

**SANDYSTON-WALPACK
CONSOLIDATED SCHOOL DISTRICT**

**Sandyston-Walpack Consolidated Board of Education
Layton, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

**SANDYSTON-WALPACK
CONSOLIDATED SCHOOL DISTRICT**

Layton, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

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

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INTRODUCTORY SECTION
(UNAUDITED)

**Sandyston-Walpack Consolidated School District
Sandyston-Walpack Board of Education**

**100 Route 560
Layton, NJ 07851
973-948-4450 Phone 973-948-4492 Fax**

Dr. William Kochis
Superintendent
wkochis@sandystonwalpack.org

Dr. Vincent Occhino
Business Administrator/Board Secretary
vocchino@sandystonwalpack.org

December 3, 2021

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

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Sandyston-Walpack Consolidated School District (the "District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

The Sandyston-Walpack Consolidated School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Sandyston-Walpack Consolidated School constitutes the District's reporting entity.

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/media science.

1) REPORTING ENTITY AND ITS SERVICES:

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. The consortium group is working to revise all curricula to include accommodations and modifications for all at-risk subgroups, per state mandate. The district and all other constituents of the Kittatinny region continue to move toward the implementation of the New Jersey Student Learning Standards and Next Generation Science Standards.

Several homerooms benefit from having two teachers providing instruction in ELA, Math, Science, and Social Studies on a daily basis in in-class support settings. Two special education teachers also provide instruction to students with special needs in the pullout resource centers. A Response to Intervention program is provided for students at risk for academic failure in grades K-6. Three classroom aides also support students, as needed. Our Child Study team and Therapists provide necessary services to students with IEPs, and coordinate the Response to Intervention program as well.

School enrollment has been trending downward for decades. The table below presents the average daily enrollment over the last ten (10) years

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 maintains a 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. Additional upgrades to the facility and instructional supplies will be possible with the continued federal funding of Impact Aid and state aid. The District continued to be affected by the Covid-19 pandemic in the 2020-2021 school year.

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. The workshop model initiative that was implemented two years ago resulted in significantly improved test scores. We will continue to provide training for teachers in the workshop model, upgrade classroom instructional resources, and create student-centered learning environments in the classrooms with flexible furniture. Our professional development during 2020-2021 will continue to focus on the areas of NJSL in ELA and Math, technology, and school climate.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2021.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", No. 1.

7) **CASH MANAGEMENT:**

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

8) **RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents and fidelity bonds. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

9) **OTHER INFORMATION:**

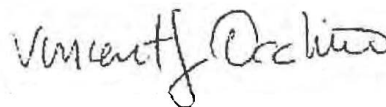
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors’ Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors’ Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) **ACKNOWLEDGEMENTS:**

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



Dr. William Kochis,
Superintendent

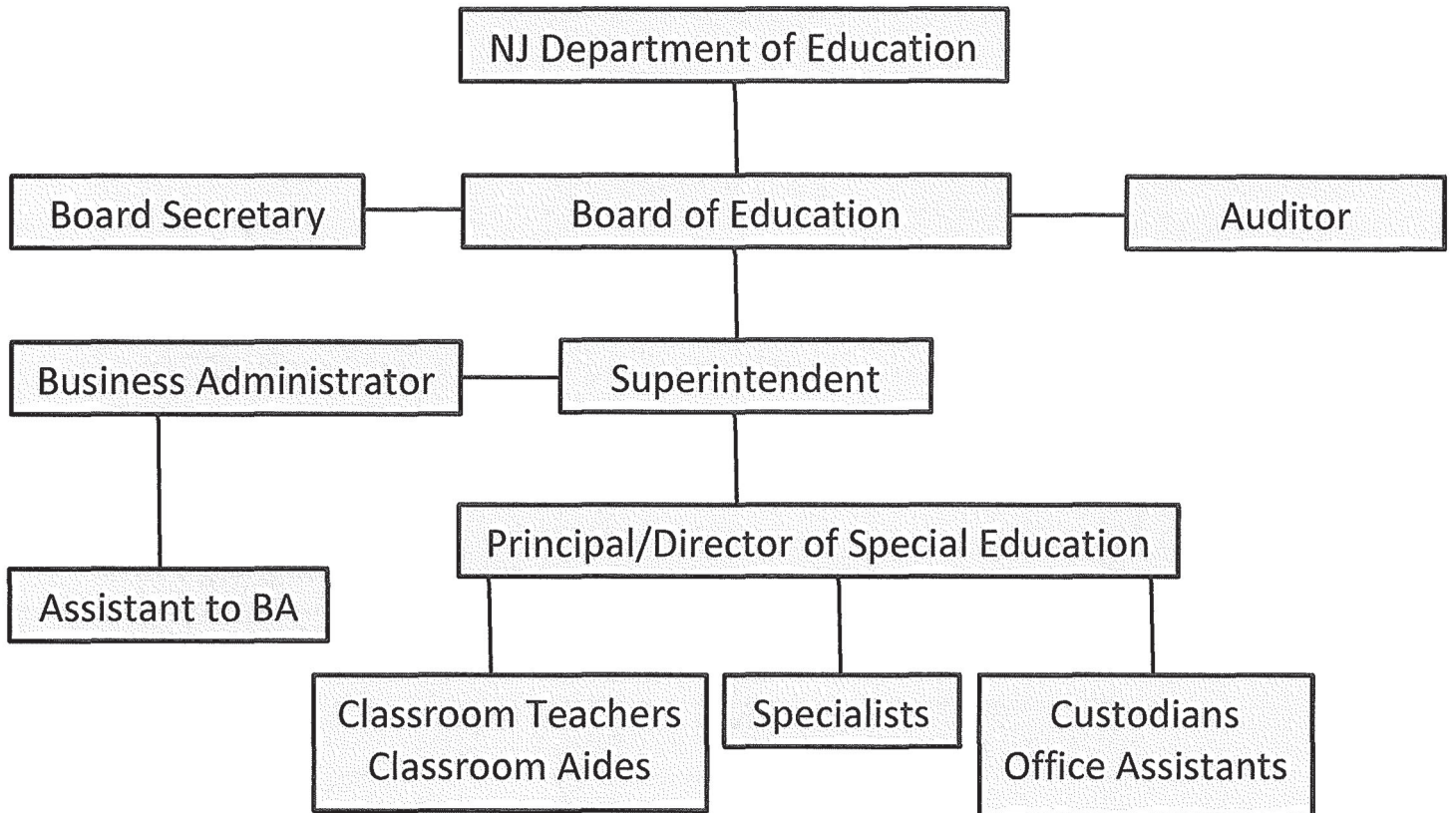


Dr. Vincent J. Occhino,
Interim Business Administrator/Board Secretary

Sandyston-Walpack Consolidated School District

Sandyston-Walpack Board of Education

Organization Chart



**SANDYSTON-WALPACK CONSOLIDATED BOARD OF EDUCATION
 ROSTER OF OFFICIALS
 JUNE 30, 2021**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Joseph Falchetta	President	2021
Joshua Belardo	Vice President	2021
Christopher Bellflowers	Member	2022
Alexandra Brex	Member	2022
Stevie Collins	Member	2022
Colleen Hewitt	Member	2023
Nina Vassallo	Member	2021
Jo-Ann Williamson	Member	2023
Vacant Seat (Walpack)	Member	N/A

Dr. William Kochis, Superintendent

Dr. Vincent J. Occhino, Interim Board Secretary/School Business Administrator

Amanda Lobban, Treasurer

Matthew Giacobbe, Board Attorney

SANDYSTON-WALPACK CONSOLIDATED BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

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

Attorneys

Cleary, Giacobbe, Alfieri, & Jacobs
169 Ramapo Valley Road
Upper Level 105
Oakland, NJ 07436

Machado Law Group LLC
1 Cleveland Place
Springfield, NJ 07081

Official Depository

Lakeland Bank
3 Broad Street
Branchville, NJ 07826

FINANCIAL SECTION

Independent Auditors' 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sandyston-Walpack Consolidated School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sandyston-Walpack Consolidated School District in the County of Sussex, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

