District	<u>\$ 1,459,224</u>	<u>\$ 1,119,113</u>	<u>\$ (105,352)</u>	<u>\$ (142,828)</u>	<u>\$ 368,975</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Continued)

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities					
Instruction:					
Regular	\$ 8,149,112	\$ 8,550,999	\$ 8,339,942	\$ 9,386,010	\$ 10,110,172
Special Education	5,727,953	5,649,850	5,396,907	6,147,885	6,305,932
Other Special Instruction	464,341	374,589	397,758	240,738	359,275
School Sponsored/Other Instruction	105,493	87,833	114,219	204,447	213,454
Support Services:					
Tuition	257,397	379,599	408,959	543,788	730,477
Student & Instruction Related Services	3,068,148	3,060,216	3,126,936	3,513,977	4,049,811
General Administrative Services	524,771	514,184	509,594	550,495	583,752
School Administrative Services	1,022,110	1,024,393	1,044,383	1,090,413	1,119,758
Central Services	305,373	290,377	292,390	434,597	470,012
Administrative Information Technology	283,268	281,431	339,086	303,185	314,352
Plant Operations and Maintenance	1,859,114	1,681,990	1,767,311	1,923,511	2,153,881
Pupil Transportation	1,966,495	1,932,957	1,962,766	1,923,286	1,906,495
Transfer of Funds to Charter School	445,150	649,150	768,831	778,092	718,282
Interest on Long-term Debt					
Unallocated Depreciation	214,594	235,956	258,381	283,294	331,462
Capital Outlay					
Total Governmental Activities Expenses	<u>24,393,319</u>	<u>24,713,524</u>	<u>24,727,463</u>	<u>27,323,718</u>	<u>29,367,115</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED  
(Accrual Basis of Accounting)  
(Continued)

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Business-type Activities:					
Food Service	\$ 399,442	\$ 394,381	\$ 375,682	\$ 346,436	\$ 348,186
Care Program	164,276	131,740	115,623	122,567	125,903
Total Business-type Activities Expense	<u>563,718</u>	<u>526,121</u>	<u>491,305</u>	<u>469,003</u>	<u>474,089</u>
Total District Expenses	<u>\$ 24,957,037</u>	<u>\$ 25,239,645</u>	<u>\$ 25,218,768</u>	<u>\$ 27,792,721</u>	<u>\$ 29,841,204</u>
Program Revenues:					
Governmental Activities:					
Charges for Services:					
Instruction (Tuition)	\$ 153,395	\$ 144,656	\$ 61,977		\$ 43,179
Transportation Fees	48,557		53,268		86,841
Operating Grants and Contributions	<u>4,461,440</u>	<u>4,656,823</u>	<u>4,248,970</u>	<u>\$ 6,856,688</u>	<u>7,877,610</u>
Total Governmental Activities Program Revenues	<u>4,663,392</u>	<u>4,801,479</u>	<u>4,364,215</u>	<u>6,856,688</u>	<u>8,007,630</u>
Business-type Activities:					
Charges for Services:					
Food Service	236,336	212,540	203,972	175,445	173,167
Care Program	164,718	140,229	115,293	138,521	160,837
Operating Grants and Contributions	<u>184,620</u>	<u>188,638</u>	<u>186,616</u>	<u>182,707</u>	<u>161,976</u>
Total Business-type Activities Program Revenues	<u>585,674</u>	<u>541,407</u>	<u>505,881</u>	<u>496,673</u>	<u>495,980</u>
Total District Program Revenues	<u>\$ 5,249,066</u>	<u>\$ 5,342,886</u>	<u>\$ 4,870,096</u>	<u>\$ 7,353,361</u>	<u>\$ 8,503,610</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (19,729,927)	\$ (19,912,045)	\$ (20,363,248)	\$ (20,467,030)	\$ (21,359,485)
Business-Type Activities	21,956	15,286	14,576	27,670	21,891
Total District-Wide Net Expense	<u>\$ (19,707,971)</u>	<u>\$ (19,896,759)</u>	<u>\$ (20,348,672)</u>	<u>\$ (20,439,360)</u>	<u>\$ (21,337,594)</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Continued)

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 14,716,267	\$ 15,010,592	\$ 15,010,592	\$ 15,310,804	\$ 15,617,020
Taxes Levied for Debt Service					
Unrestricted Grants and Contributions	6,182,065	5,986,019	6,194,580	6,259,289	6,266,361
Miscellaneous Income	81,287	67,421	175,939	65,157	55,522
Cancellation of Prior Year Accounts Payable		201,455			
Board Contribution - Capital Assets					
<b>Total Governmental Activities</b>	<b>20,979,619</b>	<b>21,265,487</b>	<b>21,381,111</b>	<b>21,635,250</b>	<b>21,938,903</b>
Business-type Activities:					
Interest Income	219	204	201	257	272
Board Contribution - Capital Assets					
Cancellation of Prior Year Interfund Payable					
Adjustment to Capital Assets					
<b>Total Business-Type Activities</b>	<b>219</b>	<b>204</b>	<b>201</b>	<b>257</b>	<b>272</b>
<b>Total District-Wide</b>	<b>\$ 20,979,838</b>	<b>\$ 21,265,691</b>	<b>\$ 21,381,312</b>	<b>\$ 21,635,507</b>	<b>\$ 21,939,175</b>
Change in Net Position					
Governmental Activities	\$ 1,249,692	\$ 1,353,442	\$ 1,017,863	\$ 1,168,220	\$ 579,418
Business-type Activities	22,175	15,490	14,777	27,927	22,163
<b>Total District</b>	<b>\$ 1,271,867</b>	<b>\$ 1,368,932</b>	<b>\$ 1,032,640</b>	<b>\$ 1,196,147</b>	<b>\$ 601,581</b>

