

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2017

Prepared by

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

BOARD OF EDUCATION
SANDYSTON-WALPACK
CONSOLIDATED SCHOOL DISTRICT

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Introductory Section

SANDYSTON-WALPACK CONSOLIDATED SCHOOL
P.O. BOX 128, LAYTON, N.J. 07851
973-948-4450 Phone 973-948-4492 Fax
973-948-3263 Nurse's Office

Dr. Jeanne Apryas
Superintendent
japryasz@sandystonwalpack.org

Carole Kylish, Board Secretary
Gayle Hull, School Secretary

October 1, 2017

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Sandyston-Walpack School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rest with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly, in all material aspects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and cash flows where applicable in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

I. REPORTING ENTITY AND ITS SERVICES:

The district provides an education to pre-school through sixth grade resident children of Sandyston and Walpack townships. The teachers follow a board approved curriculum for all subject areas, including core curriculum in English language arts, mathematics, science, and social studies, as well as special classes in physical education, music, art, Spanish, technology, enrichment, and library. The curriculum for each content area is formulated by a working group of teachers from each of the four elementary districts within the Kittatinny Regional High School District. Representatives from the high school also participate in these curriculum initiatives. Last year, the consortium group developed the Mathematics and Grade K-5 Science curricula. This year, the curriculum committee will be reviewing and revising K-8 Music program. The district and all other constituents of the Kittatinny region continue to move toward the implementation of the NJ Student Learning Standards and Next Generation Science Standards.

Each homeroom benefits from having two teachers providing instruction in ELA and Math on a daily basis in in-class support settings. Two special education teachers also provide instruction to students with special needs in the pull-out resource centers. Two classroom aides also support students, as needed. Our Child Study team and Therapists provide necessary services to students with IEPs.

School enrollment has been trending downward since the 1999-2000 school year.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2016-2017	148	1.3
2015-2016	146	2.09
2014-2015	143	(7.1)
2013-2014	154	1.98
2012-2013	151	2.7
2011-2012	147	(5.7)
2010-2011	156	(0.03)
2009-2010	161	0.012
2008-2009	159	(10.1)
2007-2008	177	(2.7)
2006-2007	182	3.4
2005-2006	176	0
2004-2005	176	(1.6)
2003-2004	179	1.1
2002-2003	177	(11.0)
2001-2002	199	4.7
2000-2001	190	(5.9)
1999-2000	202	0
1998-1999	202	8.2
1997-1998	187	(3.7)
1996-1997	194	5.4
1995-1996	184	11.5
1994-1995	165	(4.0)
1993-1994	172	0
1992-1993	172	2.3

2. ECONOMIC CONDITION AND OUTLOOK: The Sandyston-Walpack School District currently and historically has enjoyed a strong level of support from its two constituent communities. The Board of Education has historically maintained a basic budget which supports the needs of students and is fiscally responsible for the community. The Board also receives federal Impact Aid, Section 7002 funds which help offset the loss of ratable property due to its acquisition by the federal government for the Delaware Water Gap National Recreation Area. Historically, the Board of Education has used these funds to help offset tax increases, support one-time costs such as building improvements, technology upgrades, and special programs. Any loss of funding at either the federal or state level will impact the quality of our programs. Regardless of the economic climate, the board has been able to move forward in a number of areas: facility/maintenance, technology, and meeting the constant state mandates for teacher evaluation, New Jersey Student Learning Standards (SLS), and online assessments. For example, new flooring was installed in the library, classrooms, and offices, bathrooms were upgraded, and asbestos remediated in the crawl space and flooring. Additional upgrades to the facility and instructional supplies will be possible with the continued federal funding of Impact Aid.

3. MAJOR INITIATIVES: The Sandyston-Walpack Consolidated School maintains its focus on providing a quality education for all children aged 3 through 12. The Board of Education stands committed to reviewing our current programs and adding the elements needed to comply with the NJ SLS. In the coming year, the new mathematics curriculum will be implemented in grades K-5 and Reading-Writing Workshop extended to Kindergarten and grades 3-6. The school schedule was also adjusted to allow for a 9 period day, enabling us to offer two periods of mathematics K-6, two periods of technology K-3, and character education. The music curriculum also will be reviewed and revised this year. Our professional development during 2017-2018 will continue to be focused on the following areas: NJSLs in ELA and Math, the PARCC Assessment, technology, and school climate.

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

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to insure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality.

Annual appropriated budgets are adopted for the general fund, the special revenue fund, and for capital outlay. The final budget, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2017.

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

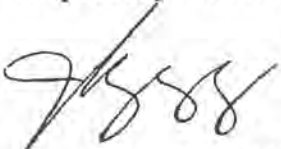
7. CASH MANAGEMENT: The investment policy of the Sandyston-Walpack School District is guided in large part by state statute as detailed in "Notes to Financial Statements, Note 2. The district has adopted a cash management plan which requires it to deposit funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

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

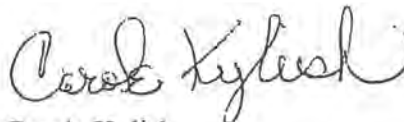
9. OTHER INFORMATION: Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of T.M. Vrabel & Associates was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial section statements and combining and individual statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Sandyston-Walpack Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



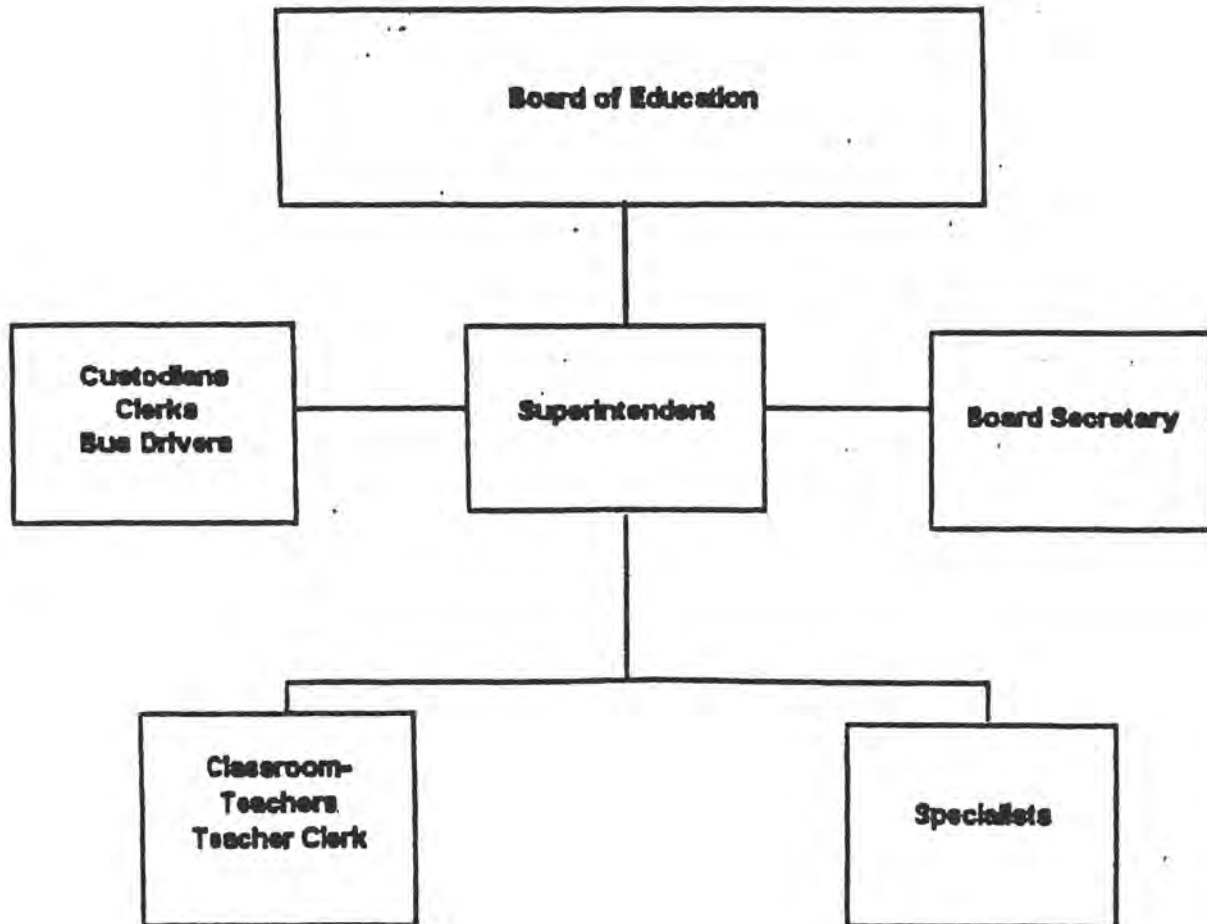
Jeanne Apryas, Ed.D.
Superintendent



Carole Kylish
Board Secretary

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

ORGANIZATIONAL CHART



SANDYSTON-WALPACK CONSOLIDATED BOARD OF EDUCATION
LAYTON, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2017

<u>Members of Board of Education</u>		<u>Term Expires</u>
Joseph Falchetta	President	2018
Joshua Belardo	Member	2018
Patricia Coogan	Member	2019
Brenda Cucchiara	Member	2019
Colleen Hewitt	Member	2017
Kelli Pastor	Member	2018
Tim Reilly	Member	2019
Jo-Ann Williamson	Member	2017
Walpack Seat	Vacant	

Other Officials

Jeanne Apyrasz, Superintendent

Carole Kylish, Board Secretary

Lois Kinney, Treasurer

James Fox, Board Attorney

SANDYSTON-WALPACK CONSOLIDATED SCHOOL

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

T.M. VRABEL & ASSOCIATES, LLC
350 MAIN ROAD
SUITE 104
MONTVILLE, N.J. 07045

ATTORNEY

JAMES FOX, ESQ.
MORRIS, DOWNING & SHERRED
ONE MAIN STREET
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OFFICIAL DEPOSITORY


LAKELAND BANK
BROAD STREET
BRANCHVILLE, N.J. 07826

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

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

Financial Section

Independent Auditor's Report



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

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sandyston-Walpack Consolidated School District as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the 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 basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

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the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation 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.

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 the Sandyston-Walpack Consolidated School District as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Page 14 through 20 and budgetary comparison information of schedules C-1 and C-2 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 Sandyston-Walpack Consolidated School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, statistical tables and the Schedules of Expenditures of Federal Awards and State Financial Assistance as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are presented for purposes of additional analysis and are not a required part of the basic financial statements.

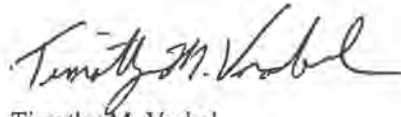
The combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal

Awards and State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures and 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 August 11, 2017 on our consideration of the Sandyston-Walpack Consolidated School District's internal control over financial reporting and on out tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Sandyston-Walpack Consolidated School District's internal control over financial reporting and compliance.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



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

Montville, New Jersey
August 11, 2017

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Sandyston-Walpack Consolidated School District financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- The District's net position decreased \$295,000 as a result of this year's operations. Net position of our business-type activities increased by \$1,000, or 11.1 percent, and net position of our governmental activities decreased by \$296,000 or 14.4 percent.
- Total cost of all of the District's programs was \$3,5763,000 in 2016-2017 compared to \$3,364,000 in 2015-2016.
- During the year, the District had expenses for governmental activities that were \$157,000 more than the \$3,272,000 generated in tax and other program revenues.

USING THIS ANNUAL REPORT

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

- **Governmental activities:** most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- **Business-type-activities:** the District has one proprietary fund as shown on pages 31, 32 and 33.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

The District's *combined* net position changed from a year ago, *decreasing* from \$2,065,000 to \$1,770,000. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Position (in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	1,841	1,936	11	10	1,852	1,946
Long term receivables					-	-
Capital assets	1,119	1,032	-	-	1,119	1,032
Total assets	2,960	2,968	11	10	2,971	2,978
Deferred outflows of resources	303	151			303	151
Long-term debt outstanding	144	82			144	82
Aggregate net pension liability	1,030	894			1,030	894
Other liabilities	58	45	1	1	59	46
Total liabilities	1,232	1,021	1	1	1,233	1,022
Deferred inflows of resources	272	42			272	42
Net position:						
Net investment in capital assets	1,119	1,032			1,119	1,032
Restricted	1,099	1,330			1,099	1,330
Unrestricted (deficit)	(458)	(306)	10	9	(448)	(297)
Total net position	1,760	2,056	10	9	1,770	2,065

Net position of the District's governmental activities decreased by 14.4 percent. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased by \$152,000. Restricted net position, those restricted mainly for capital projects decreased by \$231,000. Both net position categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The net investment in capital assets increased by \$87,000.

Table 2
Changes in Net Position (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Revenues</u>						
Program revenues:						
Charges for Services			6	6	6	6
Operating Grants and Contributions	351	348	3	3	354	351
General revenues:						
Property Taxes	2,048	2,008			2,048	2,008
Tuition	17				17	-
Federal and State Aid	848	837			848	837
Interest and Investment Earnings	5	4			5	4
Other General Revenues	(5)	(5)	8	8	3	3
Total Revenues:	<u>3,264</u>	<u>3,192</u>	<u>17</u>	<u>17</u>	<u>3,281</u>	<u>3,209</u>
<u>Program expenses including indirect expenses</u>						
Instruction:						
Regular	1,621	1,497			1,621	1,497
Special	386	372			386	372
Other instruction	162	153			162	153
Support services:						
Tuition	71	33			71	33
Student and instruction related services	496	520			496	520
School administrative services	80	73			80	73
General and business administrative services	291	258			291	258
Plant operations and maintenance	254	270			254	270
Pupil transportation	170	169			170	169
Charter school	26				26	-
SDA Debt Service Assessment	3	3			3	3
Business-type activities:						
Food Services	-	-	16	16	16	16
Total Expenses	<u>3,560</u>	<u>3,348</u>	<u>16</u>	<u>16</u>	<u>3,576</u>	<u>3,364</u>
Increase (Decrease) in Net Position	<u>(296)</u>	<u>(156)</u>	<u>1</u>	<u>1</u>	<u>(295)</u>	<u>(155)</u>

THE DISTRICT'S FUNDS**Governmental Activities****Table 3**

Information below compares revenues and expenditures for all governmental fund types for 2016-2017 and 2015-2016.