The financial statements of the District as of June 30, 2020 were audited by other auditors whose report dated August 19, 2020 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The Honorable President and Members
of the Board of Education
Sandyston-Walpack Consolidated School District
Page 3

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

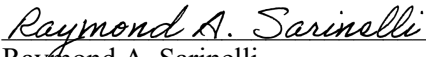
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 3, 2021
Mount Arlington, New Jersey

NISIVOCCIA LLP


Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

This section of Sandyston-Walpack Consolidated School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

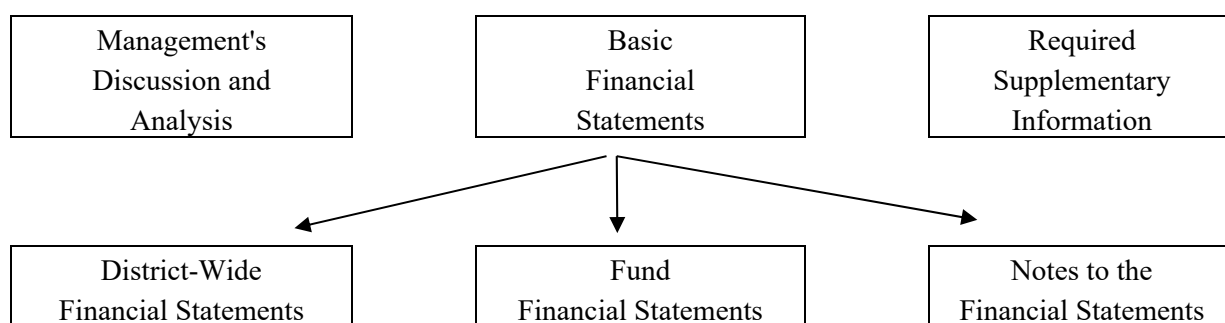


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

Financial Analysis of the District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a school's financial position.

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position. The District's combined net position increased by \$158,447. Net position from governmental activities increased by \$134,529 while net position from business-type activities increased by \$23,918.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020*	2020/2021	2019/2020	2020/2021	2019/2020*	
Current and Other Assets	\$1,792,615	\$1,518,275	\$ 25,043	\$ 11,067	\$1,817,658	\$1,529,342	
Capital Assets, Net	1,149,249	1,213,220			1,149,249	1,213,220	
Total Assets	<u>2,941,864</u>	<u>2,731,495</u>	<u>25,043</u>	<u>11,067</u>	<u>2,966,907</u>	<u>2,742,562</u>	8.18%
Deferred Outflows of Resources	145,533	219,716			145,533	219,716	-33.76%
Other Liabilities	154,895	22,325		9,942	154,895	32,267	
Long-Term Liabilities	626,838	795,082			626,838	795,082	
Total Liabilities	<u>781,733</u>	<u>817,407</u>		<u>9,942</u>	<u>781,733</u>	<u>827,349</u>	-5.51%
Deferred Inflows of Resources	396,600	359,269			396,600	359,269	10.39%
Net Position:							
Net Investment in Capital Assets	1,149,249	1,213,220			1,149,249	1,213,220	
Restricted	1,394,302	1,266,260			1,394,302	1,266,260	
Unrestricted/(Deficit)	<u>(634,487)</u>	<u>(704,945)</u>	<u>25,043</u>	<u>1,125</u>	<u>(609,444)</u>	<u>(703,820)</u>	
Total Net Position	<u>\$1,909,064</u>	<u>\$1,774,535</u>	<u>\$ 25,043</u>	<u>\$ 1,125</u>	<u>\$1,934,107</u>	<u>\$1,775,660</u>	8.92%

* as Restated

Changes in Net Position. The District's combined net position was \$1,934,107 on June 30, 2021, or \$158,447 more than the year before. The decrease in net investment in capital assets was due to depreciation expense. The increase in restricted net position is due to the year end transfers into the impact aid reserve as well as interest earnings on the capital and maintenance reserves offset by budgeted withdrawals from the impact aid and maintenance reserves. The increase in unrestricted net position is due primarily to the decrease in the net pension liability and the changes in the related deferred inflows and outflows. (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Revenue:							
Program Revenue:							
Charges for Services		\$ 506	\$ 347	\$ 2,894	\$ 347	\$ 3,400	
Operating Grants & Contributions	\$ 731,920	919,597	10,068	693	741,988	920,290	
General Revenue:							
Property Taxes	2,230,889	2,187,146			2,230,889	2,187,146	
Unrestricted Federal and State Aid	718,433	819,063			718,433	819,063	
Other	51,440	79,966	8	1,193	51,448	81,159	
Total Revenue	<u>3,732,682</u>	<u>4,006,278</u>	<u>10,423</u>	<u>4,780</u>	<u>3,743,105</u>	<u>4,011,058</u>	-6.68%
Expenses:							
Instruction	1,933,539	2,251,531			1,933,539	2,251,531	
Pupil and Instruction Services	778,454	665,372			778,454	665,372	
Administrative and Business	321,401	401,856			321,401	401,856	
Maintenance and Operations	256,025	245,071			256,025	245,071	
Transportation	199,080	193,938			199,080	193,938	
Other	101,401	163,409	4,700	7,283	106,101	170,692	
Total Expenses	<u>3,589,900</u>	<u>3,921,177</u>	<u>4,700</u>	<u>7,283</u>	<u>3,594,600</u>	<u>3,928,460</u>	-8.50%
Other Item			9,942		9,942		100%
Transfers	(8,253)		8,253				100%
	<u>(8,253)</u>		<u>18,195</u>		<u>9,942</u>		
Increase in Net Position	<u>\$ 134,529</u>	<u>\$ 85,101</u>	<u>\$ 23,918</u>	<u>\$ (2,503)</u>	<u>\$ 158,447</u>	<u>\$ 82,598</u>	91.83%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District is strong. However, maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils continues to place great demands on the District’s resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions continued during the year were:

- Participation in an insurance pool operated by Public Entity Group Administrative Services resulting in low cost property, liability and workers compensation insurance.
- Participation in Joint Transportation Agreements.
- Participation in joint purchasing agreements.

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District’s taxpayers by each of these functions:

Figure A-5
Net Cost of Governmental Activities

	Total Costs of Services		Net Cost of Services	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 1,933,539	\$ 2,251,531	\$ 1,305,382	\$ 1,596,945
Pupil and Instruction Services	778,454	665,372	721,045	526,164
Administrative and Business	321,401	401,856	288,262	311,799
Maintenance and Operations	256,025	245,071	251,030	216,496
Transportation	199,080	193,938	190,860	186,261
Other	101,401	163,409	101,401	163,409
	<u>\$ 3,589,900</u>	<u>\$ 3,921,177</u>	<u>\$ 2,857,980</u>	<u>\$ 3,001,074</u>

Business-Type Activities

The net position of the District’s business-type activity increased by \$23,918 (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenues exceeded expenses by \$5,715.
- Cancellation of a prior year accounts payable for \$9,942.
- Transfer from General Fund to cover deficit for \$8,253

Financial Analysis of the District’s Funds

The District’s financial position remained strong despite significant changes in the student clientele and difficult economic times. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

Capital Assets and Long-Term Liabilities Administration

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Land	\$ 50,000	\$ 50,000			\$ 50,000	\$ 50,000	
Building & Building Improvements	1,099,249	1,163,220			1,099,249	1,163,220	
Total	<u>\$ 1,149,249</u>	<u>\$ 1,213,220</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,149,249</u>	<u>\$ 1,213,220</u>	-5.27%

Long-term Liabilities

At year-end, the District's net pension liability decreased by \$158,971 and compensated absences payable decreased by \$9,273 as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the basic financial statements.)