Source: School District Financial Reports

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Modified Accrual Basis of Accounting)

	June 30,				
	2007	2008	2009	2010	2011
General Fund					
Reserved	\$ 1,109,273	\$ 1,437,949	\$ 504,187	\$ 295,451	
Unreserved/(Deficit)	51,723	15,132	(253,353)	(512,197)	
Restricted					57,896
Assigned					
Unassigned/(Deficit)					(9,429)
Total General Fund (Deficit)	<u>\$ 1,160,996</u>	<u>\$ 1,453,081</u>	<u>\$ 250,834</u>	<u>\$ (216,746)</u>	<u>\$ 48,467</u>
All Other Governmental Funds					
Committed					
Unreserved / (Deficit)	<u>\$ (1,885)</u>	<u>\$ (1,884)</u>			
Total All Other Governmental Funds/ (Deficit)	<u>\$ (1,885)</u>	<u>\$ (1,884)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Governmental Funds/(Deficit)	<u>\$ 1,159,111</u>	<u>\$ 1,451,197</u>	<u>\$ 250,834</u>	<u>\$ (216,746)</u>	<u>\$ 48,467</u>



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Modified Accrual Basis of Accounting)

	June 30,				
	2012	2013	2014	2015	2016
General Fund					
Reserved					
Unreserved/(Deficit)					
Restricted	\$ 783,856	\$ 2,015,681	\$ 2,785,800	\$ 3,429,754	\$ 3,691,146
Assigned	341,972	130,498	156,826	441,568	235,562
Unassigned/(Deficit)					
Total General Fund (Deficit)	<u>\$ 1,125,828</u>	<u>\$ 2,146,179</u>	<u>\$ 2,942,626</u>	<u>\$ 3,871,322</u>	<u>\$ 3,926,708</u>
All Other Governmental Funds					
Committed	\$ 20,000	\$ 20,000	\$ 27,637	\$ 27,637	\$ 27,637
Unreserved / (Deficit)					
Total All Other Governmental Funds/ (Deficit)	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 27,637</u>	<u>\$ 27,637</u>	<u>\$ 27,637</u>
Total Governmental Funds/(Deficit)	<u>\$ 1,145,828</u>	<u>\$ 2,166,179</u>	<u>\$ 2,970,263</u>	<u>\$ 3,898,959</u>	<u>\$ 3,954,345</u>

Source: School District Financial Reports

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS.

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Revenues					
Tax Levy	\$ 13,264,656	\$ 13,931,227	\$ 13,929,033	\$ 14,223,504	\$ 14,570,561
Tuition Charges	225,094	180,987	81,398	89,441	114,146
Transportation Fees					4,270
State Sources	10,345,351	10,654,505	9,561,685	9,169,714	8,912,886
Federal Sources	660,702	471,581	769,687	1,881,862	733,399
Miscellaneous	109,504	169,638	103,057	67,180	80,518
Total Revenue	<u>24,495,803</u>	<u>25,407,938</u>	<u>24,444,860</u>	<u>25,431,701</u>	<u>24,415,780</u>
Expenditures					
Instruction					
Regular Instruction	6,176,717	6,423,746	6,200,637	6,624,041	5,665,603
Special Education Instruction	3,318,279	3,318,811	3,722,377	4,128,198	3,965,740
Other Special Instruction	397,462	346,360	280,417	283,916	162,317
School-Sponsored/Other Instruction	50,469	275,118	309,296	311,056	48,583
Support Services:					
Tuition	238,603	124,837	326,969	152,192	271,620
Student & Other Instruction Related Services	2,198,561	2,256,495	2,310,485	2,389,445	2,184,446
General Administrative Services	547,014	553,788	560,909	481,386	454,837
School Administrative Services	673,001	688,366	784,826	666,175	658,132
Central Services	265,781	272,158	285,031	315,373	283,560
Administrative Information Technology	216,283	263,164	181,647	163,826	157,274
Plant Operations and Maintenance	1,505,892	1,804,136	1,707,818	1,770,727	1,624,296
Student Transportation	1,663,702	1,671,750	1,832,858	1,801,061	1,741,345

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

(Continued)

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Expenditures					
Employee Benefits	\$ 5,851,513	\$ 6,143,153	\$ 5,591,123	\$ 5,942,120	\$ 6,170,756
Capital Outlay	518,673	664,367	1,277,360	661,212	233,087
Transfer of Funds to Charter School	48,953	68,437	218,180	365,959	548,659
Debt Service					
Principal	199,196	204,884	210,807		
Interest and Other Charges	18,069	11,047	3,733		
Total Expenditures	<u>23,888,168</u>	<u>25,090,617</u>	<u>25,804,473</u>	<u>26,056,687</u>	<u>24,170,255</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>607,635</u>	<u>317,321</u>	<u>(1,359,613)</u>	<u>(624,986)</u>	<u>245,525</u>
Other Financing Sources/(Uses)					
Transfer to Food Service Fund -					
Purchase of Capital Assets		(25,235)	(25,235)		
Cancellation of Prior Year Accounts Payable	63,990				
Cancellation of Prior Year Due to Grantor					19,688
Capital Leases (Non-Budgeted)	67,282		159,250	157,406	
Total Other Financing Sources/(Uses)	<u>131,272</u>	<u>(25,235)</u>	<u>134,015</u>	<u>157,406</u>	<u>19,688</u>
Net Change in Fund Balances	<u>\$ 738,907</u>	<u>\$ 292,086</u>	<u>\$ (1,225,598)</u>	<u>\$ (467,580)</u>	<u>\$ 265,213</u>
Debt Service as a Percentage of					
Noncapital Expenditures	<u>0.93%</u>	<u>0.88%</u>	<u>0.87%</u>	<u>0.00%</u>	<u>0.00%</u>