(\$000 omitted)

<u>Revenues by Source:</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>% Change</u>
Local Tax Levy	2,048	2,008	1.99%
Tuition Charges	17		100.00%
Interest Earned to Investments	5	4	25.00%
Miscellaneous	3	2	50.00%
Total - Local Sources	2,073	2,014	2.93%
State Sources	750	753	-0.40%
Federal Sources	449	433	3.70%
Total Revenues	<u>3,272</u>	<u>3,200</u>	2.25%

(\$000 omitted)

<u>Expenditures by Function:</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>% Change</u>
Current:			
Regular Instruction	1,020	1,007	1.29%
Special education	245	255	-3.92%
Other instruction	124	130	-4.62%
Support Services and undistributed costs:			
Tuition	71	33	115.15%
Student and instruction related services	415	448	-7.37%
School administrative services	60	61	-1.64%
General and Business administrative services	200	204	-1.96%
Plant operations and maintenance	225	253	-11.07%
Pupil transportation	152	156	-2.56%
Employee Benefits	742	719	3.20%
Capital Outlay	149	113	31.86%
Charter School	26	-	100.00%
Total Expenditures	<u>3,429</u>	<u>3,379</u>	1.48%

Business-type Activities

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

Table 4

(\$000 omitted)

	<u>Food Service</u>
Total Assets	11
Net Position	11
Change in Net Position	1
Return on Ending Total Assets	9.09%
Return on Ending Net Position	9.09%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 5

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	50	50			50	50
Buildings	1,726	1,580			1,726	1,580
Machinery and Equipment	359	359			359	359
Subtotal	2,135	1,989	-	-	2,135	1,989
Accumulated Depreciation	<u>(1,016)</u>	<u>(957)</u>	<u>-</u>	<u>-</u>	<u>(1,016)</u>	<u>(957)</u>
Totals	<u>1,119</u>	<u>1,032</u>	<u>-</u>	<u>-</u>	<u>1,119</u>	<u>1,032</u>

The District's 2017-2018 capital budget anticipates a spending level of \$239,567.00 for capital projects. More detailed information about the District capital assets is presented in Note III:C. to the basic financial statements

DEBT

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

Outstanding Debt, at year –end (in thousands)

Table 6

	<u>Governmental</u> <u>Activities</u>	
	<u>2017</u>	<u>2016</u>
Serial Bonds		
Loans		
Lease Purchase Agreement		
Temporary Notes		
Authorized but not Issued		
	-	-
	-	-
	-	-

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

BUDGETS

The significant variances between the originally adopted budget for the year 2014-2015 and the final budget were caused by the appropriation of additional Fund Balance, additional Capital Reserve, Maintenance Reserve, Impact Aid Reserve and the treatment of encumbrances that are added to the original budget.. In addition, the State pension payments,- which are paid by the State on behalf of employees are not budgeted, however they are counted as an expense in the audit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Section A

DISTRICT – WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Net Position
June 30, 2017**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 754,814.19	\$ 7,617.14	\$ 762,431.33
Receivables, net	66,129.54	521.03	66,650.57
Interfund receivables		3,011.47	3,011.47
Restricted assets:			
Capital reserve account - cash	544,609.10		544,609.10
Maintenance reserve - cash	166,359.66		166,359.66
Impact Aid reserve - cash	309,021.36		309,021.36
Capital assets, net (Note III.C.):	<u>1,119,510.20</u>	<u>-</u>	<u>1,119,510.20</u>
Total Assets	<u>2,960,444.05</u>	<u>11,149.64</u>	<u>2,971,593.69</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>302,981.00</u>		<u>302,981.00</u>
Total Deferred Outflows of Resources	<u>302,981.00</u>		<u>302,981.00</u>
LIABILITIES			
Accounts payable	105,073.50	461.70	105,535.20
Interfunds payable	3,011.47		3,011.47
Unearned revenue	5,247.11		5,247.11
Other	2,494.65		2,494.65
Long-term liabilities other than pensions(Note IV:B.):			
Due within one year	4,275.00		4,275.00
Due beyond one year	81,620.01		81,620.01
Aggregate net pension liability	<u>1,030,215.00</u>	<u>-</u>	<u>1,030,215.00</u>
Total liabilities	<u>1,231,936.74</u>	<u>461.70</u>	<u>1,232,398.44</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>271,848.00</u>		<u>271,848.00</u>
Total Deferred Inflows of Resources	<u>271,848.00</u>		<u>271,848.00</u>
NET POSITION			
Net Investment in capital assets	1,119,510.20		1,119,510.20
Restricted for:			
Capital projects	544,609.10		544,609.10
Other purposes	553,725.50		553,725.50
Unrestricted	<u>(458,204.49)</u>	<u>10,687.94</u>	<u>(447,516.55)</u>
Total Net Position	<u>\$ 1,759,640.31</u>	<u>\$ 10,687.94</u>	<u>\$ 1,770,328.25</u>

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

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 1,621,130.36	\$ -	\$ 123,849.07	\$ -	\$ (1,497,281.29)	\$ -	\$ (1,497,281.29)
Special education	386,109.78		97,455.28		(288,654.50)		(288,654.50)
Other instruction	161,632.30		12,687.66		(148,944.64)		(148,944.64)
Support services:							
Tuition	71,167.45		16,524.85		(54,642.60)		(54,642.60)
Student and instruction related services	496,296.46		53,811.11		(442,485.35)		(442,485.35)
School administrative services	80,197.53		6,497.91		(73,699.62)		(73,699.62)
General and business administrative services	291,443.50		17,311.82		(274,131.68)		(274,131.68)
Plant operations and maintenance	254,393.19		9,406.22		(244,986.97)		(244,986.97)
Pupil transportation	169,628.83		13,820.56		(155,808.27)		(155,808.27)
Transfer to charter school	25,914.00				(25,914.00)		(25,914.00)
SDA Debt Service Assessment	2,603.00				(2,603.00)		(2,603.00)
Total governmental activities	<u>3,560,516.40</u>		<u>351,364.48</u>		<u>(3,209,151.92)</u>		<u>(3,209,151.92)</u>
Business-type activities:							
Food Service	<u>15,638.62</u>	<u>6,136.36</u>	<u>2,679.05</u>			<u>(6,823.21)</u>	<u>(6,823.21)</u>
Total business-type activities	<u>15,638.62</u>	<u>6,136.36</u>	<u>2,679.05</u>	<u>-</u>	<u>-</u>	<u>(6,823.21)</u>	<u>(6,823.21)</u>
Total primary government	<u>\$ 3,576,155.02</u>	<u>\$ 6,136.36</u>	<u>\$ 354,043.53</u>	<u>\$ -</u>	<u>\$ (3,209,151.92)</u>	<u>\$ (6,823.21)</u>	<u>\$ (3,215,975.13)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 2,047,702.00	\$ -	\$ 2,047,702.00
Federal and State aid not restricted					848,042.63		848,042.63
Tuition (other than special schools)					16,617.49		16,617.49
Investment Earnings					4,755.13	17.90	4,773.03
Miscellaneous Income					3,605.96		3,605.96
Transfers					(8,070.72)	8,070.72	-
Total general revenues, special items, extraordinary items and transfers					<u>2,912,652.49</u>	<u>8,088.62</u>	<u>2,920,741.11</u>
Change in Net Assets					(296,499.43)	1,265.41	(295,234.02)
Net Assets—beginning, as restated					<u>2,056,139.74</u>	<u>9,422.53</u>	<u>2,065,562.27</u>
Net Assets—ending					<u>\$ 1,759,640.31</u>	<u>\$ 10,687.94</u>	<u>\$ 1,770,328.25</u>

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

Section B

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 772,412.68	\$ (17,598.49)	\$ 754,814.19
Receivables from other governments	25,971.12	17,598.49	43,569.61
Tax Levy receivable	13,003.00		13,003.00
Tuition receivable	977.49		977.49
Other	8,579.44		8,579.44
Restricted cash and cash equivalents	<u>1,019,990.12</u>	<u>-</u>	<u>1,019,990.12</u>
Total Assets	\$ 1,840,933.85	\$ -	\$ 1,840,933.85
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 105,073.50	\$ -	\$ 105,073.50
Interfunds payable	3,011.47		3,011.47
Unearned revenue	5,247.11		5,247.11
Other	<u>2,494.65</u>		<u>2,494.65</u>
Total Liabilities	<u>115,826.73</u>		<u>115,826.73</u>
Fund Balances:			
Restricted for:			
Capital Reserve Account	544,609.10		544,609.10
Maintenance Reserve	166,359.66		166,359.66
Impact Aid Reserve	309,021.36		309,021.36
Assigned to:			
Other Purposes	78,344.48		78,344.48
Designated for Subsequent Year's Expenditures	433,644.52		433,644.52
Unassigned	<u>193,128.00</u>		<u>193,128.00</u>
Total Fund Balances	<u>1,725,107.12</u>	<u>-</u>	<u>1,725,107.12</u>
Total Liabilities and Fund Balances	\$ 1,840,933.85	\$ -	

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

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,135,121.33 and the accumulated depreciation is \$1,015,611.13.

1,119,510.20

Pension liabilities net of deferred outflows and inflows of resources

(999,082.00)

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

(85,895.01)

Net position of governmental activities

\$ 1,759,640.31

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes In Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Local sources:			
Local tax levy	\$ 2,047,702.00	\$ -	\$ 2,047,702.00
Tuition charges	16,617.49		16,617.49
Interest earned on investments	3,090.83		3,090.83
Interest earned on Capital Reserve Funds	1,664.30		1,664.30
Miscellaneous	<u>3,605.96</u>		<u>3,605.96</u>
Total - Local Sources	2,072,680.58		2,072,680.58
State sources	750,697.63		750,697.63
Federal sources	<u>373,550.99</u>	<u>75,158.49</u>	<u>448,709.48</u>
Total Revenues	<u>3,196,929.20</u>	<u>75,158.49</u>	<u>3,272,087.69</u>
EXPENDITURES			
Current:			
Regular instruction	984,964.72	34,817.49	1,019,782.21
Special education instruction	243,876.87	1,103.00	244,979.87
Other instruction	123,917.90		123,917.90
Support services and undistributed costs:			
Tuition	71,167.45		71,167.45
Student and instruction related services	376,031.52	39,238.00	415,269.52
School administrative services	60,493.88		60,493.88
General and business administrative services	200,405.88		200,405.88
Plant operations and maintenance	224,874.06		224,874.06
Pupil transportation	152,230.21		152,230.21
Unallocated benefits	741,642.06		741,642.06
Transfer to charter school	25,914.00		25,914.00
Capital outlay	<u>148,664.03</u>	<u>-</u>	<u>148,664.03</u>
Total Expenditures	<u>3,354,182.58</u>	<u>75,158.49</u>	<u>3,429,341.07</u>
Excess (Deficiency) of revenues over expenditures	<u>(157,253.38)</u>	<u>-</u>	<u>(157,253.38)</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers (out)	<u>(8,070.72)</u>		<u>(8,070.72)</u>
Total Other Financing Sources and (Uses)	<u>(8,070.72)</u>	<u>-</u>	<u>(8,070.72)</u>
Net change in fund balances	(165,324.10)	-	(165,324.10)
Fund Balance—July 1	<u>1,890,431.22</u>	<u>-</u>	<u>1,890,431.22</u>
Fund Balance—June 30	<u>\$ 1,725,107.12</u>	<u>\$ -</u>	<u>\$ 1,725,107.12</u>

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

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2017**

Total net change in fund balances - governmental funds (from B-2)	\$ (165,324.10)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The difference in accrued interest is an addition in the reconciliation. (+)	
Interest paid	\$ -
Interest accrued	<u>-</u>
	-
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	(58,304.24)
Capital outlays (exclusive of capital lease principal payments and SDA Debt Service Assessment)	<u>148,081.03</u>
	87,756.79
Adjustment to Capital Assets in accordance with physical appraisal and dispositions	
	-
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)	
	-
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+).	
	(4,392.12)
Governmental funds report district pension contributions as expenditures. In the statement of activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions - PERS	31,133.00
Cost of benefits earned net of employees contributions	<u>(245,873.00)</u>
	(214,540.00)
Payment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Debt principal	-
Capital lease principal	-
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.	
Proceeds of long-term debt	-
Capital lease proceeds	-
Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)	
	-
Change in net position of governmental activities	\$ <u>(298,499.43)</u>

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

PROPRIETARY FUNDS

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Business-type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,617.14	\$ 7,617.14
Accounts receivable	521.03	521.03
Interfund receivables	<u>3,011.47</u>	<u>3,011.47</u>
Total Current Assets	<u>11,149.64</u>	<u>11,149.64</u>
Total Assets	<u>11,149.64</u>	<u>11,149.64</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	<u>461.70</u>	<u>461.70</u>
Total Current Liabilities	<u>461.70</u>	<u>461.70</u>
NET POSITION		
Unrestricted	<u>10,687.94</u>	<u>10,687.94</u>
Total Net Position	<u>\$ 10,687.94</u>	<u>\$ 10,687.94</u>

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

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
Operating Revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$ 1,779.25	\$ 1,779.25
Daily sales - non-reimbursable programs	4,357.11	4,357.11
Total Operating Revenues	<u>6,136.36</u>	<u>6,136.36</u>
Operating Expenses:		
Cost of sales	7,567.90	7,567.90
Salaries	6,459.00	6,459.00
General supplies	1,611.72	1,611.72
Total Operating Expenses	<u>15,638.62</u>	<u>15,638.62</u>
Operating Income (Loss)	<u>(9,502.26)</u>	<u>(9,502.26)</u>
Nonoperating Revenues (Expenses):		
State sources:		
State school lunch program	66.55	66.55
Federal sources:		
National school lunch program	2,612.50	2,612.50
Interest and investment revenue	17.90	17.90
Total Nonoperating Revenues (Expenses)	<u>2,696.95</u>	<u>2,696.95</u>
Income (loss) before contributions and transfers	<u>(6,805.31)</u>	<u>(6,805.31)</u>
Transfers In (out)	<u>8,070.72</u>	<u>8,070.72</u>
Change in net position	1,265.41	1,265.41
Total Net Position—Beginning	<u>9,422.53</u>	<u>9,422.53</u>
Total Net Position—Ending	<u>\$ 10,687.94</u>	<u>\$ 10,687.94</u>

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

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017**

	Business-type Activities - Enterprise Funds	
	Food	
	<u>Service</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 3,457.31	\$ 3,457.31
Payments to employees	(6,459.00)	(6,459.00)
Payments to suppliers	<u>(9,211.07)</u>	<u>(9,211.07)</u>
Net cash provided by (used for) operating activities	<u>(12,212.76)</u>	<u>(12,212.76)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	66.55	66.55
Federal Sources	2,612.50	2,612.50
Operating subsidies and transfers to other funds	<u>8,070.72</u>	<u>8,070.72</u>
Net cash provided by (used for) non-capital financing activities	<u>10,749.77</u>	<u>10,749.77</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	<u>17.90</u>	<u>17.90</u>
Net cash provided by (used for) investing activities	<u>17.90</u>	<u>17.90</u>
Net increase (decrease) in cash and cash equivalents	(1,445.09)	(1,445.09)
Balances—beginning of year	<u>9,062.23</u>	<u>9,062.23</u>
Balances—end of year	<u>\$ 7,617.14</u>	<u>\$ 7,617.14</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>\$ (9,502.26)</u>	<u>(9,502.26)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
(Increase) decrease in accounts receivable, net	(2,679.05)	(2,679.05)
Increase (decrease) in accounts payable	<u>(31.45)</u>	<u>(31.45)</u>
Total adjustments	<u>(2,710.50)</u>	<u>(2,710.50)</u>
Net cash provided by (used for) operating activities	<u>\$ (12,212.76)</u>	<u>\$ (12,212.76)</u>

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

FIDUCIARY FUNDS

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 25,751.39	\$ 58,719.14
Interfund receivable	<u>12,721.13</u>	<u>-</u>
Total Assets	<u>\$ 38,472.52</u>	<u>\$ 58,719.14</u>
Accounts payable		
Interfund payable		\$ 12,721.13
Payable to student groups		917.07
Payroll deductions and withholdings		<u>45,080.94</u>
Total Liabilities		<u>\$ 58,719.14</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>\$ 38,472.52</u>	

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

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan member	\$ 4,954.13
Board of Education	-
Total Contributions	<u>4,954.13</u>
Investment earnings:	
Interest	51.44
Net investment earnings	<u>51.44</u>
Total Additions	<u>5,005.57</u>
DEDUCTIONS	
Unemployment claims	<u>2,874.06</u>
Total Deductions	<u>2,874.06</u>
Change in Net Position	2,131.51
Net Position—beginning	<u>36,341.01</u>
Net Position—ending	<u>\$ 38,472.52</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Sandyston-Walpack Consolidated School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting Entity

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in Layton. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program is classified as a business-type activity.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements

The government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District allocates indirect costs such as on-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are excluded from the government-wide financial statements.

D. Basic Financial Statements- Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the GASB criteria are applied to proprietary funds.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

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

The following fund types are used by the District:

Governmental Fund Types

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

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

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Permanent Fund – A permanent fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

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

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws or other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is uncured for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds as needed.

Proprietary Fund Type

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

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Type (Continued)

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

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

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

Fiduciary Fund Types

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

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

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement of focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when incurred.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

E. Basis of Accounting (Continued)

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

3. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Program revenues, including tuition revenue, are reported as reductions to expenses in the Statement of Activities.

4. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period of purchase.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPS, the voters have an opportunity to approve or reject the budget at the regular election held in November.

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. 6:23-2.2(f). All budget amendments must be approved by School Board resolution. Appropriation of additional fund balance in the amount of \$27,787.98, appropriation of capital reserve in the amount of \$5,285.00, withdrawal from Impact Aid reserve in the amount of \$96,006.83, withdrawal from maintenance reserve in the amount of \$5,221.58, and prior year encumbrances in the amount of \$616.02 were made during the year ended June 30, 2017. The Board of Education approved the following material budgetary appropriation transfers during the school year:

<u>Account Name</u>	<u>Amount</u>
Regular Programs – Instruction	
Preschool/Kindergarten – Salaries of Teachers	\$ (8,458.14)
Regular Programs – Undistributed Instruction	
Purchased Professional-Educational Services	20,979.53
General Supplies	8,475.39
Resource Room/Resource Center:	
Salaries of Teachers	(9,549.73)
Undistributed Expenditures – Instruction:	
Tuition to Other LEAs Within the State – Special	53,667.45
Undist. Expend. – Speech,OT,PT & Related Services	
Purchased Professional – Education Services	(6,996.42)
Undist. Expend. – Other Supp. Serv. Students - Extra Serv.	
Salaries of Other Professional Staff	7,265.79
Purchased Professional – Education Services	18,640.56
Undist. Expend. – Instructional Staff Training Serv.	
Purchased Professional – Educational Services	10,835.04
Undist. Expend. – Supp. Serv. – General Admin	
BOE Other Purchased Services	5,972.98
Other Purchased Services (400-500 Series)	(4,599.00)
Undist. Expend. - Allowable Maint. For School Facilities	
Cleaning, Repair and Maintenance Services	15,603.58
General Supplies	(11,526.94)
Undist. Expend. – Oth. Oper. & Maint. of Plant.	
Energy (Oil)	(5,305.95)
Undist. Expend. – Student Transportation Serv.	
Contracted Services (Special Education Students) - Vendors	13,914.12
ALLOCATED BENEFITS	
Social Security Contributions	15,137.25
Other Retirement Contributions – PERS	(4,867.00)
Tuition Reimbursement	4,127.00
CAPITAL OUTLAY	
Facilities Acquisition and Construction Services	
Construction Services	5,285.00

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

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

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

The special revenue fund had no encumbrances at June 30, 2017.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is as follows.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 3,197,350.20	\$ 75,158.49
Difference - budget to GAAP:		
The last two State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.	(421.00)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,196,929.20</u>	<u>\$75,158.49</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,354,182.58	\$75,158.49
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.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$3,354,182.58</u>	<u>\$75,158.49</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

2. Short – term Interfund Receivables/Payables

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

3. Inventories

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

4. Capital Assets

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

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

Land and Construction in Progress are not depreciated.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

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

5. Compensated Absences

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

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

6. Unearned Revenue

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

7. Long – term Obligations

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

8. Fund Equity

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

9. Net Position

Net Position represents the difference between assets and liabilities in the District-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

10. Use of Estimates

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

11. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the original budgetary expenditures by program.

H. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, will have significant effects on the entity's financial reporting and the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the benefit plans reported at the State of New Jersey level.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, could have significant effects on the entity's financial reporting and the provisions of this statement could require significant modifications to disclosure requirements.

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note II: Reconciliation of Government Wide and Fund Financial Statements

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

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

	<u>Balance Sheet/Statement of Net Position</u>			<u>Statement</u>
<u>Assets</u>	<u>Total</u>	<u>Long - term</u>	<u>Reclassifications</u>	<u>of Net</u>
	<u>Governmental</u>	<u>Assets</u>	<u>and Eliminations</u>	<u>Position</u>
	<u>Funds</u>	<u>Liabilities (1)</u>		<u>Totals</u>
Cash and cash equivalents	\$ 754,814.19	\$ -	\$ -	\$ 754,814.19
Receivables, net			66,129.54	66,129.54
Receivables from Other Governments	43,569.61		(43,569.61)	-
Tax Levy Receivable	13,003.00		(13,003.00)	-
Tuition Receivables	977.49		(977.49)	-
Other Receivables	8,579.44		(8,579.44)	-
Restricted assets:				
Capital Reserve Account - cash	544,609.10			544,609.10
Maintenance Reserve - cash	166,359.66			166,359.66
Impact Aid Reserve - cash	309,021.36			309,021.36
Capital Assets, net	-	1,119,510.20	-	1,119,510.20
Total Assets	<u>1,840,933.85</u>	<u>1,119,510.20</u>	<u>-</u>	<u>2,960,444.05</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows related to pensions		302,981.00		302,981.00
Total Deferred Outflows of Resources	<u>-</u>	<u>302,981.00</u>	<u>-</u>	<u>302,981.00</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,840,933.85</u>	<u>\$ 1,422,491.20</u>	<u>\$ -</u>	<u>\$ 3,263,425.05</u>
<u>Liabilities</u>				
Accounts Payable	\$ 105,073.50			\$ 105,073.50
Interfunds Payable	3,011.47			3,011.47
Unearned Revenue	5,247.11			5,247.11
Other	2,494.65			2,494.65
Noncurrent Liabilities	-	1,030,215.00	85,895.01	1,116,110.01
Total Liabilities	<u>115,826.73</u>	<u>1,030,215.00</u>	<u>85,895.01</u>	<u>1,231,936.74</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows related to pensions		271,848.00		271,848.00
Total Deferred Inflows of Resources	<u>-</u>	<u>271,848.00</u>	<u>-</u>	<u>271,848.00</u>
Total Liabilities and Deferred Inflows of Resources	<u>115,826.73</u>	<u>1,302,063.00</u>	<u>85,895.01</u>	<u>1,503,784.74</u>
<u>Fund Balances/Net Position</u>				
<u>Net Position</u>				
Net investment in capital assets		1,119,510.20		1,119,510.20
Restricted for:				
Capital projects	544,609.10			544,609.10
Other purposes	553,725.50			553,725.50
Unrestricted	626,772.52	(999,082.00)	(85,895.01)	(458,204.49)
Total Fund Balances/Net Position	<u>1,725,107.12</u>	<u>120,428.20</u>	<u>(85,895.01)</u>	<u>1,759,640.31</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	<u>\$ 1,840,933.85</u>	<u>\$ 1,150,643.20</u>	<u>\$ -</u>	<u>\$ 3,263,425.05</u>

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Position (Continued)

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

Cost of capital assets	\$	2,135,121.33
Accumulated depreciation		<u>(1,015,611.13)</u>
	\$	<u>1,119,510.20</u>

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

Net PERS Pension Liability	\$	1,030,215.00
Deferred outflows related to pensions		(302,981.00)
Deferred inflows related to pensions		<u>271,848.00</u>
	\$	<u>999,082.00</u>

Compensated Absences	\$	<u>85,895.01</u>
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Adjustment to Debt Service Fund net position for the accrual of interest expense.

	\$	<u>-</u>
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

Explanation of Differences between Governmental Funds Operating Statement of Activities

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

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

Revenues and Other Sources	Total Governmental Funds	Long - term Revenue, Expenses (2)	Capital Related Items (3)	Long - term Debt Transactions (4)	Reclassifications and Eliminations (5)	Statement of Activities Totals
Local Tax Levy	\$ 2,047,702.00	\$ -	\$ -	\$ -	\$ -	\$ 2,047,702.00
Tuition Charges	16,617.49					16,617.49
Interest Earned on Investments	4,755.13					4,755.13
Miscellaneous	3,605.96					3,605.96
State Sources	750,697.63					750,697.63
Federal Sources	448,709.48					448,709.48
Total	3,272,087.69	-	-	-	-	3,272,087.69
Expenditures						
Current:						
Regular instruction	1,019,782.21	-	35,715.71	124,504.63	441,127.81	1,621,130.36
Special education	244,979.87		3,716.77	37,854.82	99,558.32	386,109.78
Other instruction	123,917.90		250.00	17,897.91	19,566.49	161,632.30
Support Services and undistributed costs:						
Tuition	71,167.45					71,167.45
Student and instruction related services	415,269.52		3,287.48	19,501.30	58,238.16	496,296.46
School administrative services	60,493.88		706.68	8,976.11	10,020.86	80,197.53
General and business administrative services	200,405.88		3,620.11	24,608.60	62,808.91	291,443.50
Plant operations and maintenance	224,874.06		2,019.59	12,993.59	14,505.95	254,393.19
Pupil transportation	152,230.21		8,987.90	3,728.16	4,682.56	169,628.83
Unallocated Benefits	741,642.06				(741,642.06)	-
Transfer to charter school	25,914.00					25,914.00
Capital Outlay	148,664.03		(146,061.03)	-	-	2,603.00
Total	3,429,341.07	-	(87,756.79)	250,065.12	(31,133.00)	3,560,516.40
Other Financing Uses/Changes in Net Assets:						
Net Transfers to/from other funds	(8,070.72)					(8,070.72)
Total	(8,070.72)	-	-	-	-	(8,070.72)
Net Change for the Year	\$ (165,324.10)	\$ -	\$ 87,756.79	\$ (250,065.12)	\$ 31,133.00	\$ (296,499.43)

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

\$ -

3. Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount which capital outlays exceeded depreciation in the period.

Depreciation expense
Capital outlays (exclusive of capital lease principal payments and SDA Debt Service Assessment)

\$ (58,304.24)
146,061.03
\$ 87,756.79

3. Adjustment to Capital Assets in accordance with physical appraisal and dispositions

\$ -

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

\$ -

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

\$ (4,392.12)

Governmental funds report district pension contributions as expenditures. In the statement of activities, however, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Cost of benefits earned net of employee contributions

(245,673.00)

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

Debt principal
Capital lease principal

-
-
\$ (250,065.12)

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

Proceeds of long - term debt
Capital lease proceeds

\$ -
-
\$ -

5. Allocate Benefits expenditures and eliminate PERS contribution (\$31,133.00)

\$ -

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

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

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

At June 30, 2017 the Sandyston-Walpack Consolidated School District's cash and cash equivalent's amounted to \$1,936,876.70. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$1,686,876.70 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2017 the Sandyston-Walpack Consolidated School District had no participation in the State of New Jersey Cash Management Fund.

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

As of June 30, 2017, none of the Sandyston-Walpack Consolidated School District's cash and cash equivalents of \$1,936,876.70 was exposed to custodial credit risk.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

A. Deposits and Investments (Continued)

Investments

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

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

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

The Sandyston-Walpack Consolidated School District had no investments as described in Note I:G.1 at June 30, 2017.

B. Interfund Receivables and Payables

As of June 30, 2017, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$ -0-	\$ 3,011.47
Enterprise Fund	<u>3,011.47</u>	<u>-0-</u>
	<u>\$ 3,011.47</u>	<u>\$ 3,011.47</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

C. Capital Assets

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

	Beginning Balance	Additions	Retirement	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 50,000.00	\$ -	\$ -	\$ 50,000.00
Total Capital assets not being depreciated	<u>50,000.00</u>	<u>-</u>	<u>-</u>	<u>50,000.00</u>
Buildings and Improvements	1,579,678.23	146,061.03		1,725,739.26
Machinery and Equipment	359,382.07	-	-	359,382.07
Totals at historical cost	<u>1,939,060.30</u>	<u>146,061.03</u>	<u>-</u>	<u>2,085,121.33</u>
Less accumulated depreciation for:				
Buildings and Improvements	(600,168.79)	(29,309.22)		(629,478.01)
Machinery and Equipment	(357,138.10)	(28,995.02)	-	(386,133.12)
Total accumulated depreciation	<u>(957,306.89)</u>	<u>(58,304.24)</u>	(1)	<u>(1,015,611.13)</u>
Net capital assets being depreciated	<u>981,753.41</u>	<u>87,756.79</u>	<u>-</u>	<u>1,069,510.20</u>
Governmental activities capital assets, net	<u>\$ 1,031,753.41</u>	<u>\$ 87,756.79</u>	<u>\$ -</u>	<u>\$ 1,119,510.20</u>

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

Instruction	\$ 35,715.71
Special Education	3,716.77
Other Instruction (Athletic)	250.00
Student and Instruction Related Services	3,287.48
School Administrative Services	706.68
General and Business Administrative Services	3,620.11
Plant Operations and Maintenance	2,019.59
Pupil Transportation	<u>8,987.90</u>
	<u>\$ 58,304.24</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has no operating leases.

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Accruals</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Other liabilities:					
Compensated absences	\$ 81,502.89	\$ 5,337.12	\$ (945.00)	\$ 85,895.01	\$ 4,275.00
Total other liabilities	<u>81,502.89</u>	<u>5,337.12</u>	<u>(945.00)</u> (1)	<u>85,895.01</u>	<u>4,275.00</u>
Governmental activities					
long - term liabilities	<u>\$ 81,502.89</u>	<u>\$ 5,337.12</u>	<u>\$ (945.00)</u>	<u>\$ 85,895.01</u>	<u>\$ 4,275.00</u>

(1) Paid by general fund

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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

B. Long – Term Liabilities (Continued)

1. Bonds Payable

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

There were no Serial Bonds outstanding as of June 30, 2017.

2. Temporary Notes

There were no Temporary Notes outstanding as of June 30, 2017.

3. Bonds Authorized But Not Issued

There were no authorized but not issued bonds as of June 30, 2017.

4. Capital Leases Payable

There were no Capital Leases Payable as of June 30, 2017.

Note V: Detailed Disclosure Regarding Fund Equity

A. Reserved – Restricted Fund Balance

In accordance with N.J.A.C.6A:23A-14.2, the Board has reserved fund balance in the amount of \$166,359.66 as of June 30, 2017 for Maintenance Reserve. These are funds anticipated to be required for future years maintenance.

In accordance with N.J.S.A.18A:7F-41, the Board has reserved fund balances in the amount of \$309,021.36 as of June 30, 2017. These Impact Aid Reserve funds are anticipated to be required to finance the general fund.

B. 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 Reserved 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 reserve 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 years' budget. The excess fund balance at June 30, 2017 is \$78,344.48. The reserved fund balance of \$78,344.48 will be appropriated in the fiscal year 2017-2018.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note V: Detailed Disclosure Regarding Fund Equity (Continued)

C. Capital Reserve Account

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

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

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

2000-2001 Budget (described above)	\$ 1.00
2003-2004 Tax Levy	100,000.00
2003-2004 Resolution (Unreserved Fund Balance)	125,650.00
2003-2004 Interest Income	2,509.20
2003-2004 Transfer to Capital Projects	(277,400.00)
2004-2005 Interest Income	15.20
2004-2005 Transfer to Capital Projects	(107.17)
2005-2006 Fund Balance	135,338.00
2005-2006 Interest Income	2,051.32
2006-2007 Fund Balance	101,308.00
2006-2007 Interest Income	12,013.28
2007-2008 Interest Income	6,284.47
2008-2009 Interest Income	3,864.95
2009-2010 Interest Income	905.46
2009-2010 Withdrawal	(108,525.00)
2010-2011 Fund Balance	125,000.00
2010-2011 Interest Income	731.39
2011-2012 Interest Income	737.50
2011-2012 Withdrawal	(83,313.68)
2012-2013 Fund Balance	400,000.00
2012-2013 Interest Income	189.45
2012-2013 Withdrawal	(8,615.75)
2013-2014 Fund Balance	150,000.00
2013-2014 Interest Income	1,177.28
2014-2015 Interest Income	1,590.78
2014-2015 Withdrawal	(10,000.00)
2015-2016 Interest Income	1,504.94
2015-2016 Budget Expenditures	(43,904.79)
2016-2017 Interest Income	1,664.30
2016-2017 Budget Expenditures	(146,061.03)
Balance June 30, 2017	<u>\$ 544,609.10</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note V: Detailed Disclosure Regarding Fund Equity (Continued)

C. Capital Reserve Account (Continued)

The June 30, 2017 LRF balance of local support costs of uncompleted capital projects at June 30, 2017 is \$619,179.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

Note VI: Pension Plans

Description of Systems

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

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system.