Figure A-7

Long-Term Liabilities

	Total School District		Percentage Change
	2020/2021	2019/2020	
Net Pension Liability	\$ 576,509	\$ 735,480	
Compensated Absences Payable	<u>50,329</u>	<u>59,602</u>	
	<u>\$ 626,838</u>	<u>\$ 795,082</u>	-21.16%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could continue to significantly affect its financial health in the future:

- A5 – known as School District Accountability. This law, approved by the Governor on March 15, 2007 provides for various school district accountability measures.
- A4 – known as CORE. This law, approved by the Governor on April 3, 2007 implements CORE proposals and the primary focus of this law is to establish uniform shared services and consolidation through the use of an "Executive County Superintendent".
- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the School's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year has severely impacted our ability to maintain and improve our facilities.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. Vincent J. Occhino, Interim Board Secretary/ Business Administrator at the Board of Education Office at 100 Route 560, Layton, NJ 07851.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 828,458	\$ 6,312	\$ 834,770
Internal Balances	(17,596)	17,596	
Receivable from State Government	44,483	75	44,558
Receivable from Federal Government		1,060	1,060
Restricted Cash and Cash Equivalents	937,270		937,270
Capital Assets:			
Sites (Land)	50,000		50,000
Depreciable Buildings and Building Improvements	1,099,249		1,099,249
Total Assets	<u>2,941,864</u>	<u>25,043</u>	<u>2,966,907</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	145,533		145,533
Total Deferred Outflows of Resources	<u>145,533</u>		<u>145,533</u>
LIABILITIES			
Accounts Payable	139,782		139,782
Unearned Revenue	15,113		15,113
Noncurrent Liabilities:			
Due Beyond One Year	626,838		626,838
Total Liabilities	<u>781,733</u>		<u>781,733</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	396,600		396,600
Total Deferred Inflows of Resources	<u>396,600</u>		<u>396,600</u>
NET POSITION			
Net Investment in Capital Assets	1,149,249		1,149,249
Restricted for:			
Capital Projects	265,323		265,323
Impact Aid Reserve	521,264		521,264
Maintenance Reserve	97,849		97,849
Unemployment Compensation	51,520		51,520
Student Activities	1,314		1,314
Excess Surplus	457,032		457,032
Unrestricted/(Deficit)	(634,487)	25,043	(609,444)
Total Net Position	<u>\$ 1,909,064</u>	<u>\$ 25,043</u>	<u>\$ 1,934,107</u>

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 1,377,070		\$ 347,192	\$ (1,029,878)		\$ (1,029,878)
Special Education	526,324		273,021	(253,303)		(253,303)
Other Special Instruction	28,451		6,902	(21,549)		(21,549)
School-Sponsored/Other Instruction	1,694		1,042	(652)		(652)
Support Services:						
Tuition	261,341		32,406	(228,935)		(228,935)
Student & Instruction Related Services	517,113		25,003	(492,110)		(492,110)
General Administrative Services	105,237		125	(105,112)		(105,112)
School Administrative Services	104,974		28,582	(76,392)		(76,392)
Central Services	111,190		4,432	(106,758)		(106,758)
Plant Operations and Maintenance	256,025		4,995	(251,030)		(251,030)
Pupil Transportation	199,080		8,220	(190,860)		(190,860)
Capital Outlay	2,412			(2,412)		(2,412)
Charter School	98,989			(98,989)		(98,989)
Total Governmental Activities	3,589,900		731,920	(2,857,980)		(2,857,980)
Business-Type Activities:						
Food Service	4,700	\$ 347	10,068		\$ 5,715	5,715
Total Business-Type Activities	4,700	347	10,068		5,715	5,715

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Total Primary Government	\$ 3,594,600	\$ 347	\$ 741,988	\$ (2,857,980)	\$ 5,715	\$ (2,852,265)
General Revenue, Transfers and Other Items:						
Taxes:						
Property Taxes, Levied for General Purposes, Net Federal and State Aid not Restricted				2,230,889		2,230,889
Interest				718,433		718,433
Miscellaneous Income				3,222	8	3,230
Other Item - Cancellation of Accounts Payable				48,218	9,942	48,218
Transfers In/(Out)				(8,253)	8,253	9,942
Total General Revenue, Transfers and Other Items				2,992,509	18,203	3,010,712
Change in Net Position				134,529	23,918	158,447
Net Position - Beginning (as Restated)				1,774,535	1,125	1,775,660
Net Position - Ending				\$ 1,909,064	\$ 25,043	\$ 1,934,107

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

FUND FINANCIAL STATEMENTS

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 812,490	\$ 15,968	\$ 828,458
Receivables From State Government	44,483		44,483
Restricted Cash and Cash Equivalents	935,956	1,314	937,270
Total Assets	\$ 1,792,929	\$ 17,282	\$ 1,810,211
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 98,927	\$ 855	\$ 99,782
Interfund Payable - Food Service Fund	17,596		17,596
Unearned Revenue		15,113	15,113
Total Liabilities	116,523	15,968	132,491
Fund Balances:			
Restricted:			
Impact Aid Reserve	521,264		521,264
Maintenance Reserve	97,849		97,849
Capital Reserve	265,323		265,323
Unemployment Compensation	51,520		51,520
Student Activities		1,314	1,314
Excess Surplus - 2022-2023	342,958		342,958
Excess Surplus - 2021-2022	114,074		114,074
Assigned:			
Year-End Encumbrances	2,895		2,895
Subsequent Year's Expenditures	31,509		31,509
Unassigned	249,014		249,014
Total Fund Balances	1,676,406	1,314	1,677,720
Total Liabilities and Fund Balances	\$ 1,792,929	\$ 17,282	
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:			
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.			1,149,249
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.			(576,509)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:			
Deferred Outflows			105,533
Deferred Inflows			(396,600)
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.			(50,329)
Net Position of Governmental Activities			\$ 1,909,064

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUE:			
Local Sources:			
Local Tax Levy	\$ 2,230,889		\$ 2,230,889
Interest Earned on Restricted Funds	3,222		3,222
Unrestricted Miscellaneous	48,218		48,218
Total - Local Sources	2,282,329		2,282,329
State Sources	946,190		946,190
Federal Sources	352,957	\$ 62,360	415,317
Total Revenue	3,581,476	62,360	3,643,836
EXPENDITURES			
Current:			
Regular Instruction	790,595	28,870	819,465
Special Education Instruction	288,679	1,084	289,763
Other Special Instruction	17,237		17,237
Support Services and Undistributed Costs:			
Tuition	228,935	32,406	261,341
Student & Instruction Related Services	408,558		408,558
General Administrative Services	100,666		100,666
School Administrative Services	57,594		57,594
Central Services	84,677		84,677
Plant Operations and Maintenance	224,120		224,120
Pupil Transportation	194,534		194,534
Allocated and Unallocated Benefits	894,457		894,457
Capital Outlay	2,412		2,412
Transfer of Funds to Charter Schools	98,989		98,989
Total Expenditures	3,391,453	62,360	3,453,813
Excess of Revenue over Expenditures	190,023		190,023
OTHER FINANCING SOURCES/(USES)			
Transfers Out	(8,253)		(8,253)
Total Other Financing Sources/(Uses)	(8,253)		(8,253)
Net Change in Fund Balances	181,770		181,770
Fund Balance—July 1 (as Restated)	1,494,636	1,314	1,495,950
Fund Balance—June 30	\$ 1,676,406	\$ 1,314	\$ 1,677,720

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 181,770

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:

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

	Depreciation Expense \$ (63,971)
	(63,971)

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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

9,273

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

Change in Net Pension Liability	158,971
Change in Deferred Outflows	(114,182)
Change in Deferred Inflows	(37,332)

Changes in Net Position for Governmental Activities

\$ 134,529

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Business-type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 6,312
Intergovernmental Accounts Receivable:	
Federal	1,060
State	75
Interfund Receivable:	
General Fund	<u>17,596</u>
Total Current Assets	<u>25,043</u>
 Total Assets	 <u>25,043</u>
 NET POSITION:	
Unrestricted	<u>25,043</u>
 Total Net Position	 <u><u>\$ 25,043</u></u>