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

(Continued)

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Revenues					
Tax Levy	\$ 14,716,267	\$ 15,010,592	\$ 15,010,592	\$ 15,310,804	\$ 15,617,020
Tuition Charges	153,395	144,656	61,977		43,179
Transportation Fees	48,557		53,268		86,841
State Sources	9,559,972	9,783,139	9,714,372	10,074,504	10,452,114
Federal Sources	1,083,034	859,703	729,078	737,985	645,316
Miscellaneous	81,786	67,421	176,039	65,157	55,522
Total Revenue	<u>25,643,011</u>	<u>25,865,511</u>	<u>25,745,326</u>	<u>26,188,450</u>	<u>26,899,992</u>
Expenditures					
Instruction					
Regular Instruction	5,517,365	5,746,723	5,776,888	5,830,314	6,025,010
Special Education Instruction	3,925,211	3,918,103	3,786,346	3,894,236	3,651,112
Other Special Instruction	326,961	253,992	267,191	182,566	255,162
School-Sponsored/Other Instruction	48,405	53,855	80,265	93,912	84,772
Support Services:					
Tuition	257,397	379,599	408,959	543,788	730,477
Student & Other Instruction Related Services	2,156,755	2,184,682	2,259,235	2,342,721	2,595,077
General Administrative Services	464,349	448,139	442,132	466,473	471,737
School Administrative Services	684,091	697,032	720,727	689,019	674,856
Central Services	247,816	245,837	244,932	299,833	310,922
Administrative Information Technology	254,642	250,927	303,537	260,961	261,226
Plant Operations and Maintenance	1,570,524	1,444,891	1,522,384	1,552,161	1,694,577
Student Transportation	1,756,419	1,718,613	1,697,806	1,620,347	1,542,729

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Modified Accrual Basis of Accounting)  
(Continued)

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Expenditures					
Employee Benefits	\$ 6,513,736	\$ 6,275,342	\$ 6,060,598	\$ 6,021,058	\$ 6,644,444
Capital Outlay	376,829	779,730	601,411	684,273	1,184,223
Transfer of Funds to Charter School	445,150	649,150	768,831	778,092	718,282
Debt Service					
Principal					
Interest and Other Charges					
Total Expenditures	<u>24,545,650</u>	<u>25,046,615</u>	<u>24,941,242</u>	<u>25,259,754</u>	<u>26,844,606</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>1,097,361</u>	<u>818,896</u>	<u>804,084</u>	<u>928,696</u>	<u>55,386</u>
Other Financing Sources/(Uses)					
Transfer to Food Service Fund -					
Purchase of Capital Assets					
Cancellation of Prior Year Accounts Payable		201,455			
Cancellation of Prior Year Due to Grantor					
Capital Leases (Non-Budgeted)					
Total Other Financing Sources/(Uses)		<u>201,455</u>			
Net Change in Fund Balances	<u>\$ 1,097,361</u>	<u>\$ 1,020,351</u>	<u>\$ 804,084</u>	<u>\$ 928,696</u>	<u>\$ 55,386</u>
Debt Service as a Percentage of					
Noncapital Expenditures	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Source: School District Financial Reports

## Exhibit J-5

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Revenue</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 78,055	\$ 225,094		\$ 31,449	\$ 334,598
2008	58,307	180,987		111,331	350,625
2009	23,591	81,398		79,466	184,455
2010	14,307	89,441		52,548	156,296
2011	3,494	114,146	\$ 4,270	70,974	192,884
2012	4,739	153,395	48,557	56,548	263,239
2013	7,232	144,656		60,189	212,077
2014	7,777	61,977	53,268	117,482	240,504
2015	4,426			60,731	65,157
2016	9,372	43,179	86,841	46,150	185,542

Source: School District records

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY.  
LAST TEN YEARS  
UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
<u>Borough of Sussex</u>												
2006	\$ 952,900	\$ 52,464,500	\$ 373,900	\$ 21,100	\$ 16,908,700	\$ 464,900	\$ 6,896,000	\$ 78,082,000	\$ 1,423,066	\$ 79,505,066	\$ 2.54	\$ 128,259,150
2007	1,015,800	52,863,000	373,900	21,100	16,975,900	464,900	6,896,000	78,610,600	1,270,985	79,881,585	2.60	139,788,875
2008	1,021,300	53,019,900	373,900	21,100	16,578,200	464,900	6,896,000	78,375,300	1,300,612	79,675,912	2.60	148,289,432
2009	1,069,900	52,983,900	373,900	20,400	16,578,200	474,100	6,896,000	78,396,400	1,341,249	79,737,649	2.53	149,022,809
2010	994,800	53,417,900	373,900	20,400	16,600,200	474,100	6,896,000	78,777,300	857,595	79,634,895	2.62	161,479,129
2011	960,900	53,446,500	373,900	20,400	16,533,600	474,100	6,896,000	78,705,400	717,621	79,423,021	2.71	142,202,611
2012	963,700	53,339,500	373,900	20,400	16,533,600	474,100	6,896,000	78,601,200	505,353	79,106,553	2.73	144,178,764
2013	* 1,732,400	81,631,500	640,100	21,500	25,708,300	721,600	16,707,400	127,162,800	662,927	127,825,727	1.75	132,158,837
2014	1,804,600	80,772,200	640,100	21,500	25,254,600	787,300	16,234,700	125,515,000	835,798	126,350,798	1.74	123,628,837
2015	1,838,400	80,688,700	640,100	21,500	24,735,400	787,300	16,190,200	124,901,600	1,107,571	126,009,171	1.76	125,959,230
<u>Township of Wantage</u>												
2006	71,348,000	1,084,743,700	143,743,200	8,580,269	106,481,535	1,157,200	5,978,200	1,422,032,104	3,362,349	1,425,394,453	1.25	1,135,882,633
2007	67,330,400	1,091,602,300	144,279,000	8,356,449	105,338,862	1,157,200	5,978,200	1,424,042,411	3,190,770	1,427,233,181	1.31	1,303,479,680
2008	60,436,760	1,110,616,200	146,707,600	7,487,196	113,178,362	1,157,200	5,822,300	1,445,405,618	3,113,175	1,448,518,793	1.33	1,533,797,960
2009	59,181,060	1,119,347,900	149,236,000	8,382,456	113,353,662	761,300	5,822,300	1,456,084,678	2,298,850	1,458,383,528	1.36	1,549,245,517
2010	55,259,940	1,122,400,900	148,895,700	7,579,076	115,230,735	761,300	5,822,300	1,455,949,951	3,113,073	1,459,063,024	1.40	1,460,073,411
2011	51,572,340	1,118,998,800	151,709,500	7,728,476	114,954,935	961,300	5,822,300	1,451,747,651	3,405,033	1,455,152,684	1.40	1,375,590,329
2012	45,769,389	1,065,045,000	152,009,100	7,633,487	114,722,735	961,300	5,822,300	1,391,963,311	3,619,926	1,395,583,237	1.48	1,276,603,496
2013	42,071,360	1,057,651,000	150,677,900	7,677,793	114,525,205	961,300	5,822,300	1,379,386,858	3,447,661	1,382,834,519	1.49	1,212,594,551
2014	* 30,572,600	899,760,106	133,737,300	7,501,900	116,927,091	1,541,400	11,621,250	1,201,661,647	3,383,457	1,205,045,104	1.72	1,195,626,385
2015	30,651,700	899,500,006	133,712,100	7,500,200	116,927,091	1,541,400	11,621,250	1,201,453,747	3,805,642	1,205,259,389	1.77	1,188,264,413