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

The following represents the membership tiers for PERS:

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

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note VI: Pension Plans (Continued)

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members before age 62 with 25 or more years of service credit and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq.). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq..

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note VI: Pension Plans (Continued)

Contribution Requirements

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the employer. The employer's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2015, the employer's pension contribution was less than the actuarial determined amount.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2015, the State's pension contribution was less than the actuarial determined amount.

The District's total payroll for the year ended June 30, 2017 was \$1,674,208.84 and covered payroll was \$1,061,064.00 for TPAF, \$308,655.00 for PERS and \$ 56,307.00 for DCRP. Contributions to the TPAF, PERS and the DCRP for the last three years made by the employees, Sandyston-Walpack Consolidated School District and the State were as follows:

		<u>TPAF</u>	<u>Percent of Covered Payroll</u>	<u>PERS</u>	<u>Percent of Covered Payroll</u>	<u>DCRP</u>	<u>Percent of Covered Payroll</u>
Employees	6/30/15	\$73,104.19	6.92 %	\$17,482.50	6.92 %	\$2,924.42	5.50 %
	6/30/16	75,553.79	7.06 %	19,430.70	7.27 %	3,001.00	5.50 %
	6/30/17	78,466.56	7.39 %	23,918.67	7.75 %	3,096.80	5.50 %
District	6/30/15	N/A	N/A %	\$33,627.00	13.31 %	\$1,595.15	3.00 %
	6/30/16	N/A	N/A %	34,232.00	12.81 %	1,604.44	3.00 %
	6/30/17	N/A	N/A %	31,133.00	10.09 %	1,689.21	3.00 %
State of NJ	6/30/15	\$163,181.00	15.45 %	N/A	N/A %	N/A	N/A %
	6/30/16	163,181.00	15.25 %	N/A	N/A %	N/A	N/A %
	6/30/17	212,919.00	20.07 %	N/A	N/A %	N/A	N/A %

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$81,070.63 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note VII: Public Employees Retirement System

At June 30, 2017, the District reported a liability of \$1,030,215.00 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 that date. 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 employers, actuarially determined. At June 30, 2016, the District's proportion was 0.0034784440%, which was a decrease of 12.63% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$74,333.00. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 19,159	\$
Changes of assumptions	213,406	
Net difference between projected and actual earnings on pension plan investments	39,283	
Changes in proportion		103,837
District contributions subsequent to the measurement data	<u>31,133</u>	
Total	<u>\$ 302,981</u>	<u>\$ 103,837</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2017	\$61,204
2018	61,204
2019	70,907
2020	59,572
2021	<u>18,960</u>
Total	<u>\$ 271,847</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note VII: Public Employees Retirement System (Continued)

Actuarial Assumptions

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

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and 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 Disability Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasury	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note VII: Public Employees Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.98%, 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 (2.98%) or 1-percentage point higher (4.98%) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's proportionate share of the net pension liability	\$1,262,425	\$1,030,215	\$838,492

Note VIII: Teachers Pension and Annuity Fund (TPAF)

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the District	<u>9,176,394</u>
Total	<u>\$ 9,176,394</u>

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2015.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

For the year ended June 30, 2016, the State (for the District) recognized pension expense of \$689,478 and revenue of \$689,478 for support provided by the State. At June 30, 2016, the State (for the District) reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 32,189	\$ 15,621
Changes of assumptions	1,823,315	
Net difference between projected and actual earnings on pension plan investments	166,593	
Changes in proportion	12,270	7,129
State's contribution associated with the District subsequent to the measurement date	<u>212,919</u>	
Total	<u>\$2,247,286</u>	<u>\$22,750</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2017	\$296,119
2018	296,119
2019	346,898
2020	324,426
2021	274,050
Thereafter	<u>478,112</u>
Total	<u>\$2,015,724</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied 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:	7.65%

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note VIII: Teachers Pension and Annuity Fund (TPAF)(Continued)

Discount Rate

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.22%, 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 (2.22%) or 1-percentage point higher (4.22%) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
District's proportionate share of the net pension liability	\$10,958,449	\$9,176,394	\$7,721,018

Note IX: Health Benefit and Post-Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Health Benefits Program Fund (HBPF)- Local Education (including Prescription Drug Program Fund)- The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note IX: Health Benefit and Post-Retirement Medical Benefits

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

Note X: Deferred Compensation Plan

The Board offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency or upon death to their beneficiaries. The plan administrators are as follows:

AXA Equitable
Equitable Life Assurance
Lincoln National Life Insurance

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Sandyston-Walpack Consolidated School District (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Sandyston-Walpack Consolidated School District's general creditors. Participants' right under the Plan are equivalent to those of general creditors of the Sandyston-Walpack Consolidated School District in an amount equal to the fair market value of the deferred account for each participant.

The maximum amount of deferred compensation for any participant for any taxable year shall not exceed the lesser of \$18,000.00 or 100 percent of the participant's includible compensation for the taxable year except as provided by the limited catch-up provision which may effect a participant's last three taxable years ending before a participant attains normal retirement age as defined by plan.

During the year ended June 30, 2016 and 2017, the employees' contributions to the plan were \$50,820.00 and \$49,458.00, respectively.

Note XI: Risk Management

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -0-	\$ 4,954.13	\$ 2,874.06	\$ 38,472.52
2015-2016	128.23	4,955.01	2,154.97	36,341.01
2014-2015	1,565.01	2,832.11	1,434.49	25,648.47

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Note XI: Risk Management

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

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

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

Note XII: Compensated Absences

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the Food Service Fund.

Note XIV : Subsequent Events

The Sandyston-Walpack Consolidated School District has evaluated subsequent events through August 11, 2017, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

Section C

BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,047,702.00	\$ -	\$ 2,047,702.00	\$ 2,047,702.00	\$ -
Tuition	-	-	-	16,617.49	16,617.49
Interest Earned on Investments	3,000.00	-	3,000.00	3,090.83	90.83
Interest Earned on Capital Reserve Funds	1,000.00	-	1,000.00	1,864.30	864.30
Miscellaneous	-	-	-	3,605.98	3,605.98
Total - Local Sources	<u>2,051,702.00</u>	<u>-</u>	<u>2,051,702.00</u>	<u>2,072,680.58</u>	<u>20,978.58</u>
State Sources:					
Equalization Aid	465,729.00	-	465,729.00	465,729.00	-
Categorical Transportation Aid	11,383.00	-	11,383.00	11,383.00	-
Categorical Special Education Aid	87,136.00	-	87,136.00	87,136.00	-
Categorical Security Aid	2,651.00	-	2,651.00	2,651.00	-
Per Pupil Growth Aid	1,490.00	-	1,490.00	1,490.00	-
PARCC Readiness Aid	1,490.00	-	1,490.00	1,490.00	-
Professional Learning Community Aid	1,500.00	-	1,500.00	1,500.00	-
Host District Support Aid	1,740.00	-	1,740.00	1,740.00	-
Nonpublic Transportation Aid	-	-	-	174.00	174.00
TPAF Pension PRM & LTDI (On-Behalf - Non-Budgeted)	-	-	-	98,775.00	98,775.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	81,070.63	81,070.63
Total State Sources	<u>573,099.00</u>	<u>-</u>	<u>573,099.00</u>	<u>751,118.63</u>	<u>178,019.63</u>
Federal Sources:					
Impact Aid	-	-	-	373,550.99	373,550.99
Total - Federal Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,550.99</u>	<u>373,550.99</u>
Total Revenues	<u>2,624,801.00</u>	<u>-</u>	<u>2,624,801.00</u>	<u>3,197,350.20</u>	<u>572,549.20</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool/Kindergarten - Salaries of Teachers	110-100-101 \$ 78,805.00	\$ (8,458.14)	\$ 70,346.86	\$ 70,023.37	\$ 123.49
Grades 1-5 - Salaries of Teachers	120-100-101 618,862.00	(2,303.05)	616,558.95	614,473.42	2,085.53
Grades 6-8 - Salaries of Teachers	130-100-101 85,771.00	(2,578.90)	83,192.10	82,864.40	327.70
Regular Programs - Home Instruction:					
Salaries of Teachers	150-100-101 -	-	-	-	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	190-100-108 81,500.00	-	81,500.00	81,500.00	-
Purchased Professional-Educational Services	190-100-320 35,543.00	20,979.53	56,522.53	49,478.58	7,045.97
Purchased Technical Services	190-100-340 3,000.00	(1,457.00)	1,543.00	595.00	948.00
Other Purchased Services (400-500 series)	190-100-500 6,188.00	-	6,188.00	5,914.20	273.80
General Supplies	190-100-610 62,336.00	8,475.39	70,811.39	67,627.95	3,183.44
Textbooks	190-100-640 33,000.00	(1,299.61)	31,700.39	31,700.39	-
Other Objects	190-100-800 -	789.43	789.43	-	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>984,805.00</u>	<u>14,147.65</u>	<u>998,952.65</u>	<u>984,964.72</u>	<u>13,987.93</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	204-100-101 -	-	-	-	-
Other Salaries for Instruction	204-100-108 -	-	-	-	-
General Supplies	204-100-610 121.02	-	121.02	-	121.02
Total Learning and/or Language Disabilities	<u>121.02</u>	<u>-</u>	<u>121.02</u>	<u>-</u>	<u>121.02</u>
Resource Room/Resource Center:					
Salaries of Teachers	213-100-101 256,892.00	(9,549.73)	247,342.27	240,864.00	6,278.27
General Supplies	213-100-610 2,100.00	912.87	3,012.87	3,012.87	-
Total Resource Room/Resource Center	<u>258,992.00</u>	<u>(8,636.86)</u>	<u>250,355.14</u>	<u>243,876.87</u>	<u>6,278.27</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>259,113.02</u>	<u>(8,636.86)</u>	<u>250,476.28</u>	<u>243,876.87</u>	<u>6,399.29</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	230-100-101 108,983.00	2,682.10	111,665.10	111,645.10	-
General Supplies	230-100-610 1,000.00	-	1,000.00	748.91	251.09
Total Basic Skills/Remedial - Instruction	<u>109,983.00</u>	<u>2,682.10</u>	<u>112,665.10</u>	<u>112,394.01</u>	<u>251.09</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	401-100-100 1,000.00	141.00	1,141.00	1,141.00	-
Other Objects	401-100-800 3,200.00	984.14	4,184.14	2,650.14	1,534.00
Total School-Spon. Cocurricular Actvts. - Inst.	<u>4,200.00</u>	<u>1,125.14</u>	<u>5,325.14</u>	<u>3,791.14</u>	<u>1,534.00</u>
Summer School - Instruction					
Salaries of Teachers	422-100-101 4,800.00	-	4,800.00	4,800.00	-
Other Salaries of Instruction	422-100-108 480.00	52.75	532.75	532.75	-
Purchased Professional and Technical Services	422-100-300 2,000.00	400.00	2,400.00	2,400.00	-
Total Summer School - Instruction	<u>7,280.00</u>	<u>452.75</u>	<u>7,732.75</u>	<u>7,732.75</u>	<u>-</u>
Total Instruction	<u>1,365,161.02</u>	<u>9,770.78</u>	<u>1,374,931.80</u>	<u>1,352,759.49</u>	<u>22,172.31</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	000-100-562 17,500.00	53,667.45	71,167.45	71,167.45	-
Total Undistributed Expenditures - Instruction:	<u>17,500.00</u>	<u>53,667.45</u>	<u>71,167.45</u>	<u>71,167.45</u>	<u>-</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expend. - Attend. & Social Work						
Salaries	000-211-100	\$ 3,450.00	\$ -	\$ 3,450.00	\$ 3,450.00	\$ -
Total Undistributed Expend. - Attend. & Social Work		<u>3,450.00</u>	<u>-</u>	<u>3,450.00</u>	<u>3,450.00</u>	<u>-</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	53,600.00	3,176.42	56,776.42	56,776.42	-
Unused Sick Payment to Terminated/Retired Staff	000-213-299	1,470.00	-	1,470.00	945.00	525.00
Purchased Professional and Technical Services	000-213-300	1,400.00	-	1,400.00	1,312.00	88.00
Other Purchased Services (400-500 series)	000-213-500	160.00	-	160.00	-	160.00
Supplies and Materials	000-213-600	1,700.00	(395.00)	1,305.00	814.84	490.16
Other Objects	000-213-800	-	85.00	85.00	85.00	-
Total Undistributed Expenditures - Health Services		<u>58,330.00</u>	<u>2,866.42</u>	<u>61,196.42</u>	<u>59,933.26</u>	<u>1,263.16</u>
Undist. Expend. - Speech,OT,PT & Related Services						
Purchased Professional - Educational Services	000-216-320	130,679.00	(6,996.42)	123,682.58	107,498.75	16,183.83
Supplies and Materials	000-216-600	500.00	-	500.00	316.94	183.06
Total Undist. Expend. - Speech,OT,PT & Related Services		<u>131,179.00</u>	<u>(6,996.42)</u>	<u>124,182.58</u>	<u>107,815.69</u>	<u>16,366.89</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Salaries of Other Professional Staff	000-217-100	38,329.00	7,265.79	45,594.79	41,518.40	4,076.39
Purchased Professional - Educational Services	000-217-320	-	18,640.56	18,640.56	18,640.56	-
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		<u>38,329.00</u>	<u>25,906.35</u>	<u>64,235.35</u>	<u>60,158.96</u>	<u>4,076.39</u>
Undist. Expend. - Guidance						
Purchased Professional - Educational Services	000-218-320	4,065.00	-	4,065.00	-	4,065.00
Total Undist. Expend. - Guidance		<u>4,065.00</u>	<u>-</u>	<u>4,065.00</u>	<u>-</u>	<u>4,065.00</u>
Undist. Expend. - Child Study Team						
Salaries of Secretarial and Clerical Assistants	000-219-105	21,713.00	-	21,713.00	21,712.92	0.08
Purchased Professional - Educational Services	000-219-320	77,961.00	(652.79)	77,308.21	74,938.19	2,370.02
Other Purchased Prof. and Tech. Services	000-219-390	3,375.00	200.00	3,575.00	3,575.00	-
Supplies and Materials	000-219-600	-	113.00	113.00	113.00	-
Other Objects	000-219-800	-	150.00	150.00	150.00	-
Total Undist. Expend. - Child Study Team		<u>103,049.00</u>	<u>(189.79)</u>	<u>102,859.21</u>	<u>100,489.11</u>	<u>2,370.10</u>
Undist. Expend. - Improvement of Inst. Serv.						
Purchased Prof. Educational Services	000-221-320	3,000.00	189.79	3,189.79	3,189.79	-
Total Undist. Expend. - Improvement of Inst. Serv.		<u>3,000.00</u>	<u>189.79</u>	<u>3,189.79</u>	<u>3,189.79</u>	<u>-</u>
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	12,663.00	-	12,663.00	12,214.12	448.88
Purchased Professional and Technical Services	000-222-300	8,355.00	1,200.75	9,555.75	9,555.75	-
Supplies and Materials	000-222-600	10,497.00	(3,016.20)	7,480.80	2,458.52	5,022.28
Total Undist. Expend. - Edu. Media Serv./Sch. Library		<u>31,515.00</u>	<u>(1,815.45)</u>	<u>29,699.55</u>	<u>24,228.39</u>	<u>5,471.16</u>
Undist. Expend. - Instructional Staff Training Serv.						
Purchased Professional - Educational Services	000-223-320	5,000.00	10,835.04	15,835.04	15,835.04	-
Other Purchased Services (400-500 series)	000-223-500	500.00	431.28	931.28	931.28	-
Total Undist. Expend. - Instructional Staff Training Serv.		<u>5,500.00</u>	<u>11,266.32</u>	<u>16,766.32</u>	<u>16,766.32</u>	<u>-</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	89,561.00	0.46	89,561.46	89,561.46	-
Legal Services	000-230-331	5,000.00	(2,292.28)	2,707.72	1,750.07	957.65
Audit Fees	000-230-332	10,000.00	-	10,000.00	10,000.00	-
Other Purchased Professional Services	000-230-339	2,000.00	-	2,000.00	-	2,000.00
Purchased Technical Services	000-230-340	1,700.00	826.29	2,526.29	2,526.29	-
Communications/Telephone	000-230-530	1,100.00	-	1,100.00	1,049.97	50.03
BOE Other Purchased Services	000-230-585	-	5,972.98	5,972.98	5,972.98	-
Other Purchased Services (400-500 series)	000-230-590	7,874.00	(4,599.00)	3,275.00	3,275.00	-
General Supplies	000-230-610	3,300.00	(217.65)	3,082.35	2,277.73	804.62
Miscellaneous Expenditures	000-230-890	650.00	-	650.00	523.00	127.00
BOE Membership Dues and Fees	000-230-895	5,725.00	309.20	6,034.20	5,984.20	50.00
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>128,910.00</u>	<u>0.00</u>	<u>128,910.00</u>	<u>122,920.70</u>	<u>3,989.30</u>
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	57,500.00	-	57,500.00	57,499.98	0.02
Salaries of Other Professional Staff	000-240-104	3,000.00	-	3,000.00	2,993.90	6.10
Total Undist. Expend. - Support Serv. - School Admin.		<u>60,500.00</u>	<u>-</u>	<u>60,500.00</u>	<u>60,493.88</u>	<u>6.12</u>
Undist. Expend. - Central Services						
Salaries	000-251-100	71,362.00	245.13	71,607.13	71,607.12	0.01
Purchased Professional Services	000-251-330	3,519.00	-	3,519.00	3,519.00	-
Purchased Technical Services	000-251-340	2,500.00	-	2,500.00	2,359.06	140.94
Total Undist. Expend. - Central Services		<u>77,381.00</u>	<u>245.13</u>	<u>77,626.13</u>	<u>77,485.18</u>	<u>140.95</u>
Undist. Expend. - Allowable Maint. For School Facilities						
Salaries	000-261-100	27,500.00	-	27,500.00	27,500.00	-
Cleaning, Repair and Maintenance Services	000-261-420	20,375.00	15,603.58	35,978.58	34,478.58	1,500.00
General Supplies	000-261-610	14,900.00	(11,526.94)	3,373.06	3,127.11	245.95
Total Undist. Expend. - Allowable Maint. For School Facilities		<u>62,775.00</u>	<u>4,076.64</u>	<u>66,851.64</u>	<u>65,105.69</u>	<u>1,745.95</u>