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Other Sales	\$ 347
Total Operating Revenue	347
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	3,924
Supplies, Insurance & Other Costs	776
Total Operating Expenses	4,700
Operating Loss	(4,353)
Non-Operating Income:	
Local Sources:	
Interest Income	8
State Sources:	
COVID 19 - Seamless Summer Option	570
Federal Sources:	
COVID 19 - Seamless Summer Option	9,498
Total Non-Operating Income	10,076
Change in Net Position	5,723
Transfers and Other Items:	
Transfer from General Fund	8,253
Other Item - Cancellation of Accounts Payable - Other	9,942
Change in Net Position After Transfers and Other Items	23,918
Net Position - Beginning of Year	1,125
Net Position - End of Year	\$ 25,043

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 347
Payments to Food Service Vendor	(3,924)
Payments to Suppliers and Other Expenses	(776)
Net Cash (Used for) Operating Activities	<u>(4,353)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	<u>8</u>
Net Cash Provided by Investing Activities	<u>8</u>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	<u>6,436</u>
Net Cash Provided by Noncapital Financing Activities	<u>6,436</u>
Net Increase in Cash and Cash Equivalents	2,091
Cash and Cash Equivalents, July 1	<u>4,221</u>
Cash and Cash Equivalents, June 30	<u>\$ 6,312</u>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	<u>\$ (4,353)</u>
Net Cash (Used for) Operating Activities	<u>\$ (4,353)</u>

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following governmental funds: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects. The District has no active capital projects accounted for in the Capital Projects Fund currently.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest. The District has no active debt accounts for in the Debt Service Fund currently.

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 3,574,004	\$ 62,360
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Prior Year Encumbrances		
Prior Year State Aid Payments Recognized for GAAP Statements	52,269	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(44,797)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 3,581,476	\$ 62,360
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 3,391,453	\$ 62,360
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 3,391,453	\$ 62,360

E. Cash and Cash Equivalents and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums as revenue in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees, who provide services to the District over a ten- month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2021.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,676,406 General Fund fund balance at June 30, 2021, \$2,895 is assigned for year-end encumbrances, \$342,958 is restricted for current fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2023; \$114,074 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2022, \$31,509 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022, \$265,323 is restricted in the capital reserve account, \$521,264 is restricted in the impact aid reserve account, \$97,849 is restricted in the maintenance reserve account, \$51,520 is restricted for unemployment compensation; and there is \$249,014 in unassigned fund balance which is \$44,797 less on a GAAP basis due to the final two state payments not being recognized on a GAAP basis until the fiscal year ended June 30, 2022.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2021 as detailed above.

Special Revenue Fund: There is \$1,314 of restricted fund balance for student activities at June 30, 2021.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$44,797 as of June 30, 2021 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$634,487 in governmental activities, which is primarily due to compensated absences payable, net pension liability and related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2021 for pensions.

The District had deferred inflows of resources at June 30, 2021 related to pensions.

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

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

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for a capital reserve, excess surplus, a maintenance reserve, impact aid reserve, unemployment compensation and student activities.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2021.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations of the school district or bonds or other obligations of the 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, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (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. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.) ;
 - (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
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking Accounts	<u>\$ 834,770</u>	<u>\$ 937,270</u>	<u>\$ 1,772,040</u>

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$1,772,040 and the bank balance was \$1,851,834.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account in the amount of \$1 was established by Board resolution in 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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 263,712	
Increased by:		
Interest Earnings	<u>1,611</u>	
Ending Balance, June 30, 2021	<u>\$ 265,323</u>	

The balance in the capital reserve on June 30, 2021 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 5. IMPACT AID RESERVE ACCOUNT

An impact aid general fund reserve account was established by the District on June 30, 2016. Impact Aid revenue received from the federal government under section 8002 or 8003 of the Elementary and Secondary Education Act of 1965 can be used for any legal purpose without restriction. The reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Impact Aid provides financial assistance to school districts affected by federal activities. Because federal property is exempt from local property taxes, Impact Aid helps to replace lost revenue that would otherwise be available to pay for educating children who live on federal property or whose parents work on federal property.

A board of education may appropriate federal impact aid funds to establish or supplement the reserve account in the district's annual budget, or through a transfer by a two-thirds affirmative vote of the authorized membership of the board between June 1 and June 30, for withdrawal in any subsequent school year. Any transfer to the reserve account shall not exceed the total amount of federal impact aid received in the fiscal year. The board, at its discretion, may use the funds in the reserve account to finance the district's general fund or to finance school facilities projects, in a manner consistent with federal law. The total amount of funds on deposit in the reserve account shall not be limited.

The activity of the impact aid reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 712,929
Deposits:	
Transfer by Board Resolution	352,957
	1,065,886
Withdrawals:	
Budgeted Withdrawal	544,622
	\$ 521,264

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Sandyston-Walpack Consolidated School District by a previous board resolution. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 109,238
Deposits:	
Interest Earnings	<u>1,611</u>
	110,849
Withdrawals:	
Budgeted Withdrawal	<u>13,000</u>
Ending Balance, June 30, 2021	<u>\$ 97,849</u>

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 50,000			\$ 50,000
Total Capital Assets Not Being Depreciated	<u>50,000</u>			<u>50,000</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	2,009,099			2,009,099
Machinery and Equipment	359,382			359,382
Total Capital Assets Being Depreciated	<u>2,368,481</u>			<u>2,368,481</u>
Governmental Activities Capital Assets	<u>2,418,481</u>			<u>2,418,481</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(845,879)	\$ (63,971)		(909,850)
Machinery and Equipment	<u>(359,382)</u>			<u>(359,382)</u>
	<u>(1,205,261)</u>	<u>(63,971)</u>		<u>(1,269,232)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,213,220</u>	<u>\$ (63,971)</u>	<u>\$ -0-</u>	<u>\$ 1,149,249</u>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 49,847
Special Education	4,204
Student and Other Instruction Related Services	3,287
General Administration	3,733
School Administration	880
Operations and Maintenance of Plant	<u>2,020</u>
	<u>\$ 63,971</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance <u>6/30/2020</u>	Accrued <u> </u>	Retired <u> </u>	Balance <u>6/30/2021</u>
Net Pension Liability	\$ 735,480		\$ 158,971	\$ 576,509
Compensated Absences Payable	<u>59,602</u>	<u>\$ 7,328</u>	<u>16,601</u>	<u>50,329</u>
	<u>\$ 795,082</u>	<u>\$ 7,328</u>	<u>\$ 175,572</u>	<u>\$ 626,838</u>

A. 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 and will be liquidated by the Debt Service Fund.

The District had no bonds outstanding as of June 30, 2021.

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board had no bonds authorized but not issued.

C. Unamortized Bond Premium:

As of June 30, 2021, the Board had no unamortized bond premiums.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. There is no current portion of the liability for compensated absences. The entire \$50,329 is a long-term liability and will be liquidated by the General Fund.

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, 2021, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$576,509. See Note 10 for more information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2021, there were no transfers to capital outlay lines.

NOTE 10. PENSION PLANS

A. Public Employees' Retirement System (PERS)

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Plan Description

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

Benefits Provided

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$38,674 for 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the District's liability was \$576,509 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0035%, which was a decrease of 0.0005% from its proportion measured as of June 30, 2019.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2021, the District recognized actual pension benefit in the amount of \$8,744. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 18,703	
	2017	5.48		\$ 54,572
	2018	5.63		53,538
	2019	5.21		42,517
	2020	5.16		90,763
				<u>18,703</u>
Changes in Proportion	2016	5.57		10,230
	2017	5.48	50,624	
	2018	5.63	6,003	
	2019	5.21		43,737
	2020	5.16		99,204
				<u>56,627</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(7,054)	
	2018	5.00	(6,543)	
	2019	5.00	1,583	
	2020	5.00	31,720	
			<u>19,706</u>	
Difference Between Expected and Actual Experience	2016	5.57	567	
	2017	5.48	1,623	
	2018	5.63		2,039
	2019	5.21	3,250	
	2020	5.16	5,057	
				<u>10,497</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	40,000	
			<u>\$ 145,533</u>	<u>\$ 396,600</u>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ 72,342
2022	65,953
2023	37,691
2024	15,241
2025	3,296
	\$ 194,523

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) 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 PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 724,121	\$ 576,509	\$ 448,895

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. 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.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 members 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021 the State of New Jersey contributed \$253,283 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$457,687.