\* Revaluation was effective in this year.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

<sup>b</sup> Tax rates are per \$100 of Assessed Valuation

Source: Municipal Tax Assessor

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct Tax Rate	Municipality	Sussex County	
<u>Borough of Sussex</u>						
2006	\$ 2.517	\$ 0.018	\$ 2.535	\$ 0.595	\$ 0.578	\$ 3.708
2007	2.578	0.025	2.603	0.663	0.709	3.975
2008	2.591	0.012	2.596	0.754	0.735	4.085
2009	2.529	-0-	2.529	0.770	0.711	4.010
2010	2.615	-0-	2.615	0.912	0.820	4.347
2011	2.707	-0-	2.707	0.982	0.774	4.463
2012	2.731	-0-	2.731	1.006	0.848	4.585
2013	* 1.752	-0-	1.752	0.668	0.509	2.929
2014	1.743	-0-	1.743	0.673	0.499	2.915
2015	1.755	-0-	1.755	0.729	0.509	2.993
<u>Township of Wantage</u>						
2006	\$ 1.237	\$ 0.009	\$ 1.246	\$ 0.143	\$ 0.284	\$ 1.673
2007	1.298	0.012	1.310	0.179	0.368	1.857
2008	1.304	0.006	1.331	0.195	0.376	1.902
2009	1.359	-0-	1.359	0.210	0.404	1.973
2010	1.395	-0-	1.395	0.238	0.403	2.036
2011	1.398	-0-	1.398	0.246	0.408	2.052
2012	1.475	-0-	1.475	0.240	0.422	2.137
2013	1.492	-0-	1.492	0.245	0.431	2.168
2014	* 1.721	-0-	1.721	0.280	0.519	2.520
2015	1.774	-0-	1.774	0.300	0.513	2.587

\* Revaluation was effective in this year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS.  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2016			Taxpayer	2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		Taxable Assessed Value	Rank	% of Total District Net Assessed Value
<u>Borough of Sussex</u>							
Alpine Village Apt LLC	\$ 7,506,000	1	5.87%				
Wilson Manor Associates	3,700,000	2	2.89%				
Franklin Sussex Realty, LLC	1,929,500	3	1.51%				
Individual Taxpayer #1	1,702,800	4	1.33%				Information Not Available
RBND, LLC	1,558,900	5	1.22%				
Sussex Plaza Realty LLC	1,170,600	6	0.92%				
Creamery Apartments LLC	1,046,800	7	0.82%				
Individual Taxpayer #2	975,000	8	0.76%				
Munson Street Dev., LLC	894,200	9	0.70%				
JPMorgan Chase	859,300	10	0.67%				
Total	<u>\$ 21,343,100</u>		<u>16.70%</u>				
<u>Township of Wantage</u>							
Mainland Sussex Co	\$ 11,449,000	1	0.83%				
Tenneco, Inc.	11,213,700	2	0.81%				
Wantage 2002 LLC	11,200,500	3	0.81%				
Awbury Apartments LP	6,294,000	4	0.46%				
Ames Rubber	5,389,100	5	0.39%				Information Not Available
Town Center at Wantage, LLC	4,405,700	6	0.32%				
Space Farms, Inc.	4,376,900	7	0.32%				
Naisby, James H G, Inc.	3,112,300	8	0.23%				
PS, LLC	2,917,400	9	0.21%				
MAJ Wantage Land, LLC	2,860,000	10	0.21%				
Total	<u>\$ 63,218,600</u>		<u>4.57%</u>				

Source: Municipal Tax Assessors

Exhibit J-9

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 13,264,656	\$ 13,264,656	100.00%	\$ -0-
2008	13,931,227	13,549,059	97.26%	382,168
2009	13,929,033	13,929,033	100.00%	-0-
2010	14,223,504	14,223,504	100.00%	-0-
2011	14,570,561	14,570,561	100.00%	-0-
2012	14,716,267	14,716,267	100.00%	-0-
2013	15,010,592	15,010,592	100.00%	-0-
2014	15,010,592	14,887,800	99.18%	122,792
2015	15,310,804	15,310,804	100.00%	-0-
2016	15,617,020	15,617,020	100.00%	-0-