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

		<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Salaries	000-262-100	\$ 60,770.00	\$ 2,499.20	\$ 63,269.20	\$ 60,069.44	\$ 3,199.76
Purchased Professional and Technical Services	000-262-300	11,462.00	(147.20)	11,314.80	9,812.00	1,502.80
Cleaning, Repair and Maintenance Services	000-262-420	4,699.00	4,230.20	8,929.20	8,929.20	-
Insurance	000-262-520	20,200.00	(1,528.45)	18,671.55	18,498.00	177.55
General Supplies	000-262-610	17,800.00	(111.61)	17,688.39	17,323.98	364.41
Energy (Electricity)	000-262-622	20,000.00	2,808.75	22,808.75	22,806.75	-
Energy (Oil)	000-262-624	25,000.00	(5,305.95)	19,694.05	17,380.00	2,314.05
Other Objects	000-262-800	266.00	-	266.00	166.00	100.00
Total Undist. Expend. - Other Oper. & Maint. Of Plant		<u>160,197.00</u>	<u>2,444.94</u>	<u>162,641.94</u>	<u>154,783.37</u>	<u>6,155.77</u>
Undist. Expend. - Care and Upkeep of Grounds						
Cleaning, Repair and Maintenance Services	000-263-420	<u>9,000.00</u>	-	<u>9,000.00</u>	<u>4,985.00</u>	<u>4,015.00</u>
Total Undist. Expend. - Care and Upkeep of Grounds		<u>9,000.00</u>	-	<u>9,000.00</u>	<u>4,985.00</u>	<u>4,015.00</u>
Undist. Expend. - Student Transportation Serv.						
Salaries of Non-Instructional Aides	000-270-107	13,678.00	(262.76)	13,415.24	5,310.35	8,104.89
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160	12,401.00	43.10	12,444.10	12,444.10	-
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161	2,172.00	262.76	2,434.76	2,434.76	-
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	3,000.00	-	3,000.00	2,780.00	240.00
Other Purchased Professional and Technical Services	000-270-390	5,000.00	-	5,000.00	4,504.59	495.41
Cleaning, Repair and Maintenance Services	000-270-420	14,000.00	(43.10)	13,956.90	4,536.99	8,419.91
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	000-270-503	3,536.00	(1,768.00)	1,768.00	1,332.88	435.12
Contracted Services - Aid in Lieu of Payments - Charter Schools	000-270-504	-	1,768.00	1,768.00	1,768.00	-
Contracted Services (Between Home and School) - Vendors	000-270-511	76,653.00	-	76,653.00	72,937.18	3,715.84
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	1,650.00	-	1,650.00	900.00	750.00
Contracted Services (Special Education Students) - Vendors	000-270-514	23,230.00	13,914.12	37,144.12	36,783.81	360.31
Miscellaneous Purchased Services - Transportation	000-270-593	1,883.00	-	1,883.00	-	1,883.00
Transportation Supplies	000-270-615	7,545.00	(69.50)	7,475.50	6,348.07	1,127.43
Miscellaneous Expenditures	000-270-890	100.00	69.50	169.50	169.50	-
Total Undist. Expend. - Student Transportation Serv.		<u>164,848.00</u>	<u>13,914.12</u>	<u>178,762.12</u>	<u>152,230.21</u>	<u>26,531.91</u>
ALLOCATED BENEFITS						
Health Benefits:						
Regular Programs - Instruction	100-100-270	304,305.00	-	304,305.00	303,826.28	478.72
Special Programs	200-100-270	59,659.00	-	59,659.00	59,659.00	-
Attendance	000-211-270	1,585.00	-	1,585.00	-	1,585.00
Health Services	000-213-270	8,928.00	-	8,928.00	8,928.00	-
Other Supp. Serv. Students - Extra Services	000-217-270	20,498.00	-	20,498.00	20,498.00	-
Child Study Team	000-219-270	6,340.00	-	6,340.00	6,340.00	-
General Administration	000-230-270	28,585.00	-	28,585.00	28,321.20	263.80
Central Services	000-251-270	7,790.00	-	7,790.00	7,790.00	-
Student Transportation Services	000-270-270	881.00	-	881.00	881.00	-
TOTAL ALLOCATED BENEFITS		<u>438,569.00</u>	-	<u>438,569.00</u>	<u>436,241.48</u>	<u>2,327.52</u>
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	35,000.00	15,137.25	50,137.25	49,737.12	400.13
Other Retirement Contributions - PERS	000-291-241	36,000.00	(4,867.00)	31,133.00	31,133.00	-
Other Retirement Contributions - DCRP	000-291-249	2,500.00	-	2,500.00	2,167.90	332.10
Unemployment Compensation	000-291-250	2,150.00	(1,321.83)	828.07	657.14	170.93
Workmen's Compensation	000-291-260	32,138.00	160.00	32,298.00	32,298.00	-
Tuition Reimbursement	000-291-280	5,000.00	4,127.00	9,127.00	9,127.00	-
Other Employee Benefits	000-291-290	2,000.00	434.79	2,434.79	2,434.79	-
TOTAL UNALLOCATED BENEFITS		<u>114,786.00</u>	<u>13,670.11</u>	<u>128,456.11</u>	<u>127,554.95</u>	<u>903.16</u>
TPAF Pension PRM & LTDI (On-Behalf - Non-Budgeted)		-	-	-	96,775.00	(96,775.00)
TPAF Social Security (Reimbursed - Non-Budgeted)		-	-	-	81,070.63	(81,070.63)
TOTAL ON-BEHALF CONTRIBUTIONS		-	-	-	<u>177,845.63</u>	<u>(177,845.63)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>553,357.00</u>	<u>13,670.11</u>	<u>567,027.11</u>	<u>741,642.06</u>	<u>(174,614.95)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>1,610,885.00</u>	<u>119,245.61</u>	<u>1,730,130.61</u>	<u>1,626,845.06</u>	<u>(98,417.25)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>2,976,046.02</u>	<u>129,018.39</u>	<u>3,105,064.41</u>	<u>3,179,604.55</u>	<u>(74,542.14)</u>
CAPITAL OUTLAY						
Facilities Acquisition and Construction Services						
Salaries	000-400-100	2,000.00	-	2,000.00	-	2,000.00
Architectural/Engineering Services	000-400-334	24,000.00	-	24,000.00	13,550.00	10,450.00
Other Purchased Professional and Technical Services	000-400-390	3,585.00	-	3,585.00	655.00	2,930.00
Construction Services	000-400-450	218,200.00	5,285.00	223,485.00	96,440.00	127,045.00
General Supplies	000-400-610	73,400.00	-	73,400.00	35,416.03	37,983.97
Assessment for Debt Service on SDA Funding	000-400-898	2,603.00	-	2,603.00	2,603.00	-
Total Facilities Acquisition and Construction Services		<u>323,788.00</u>	<u>5,285.00</u>	<u>329,073.00</u>	<u>148,664.03</u>	<u>180,408.97</u>
TOTAL CAPITAL OUTLAY		<u>323,788.00</u>	<u>5,285.00</u>	<u>329,073.00</u>	<u>148,664.03</u>	<u>180,408.97</u>
Transfer of Funds to Charter Schools	000-100-56X	25,914.00	-	25,914.00	25,914.00	-
TOTAL EXPENDITURES		<u>3,325,748.02</u>	<u>134,301.39</u>	<u>3,460,049.41</u>	<u>3,354,182.58</u>	<u>105,866.83</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (700,947.02)	\$ (134,301.39)	\$ (835,248.41)	\$ (156,632.38)	\$ 678,416.03
Other Financing Sources (Uses):					
Operating Transfer Out:					
Transfer to Food Service Fund	(8,137.00)	-	(8,137.00)	(8,070.72)	66.28
Total Other Financing Sources (Uses)	<u>(8,137.00)</u>	<u>-</u>	<u>(8,137.00)</u>	<u>(8,070.72)</u>	<u>66.28</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(709,084.02)	(134,301.39)	(843,385.41)	(164,903.10)	678,482.31
Fund Balance, July 1	<u>1,947,056.22</u>	<u>-</u>	<u>1,947,056.22</u>	<u>1,947,056.22</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1,237,972.20</u>	<u>\$ (134,301.39)</u>	<u>\$ 1,103,670.81</u>	<u>\$ 1,782,153.12</u>	<u>\$ 678,482.31</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):					
Increase in Capital Reserve	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 1,664.30	\$ 664.30
Withdrawal from Capital Reserve	(321,185.00)	(5,285.00)	(326,470.00)	(146,061.03)	180,408.97
Withdrawal from Maintenance Reserve		(5,221.58)	(5,221.58)	(5,221.58)	-
Withdrawal from Impact Aid Reserve Reserve		(96,006.63)	(96,006.63)	(96,006.63)	-
Adjustment for Prior Year Encumbrances	(616.02)	-	(616.02)	(616.02)	-
Budgeted Fund Balance	<u>(388,283.00)</u>	<u>(27,787.98)</u>	<u>(416,070.98)</u>	<u>81,338.06</u>	<u>497,409.04</u>
Total	<u>\$ (709,084.02)</u>	<u>\$ (134,301.39)</u>	<u>\$ (843,385.41)</u>	<u>\$ (164,903.10)</u>	<u>\$ 678,482.31</u>
Analysis of Fund Balance June 30, 2017:					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 78,344.48	
Capital Reserve Account				544,609.10	
Maintenance Reserve				166,359.66	
Impact Aid Reserve				308,021.38	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				433,644.52	
Unassigned Fund Balance				<u>250,174.00</u>	
				<u>\$ 1,782,153.12</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Fund Balance June 30, 2017				\$ 1,782,153.12	
Last Two Current Year State Aid Payments Not Realized on GAAP Basis				<u>(57,045.00)</u>	
				<u>\$ 1,725,107.12</u>	

BOARD OF EDUCATION
 SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 55,905.00	\$ 20,993.00	\$ 76,898.00	\$ 75,158.49	\$ 1,739.51
Total Revenues	\$ 55,905.00	\$ 20,993.00	\$ 76,898.00	\$ 75,158.49	\$ 1,739.51
EXPENDITURES:					
Instruction					
Personal Services - Salaries	\$ 18,000.00	\$ 12,095.00	\$ 30,095.00	\$ 29,038.75	\$ 1,056.25
Other Purchased Services (400-500 series)		3,803.00	3,803.00	3,803.00	-
General Supplies	-	3,121.00	3,121.00	3,078.74	42.26
Total Instruction	18,000.00	19,019.00	37,019.00	35,920.49	1,098.51
Support Services					
Purchased Professional - Educational Services	37,905.00	1,974.00	39,879.00	39,238.00	641.00
Total Support Services	37,905.00	1,974.00	39,879.00	39,238.00	641.00
Total Expenditures	55,905.00	20,993.00	76,898.00	75,158.49	1,739.51
Total Outflows	\$ 55,905.00	\$ 20,993.00	\$ 76,898.00	\$ 75,158.49	\$ 1,739.51

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION –
PART II**

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2017

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1&C-2]	\$ 3,197,350.20	\$ 75,158.49
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		(421.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 3,196,929.20</u>	<u>\$ 75,158.49</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1&C-2]	\$ 3,354,182.58	\$ 75,158.49
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	\$ -		
Net transfers (outflows) to general fund		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 3,354,182.58</u>	<u>\$ 75,158.49</u>

**REQUIRED SUPPLEMENTARY INFORMATION -
PART III**

Section L

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68)**

BOARD OF EDUCATION
 SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability- PERS

	Fiscal Year Ending June 30,			
	2017	2016	2015	2014
District's proportion of the net pension liability	0.0034784440%	0.0039817068%	0.0040790379%	0.0041734376%
District's proportionate share of the net pension liability	\$ 1,030,215.00	\$ 893,813.00	\$ 763,707.00	\$ 797,627.00
District's covered employee payroll	\$ 308,655.00	\$ 267,217.00	\$ 252,637.00	\$ 274,406.00
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	333.78%	334.49%	302.29%	290.67%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.92%	52.08%	48.72%

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

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Schedule of District Contributions- PERS**

	<u>Fiscal Year Ending June 30,</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 31,133.00	\$ 34,232.00	\$ 33,627.00	\$ 31,446.00
Contributions in relation to the contractually required contribution	<u>(31,133.00)</u>	<u>(34,232.00)</u>	<u>(33,627.00)</u>	<u>(31,446.00)</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 308,655.00	\$ 287,217.00	\$ 252,637.00	\$ 274,406.00
Contributions as a percentage of covered employee payroll	10.08%	12.81%	13.31%	11.46%

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability- TPAF

	Fiscal Year Ending June 30,			
	2017	2016	2015	2014
District's proportion of the State's net pension liability	(1)	0.0116649520%	0.0108884150%	0.0119134199%
District's proportionate share of the State's net pension liability	(1)	\$ 7,372,748.00	\$ 5,820,037.91	\$ 6,020,948.72
District's covered employee payroll	\$ 1,061,064.00	\$ 1,070,167.00	\$ 1,056,419.00	\$ 1,164,538.00
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	0.00%	688.93%	550.92%	517.02%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.78%

(1) Information not available

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

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION –
PART III**

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

A. Benefit Changes

There were none.

B. Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016 in accordance with Paragraph 44 of GASB Statement No. 67.