The employee contribution rate was 7.50% effective July 1, 2018.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$7,360,173. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0111%, which was a decrease of 0.0012% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	7,360,173
Total	<u>\$ 7,360,173</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$457,687 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual	2017	5.00	(226,008,261)	
Investment Earnings on Pension Plan Investments	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
		<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>	

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 8,645,386	\$ 7,360,173	\$ 6,293,020
<u>Pension Plan Fiduciary Net Position - TPAF</u>			

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$1,764 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$2,396 for the fiscal year ended June 30, 2021.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained their health benefit coverage from the AmeriHealth Insurance Company of New Jersey. The District obtained their dental benefit coverage through Horizon Blue Cross Blue Shield.

Property and Liability Insurance

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

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

Selected financial information for the SAIF as of June 30, 2021 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 51,526,293
Net Position	\$ 20,539,909
Total Revenue	\$ 43,264,716
Total Expenses	\$ 41,642,794
Change in Net Position	\$ 1,621,922
Members Dividends	\$ -0-

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of the District’s contributions, employee contributions and interest earned, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ -0-	\$ 3,494	\$ 3,431	\$ 51,520
2020	-0-	3,262	2,935	51,457
2019	-0-	5,277	1,395	51,130

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 17,596
Food Service Fund	\$ 17,596	
	<u>\$ 17,596</u>	<u>\$ 17,596</u>

The interfund receivable in the Food Service Fund is due from the General Fund for Federal and State subsidy reimbursements and for a transfer to cover a deficit.

NOTE 13. ECONOMIC DEPENDENCY

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2021, there were encumbrances in the governmental funds as follows: \$2,895 in the General Fund.

NOTE 16. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the local School District on a predetermined mutually agreed-upon schedule.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2021:

	<u>Governmental Funds</u>		<u>Total Governmental Funds</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			
Vendors	\$ 35,665	\$ 855	\$ 36,520		\$ 36,520
Payroll Deductions and Withholdings	63,262		63,262		63,262
State of New Jersey				\$ 40,000	40,000
	<u>\$ 98,927</u>	<u>\$ 855</u>	<u>\$ 99,782</u>	<u>\$ 40,000</u>	<u>\$ 139,782</u>

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Plan Description and Benefits Provided (Cont'd)

<https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 7,591,942
Changes for Year:	
Service Cost	212,020
Interest on the Total OPEB Liability	298,544
Changes of Assumptions	90,601
Differences between Expected and Actual Experience	(1,935,625)
Gross Benefit Payments by the State	(186,530)
Contributions from Members	5,529
Net Changes	(1,515,461)
Balance at June 30, 2019	\$ 6,076,481

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 7,178,725	\$ 6,076,481	\$ 5,200,919

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 5,006,750	\$ 6,076,481	\$ 7,492,586
<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>			

For the fiscal year ended June 30, 2021 the District recognized OPEB expense of \$596 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 707,425
	2018	9.51		608,481
	2019	9.29	\$ 80,847	
			80,847	1,315,906
Differences between Expected and Actual Experience	2018	9.51		575,204
	2019	9.29		951,589
				1,526,793
Changes in Proportion	N/A	N/A	95,310	142,738
			\$ 176,157	\$ 2,985,437

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

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

Fiscal Year Ending June 30,	Total
2020	\$ (370,819)
2021	(370,819)
2022	(370,819)
2023	(370,819)
2024	(370,819)
Thereafter	(907,758)
	\$ (2,761,853)

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

NOTE 20. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020, were restated due to this implementation as follows:

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 20. PRIOR YEAR ADJUSTMENT (Cont'd)

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 1,721,764	\$ 52,771	\$ 1,774,535
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 1,443,179	\$ 51,457	\$ 1,494,636
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 1,314	\$ 1,314
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 51,457	\$ (51,457)	\$ -0-

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FISCAL YEAR

	Fiscal Year Ending June 30, 2021
	<hr/>
District's proportion of the net pension liability	0.0035352635%
District's proportionate share of the net pension liability	\$ 576,509
District's covered employee payroll	\$ 96,468
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	597.62%
Plan fiduciary net position as a percentage of the total pension liability	58.32%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015 and the information was not available for the years ended June 30, 2015 through June 30, 2020.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FISCAL YEAR

	Fiscal Year Ending June 30, 2021 <hr style="border: 0.5px solid black;"/>
Contractually required contribution	\$ 38,674
Contributions in relation to the contractually required contribution	<hr style="border: 0.5px solid black;"/> (38,674)
Contribution deficiency/(excess)	<hr style="border: 0.5px solid black;"/> \$ -0- <hr style="border: 0.5px solid black;"/>
District's covered employee payroll	\$ 94,578
Contributions as a percentage of covered employee payroll	40.89%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015 and the information was not available for the years ended June 30, 2015 through June 30, 2020.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST FISCAL YEAR

	Fiscal Year Ending June 30, 2021
	<hr/>
State's proportion of the net pension liability attributable to the District	0.0111773848%
State's proportionate share of the net pension liability attributable to the District	\$ 7,360,173
District's covered employee payroll	\$ 845,228
State proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	870.79%
Plan fiduciary net position as a percentage of the total pension liability	24.60%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015 and the information was not available for the years ended June 30, 2015 through June 30, 2020.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FISCAL YEAR

	Fiscal Year Ending June 30, 2021 <hr style="border: 0.5px solid black;"/>
Contractually required contribution	\$ 457,687
Contributions in relation to the contractually required contribution	<hr style="border: 0.5px solid black;"/> (280,242)
Contribution deficiency/(excess)	<hr style="border: 0.5px solid black;"/> \$ 177,445
District's covered employee payroll	\$ 945,051
Contributions as a percentage of covered employee payroll	29.65%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015 and the information was not available for the years ended June 30, 2015 through June 30, 2020.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE
OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST FISCAL YEAR

	<u>Fiscal Year</u> <u>Ending June 30,</u> <u>2019</u>
Total OPEB Liability	
Service Cost	\$ 212,020
Interest Cost	298,544
Differences Between Expected and Actual Experiences	(1,935,625)
Changes in Assumptions	90,601
Member Contributions	5,529
Gross Benefit Payments	<u>(186,530)</u>
Net Change in Total OPEB Liability	(1,515,461)
Total OPEB Liability - Beginning	<u>7,591,942</u>
Total OPEB Liability - Ending	<u>\$ 6,076,481</u>
District's Covered Employee Payroll *	\$ 1,375,301
Total OPEB Liability as a Percentage of Covered Employee Payroll	441.83%

* - Covered payroll for the fiscal year ending June 30, 2019 is based on the payroll on the June 30, 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015 and the information was not available for the years ended June 30, 2015 through June 30, 2020.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,230,889		\$ 2,230,889	\$ 2,230,889	
Interest Eamed on Capital Reserve Funds	1,000		1,000	1,611	\$ 611
Interest Eamed on Maintenance Reserve Funds	1,000		1,000	1,611	611
Unrestricted Miscellaneous Revenue	61,171		61,171	48,218	(12,953)
Total - Local Sources	2,294,060		2,294,060	2,282,329	(11,731)
State Sources:					
Categorical Special Education Aid	87,136		87,136	87,136	
Equalization Aid	355,361		355,361	355,361	
Security Aid	2,651		2,651	2,651	
Transportation Aid	5,430		5,430	5,430	
Extraordinary Aid				38,654	38,654
Extraordinary Aid - Prior Year Additional				3,127	3,127
Nonpublic Transportation Aid				2,030	2,030
TPAF Pension Contribution (On-Behalf - Non Budgeted)				280,242	280,242
TPAF Pension Non-Contributory Insurance (On-Behalf - Non Budgeted)				5,332	5,332
TPAF Pension Long Term Disability (On-Behalf - Non Budgeted)				31	31
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				89,495	89,495
TPAF Social Security (Reimbursed - Non Budgeted)				69,229	69,229
Total State Sources	450,578		450,578	938,718	488,140
Federal Sources:					
Impact Aid				352,957	352,957
Total Federal Sources				352,957	352,957
TOTAL REVENUES	2,744,638		2,744,638	3,574,004	829,366