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

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	Debt Per Capita <sup>a</sup>
	Loans	Certificates of Participation	Capital Leases						
2007	\$ 415,691	-0-	\$ 451,672	-0-	-0-	\$ 867,363	0.1386%	\$ 64.05	
2008	210,807	-0-	293,375	-0-	-0-	504,182	0.0753%	36.84	
2009	-0-	-0-	250,190	-0-	-0-	250,190	0.0367%	18.24	
2010	-0-	-0-	249,187	-0-	-0-	249,187	0.0374%	18.14	
2011	-0-	-0-	171,130	-0-	-0-	171,130	0.0259%	12.69	
2012	-0-	-0-	103,462	-0-	-0-	103,462	0.0152%	7.71	
2013	-0-	-0-	37,499	-0-	-0-	37,499	0.0054%	2.79	
2014	-0-	-0-	2,957	-0-	-0-	2,957	0.0004%	0.22	
2015	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	
2016	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds *	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 415,691	-0-	\$ 415,691	0.03%	\$ 30.70
2008	210,807	-0-	210,807	0.01%	15.41
2009	-0-	-0-	-0-	0.00%	-0-
2010	-0-	-0-	-0-	0.00%	-0-
2011	-0-	-0-	-0-	0.00%	-0-
2012	-0-	-0-	-0-	0.00%	-0-
2013	-0-	-0-	-0-	0.00%	-0-
2014	-0-	-0-	-0-	0.00%	-0-
2015	-0-	-0-	-0-	0.00%	-0-
2016	-0-	-0-	-0-	0.00%	-0-

\* - Loans

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Borough of Sussex	\$ 301,499	100.00%	\$ 301,499
Township of Wantage	6,510,867	100.00%	6,510,867
Sussex County General Obligation Debt (Borough Share)	112,567,827	0.79%	893,520
Sussex County General Obligation Debt (Township Share)	112,567,827	7.64%	<u>8,594,953</u>
Subtotal, Overlapping Debt			16,300,839
Sussex-Wantage Regional School District Direct Debt			<u>-0-</u>
Total Direct and Overlapping Debt			<u>\$ 16,300,839</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Sussex Borough and Wantage Township. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS  
UNAUDITED

Equalized Valuation Basis:

Legal Debt Margin Calculation for Fiscal Year 2016			
	Sussex Borough	Wantage Township	Total
2015	\$ 124,851,659	\$ 1,184,149,702	\$ 1,309,001,361
2014	122,793,039	1,192,242,928	1,315,035,967
2013	120,854,210	1,175,747,407	1,296,601,617
	<u>\$ 368,498,908</u>	<u>\$ 3,552,140,037</u>	<u>\$ 3,920,638,945</u>

Average Equalized Valuation of Taxable Property	<u>\$ 1,306,879,648</u>
Debt Limit (3% of average equalization value <sup>a</sup> )	\$ 39,206,389
Net Bonded Debt as of June 30, 2016	-0-
Legal Debt Margin	<u>\$ 39,206,389</u>

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$ 37,120,345	\$ 41,820,249	\$ 46,446,512	\$ 48,289,880	\$ 47,971,186
Total Net Debt Applicable to Limit	415,691	210,807	-0-	-0-	-0-
Legal Debt Margin	<u>\$ 36,704,654</u>	<u>\$ 41,609,442</u>	<u>\$ 46,446,512</u>	<u>\$ 48,289,880</u>	<u>\$ 47,971,186</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	1.12%	0.50%	0.00%	0.00%	0.00%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 45,861,790	\$ 43,251,290	\$ 41,108,009	\$ 39,604,062	\$ 39,206,389
Total Net Debt Applicable to Limit	-0-	-0-	-0-	-0-	-0-
Legal Debt Margin	<u>\$ 45,861,790</u>	<u>\$ 43,251,290</u>	<u>\$ 41,108,009</u>	<u>\$ 39,604,062</u>	<u>\$ 39,206,389</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable other districts.

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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Wantage Township

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income<sup>b</sup></u>	<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2007	\$ 11,529	\$ 563,917,977	\$ 48,913	5.50%
2008	11,579	575,974,197	49,743	7.00%
2009	11,601	562,822,515	48,515	11.50%
2010	11,353	555,502,290	48,930	12.20%
2011	11,301	572,395,650	50,650	11.90%
2012	11,309	589,255,445	52,105	11.80%
2013	11,222	594,294,676	52,958	7.70%
2014	11,154	589,500,054	52,851	7.90%
2015	11,074	585,271,974 ***	52,851 *	5.10%
2016	11,074 **	585,271,974 ***	52,851 *	N/A

Sussex Borough

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Personal Income<sup>b</sup></u>	<u>Per Capita Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2007	\$ 2,155	\$ 105,407,515	\$ 48,913	4.60%
2008	2,141	106,499,763	49,743	5.90%
2009	2,139	103,773,585	48,515	9.80%
2010	2,130	104,220,900	48,930	10.50%
2011	2,119	107,327,350	50,650	10.20%
2012	2,108	109,837,340	52,105	10.10%
2013	2,093	110,841,094	52,958	8.80%
2014	2,078	109,824,378	52,851	6.70%
2015	2,043	107,974,593 ***	52,851 *	6.90%
2016	2,043 **	107,974,593 ***	52,851 *	N/A

\* - Latest Sussex County per capita personal income available (2014) was used for calculation purposes.

\*\* - Latest population data available (2015) was used for calculation purposes.