TEACHERS' PENSION AND ANNUITY FUND

A. Benefit Changes

There were none.

B. Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016 in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

Section D

SCHOOL LEVEL SCHEDULES

Section E
SPECIAL REVENUE FUND

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

		<u>Total</u>	<u>Federal Aid</u>
REVENUES			
Federal Sources		\$ 75,158.49	\$ 75,158.49
		<u>75,158.49</u>	<u>75,158.49</u>
Total Revenues		\$ 75,158.49	\$ 75,158.49
EXPENDITURES:			
Instruction:			
Personal Services - Salaries	100-100	\$ 29,038.75	\$ 29,038.75
Other Purchased Services (400-500 series)	100-500	3,803.00	3,803.00
General Supplies	100-610	<u>3,078.74</u>	<u>3,078.74</u>
Total Instruction		<u>35,920.49</u>	<u>35,920.49</u>
Support Services:			
Purchased Professional - Educational Services	200-320	<u>39,238.00</u>	<u>39,238.00</u>
Total Support Services		<u>39,238.00</u>	<u>39,238.00</u>
Total Expenditures		\$ 75,158.49	\$ 75,158.49

BOARD OF EDUCATION
 SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	Total	E.S.E.A.		I.D.E.A. Part B		R.E.A.P.
		Title I	Title II	Basic	Preschool	
REVENUES						
Federal Sources	\$ 75,158.49	\$ 15,972.49	\$ 4,318.00	\$ 34,922.00	\$ 1,103.00	\$ 18,845.00
Total Federal Revenues	\$ 75,158.49	\$ 15,972.49	\$ 4,318.00	\$ 34,922.00	\$ 1,103.00	\$ 18,845.00
EXPENDITURES:						
Instruction:						
Personal Services - Salaries	100-100	\$ 29,038.75	\$ 10,193.75	\$ -	\$ -	\$ 18,845.00
Other Purchased Services (400-500 series)	100-500	3,803.00	2,700.00		1,103.00	-
General Supplies	100-610	3,078.74	3,078.74		-	-
Total Instruction		35,920.49	15,972.49		1,103.00	18,845.00
Support Services:						
Purchased Professional - Educational Services	200-320	39,238.00	4,316.00	34,922.00		
Total Support Services		39,238.00	4,316.00	34,922.00	-	-
Total Expenditures		\$ 75,158.49	\$ 15,972.49	\$ 4,316.00	\$ 34,922.00	\$ 1,103.00

Section F
CAPITAL PROJECTS FUND

Section G
PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

Section H
FIDUCIARY FUND

**BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017**

<u>Schools</u>	<u>Balance June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2017</u>
Student Council	\$ 880.02	\$ 697.50	\$ 660.45	\$ 917.07
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 880.02</u>	<u>\$ 697.50</u>	<u>\$ 660.45</u>	<u>\$ 917.07</u>

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 34,648.78	\$ 847,985.76	\$ 837,553.60	\$ 45,080.94
Net Salaries and Wages	-	982,597.05	982,597.05	-
Interfund Accounts Payable	<u>10,641.06</u>	<u>4,954.13</u>	<u>2,874.06</u>	<u>12,721.13</u>
	<u>\$ 45,289.84</u>	<u>\$ 1,835,536.94</u>	<u>\$ 1,823,024.71</u>	<u>\$ 57,802.07</u>

Section I
LONG – TERM DEBT

STATISTICAL SECTION (UNAUDITED)

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

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Position by Component
J-2	Changes in Net Position
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

Demographic and Economic Information

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

Operating Information

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

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

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 1,119,510.20	\$ 1,031,753.41	\$ 976,484.20	\$ 961,214.76	\$ 963,075.43	\$ 997,861.28	\$ 957,011.62	\$ 996,965.69	\$ 929,590.36	\$ 967,499.53
Restricted	1,098,334.60	1,330,408.52	1,066,846.71	955,605.90	764,740.86	374,983.16	296,649.58	157,779.33	267,700.25	259,918.70
Unrestricted	(458,204.49)	(306,022.19)	169,057.55	1,119,166.65	802,403.54	695,427.72	631,683.87	505,933.10	529,978.43	641,869.77
Total governmental activities net position	\$ 1,759,640.31	\$ 2,056,139.74	\$ 2,212,388.46	\$ 3,035,987.31	\$ 2,530,219.83	\$ 2,068,272.16	\$ 1,885,345.07	\$ 1,660,678.12	\$ 1,727,269.04	\$ 1,869,288.00
Business-type activities										
Net investment in capital assets		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Unrestricted	10,687.94	9,422.53	8,267.94	12,290.34	11,216.53	9,759.01	8,275.26	6,789.56	5,205.27	5,871.64
Total business-type activities net position	\$ 10,687.94	\$ 9,422.53	\$ 8,267.94	\$ 12,290.34	\$ 11,216.53	\$ 9,759.01	\$ 8,275.26	\$ 6,789.56	\$ 5,205.27	\$ 5,871.64
District-wide										
Net investment in capital assets	\$ 1,119,510.20	\$ 1,031,753.41	\$ 976,484.20	\$ 961,214.76	\$ 963,075.43	\$ 997,861.28	\$ 957,011.62	\$ 996,965.69	\$ 929,590.36	\$ 967,499.53
Restricted	1,098,334.60	1,330,408.52	1,066,846.71	955,605.90	764,740.86	374,983.16	296,649.58	157,779.33	267,700.25	259,918.70
Unrestricted	(447,516.55)	(296,599.66)	177,325.49	1,131,456.99	813,620.07	705,186.73	639,959.13	512,722.66	535,183.70	647,741.41
Total district net position	\$ 1,770,328.25	\$ 2,065,562.27	\$ 2,220,658.40	\$ 3,048,277.65	\$ 2,541,436.36	\$ 2,078,031.17	\$ 1,893,620.33	\$ 1,667,467.68	\$ 1,732,474.31	\$ 1,875,159.64

Source: District records

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,621,130.36	\$ 1,497,162.61	\$ 1,354,863.12	\$ 1,253,376.63	\$ 1,292,378.36	\$ 1,086,581.20	\$ 1,080,603.54	\$ 1,291,953.56	\$ 1,349,039.30	\$ 1,432,316.85
Special education	386,109.78	371,690.12	376,855.32	379,244.41	371,260.88	403,426.42	352,274.98	376,226.44	261,378.00	234,511.91
Other instruction	161,632.30	153,286.16	130,666.64	123,028.50	127,609.63	193,029.81	192,914.81	160,833.48	132,267.25	124,683.39
Support Services:										
Tuition	71,167.45	33,167.00	75,596.88	40,441.00	16,053.03	27,887.68	27,954.05	40,263.17	78,321.25	75,902.74
Student and instruction related services	496,296.46	519,718.12	505,908.53	393,855.58	422,664.69	429,684.30	378,652.50	347,610.14	312,929.71	319,281.55
School administrative services	80,197.53	72,890.66	73,444.15	80,825.04	81,099.67	68,439.82	68,308.36	59,883.73	70,907.23	74,642.86
General and business administrative services	291,443.50	257,985.57	251,282.10	260,456.24	251,193.97	244,234.67	227,190.15	226,642.78	222,437.47	234,951.20
Plant operations and maintenance	254,393.19	270,367.30	272,385.26	245,561.66	213,093.82	229,279.27	238,351.98	257,237.30	227,087.87	229,873.99
Pupil transportation	169,628.83	169,532.53	171,333.53	148,453.92	176,256.13	162,128.70	143,478.55	150,291.21	224,686.68	225,282.49
SDA Debt Service Assessment	2,603.00	2,603.00	2,603.00	2,603.00	1,688.00	1,230.00	2,115.00			
Charter Schools	25,914.00	-	-	26,306.00				19,356.00	47,428.00	12,833.00
Total governmental activities expenses	3,560,516.40	3,348,395.27	3,214,938.53	2,953,951.96	2,953,298.20	2,825,921.87	2,721,843.92	2,930,297.81	2,926,482.96	2,964,279.98
Business-type activities:										
Food service	15,638.62	15,642.45	18,806.91	17,673.64	17,823.72	16,956.95	16,923.68	19,752.91	23,211.36	21,005.53
Total business-type activities expense	15,638.62	15,642.45	18,806.91	17,673.64	17,823.72	16,956.95	16,923.68	19,752.91	23,211.36	21,005.53
Total district-wide expenses	3,576,155.02	3,364,037.72	3,233,745.44	2,971,625.62	2,971,121.92	2,842,878.82	2,738,767.60	2,950,050.72	2,949,694.32	2,985,285.51
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	351,364.48	348,387.68	341,232.65	362,631.01	411,169.10	337,765.02	266,591.31	402,422.28	378,532.33	505,290.14
Total governmental activities program revenues	351,364.48	348,387.68	341,232.65	362,631.01	411,169.10	337,765.02	266,591.31	402,422.28	378,532.33	505,290.14

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-type activities:										
Charges for services										
Food service	\$ 6,136.36	\$ 5,763.50	\$ 5,255.65	\$ 5,412.85	\$ 6,610.00	\$ 9,003.15	\$ 7,789.31	\$ 8,959.70	\$ 10,490.65	\$ 9,146.10
Operating grants and contributions	2,679.05	3,210.71	1,846.59	3,370.23	2,865.38	2,169.55	3,106.85	4,521.91	2,667.77	2,889.48
Total business-type activities program revenues	8,815.41	8,974.21	7,102.24	8,783.08	9,475.38	11,172.70	10,906.16	13,481.61	13,158.42	12,045.58
Total district-wide program revenues	360,179.89	357,361.89	348,334.89	371,414.09	420,644.46	348,897.72	277,497.47	415,903.89	391,860.75	517,335.72
Net (Expense)/Revenue										
Governmental activities	(3,209,151.92)	(3,000,007.59)	(2,873,705.86)	(2,591,320.97)	(2,542,129.10)	(2,488,156.85)	(2,455,252.61)	(2,527,875.53)	(2,547,950.63)	(2,458,989.84)
Business-type activities	(6,823.21)	(6,668.24)	(11,704.67)	(8,880.56)	(8,348.34)	(5,784.25)	(6,017.52)	(6,271.30)	(10,052.84)	(8,959.85)
Total district-wide net expense	(3,215,975.13)	(3,006,675.83)	(2,885,410.53)	(2,600,211.53)	(2,650,477.44)	(2,493,941.10)	(2,461,270.13)	(2,534,146.83)	(2,558,003.57)	(2,467,949.70)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	2,047,702.00	2,007,551.00	1,968,188.00	1,929,507.00	1,923,603.00	1,885,886.00	1,848,068.00	1,731,136.00	1,622,517.00	1,600,533.00
Federal and State aid not restricted	848,042.63	837,226.65	842,985.23	1,172,787.30	1,084,701.93	787,863.10	830,595.48	707,517.60	760,857.76	750,046.87
Tuition (other than special schools)	16,517.49	-	-	-	-	-	-	-	-	-
Investment earnings	4,755.13	4,419.35	4,772.34	4,455.00	4,013.34	2,731.49	3,814.72	7,542.25	20,065.00	26,879.01
Miscellaneous income	3,605.86	2,372.22	8,004.83	211.21	1,544.78	1,851.85	4,067.19	22,892.57	11,750.78	5,072.48
N.J. Economic Development Authority grants	-	-	-	-	-	-	-	-	-	-
Transfers	(8,070.72)	(7,810.35)	(7,662.17)	(9,942.06)	(9,786.28)	(7,249.50)	(7,465.83)	(7,803.81)	(9,258.87)	(8,754.81)
Total governmental activities	2,912,652.49	2,843,758.87	2,816,288.03	3,067,088.45	3,004,076.77	2,671,083.94	2,679,919.56	2,461,284.61	2,405,931.67	2,373,776.55
Business-type activities:										
Investment earnings	17.90	12.48	20.11	22.31	19.58	19.49	37.39	51.78	127.70	180.71
Transfers	6,070.72	7,810.35	7,662.17	9,942.06	9,786.28	7,248.50	7,465.83	7,803.81	9,258.87	8,754.81
Total business-type activities	6,088.62	7,822.83	7,682.28	9,964.37	9,805.86	7,267.99	7,503.22	7,855.59	9,386.57	8,935.52
Total district-wide general revenues	2,920,741.11	2,851,581.70	2,823,970.31	3,107,052.82	3,013,882.63	2,678,351.93	2,687,422.78	2,469,140.20	2,415,318.24	2,382,712.07
Change in Net Position										
Governmental activities	(296,499.43)	(156,248.72)	(57,417.85)	505,767.48	461,947.67	182,927.09	224,666.95	(86,590.92)	(142,018.96)	(85,213.29)
Business-type activities	1,265.41	1,154.59	(4,022.39)	1,073.81	1,457.52	1,483.74	1,485.70	1,584.29	(866.37)	(24.43)
Total district-wide change in net position	\$ (295,234.02)	\$ (155,094.13)	\$ (61,440.24)	\$ 506,841.29	\$ 463,405.19	\$ 184,410.83	\$ 226,152.65	\$ (65,006.63)	\$ (142,885.33)	\$ (85,237.72)

Source: District records

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Restricted	\$ 1,019,990.12	\$ 860,587.07	\$ 942,702.68	\$ 952,986.90	\$ 764,428.86	\$ 374,983.16	\$ 279,640.10	\$ -	\$ -	\$ -
Assigned	511,989.00	467,243.50	570,234.03	377,901.00	243,281.76	265,011.00	226,819.48			
Unassigned	193,128.00	562,600.65	563,993.00	819,077.10	631,493.61	479,767.00	494,198.52			
Reserved								157,779.33	267,700.25	259,918.70
Unreserved								576,171.50	607,994.54	714,853.24
Total general fund	<u>\$ 1,725,107.12</u>	<u>\$ 1,890,431.22</u>	<u>\$ 2,076,929.71</u>	<u>\$ 2,149,965.00</u>	<u>\$ 1,639,204.23</u>	<u>\$ 1,139,761.16</u>	<u>\$ 1,000,658.10</u>	<u>\$ 733,950.83</u>	<u>\$ 875,694.79</u>	<u>\$ 974,771.94</u>
All Other Governmental Funds										
Restricted, reported in:										
Capital projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund										
Assigned, reported in:										
Capital projects fund										
Reserved										
Unreserved, reported in:										
Capital projects fund										
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Fund Balances	<u>\$ 1,725,107.12</u>	<u>\$ 1,890,431.22</u>	<u>\$ 2,076,929.71</u>	<u>\$ 2,149,965.00</u>	<u>\$ 1,639,204.23</u>	<u>\$ 1,139,761.16</u>	<u>\$ 1,000,658.10</u>	<u>\$ 733,950.83</u>	<u>\$ 875,694.79</u>	<u>\$ 974,771.94</u>