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool/Kindergarten - Salaries of Teachers	\$ 74,340	\$ 2,800	\$ 77,140	\$ 76,281	\$ 859
Grades 1-5 - Salaries of Teachers	496,769	(2,800)	493,969	459,380	34,589
Grades 6-8 - Salaries of Teachers	93,565		93,565	88,960	4,605
Tuition Reimbursement	5,000	(5,000)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	21,963	(2,872)	19,091	16,816	2,275
Purchased Professional Educational Services	37,000	20,227	57,227	51,742	5,485
Purchased Professional Technical Services	54,300	(3,081)	51,219	51,219	
Other Purchased Services (400-500 series)	10,300	1,391	11,691	10,574	1,117
General Supplies	55,613	(17,295)	38,318	35,623	2,695
Textbooks	3,715	(3,700)	15		15
Total Regular Programs - Instruction	852,565	(10,330)	842,235	790,595	51,640
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	301,122	(6,336)	294,786	267,426	27,360
Other Salaries for Instruction	11,964	8,790	20,754	20,753	1
Tuition Reimbursement	5,000	(5,000)			
General Supplies	1,000		1,000	500	500
Total Resource Room/Resource Center	319,086	(2,546)	316,540	288,679	27,861
Total Special Education Instruction	319,086	(2,546)	316,540	288,679	27,861

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 45,194	\$	\$ 45,194	\$ 13,908	\$ 31,286
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction	45,694		45,694	13,908	31,786
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	12,600		12,600	1,800	10,800
Other Objects	3,250	\$ (2,800)	450	393	57
Total School-Sponsored Cocurricular Activities - Instruction	15,850	(2,800)	13,050	2,193	10,857
Summer School - Instruction:					
Salaries of Teachers	4,800		4,800	300	4,500
Other Salaries for Instruction	600		600		600
Salaries of Teacher Tutors	11,000		11,000		11,000
Purchased Professional Services	2,000		2,000	836	1,164
Total Summer School - Instruction	18,400		18,400	1,136	17,264
Total Instruction	1,251,595	(15,676)	1,235,919	1,096,511	139,408
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	225,228	12,442	237,670	216,435	21,235
Tuition - Other	26,500	(13,800)	12,700	12,500	200
Total Undistributed Expenditures - Instruction	251,728	(1,358)	250,370	228,935	21,435
Attendance and Social Work Services:					
Salaries	16,470		16,470	13,519	2,951
Total Attendance and Social Work Services:	16,470		16,470	13,519	2,951

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 58,535	\$ 3,150	\$ 61,685	\$ 61,685	
Purchased Professional and Technical Services	1,300		1,300	1,300	
Other Purchased Services (400-500 series)	160	224	384	320	\$ 64
Supplies and Materials	685	432	1,117	1,021	96
Other Objects	85	(75)	10	10	
Total Health Services	60,765	3,731	64,496	64,326	170
Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	83,781	28,947	112,728	100,471	12,257
Supplies and Materials	250	(27)	223		223
Total Speech, OT, PT and Related Services	84,031	28,920	112,951	100,471	12,480
Child Study Team:					
Salaries of Other Professional Staff	98,222	45,663	143,885	104,285	39,600
Salaries of Secretarial and Clerical Assistants	16,470	2,525	18,995	18,995	
Health Benefits		17,171	17,171		17,171
Purchased Professional Educational Services	18,000		18,000	17,359	641
Other Purchased Professional and Technical Services	4,110	(700)	3,410	3,025	385
Supplies and Materials	200	700	900	898	2
Other Objects	150		150		150
Total Child Study Team	137,152	65,359	202,511	144,562	57,949
Improvement of Instructional Services:					
Salaries of Other Professional Staff	22,500	14,907	37,407	37,406	1
Salaries of Secretaries and Clerical Assistants	4,860		4,860	2,526	2,334
Purchased Professional Educational Services	12,000	(11,954)	46		46
Total Improvement of Instructional Services	39,360	2,953	42,313	39,932	2,381

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 20,487	\$ 1	\$ 20,488	\$ 20,487	\$ 1
Purchased Professional and Technical Services	6,700	797	7,497	7,149	348
Supplies and Materials	4,285	(3,124)	1,161	980	181
Other Objects	25		25	25	
Total Educational Media Services/School Library	31,497	(2,326)	29,171	28,641	530
Instructional Staff Training Services:					
Purchased Professional - Educational Services	25,418	(8,438)	16,980	16,980	
Other Purchased Services (400-500 series)	2,250	(2,100)	150	127	23
Total Instructional Staff Training Services	27,668	(10,538)	17,130	17,107	23
Support Services - General Administration:					
Salaries	3,000		3,000	2,000	1,000
Legal Services	5,000	(1,125)	3,875	3,870	5
Audit Fees	21,400	400	21,800	10,900	10,900
Other Purchased Professional Services	81,311	(7,682)	73,629	73,550	79
Purchased Technical Services	1,700		1,700	1,415	285
Communications/Telephone	1,100		1,100		1,100
Travel - All Other	5,000	(4,920)	80		80
Miscellaneous Purchased Services (400-500 series)	3,813	(3,717)	96		96
General Supplies	1,500	1,854	3,354	3,335	19
Miscellaneous Expenditures	650	(151)	499	94	405
Board of Education Membership Dues and Fees	5,452	51	5,503	5,502	1
Total Support Services - General Administration	129,926	(15,290)	114,636	100,666	13,970

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 52,500	\$ 5,788	\$ 58,288	\$ 57,594	\$ 694
Total Support Services - School Administration	52,500	5,788	58,288	57,594	694
Support Services - Central Services:					
Salaries	75,000	(2,232)	72,768	71,223	1,545
Purchased Professional Services	3,600	210	3,810	3,810	
Purchased Technical Services	4,000	5,644	9,644	9,644	
Total Support Services - Central Services	82,600	3,622	86,222	84,677	1,545
Required Maintenance of School Facilities:					
Salaries	28,050		28,050	27,650	400
Cleaning, Repair and Maintenance Services	38,082	(20,977)	17,105	16,655	450
Other Purchased Property Services		1,557	1,557	1,556	1
General Supplies	14,600	(5,513)	9,087	6,747	2,340
Other Objects		325	325	325	
Total Required Maintenance of School Facilities	80,732	(24,608)	56,124	52,933	3,191

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 66,624		\$ 66,624	\$ 52,633	\$ 13,991
Purchased Professional and Technical Services	13,165	(2,930)	10,235	7,230	3,005
Cleaning, Repair and Maintenance Services	4,655	(209)	4,446	4,212	234
Insurance	32,157	15,952	48,109	48,109	
General Supplies	11,720	7,412	19,132	18,220	912
Energy (Electricity)	22,000		22,000	11,570	10,430
Energy (Oil)	25,000	417	25,417	24,409	1,008
Other Objects	251		251	214	37
Total Custodial Services	175,572	20,642	196,214	166,597	29,617
Care & Upkeep of Grounds					
Cleaning, Repair, & Maintenance Services	10,230	(5,600)	4,630	4,590	40
General Supplies	540		540		540
Total Care & Upkeep of Grounds	10,770	(5,600)	5,170	4,590	580
Security					
General Supplies	668		668		668
Total Security	668		668		668
Student Transportation Services:					
Salaries of Non-Instructional Aides	4,500	7,715	12,215	12,215	
Other Purchased Professional and Technical Services	8,900	(8,000)	900		900
Contracted Services:					
Between Home and School - Vendors	119,982	(3,000)	116,982	114,974	2,008
Other than Between Home and School - Vendors	10,000	(4,162)	5,838	5,487	351
Special Education Students - Vendors	7,000	2,965	9,965	5,484	4,481
Special Education Students - Joint Agreements	59,400	(14,198)	45,202	45,202	
Aid in Lieu of Payments - Non Public Students	8,000	3,000	11,000	8,172	2,828
Aid in Lieu of Payments - Charter Schools	3,000		3,000	3,000	
Aid in Lieu of Payments - Choice Schools	1,000		1,000		1,000
Total Student Transportation Services	221,782	(15,680)	206,102	194,534	11,568