\*\*\* - Latest Sussex County personal income available (2014) and latest population data available (2015) was used for calculation purposes.

N/A - Information Not Available

Source:

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

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita

<sup>c</sup> Per capita personal income for Sussex County is estimated based upon the 2000 Census published

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2015	
	Employees	Percentage of Total Employment
Newton Medical Center	5,000	6.80%
Selective Insurance	5,000	6.80%
Mountain Creek Resort	1,000	1.36%
Thor Labs	1,000	1.36%
County of Sussex	1,000	1.36%
Ames Rubber Corp.	500	0.68%
Raider Express	500	0.68%
Sussex County Community College	500	0.68%
Mountain Creek Waterpark	250	0.34%
A&P Food Store	250	0.34%
	<u>15,000</u>	<u>20.40%</u>

Employer	2006	
	Employees	Percentage of Total Employment
Mountain Creek/Intrawest	1,247	1.52%
Crystal Springs Golf and Spa Resort	1,154	1.41%
Newton Memorial Hospital	1,109	1.36%
Selective Insurance	954	1.17%
County of Sussex	770	0.94%
Andover Sub Acute & Rehab Center	700	0.86%
Ronetco Supermarkets, Inc. (Shop Rite)	672	0.82%
Vernon Township Board of Ed.	664	0.81%
Sparta Board of Education	557	0.68%
Sussex County Community College	516	0.63%
	<u>8,343</u>	<u>10.20%</u>

Source: Sussex County Chamber of Commerce



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	95.6	99.5	96.7	100.0	77.0	77.7	76.0	73.4	75.1	77.0
Special Education	36.5	40.0	38.4	36.8	37.8	39.5	37.5	35.5	35.5	34.0
Other Instruction	48.8	56.0	45.9	45.0	44.5	46.9	46.5	45.3	40.3	48.5
Support Services:										
Student & Instruction Related Services	24.4	30.5	29.6	29.6	30.1	29.9	29.0	28.6	27.4	27.0
General and Business Administrative Services	7.0	7.0	7.0	7.0	6.5	7.0	7.0	7.0	7.0	7.0
School Administrative Services	6.0	4.0	4.0	4.0	4.0	3.8	4.0	4.0	4.0	4.0
Other Administrative Services	2.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Administrative Information Technology	1.0	1.0	1.5	1.5	1.5	2.0	2.0	2.0	3.5	4.0
Transportation		14.5	15.8	15.8	15.8	15.8	15.8	15.8	15.5	15.5
Plant Operations and Maintenance	32.4	27.0	26.0	22.8	18.8	18.8	18.8	18.8	17.3	17.0
Total	<u>253.7</u>	<u>285.5</u>	<u>270.9</u>	<u>268.5</u>	<u>242.0</u>	<u>247.4</u>	<u>242.6</u>	<u>236.4</u>	<u>231.6</u>	<u>240.0</u>

Source: School District Personnel Records

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio <sup>e</sup>		Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2007	1,661	\$ 23,152,230	\$ 13,939	2.95%	153	11.2:1	10.1:1	1,636	1,549	-2.79%	94.68%
2008	1,632	24,210,319	14,835	6.43%	156	10.8:1	9.9:1	1,601	1,513	-2.14%	94.50%
2009	1,550	24,312,573	15,686	5.74%	157	10.8:1	8.8:1	1,513	1,440	-5.50%	95.18%
2010	1,552	25,395,475	16,363	4.32%	155	10.1:1	9.7:1	1,531	1,449	1.19%	94.64%
2011	1,511	23,937,168	15,842	-3.18%	129	11.8:1	10.7:1	1,473	1,398	-3.79%	94.91%
2012	1,433	24,168,821	16,866	6.46%	137	11.1:1	11.0:1	1,382	1,315	-6.18%	95.15%
2013	1,360	24,266,885	17,843	5.80%	133	10.1:1	11.7:1	1,315	1,248	-4.85%	94.90%
2014	1,277	24,339,831	19,060	6.82%	135	9.2:1	9.8:1	1,227	1,169	-6.69%	95.27%
2015	1,199	24,575,481	20,497	7.54%	137	10.3:1	10.3:1	1,155	1,106	-5.87%	95.76%
2016	1,110	25,660,383	23,117	12.79%	138	10.4:1	10.4:1	1,072	1,021	-7.19%	95.24%

- Note:
- a Operating expenditures equal total expenditures less debt service and capital outlay
  - b Cost per pupil represents operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.
  - c Teaching staff includes only full-time equivalents of certificated staff.
  - d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
  - e Pupil / Teacher Ratio beginning in 2016 obtained from Taxpayer's Guide to Education Spending (TGES)

Source: School District records.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
<u>Elementary</u>										
Clifton E. Lawrence Elementary School										
Square Feet	48,200	48,200	48,200	48,200	48,200	48,200	48,200	48,200	48,200	48,200
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	583	552	506	465	454	399	395	366	379	366
Wantage Elementary School										
Square Feet	48,583	48,583	48,583	48,583	48,583	48,583	48,583	48,583	48,583	48,583
Capacity (students)	675	675	675	675	675	675	675	675	675	675
Enrollment	517	543	540	569	521	485	413	408	359	357
<u>Middle School</u>										
Sussex Middle School										
Square Feet	65,489	65,489	65,489	65,489	65,489	65,489	65,489	65,489	65,489	65,489
Capacity (students)	612	612	612	612	612	612	612	612	612	612
Enrollment	629	537	502	518	536	540	552	503	461	387
<u>Other</u>										
Environmental Trails Center										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Schools										
Elementary = 2										
Middle School = 1										

N/A - Not Applicable

Source: School District records.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES \*  
 11-000-261-xxx