Source: District records

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax levy	\$ 2,047,702.00	\$ 2,007,551.00	\$ 1,968,188.00	\$ 1,929,597.00	\$ 1,923,603.00	\$ 1,885,886.00	\$ 1,848,908.00	\$ 1,731,136.00	\$ 1,622,517.00	\$ 1,600,533.00
Tuition charges	16,617.49									
Interest earnings	4,755.13	4,419.35	4,772.34	4,455.00	4,013.34	2,731.49	3,814.72	7,542.25	20,065.00	26,879.01
Miscellaneous	3,605.96	2,372.22	8,004.83	211.21	1,544.78	1,851.85	4,067.19	22,892.57	11,750.78	5,072.48
State sources	750,607.63	752,798.68	750,402.88	774,245.36	786,908.03	759,989.32	693,747.16	722,080.33	790,884.65	878,955.96
Federal sources	448,709.48	432,815.65	433,815.00	761,152.65	708,963.00	565,638.80	403,439.63	386,959.55	348,505.44	376,381.05
Total revenues	3,272,087.69	3,199,956.90	3,165,182.85	3,469,661.52	3,425,032.15	3,016,067.46	2,953,976.70	2,871,510.70	2,793,722.87	2,887,821.50
Expenditures										
Instruction										
Regular instruction	1,019,782.21	1,006,874.34	970,860.00	891,545.01	915,964.97	759,239.37	795,076.10	946,903.29	979,156.57	1,003,740.66
Special education instruction	244,979.87	255,366.71	252,767.62	265,854.42	258,351.14	264,862.83	229,582.58	250,927.06	179,028.30	169,007.87
Other instruction	123,917.90	129,328.03	111,417.75	87,841.98	92,113.00	161,991.21	161,076.23	135,089.05	114,358.38	101,891.60
Support Services:										
Tuition	71,167.45	33,167.00	75,596.88	40,441.00	16,053.03	27,887.68	27,954.05	40,263.17	78,321.25	75,902.74
Student and instruction related services	415,269.52	447,686.44	430,553.24	336,980.22	358,291.38	360,380.17	327,523.56	307,146.31	271,208.58	262,371.41
School administrative services	60,493.88	60,816.56	61,630.58	58,508.00	55,907.98	56,926.36	57,776.98	55,471.07	60,201.00	57,560.96
General and business administrative services	200,405.88	203,858.84	202,890.74	192,209.15	180,225.82	187,497.42	181,095.97	188,151.57	180,352.38	176,214.06
Plant operations and maintenance	224,874.08	253,072.25	256,040.04	218,047.97	188,798.32	106,189.16	207,962.48	230,398.98	202,309.19	194,770.96
Pupil transportation	152,230.21	156,245.93	159,256.93	132,676.87	152,838.16	149,008.26	132,076.38	139,012.76	211,444.14	212,979.70
Employee benefits	741,642.06	719,173.60	643,921.76	652,740.04	686,954.27	612,835.76	565,342.35	584,206.59	558,663.37	650,062.40
Charter Schools	25,914.00			26,306.00				19,356.00	47,428.00	12,833.00
Capital outlay	148,664.03	113,255.23	66,811.43	47,808.03	10,303.75	84,927.68	3,335.00	108,525.00	1,070.00	109,779.00
Total expenditures	3,429,341.07	3,378,645.04	3,230,555.97	2,948,958.69	2,915,802.80	2,869,745.90	2,679,803.60	3,005,450.85	2,883,541.15	3,027,114.66
Excess (Deficiency) of revenues over (under) expenditures	(157,253.38)	(178,688.14)	(65,373.12)	520,702.83	509,229.35	146,351.56	274,173.10	(133,940.15)	(88,818.28)	(139,293.16)

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

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

	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other Financing sources (uses)										
N.J. Economic Development Authority grants										
Transfers in										
Transfers out	(8,070.72)	(7,810.35)	(7,662.17)	(9,942.06)	(9,786.28)	(7,248.50)	(7,465.83)	(7,803.81)	(9,258.87)	(8,754.81)
Total other financing sources (uses)	<u>(8,070.72)</u>	<u>(7,810.35)</u>	<u>(7,662.17)</u>	<u>(9,942.06)</u>	<u>(9,786.28)</u>	<u>(7,248.50)</u>	<u>(7,465.83)</u>	<u>(7,803.81)</u>	<u>(9,258.87)</u>	<u>(8,754.81)</u>
Net change in fund balances	<u>\$ (165,324.10)</u>	<u>\$ (186,498.49)</u>	<u>\$ (73,035.29)</u>	<u>\$ 510,760.77</u>	<u>\$ 499,443.07</u>	<u>\$ 139,103.06</u>	<u>\$ 266,707.27</u>	<u>\$ (141,743.96)</u>	<u>\$ (99,077.15)</u>	<u>\$ (148,047.97)</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

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

**General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Interest</u>	<u>Prior Year Refunds</u>	<u>Donations</u>	<u>Miscellaneous</u>
2008	\$ 31,951.49	\$ -	\$ 26,879.01	\$ -	\$ -	\$ 5,072.48
2009	31,815.78		20,065.00			11,750.78
2010	30,434.82		7,542.25			22,892.57
2011	7,881.91		3,814.72			4,067.19
2012	4,583.34		2,731.49			1,851.85
2013	5,558.12		4,013.34			1,544.78
2014	4,666.21		4,455.00			211.21
2015	12,776.97		4,772.34			8,004.63
2016	6,791.57		4,419.35			2,372.22
2017	24,978.58	16,617.49	4,755.13			3,605.96

Source: District records

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

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

Sandyston Township

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2008	\$ 14,650,800	\$ 202,755,300	\$ 31,920,800	\$ 20,093,100	\$ 2,373,100	\$ -	\$ 271,793,100	\$ 661,426	\$ 272,454,526	\$ 289,635,447	1.135
2009	13,944,800	203,957,600	31,699,800	19,996,300	2,373,100	-	271,961,600	497,013	272,458,613	304,828,906	1.208
2010	12,933,200	205,131,800	32,489,100	20,104,200	2,373,100	-	273,031,400	634,888	273,666,288	276,815,900	1.260
2011	12,335,500	206,092,100	32,481,600	20,534,700	2,373,100	-	273,817,000	703,921	274,520,921	274,602,009	1.308
2012	11,035,500	205,931,200	32,592,400	20,456,800	2,373,100	-	272,389,000	745,124	273,134,124	272,612,988	1.367
2013	10,065,600	205,923,200	33,272,400	20,557,800	2,373,100	-	272,192,100	730,033	272,922,133	241,708,092	1.368
2014	9,847,400	204,725,200	33,620,500	20,498,900	2,373,100	-	271,065,100	732,409	271,797,509	254,896,069	1.362
2015	6,027,800	169,773,000	29,637,200	17,823,500	2,112,800	-	225,374,300	853,490	226,227,790	239,858,743	1.657
2016	5,945,000	170,411,400	29,262,000	17,938,700	1,963,200	-	225,520,300	731,978	226,252,278	246,356,077	1.668
2017	5,964,800	171,603,000	28,963,000	17,885,100	1,963,200	-	226,379,100	-	226,379,100	244,406,764	1.660

Source: Municipal Tax Assessor

Walpack Township

Fiscal Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2008	\$ 85,100	\$ 645,250	\$ 523,950	\$ 1,077,400	\$ -	\$ -	\$ 2,331,700	\$ 65,827	\$ 2,397,527	\$ 2,887,175	0.360
2009	85,100	645,250	523,950	1,077,400	-	-	2,331,700	65,386	2,397,086	2,443,618	0.154
2010	85,100	645,250	523,950	1,077,400	-	-	2,331,700	60,297	2,391,997	2,897,014	0.000
2011	85,100	645,250	523,950	1,077,400	-	-	2,331,700	75,086	2,406,786	3,059,927	0.000
2012	85,100	561,750	468,150	1,226,800	-	-	2,341,800	78,403	2,420,203	3,057,657	0.000
2013	85,100	561,750	468,150	1,226,800	-	-	2,341,800	78,403	2,420,203	3,057,657	0.000
2014	441,800	582,350	445,700	1,452,700	-	-	2,922,550	75,403	2,997,953	3,486,185	0.000
2015	68,000	561,750	445,700	1,452,700	-	-	2,528,150	96,021	2,624,171	3,085,456	0.000
2016	68,000	561,750	445,700	1,452,700	-	-	2,528,150	80,304	2,608,454	2,915,163	0.003
2017	-	-	-	-	-	-	-	-	-	2,932,623	-

Source: Municipal Tax Assessor

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

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

Sandyston Township

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	Regional School	County	
2008	1.122	0.012	1.135	0.170		0.410	1.715
2009	1.208		1.208	0.191		0.427	1.826
2010	1.260		1.260	0.191		0.410	1.861
2011	1.308		1.308	0.191		0.435	1.934
2012	1.367		1.367	0.196		0.465	2.028
2013	1.368		1.368	0.200		0.439	2.007
2014	1.362		1.362	0.201		0.490	2.053
2015	1.657		1.657	0.261		0.547	2.465
2016	1.668		1.668	0.332		0.553	2.553
2017	1.660		1.660	0.300		0.581	2.541

Source: Municipal Tax Collector

Walpack Township

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	Regional School	County	
2008	0.348	0.015	0.380			0.419	0.760
2009	0.143	0.011	0.154			0.400	0.554
2010	-	-	-			0.451	0.451
2011	-	-	-			0.578	0.578
2012	-	-	-			0.580	0.580
2013	-	-	-			0.596	0.596
2014	-	-	-			0.602	0.602
2015	-	-	-		1.757	0.599	2.356
2016	0.003	-	0.003		1.753	0.609	2.365
2017	-	-	-				-

Source: Municipal Tax Collector

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited

Sandyston Township

Fiscal Year Ended June 30,	2017			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Dingmans Choice & Delaware Bridge	\$ 1,500,000	1	0.005496073			
Global Signal Acquisitions IV, LLC	1,232,000	2	0.004514108			
Hidden Acres Fam	949,700	3	0.003479747			
Shi Resources, LP	876,500	4	0.003211539			
Ariben Realty, LLC	834,200	5	0.003056549			
Naftal, Marvin J & Frances G. TST	780,700	6	0.002860523		Not Available	
Individual Taxpayer #1	688,500	7	0.002522698			
Individual Taxpayer #2	662,100	8	0.002425967			
Individual Taxpayer #3	587,900	9	0.002154094			
Barbagallo Realty	581,300	10	0.002138725			
Total	<u>\$ 8,692,900</u>		<u>2.97%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: Municipal Tax Assessor

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited

Walpack Township

Fiscal Year Ended June 30,	2017			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Walpack Inn	\$ 982,800	1	0.406081639			
Kenneth Salazar, LLC	469,900	2	0.194157267			
Individual Taxpayer #1	175,300	3	0.072431941			
BA Handler	113,900	4	0.047062168			
Maurus-Sullivan Joyce	86,300	5	0.028786309			
Maglio, Kelly	85,400	6	0.035286296			
Overlook Rod & Gun	77,000	7	0.031815513		Not Available	
United Telephone of NJ	74,445	8	0.030759816			
Heigis, James C/O Walpack	74,000	9	0.030575948			
Commerce Street Associates, Inc.	65,900	10	0.027229121			
Total	\$ 2,204,945		90.42%	\$ -		0.00%

Source: Municipal Tax Assessor

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

**Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Sandyston Township

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 4,419,230	\$ 4,318,495	97.72%	\$ 74,107	\$ 4,318,495	97.72%
2008	4,681,504	4,507,675	96.28%	135,092	4,642,767	99.17%
2009	4,989,934	4,791,800	96.02%	162,537	4,954,337	99.28%
2010	5,105,239	4,946,070	96.88%	135,073	5,081,142	99.52%
2011	5,314,094	5,153,648	96.98%	115,934	5,269,582	99.16%
2012	5,560,224	5,389,103	96.92%	130,554	5,519,657	99.27%
2013	5,485,293	5,319,151	96.97%	120,842	5,439,993	99.17%
2014	5,592,756	5,415,225	96.82%	135,657	5,550,882	99.25%
2015	5,586,657	5,432,289	97.23%	130,061	5,562,350	99.56%
2016	5,805,903	5,647,200	97.26%		5,647,200	97.26%

Source: Municipal Tax Collector

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

**Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Walpack Township

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 18,727	\$ 18,727	100.00%	\$ -	\$ 18,727	100.00%
2008	17,372	17,372	100.00%	-	17,372	100.00%
2009	13,182	13,182	100.00%	-	13,182	100.00%
2010	10,853	10,853	100.00%	-	10,853	100.00%
2011	10,855	10,855	100.00%	-	10,855	100.00%
2012	17,288	13,142	76.02%	-	13,142	76.02%
2013	17,880	15,520	86.80%	2,352	17,872	99.95%
2014	18,048	16,904	93.66%	1,144	18,048	100.00%
2015	61,825	56,921	92.06%	-	56,921	92.06%
2016			#DIV/0!		-	#DIV/0!

Source: Municipal Tax Collector

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	-
2009						-	0.00%	-
2010						-	0.00%	-
2011						-	0.00%	-
2012							0.00%	-
2013							0.00%	-
2014							0.00%	-
2015							0.00%	-
2016							0.00%	-
2017							0.00%	-

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2008	\$ -	\$ -	\$ -	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-

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

**Direct and Overlapping Governmental Activities Debt
As of December 31, 2016
Unaudited**

	<u>Sandyston Township</u>	<u>Walpack Township</u>
Net Direct Debt of School District as of December 31, 2016	\$ -	\$ -
Net Overlapping Debt of School District:		
Municipal (100%)	-	-
Regional School Share	147,139.53	-
County of Sussex Share (1)	<u>1,630,124.81</u>	<u>19,263.09</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2016	<u>\$ 1,777,264.34</u>	<u>\$ 19,263.09</u>

- (1) Sandyston Township - 1.4640%
Walpack Township - 0.0173%

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Sandyston Township	Walpack Township	Equalized Valuation Basis
2014	251,358,587	2,910,616	254,269,203
2015	244,839,001	2,714,355	247,553,356
2016	<u>242,860,543</u>	<u>2,714,355</u>	<u>245,574,898</u>
	<u>\$ 739,058,131</u>	<u>\$ 8,339,326</u>	<u>\$ 747,397,457</u>
Average equalized valuation of taxable property			<u>\$ 249,132,486</u>
Debt limit (2.5% of average equalization value)			\$ 6,228,312
Total Net Debt Applicable to Limit			-
Legal debt margin			<u>\$ 6,228,312</u>

	Fiscal Year				
	2013	2014	2015	2016	2016
Debt limit	\$ 6,605,212	\$ 6,461,248	\$ 6,288,661	\$ 6,327,572	\$ 6,228,312
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 6,605,212</u>	<u>\$ 6,461,248</u>	<u>\$ 6,288,661</u>	<u>\$ 6,327,572</u>	<u>\$ 6,228,312</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	\$ 6,418,968	\$ 6,418,968	\$ 7,256,377	\$ 7,142,528	\$ 6,868,337
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 6,418,968</u>	<u>\$ 6,418,968</u>	<u>\$ 7,256,377</u>	<u>\$ 7,142,528</u>	<u>\$ 6,868,337</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

Sandyston Township

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	1,892	\$ 70,704,522	\$ 37,370	5.1%
2009	1,890	72,748,675	38,491	8.5%
2010	1,998 (Actual)	78,241,680	39,160 (Actual)	9.0%
2011	1,998	80,588,930	40,335	9.3%
2012	1,967	84,234,808	42,824	8.7%
2013	1,929	71,012,277	36,813	10.6%
2014	1,914	65,236,776	34,084	5.2%
2015	1,891	66,425,157	35,127 (Est.)	5.2%
2016	1,877	65,173,194	34,722 (Est.)	4.7%
2017	1,877 (Est.)	64,521,462	34,375 (Est.)	

Walpack Township

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	39	\$ 1,333,895	\$ 34,202	0.00%
2009	39	1,373,912	35,229	0.00%
2010	16 (Actual)	583,936	36,496 (Actual)	0.00%
2011	16	595,615	37,226	0.00%
2012	16	607,527	37,970	0.00%
2013	16	619,678	38,730	0.00%
2014	15	252,495	16,833	0.00%
2015	15	253,005	16,867 (Est.)	0.00%
2016	11	245,300	22,300 (Est.)	0.00%
2017	11 (Est.)	255,112	23,192 (Est.)	