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 48,000	\$ (48,000)			
Other Retirement Contributions - PERS	37,100	4,865	\$ 41,965	41,965	\$ 6,000
Other Retirement Contributions - Regular	6,000		6,000		
Unemployment Compensation		631	631	631	
Workmen's Compensation	30,000	(16,518)	13,482	13,482	
Health Benefits	352,229	45,799	398,028	391,368	6,660
Tuition Reimbursement		2,682	2,682	2,682	
Unused Sick Pay for Retired/Terminated Employees	34,353	(30,466)	3,887		3,887
Total Unallocated Benefits	507,682	(41,007)	466,675	450,128	16,547
On-Behalf Contributions:					
TPAF Pension Contribution (On-Behalf - Non Budgeted)				280,242	(280,242)
TPAF Pension Non-Contributory Insurance (On-Behalf - Non Budgeted)				5,332	(5,332)
TPAF Pension Long Term Disability (On-Behalf - Non Budgeted)				31	(31)
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				89,495	(89,495)
TPAF Social Security (Reimbursed - Non Budgeted)				69,229	(69,229)
Total On-Behalf Contributions				444,329	(444,329)
Total Personal Services - Employee Benefits	507,682	(41,007)	466,675	894,457	(427,782)
Total Undistributed Expenses	1,910,903	14,608	1,925,511	2,193,541	(268,030)
TOTAL CURRENT EXPENSE	3,162,498	(1,068)	3,161,430	3,290,052	(128,622)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	2,603		2,603	2,412	191
Total Facilities Acquisition and Construction Services	2,603		2,603	2,412	191
TOTAL CAPITAL OUTLAY	2,603		2,603	2,412	191

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Transfer of Funds to Charter Schools	\$ 137,920		\$ 137,920	\$ 98,989	\$ 38,931
TOTAL EXPENDITURES	3,303,021	\$ (1,068)	3,301,953	3,391,453	(89,500)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(558,383)	1,068	(557,315)	182,551	739,866
Other Financing Uses:					
Transfer to Food Service Enterprise Fund	(8,354)	(1,068)	(9,422)	(8,253)	1,169
Total Other Financing Uses	(8,354)	(1,068)	(9,422)	(8,253)	1,169
Excess (Deficiency) of Revenues Over/(Under) Other Financing Uses	(566,737)		(566,737)	174,298	741,035
Fund Balance, July 1 (as Restated)	1,546,905		1,546,905	1,546,905	
Fund Balance, June 30	\$ 980,168	\$ -0-	\$ 980,168	\$ 1,721,203	\$ 741,035

Recapitulation:

Restricted:

Impact Aid Reserve	\$ 521,264
Maintenance Reserve	97,849
Capital Reserve	265,323
Unemployment Compensation	51,520
Excess Surplus - 2022-2023	342,958
Excess Surplus - 2021-2022	114,074

Assigned:

Year-End Encumbrances	2,895
For Subsequent Year's Expenditures	31,509
Unassigned	293,811
	<u>1,721,203</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last Two State Aid Payments not Recognized on GAAP Basis	(44,797)
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,676,406</u>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 49,703	\$ 12,657	\$ 62,360	\$ 62,360	
Total Revenues	49,703	12,657	62,360	62,360	
EXPENDITURES:					
Instruction:					
Other Purchased Services		1,084	1,084	1,084	
Tuition	29,704	2,702	32,406	32,406	
General Supplies	14,667	2,184	16,851	16,851	
Total Instruction	44,371	5,970	50,341	50,341	
Support Services:					
Purchased Professional - Educational Services	1,614	72	1,686	1,686	
Supplies and Materials	3,718	6,615	10,333	10,333	
Total Support Services	5,332	6,687	12,019	12,019	
Total Expenditures	\$ 49,703	\$ 12,657	\$ 62,360	\$ 62,360	\$ -0-
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 3,574,004	\$ 62,360
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	52,269	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(44,797)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 3,581,476</u>	<u>\$ 62,360</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 3,391,453</u>	<u>\$ 62,360</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,391,453</u>	<u>\$ 62,360</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	ESEA 2020-2021 Title II A	Preschool	IDEA Part B Basic	Coronavirus Relief Fund Grant
REVENUE:				
Federal Sources	\$ 1,686	\$ 1,084	\$ 32,406	\$ 3,718
Total Revenue	<u>1,686</u>	<u>1,084</u>	<u>32,406</u>	<u>3,718</u>
EXPENDITURES:				
Instruction:				
Tuition			32,406	
Other Purchased Services		1,084		
General Supplies				
Total Instruction		<u>1,084</u>	<u>32,406</u>	
Support Services:	1,686			3,718
Purchased Professional Educational Services				
Supplies and Materials				
Total Support Services	<u>1,686</u>			<u>3,718</u>
Total Expenditures	<u>\$ 1,686</u>	<u>\$ 1,084</u>	<u>\$ 32,406</u>	<u>\$ 3,718</u>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Small Rural School Achievement	CARES Emergency Relief Fund	Totals June 30, 2021
REVENUE:			
Federal Sources	\$ 16,851	\$ 6,615	\$ 62,360
Total Revenue	16,851	6,615	62,360
EXPENDITURES:			
Instruction:			
Tuition			32,406
Other Purchased Services			1,084
General Supplies	16,851		16,851
Total Instruction	16,851		50,341
Support Services:			
Purchased Professional Educational Services			1,686
Supplies and Materials		6,615	10,333
Total Support Services		6,615	12,019
Total Expenditures	\$ 16,851	\$ 6,615	\$ 62,360

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	6,312
Intergovernmental Receivable:		
Federal		1,060
State		75
Interfund Receivable:		
General Fund		17,596
		<hr/>
Total Current Assets		25,043
		<hr/>
Total Assets		25,043
		<hr/>
NET POSITION:		
Investment in Capital Assets		
Unrestricted		25,043
		<hr/>
Total Net Position	\$	25,043
		<hr/> <hr/>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF REVENUE AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Local Sources:	
Other Sales	\$ 347
	<hr/>
Total Operating Revenue	347
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	3,924
Supplies, Insurance & Other Costs	776
	<hr/>
Total Operating Expenses	4,700
	<hr/>
Operating Loss	(4,353)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	8
State Sources:	
COVID 19 - Seamless Summer Option	570
Federal Sources:	
COVID 19 - Seamless Summer Option	9,498
	<hr/>
Total Non-Operating Income	10,076
	<hr/>
Change in Net Position	5,723
	<hr/>
Transfers and Other Items:	
Transfer from General Fund	8,253
Other Item - Cancellation of Accounts Payable - Other	9,942
	<hr/>
Change in Net Position After Transfer and Other Item	23,918
	<hr/>
Net Position - Beginning of Year	1,125
	<hr/>
Net Position - End of Year	\$ 25,043
	<hr/> <hr/>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 347
Payments to Food Service Vendor	(3,924)
Payments to Suppliers and Other Expenses	(776)
	<hr/>
Net Cash (Used for) Operating Activities	(4,353)
	<hr/>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	8
	<hr/>
Net Cash Provided by Investing Activities	8
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State/Federal Subsidy Reimbursements Collected in Food Service Fund	6,436
	<hr/>
Net Cash Provided by Noncapital Financing Activities	6,436
	<hr/>
Net Increase in Cash and Cash Equivalents	2,091
Cash and Cash Equivalents, July 1	4,221
	<hr/>
Cash and Cash Equivalents, June 30	\$ 6,312
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (4,353)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (4,353)
	<hr/> <hr/>

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION

(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(UNAUDITED)