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Lawrence</u>	<u>Sussex</u>	<u>Wantage</u>	<u>Environmental</u> <u>Trail Center</u>	<u>Board</u> <u>Office</u>	<u>Total</u>
2007	\$ 150,651	\$ 146,346	\$ 132,234	\$ 1,200		\$ 430,431
2008	140,216	152,638	260,155	3,699	\$ 31,565	588,273
2009	100,680	156,621	212,642		58,648	528,591
2010	89,330	265,534	174,345	11,907	9,577	550,693
2011	157,826	155,244	123,334	2,209	7,838	446,451
2012	139,784	170,175	117,172	804	6,402	434,337
2013	146,980	173,641	127,965	766	7,443	456,795
2014	137,091	154,466	122,818	968	5,813	421,156
2015	169,275	185,583	136,700	5,889	7,196	504,643
2016	158,199	186,966	161,727	10,101	9,150	526,143

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

Source: School District records.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2016  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<u>SCHOOL ALLIANCE INSURANCE FUND:</u>		
School Package Policy:		
Building and Personal Property	\$ 250,000,000 Fund Aggregate	\$ 2,500
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits	5,000,000	
Each Occurance		
General Aggregate	100,000,000 Fund Aggregate	
Product Completed Operations		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses	10,000	
(Excluding Students Taking Part in Athletics)		
Automobile Coverage		
Combined Single Limit		
Hired/Non Owned		
Environmental Impairment Liability	1,000,000/25,000,000 Fund Aggregate	10,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	2,500
Excess Liability (AL/GL)	5,000,000	
School Board Legal	5,000,000/5,000,000	5,000
Critical Incident Management sub limit	25,000	
Workers' Compensation	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
<u>SELECTIVE INSURANCE:</u>		
Treasurer of School Monies Bond Limit	250,000	
Business Administrator/Board Secretary		
Bond Limit	50,000	
<u>BOLLINGER</u>		
Student Accident Coverage	1,000,000	

Source: School District records.

SINGLE AUDIT SECTION



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 200 Valley Road, Suite 300  
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Report on Internal Control Over Financial Reporting and  
 on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Sussex-Wantage Regional School District  
 County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sussex-Wantage Regional School District, in the County of Sussex (the "Board") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 18, 2016.

**Internal Control Over Financial Reporting**

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

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

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

The Honorable President and Members  
of the Board of Education  
Sussex-Wantage Regional School District  
County of Sussex, New Jersey  
Page 2

### **Compliance and Other Matters**

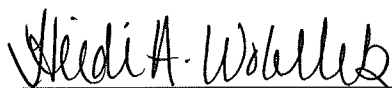
As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

### **Purpose of this Report**

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

November 18, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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





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Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Sussex-Wantage Regional School District  
 County of Sussex, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Sussex-Wantage Regional School District's (the "District's"), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

The Honorable President and Members  
of the Board of Education  
Sussex-Wantage Regional School District  
County of Sussex, New Jersey  
Page 2

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

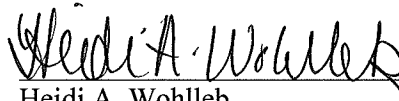
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 18, 2016  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Adjustments	Cash Received	Budgetary Expendi- tures	Due to Grantor	Balance, June 30, 2016		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Unearned Revenue	Budgetary Accounts Receivable	
<u>U.S. Department of Agriculture:</u>														
Passed-through State Department of Education:														
<u>Enterprise Fund</u>														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	\$ 27,578				\$ 27,578	\$ (23,958)			\$ 3,620		
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	24,377		\$ 1,911			(1,911)					
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	114,627				96,120	(114,627)				\$ (18,507)	
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	132,813	\$ (13,319)			13,319						
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	17,918				14,573	(17,918)				(3,345)	
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	21,364	(2,332)			2,332						
Total Child Nutrition Cluster					(15,651)	1,911		153,922	(158,414)			3,620	(21,852)	
Total Enterprise Fund					(15,651)	1,911		153,922	(158,414)			3,620	(21,852)	
<u>Special Revenue Fund</u>														
No Child Left Behind:														
Title I	84.010A	NCLB510016	7/1/15-6/30/16	174,039				100,801	(160,195)				(59,394)	
Title I	84.010A	NCLB510015	7/1/14-6/30/15	171,120	(21,590)		\$ (1)	21,591						
Title I	84.010A	NCLB510013	9/1/12-8/31/13	265,705		54,081				\$ 54,081				
Total Title I					(21,590)	54,081	(1)	122,392	(160,195)	54,081			(59,394)	
Title IIA	84.367A	NCLB510016	7/1/15-6/30/16	48,461				38,413	(46,735)				(8,322)	
Title IIA	84.367A	NCLB510015	7/1/14-6/30/15	75,363	(12,227)			10,727					(1,500)	
Total Title IIA					(12,227)			49,140	(46,735)				(9,822)	
<u>U.S. Department of Education:</u>														
Passed-through State Department of Education:														
Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027A	IDEA510016	7/1/15-6/30/16	\$ 413,006				310,726	(374,889)				(64,163)	
I.D.E.A. Part B, Basic	84.027A	IDEA510015	7/1/14-6/30/15	524,750	\$ (48,496)		(1)	46,097					(2,400)	
I.D.E.A. Part B, Basic	84.027A	IDEA510013	9/1/12-8/31/13	569,292	(23,986)		23,986							
I.D.E.A. Preschool	84.173A	IDEA510016	7/1/15-6/30/16	19,930				11,958	(19,930)				(7,972)	
I.D.E.A. Preschool	84.173A	IDEA510015	7/1/14-6/30/15	29,185	(8,142)			8,142						
Total Special Education Cluster					(80,624)			23,985	(394,819)				(74,535)	
Total Special Revenue					(114,441)	54,081	23,984	548,455	(601,749)	54,081			(143,751)	
Total U.S. Department of Education					(114,441)	54,081	23,984	548,455	(601,749)	54,081			(143,751)	
<u>U.S. Department of Health and Human Services -</u>														
<u>General Fund</u>														
Medicaid Reimbursement	93.778	N/A	7/1/15-6/30/16	54,466				54,466	(54,466)					
Total General Fund								54,466	(54,466)					
Total Federal Awards					\$ (130,092)	\$ 55,992	\$ -0-	\$ 23,984	\$ 756,843	\$ (814,629)	\$ 54,081	\$ 3,620	\$ (165,603)	\$ -0-