Sources:

Population information provided by the NJ Dept of Labor and Workforce Development

Personal income has been estimated based upon the municipal population and per capita personal income presented

Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

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

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

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
		Not Available			Not Available	
	<u>0</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>

Source: _____

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

**Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	15.5	16.5	15.1	14.75	14.25	13.05	12.8	12.7	12.8	12.8
Special education	5	6	7.7	7	7.25	7.5	7	6.4	6.5	6.5
Other instruction	1.8	1.7	1.7	1.7	1.4	1.4	1.4	1.4	1.4	1.6
Support Services:										
Student and instruction related services	1.2	1.2	1.2	1.2	1	1	1	1	1	1
School administrative services	1.2	1.2	1	1	1	1	1	1	1	1
General and business administrative services	2.1	2.1	2.1	2.1	2	2.1	2.1	2.1	2.1	2.1
Plant operations and maintenance	2	2	2	2.1	2.1	2.06	2.06	2.06	2.06	2
Pupil transportation	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.47	0.47
Total	29.2	31.1	31.2	30.25	29.4	28.51	27.76	27.06	27.33	27.47

Source: District Personnel Records

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2008	177.0	\$ 2,947,749	\$ 16,654	8.38%	19	1:9.2			175.6	166.8	-3.94%	94.99%
2009	162.0	2,882,471	17,793	6.84%	18	1:9			158.7	151.1	-9.62%	95.21%
2010	161.0	2,896,926	17,993	1.13%	18	1:9.1			160.7	151.9	1.26%	94.52%
2011	160.0	2,676,469	16,728	-7.03%	19	1:8.4			155.2	148.3	-3.42%	95.55%
2012	147.0	2,784,818	18,944	13.25%	19	1:7.7			144.3	137.8	-7.02%	95.50%
2013	151.0	2,905,499	19,242	1.57%	19	1:7.9			150.6	142.8	4.37%	94.82%
2014	154.0	2,901,151	18,839	-2.09%	18	1:8.5			147.9	140.8	-1.79%	95.20%
2015	150.0	3,163,745	21,092	11.96%	17	1:8.82			148.2	136.1	0.20%	91.84%
2016	145.0	3,265,390	22,520	6.77%	18	1:8.14			145.4	137.6	-1.91%	94.66%
2017	148.0	3,280,677	22,167	-1.57%	18	1:8.27			147.9	140.5	1.72%	94.98%

Source: District records

Note: Enrollment based on annual October district count.

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

**School Building Information
Last Ten Fiscal Years
Unaudited**

<u>District Building</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Sandyston - Walpack Elementary (19)										
Square Feet	24694	24694	24694	24694	24694	24694	24694	24694	24694	24694
Capacity (students)	210	210	210	210	210	210	210	210	210	210
Enrollment	177	162	161	158	147	151	154	143	145	149
Number of Schools at June 30, 2017										
Elementary = 1										
Middle School = 0										
Senior High School = 0										
Other = 0										

Source: District Facilities Office

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

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

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

Undistributed Expenditures--Required
Maintenance for School Facilities
11-000-261-XXX

*School Facility	Pending Projects (w/DOE Project #)	Ten Year Total	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sandyston-Walpack Consolidated School	SP202929	\$603,223.96	\$ 65,105.69	\$ 99,714.76	\$ 83,846.95	\$ 50,051.44	\$ -40,117.37	\$ 72,248.43	\$ 45,914.67	\$ 53,717.21	\$ 51,009.99	\$ 41,497.45
Total School Facilities		\$ 603,223.96	\$ 65,105.69	\$ 99,714.76	\$ 83,846.95	\$ 50,051.44	\$ -40,117.37	\$ 72,248.43	\$ 45,914.67	\$ 53,717.21	\$ 51,009.99	\$ 41,497.45

*School facilities as defined under EFCFA,
(N.J.A.C.8A:26-1.2 and N.J.A.C.8A:26A-1.3)

Source: District records

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


**Insurance Schedule
As of June 30, 2017
Unaudited**

Student Accident Insurance

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
Package Policy:		
Blanket Real and Personal Property	\$ 250,000,000	\$ 2,500
General Liability Including Automobile and Employee Benefits	5,000,000	
Environmental Liability	1,000,000/2,500,000	10,000
General Aggregate	100,000,000	
Fire Damage	2,500,000	
Medical Expenses	10,000	
Boiler & Machinery	100,000,000	2,500
Crime Coverage:	50,000	1,000
Blanket Dishonesty Bond	500,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability	5,000,000	10,000
Employer's Liability	5,000,000	
Workers Compensation Policy	Statutory	
Supplemental Indemnity	Statutory	
Selective Insurance		
Surety Bonds:		
Board Secretary/Business Administrator	25,000	
Treasurer of School Moneys	150,000	
Bollinger Insurance		
Student Accident	100,000	

Source: District's records.

Single Audit Section



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

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



K-1
Sheet 1

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sandyston-Walpack Consolidated School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Sandyston-Walpack Consolidated School District's basic financial statements, and have issued our report thereon dated August 11, 2017.

Internal Control Over Financial Reporting

Management of the Sandyston-Walpack Consolidated School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Sandyston-Walpack Consolidated School District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstance 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 Sandyston-Walpack Consolidated School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sandyston-Walpack Consolidated School District's internal control over financial reporting.

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

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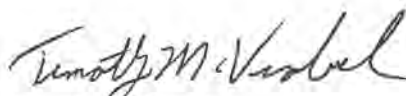
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item #2017-1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sandyston-Walpack Consolidated School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under 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 results of that testing, and not to provide an opinion on the effectiveness of the Sandyston-Walpack Consolidated School 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 Sandyston-Walpack Consolidated School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Timothy M. Vrabel
Public School Accountant
License No. CS000698




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

Montville, New Jersey
August 11, 2017



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

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



K-2
Sheet 1

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS AND NEW JERSEY OMB CIRCULAR LETTER 15-08

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Sandyston-Walpack Consolidated School District's compliance with the types of compliance requirements described in U.S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grants Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017. Sandyston-Walpack Consolidated School District's major state programs are identified in the Summary of Auditor's 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 state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sandyston-Walpack Consolidated School District's major 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; in compliance with the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey Office of Management and Budget Circular Letter 15-08 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's

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standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular Letter 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 and state program occurred. An audit includes examining, on a test basis, evidence about Township of Hillsborough School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Township of Hillsborough School District's compliance with those requirements.

Opinion on Each Major Federal and State program

In our opinion, the Township of Hillsborough School District, in the County of Somerset, State of New Jersey, 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 state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The management of Township of Hillsborough School 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 Township of Hillsborough School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Township of Hillsborough School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Hillsborough School 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 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 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 significant deficiencies or material weaknesses. 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.

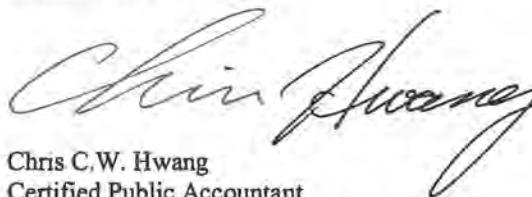
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08

We have audited the financial statements of the Sandyston-Walpack Consolidated School District as of and for the year ended June 30, 2017, and have issued our report thereon dated August 11, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Expenditure of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the financial statements as a whole.



Timothy M. Vrabel
Public School Accountant
License No. CS000698



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

Montville, New Jersey
August 11, 2017

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

**Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Federal FAJN Number	Grant Period	Award Amount	Balance July 1, 2016	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balances	Balance June 30, 2017		Due to Grantor
								Disbursements	Accounts Payable	Encumbrances			Accounts Receivable	Deferred Revenue	
U.S. Department of Treasury: P.L. 81-874 (Impact)	84.041		7/1/16-6/30/17	\$ 373,550.99	\$ -	\$ -	\$ 373,550.99	\$ 373,550.99	\$ -	\$ -	\$ 373,550.99	\$ -	\$ -	\$ -	\$ -
Total U.S. Department of Treasury							<u>373,550.99</u>	<u>373,550.99</u>			<u>373,550.99</u>				
U.S. Department of Agriculture Passed - Through State Department of Education:															
National School Lunch Program	10.555	171NJ304N1099	7/1/16-6/30/17	2,612.50			2,103.52	2,612.50			2,612.50		(508.98)		
National School Lunch Program	10.555	16161NJ304N1099	7/1/15-6/30/16	3,137.23	(540.45)		540.45	-			-		-		
Total U.S. Department of Agriculture					<u>(540.45)</u>		<u>2,643.97</u>	<u>2,612.50</u>			<u>2,612.50</u>		<u>(508.98)</u>		
U.S. Department of Education Passed - Through State Department of Education:															
Special Revenue Funds:															
E.S.E.A. Title I	84.010A	S010A160030	7/1/16-6/30/17	17,071.00			11,884.00	15,972.49			15,972.49		(4,088.49)		
E.S.E.A. Title I	84.010A	S010A150030	7/1/15-6/30/16	11,179.00	(5,807.00)		5,807.00	-			-		-		
E.S.E.A. Title II A	84.367A	S367A160029	7/1/16-6/30/17	4,316.00			4,138.00	4,316.00			4,316.00		(178.00)		
E.S.E.A. Title II A	84.367A	S367A150029	7/1/15-6/30/16	9,115.00	(9,115.00)		9,115.00	-			-		-		
I.D.E.A. Part B, Basic	84.027A	H027A160100	7/1/16-6/30/17	35,563.00			31,435.00	34,922.00			34,922.00		(3,487.00)		
I.D.E.A. Part B, Preschool	84.173A	H173A160114	7/1/16-6/30/17	1,103.00			1,103.00	1,103.00			1,103.00		-		
Rural Education Achievement Program	84.358A	S358A164866	7/1/15-9/30/17	18,845.00			9,000.00	18,845.00			18,845.00		(9,845.00)		
Total U.S. Department of Education (Fund 20)					<u>(14,922.00)</u>		<u>72,482.00</u>	<u>75,158.49</u>			<u>75,158.49</u>		<u>(17,568.49)</u>		
Total Federal Financial Assistance					\$ <u>(15,462.45)</u>	\$ -	\$ <u>448,676.96</u>	\$ <u>451,321.98</u>	\$ -	\$ -	\$ <u>451,321.98</u>	\$ -	\$ <u>(18,107.47)</u>	\$ -	\$ -

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

**BOARD OF EDUCATION
SANDYSTON WALPACK CONSOLIDATED SCHOOL DISTRICT**
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Adjustments	Cash Received	BUDGETARY EXPENDITURES			Total	Repayment of Prior Years' Balances	Balance June 30, 2017			Memo	
							Disbursements	Accounts Payable	Encumbrances			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:																
General Funds:																
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 465,729.00	\$ -	\$ -	\$ 419,370.56	\$ 465,729.00	\$ -	\$ -	\$ 465,729.00	\$ -	\$ -	\$ -	\$ -	\$ (46,358.44)	\$ 465,729.00
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	468,282.00	(46,610.23)	-	46,610.23	-	-	-	-	-	-	-	-	-	-
Categorical Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	11,363.00	-	-	10,231.93	11,363.00	-	-	11,363.00	-	-	-	-	(1,131.07)	11,363.00
Categorical Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	9,540.00	(949.56)	-	949.56	-	-	-	-	-	-	-	-	-	-
Categorical Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	87,136.00	-	-	78,462.52	87,136.00	-	-	87,136.00	-	-	-	-	(8,673.48)	87,136.00
Categorical Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	85,823.00	(8,542.35)	-	8,542.35	-	-	-	-	-	-	-	-	-	-
Categorical Security Aid	17-495-034-5120-084	7/1/16-6/30/17	2,651.00	-	-	2,387.12	2,651.00	-	-	2,651.00	-	-	-	-	(263.88)	2,651.00
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	2,273.00	(226.24)	-	226.24	-	-	-	-	-	-	-	-	-	-
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	1,490.00	-	-	1,341.69	1,490.00	-	-	1,490.00	-	-	-	-	(148.31)	1,490.00
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	1,490.00	(148.31)	-	148.31	-	-	-	-	-	-	-	-	-	-
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	1,490.00	-	-	1,341.69	1,490.00	-	-	1,490.00	-	-	-	-	(148.31)	1,490.00
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	1,490.00	(148.31)	-	148.31	-	-	-	-	-	-	-	-	-	-
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	1,500.00	-	-	1,350.69	1,500.00	-	-	1,500.00	-	-	-	-	(149.31)	1,500.00
Professional Learning Community Aid	16-495-034-5120-101	7/1/15-6/30/16	1,500.00	-	-	1,566.80	1,740.00	-	-	1,740.00	-	-	-	-	(173.20)	1,740.00
Head Start Support Aid	17-495-034-5120-102	7/1/16-6/30/17	174.00	-	-	174.00	174.00	-	-	174.00	-	-	-	-	-	174.00
Head Start Support Aid	16-495-034-5120-102	7/1/15-6/30/16	174.00	-	-	174.00	174.00	-	-	174.00	-	-	-	-	-	-
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	477.00	-	-	477.00	477.00	-	-	477.00	-	-	(174.00)	-	-	-
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	477.00	(477.00)	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	17-495-034-5095-003	7/1/16-6/30/17	81,070.63	-	-	55,273.51	81,070.63	-	-	81,070.63	-	-	(25,797.12)	-	-	81,070.63
Reimbursed TPAF Social Security Contribution	16-495-034-5095-003	7/1/15-6/30/16	83,307.88	(34,476.48)	-	34,476.48	-	-	-	-	-	-	-	-	-	-
On-Behalf TPAF Pension Contributions	17-495-034-5095-002	7/1/16-6/30/17	116,144.00	-	-	116,144.00	116,144.00	-	-	116,144.00	-	-	-	-	-	116,144.00
On-Behalf TPAF PRM Contributions	17-495-034-5095-001	7/1/16-6/30/17	96,775.00	-	-	96,775.00	96,775.00	-	-	96,775.00	-	-	-	-	-	96,775.00
On-Behalf TPAF LTI Contributions	17-495-034-5095-004	7/1/16-6/30/17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total General Funds				(91,578.48)		875,823.99	867,262.63			867,262.63			(25,971.12)		(57,046.00)	867,262.63
Enterprise Funds:																
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	66.55	-	-	54.50	66.55	-	-	66.55	-	-	(12.05)	-	-	66.55
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	73.48	(12.46)	-	12.46	-	-	-	-	-	-	-	-	-	-
Total All Funds				\$ (91,590.94)		\$ 875,890.95	\$ 867,329.18			\$ 867,329.18			\$ (25,983.17)		\$ (57,046.00)	\$ 867,329.18
Deduct:																
On-Behalf TPAF Pension Contributions											116,144.00					
On-Behalf TPAF PRM Contributions											96,775.00					
On-Behalf TPAF LTI Contributions											-					
Total State Expenditures Subject to Major Program Determination											\$ 654,410.18					

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017

Note 1: General

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

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Board has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: Relationship to Basic Financial Statements

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

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

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (421.00) for the general fund and \$ -0- for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 373,550.99	\$ 750,697.63	\$ 1,124,248.62
Special Revenue Fund	75,158.49	0.00	75,158.49
Food Service Fund	<u>2,612.50</u>	<u>66.55</u>	<u>2,679.05</u>
Total Awards and Financial Assistance	<u>\$ 451,321.98</u>	<u>\$ 750,764.18</u>	<u>\$ 1,202,086.16</u>

Note 4: Relationship to State Financial Reports

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

Note 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for post-retirement medical benefits and the normal and accrued liability pension costs for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditor’s report issued: Unmodified
- B) Internal Control over financial reporting:
- 1) Material weakness(es) identified? yes X no
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes none reported
- C) Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section - Not Applicable

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

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

State Financial Assistance Section

- F) Dollar threshold used to determine Type A Programs \$ 750,000.00
- K) Auditee qualified as low-risk auditee? yes no
- L) Type of auditor’s report on compliance for major programs. Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes none reported
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? yes no

O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-078	Equalization Aid
17-495-034-5120-089	Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-101	Professional Learning
	Community Aid
17-495-034-5120-102	Host District Support Aid

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

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

Finding 2017-1

Criteria or specific requirement:

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

Condition:

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

Questioned Costs:

Not Applicable

Context:

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

Effect:

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

Recommendation:

Not Applicable

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

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

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS – Not Applicable

STATE FINANCIAL ASSISTANCE – See Financial Statement Finding #2017-1.

BOARD OF EDUCATION
SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

FINDING #2016-1

Condition

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

Current Status

Unchanged – See Finding #2017-1.