N/A - Not Applicable

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Repayment of Prior Years' Balances	Balance at June 30, 2016		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable
<u>State Department of Education:</u>											
General Fund State Aid:											
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 773,754	\$ (77,274)		\$ 77,274					\$ 773,754
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	26,145	(2,611)		2,611					26,145
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	5,670,481	(566,301)		566,301					5,670,481
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	152,070	(15,187)		15,187					152,070
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	337,885	(33,744)		33,744					337,885
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	824,394	(82,331)		82,331					824,394
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	12,260	(1,224)		1,224					12,260
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	12,260	(1,224)		1,224					12,260
Nonpublic Transportation Costs	15-495-034-5120-014	7/1/14-6/30/15	14,942	(14,942)		14,942					14,942
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	82,335	(82,335)		82,335					82,335
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	712,929	(37,738)		37,738					712,929
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	773,754			696,580	\$ (773,754)		\$ (77,174)		773,754
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	26,145			23,537	(26,145)		(2,608)		26,145
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	5,670,481			5,104,906	(5,670,481)		(565,575)		5,670,481
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	152,070			136,903	(152,070)		(15,167)		152,070
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	337,885			304,184	(337,885)		(33,701)		337,885
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	824,394			742,169	(824,394)		(82,225)		824,394
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	12,260			11,037	(12,260)		(1,223)		12,260
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	12,260			11,037	(12,260)		(1,223)		12,260
Nonpublic Transportation Costs	16-495-034-5120-014	7/1/15-6/30/16	14,514				(14,514)	\$ (14,514)	(14,514)		14,514
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15-6/30/16	103,440				(103,440)	(103,440)	(103,440)		103,440
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	740,723			702,810	(740,723)		(37,913)	(37,913)	740,723
Subtotal - General Fund				(914,911)		8,648,074	(8,667,926)		(155,867)	(934,763)	17,287,381
Special Revenue Fund Aid:											
Nonpublic Auxiliary Services:											
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	25,709		\$ 2,418			\$ (2,418)			23,291
Nonpublic Handicapped Services:											
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	13,026		706			(706)			12,320
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	9,719		2,209			(2,209)			7,510
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	18,729		3,596			(3,596)			15,133
N.J. Nonpublic Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	6,733		392			(392)			6,341
N.J. Nonpublic Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	3,616		595			(595)			3,021
Nonpublic Auxiliary Services:											
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	26,227			26,227	(22,588)		\$ 3,639		22,588
Nonpublic Handicapped Services:											
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	17,674			17,674	(10,507)		7,167		10,507
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	10,618			10,618	(9,698)		920		9,698
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	22,832			22,832	(21,640)		1,192		21,640
N.J. Nonpublic Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	5,996			5,996	(5,503)		493		5,503
N.J. Nonpublic Nursing Aid	16-100-034-5120-070	7/1/15-6/30/16	12,150			12,150	(12,150)				12,150
N.J. Nonpublic Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	2,730			2,730			2,730		
N.J. Nonpublic Security Aid	16-100-034-5120-509	7/1/15-6/30/16	3,375			3,375	(3,375)				3,375
Subtotal - Special Revenue Fund - Department of Education					9,916	101,602	(85,461)	(9,916)		16,141	153,077

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2016		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
Enterprise Fund:												
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	\$ 3,562			\$ 3,005	\$ (3,562)		\$ (557)		\$ (557)	\$ 3,562
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	3,929	\$ (397)		397						3,929
Subtotal - Enterprise Fund				(397)		3,402	(3,562)		(557)		(557)	7,491
Total State Department of Education				(915,308)	\$ 9,916	8,753,078	(8,756,949)	\$ (9,916)	(156,424)	\$ 16,141	(935,320)	17,447,949
Total State Awards				\$ (915,308)	\$ 9,916	\$ 8,753,078	\$ (8,756,949)	\$ (9,916)	\$ (156,424)	\$ 16,141	\$ (935,320)	\$ 17,447,949

N/A - Not Applicable/Available

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Board of Education, Sussex-Wantage Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 (RSI) 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 last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,000 for the general fund and (\$10,900) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions revenue of \$774,962 and \$922,766, respectively.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 54,466	\$ 10,366,654	\$10,421,120
Special Revenue Fund	590,850	85,460	676,310
Food Service Fund	158,414	3,562	161,976
Total Awards	<u>\$ 803,730</u>	<u>\$10,455,676</u>	<u>\$11,259,406</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*
- The auditor's report on compliance for its major federal and state award programs for the District expresses an unmodified opinion on all major federal and state programs.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following awards:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027A	7/1/15-6/30/16	\$ 413,006	\$ 374,889
I.D.E.A. Preschool	84.173A	7/1/15-6/30/16	19,930	19,930
<u>State:</u>				
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	773,754	773,754
School Choice Aid	16-495-034-5120-068	7/1/15-6/30/16	26,145	26,145
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	5,670,481	5,670,481
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	152,070	152,070
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	337,885	337,885
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	12,260	12,260
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	12,260	12,260

- The threshold used for distinguishing between Type A and Type B for both federal and state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.



SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.

SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.