(accrual basis of accounting)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 997,861	\$ 963,075	\$ 961,215	\$ 976,484	\$ 1,031,753	\$ 1,119,510	\$ 1,250,611	\$ 1,254,092	\$ 1,213,220	\$ 1,149,249
Restricted	374,983	764,741	955,606	1,066,847	1,330,409	1,098,335	897,843	1,168,584	1,266,710	1,394,302
Unrestricted/(Deficit)	695,428	802,404	1,119,167	169,058	(306,022)	(458,204)	(342,243)	(786,013)	(705,395)	(634,487)
Total Governmental Activities Net Position	\$ 2,068,272	\$ 2,530,220	\$ 3,035,987	\$ 2,212,388	\$ 2,056,140	\$ 1,759,640	\$ 1,806,211	\$ 1,636,663	\$ 1,774,535	\$ 1,909,064
Business-Type Activities:										
Unrestricted	\$ 9,759	\$ 11,216	\$ 12,290	\$ 8,268	\$ 9,423	\$ 10,688	\$ 2,145	\$ 3,629	\$ 1,125	\$ 25,043
Total Business-Type Activities Net Position	\$ 9,759	\$ 11,216	\$ 12,290	\$ 8,268	\$ 9,423	\$ 10,688	\$ 2,145	\$ 3,629	\$ 1,125	\$ 25,043
District-Wide:										
Net Investment in Capital Assets	\$ 997,861	\$ 963,075	\$ 961,215	\$ 976,484	\$ 1,031,753	\$ 1,119,510	\$ 1,250,611	\$ 1,254,092	\$ 1,213,220	\$ 1,149,249
Restricted	374,983	764,741	955,606	1,066,847	1,330,409	1,098,335	897,843	1,168,584	1,266,710	1,394,302
Unrestricted/(Deficit)	705,187	813,620	1,131,457	177,325	(296,600)	(447,517)	(340,098)	(782,384)	(704,270)	(609,444)
Total District Net Position	\$ 2,078,031	\$ 2,541,436	\$ 3,048,278	\$ 2,220,656	\$ 2,065,562	\$ 1,770,328	\$ 1,808,356	\$ 1,640,292	\$ 1,775,660	\$ 1,934,107

* as Restated

Source: School District Financial Reports

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(*accrual basis of accounting*)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 1,066,581	\$ 1,292,378	\$ 1,253,377	\$ 1,354,863	\$ 1,497,153	\$ 1,621,130	\$ 1,821,842	\$ 1,688,360	\$ 1,488,882	\$ 1,377,070
Special Education	403,426	371,261	379,244	376,855	371,690	386,110	561,361	603,758	602,515	526,324
Other Special Instruction	193,030	127,610	123,029	130,667	153,288	161,632	203,208	213,871	160,134	28,451
School-Sponsored/Other Instruction										1,694
Support Services:										
Tuition	27,888	16,053	40,441	75,597	33,167	71,167	130,653	215,368	174,325	261,341
Student & Instruction Related Services	429,684	422,665	393,856	505,909	519,718	496,296	408,999	507,096	491,046	517,113
General and Business Administrative Services	244,235	251,194	260,456	251,282	257,986	291,444	346,756	326,752	270,551	105,237
School Administrative Services	68,440	81,100	80,625	73,444	72,891	80,198	98,057	97,875	131,305	104,974
Central Services										111,190
Plant Operations and Maintenance	229,279	213,094	245,562	272,385	270,367	254,393	283,865	277,801	245,071	256,025
Pupil Transportation	162,129	176,256	148,454	171,334	169,533	169,629	185,006	237,477	193,938	199,080
SDA Debt Service Assessment	1,230	1,688	2,603	2,603	2,603	2,603	2,603	2,603	2,603	2,412
Charter Schools			26,306			25,914	39,654	74,978	160,806	98,989
Total Governmental Activities Expenses	2,825,922	2,953,298	2,953,952	3,214,939	3,348,395	3,560,516	4,082,004	4,245,940	3,921,177	3,589,900
Business-Type Activities:										
Food Service	16,957	17,824	17,674	18,807	15,642	15,639	13,560	11,738	7,283	4,700
Total Business-type Activities Expense	16,957	17,824	17,674	18,807	15,642	15,639	13,560	11,738	7,283	4,700
Total District Expenses	\$ 2,842,879	\$ 2,971,122	\$ 2,971,626	\$ 3,233,745	\$ 3,364,038	\$ 3,576,155	\$ 4,095,564	\$ 4,257,678	\$ 3,928,460	\$ 3,594,600

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues										
Governmental Activities:										
Charges for Services:										
Operating Grants and Contributions	\$ 337,765	\$ 411,169	\$ 362,631	\$ 341,233	\$ 348,388	\$ 351,364	\$ 1,193,476	\$ 1,090,576	\$ 919,597	\$ 731,920
Total Governmental Activities Program Revenues	\$ 337,765	\$ 411,169	\$ 362,631	\$ 341,233	\$ 348,388	\$ 351,364	\$ 1,193,476	\$ 1,090,576	\$ 920,103	\$ 731,920
Business-Type Activities:										
Charges for Services:										
Food Service	9,003	6,610	5,413	5,256	5,764	6,136	3,897	3,596	2,894	347
Operating Grants and Contributions	2,170	2,865	3,370	1,847	3,211	2,679	1,106	1,515	693	10,068
Total Business-type Activities Program Revenues	11,173	9,475	8,783	7,102	8,974	8,815	5,003	5,111	3,586	10,415
Total District Program Revenues	\$ 348,938	\$ 420,644	\$ 371,414	\$ 348,335	\$ 357,362	\$ 360,180	\$ 1,198,479	\$ 1,095,687	\$ 923,689	\$ 742,335
Net (Expense)/Revenue										
Governmental Activities	\$ (2,488,157)	\$ (2,542,129)	\$ (2,591,321)	\$ (2,873,706)	\$ (3,000,008)	\$ (3,209,152)	\$ (2,888,528)	\$ (3,155,364)	\$ (3,001,074)	\$ (2,857,980)
Business-type Activities	(5,784)	(8,348)	(8,891)	(11,705)	(6,668)	(6,823)	(8,557)	(6,627)	(3,697)	5,715
Total District-wide Net Expense	\$ (2,493,941)	\$ (2,550,477)	\$ (2,600,212)	\$ (2,885,411)	\$ (3,006,676)	\$ (3,215,975)	\$ (2,897,085)	\$ (3,161,991)	\$ (3,004,771)	\$ (2,852,265)

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 1,885,886	\$ 1,923,603	\$ 1,929,597	\$ 1,968,188	\$ 2,007,551	\$ 2,047,702	\$ 2,088,656	\$ 2,144,261	\$ 2,187,146	\$ 2,230,889
Federal and State aid not restricted	787,863	1,084,702	1,172,767	842,985	837,227	848,043	827,557	826,931	819,063	718,433
Tuition						16,617			9,133	
Investment Earnings	2,731	4,013	4,455	4,772	4,419	4,755	13,529	13,891	3,465	3,222
ITransfers										(8,253)
Miscellaneous income	1,852	1,545	211	8,005	2,372	3,606	5,356	8,831	68,552	48,218
Other Income	(7,249)	(9,786)	(9,942)	(7,662)	(7,810)	(8,071)		(8,098)	(1,183)	
Total Governmental Activities	2,671,084	3,004,077	3,097,088	2,816,288	2,843,759	2,912,652	2,935,098	2,985,816	3,086,175	2,992,509
Business-Type Activities:										
Investment Earnings	19	20	22	20	12	18	14	12	10	8
Transfers	7,249	9,786	9,942	7,662	7,810	8,071		8,098	1,183	8,253
Other Item - Cancellation of Accounts Payable										9,942
Total Business-Type Activities	7,268	9,806	9,964	7,682	7,823	8,089	14	8,110	1,193	18,203
Total District-Wide	\$ 2,678,352	\$ 3,013,883	\$ 3,107,053	\$ 2,823,970	\$ 2,851,582	\$ 2,920,741	\$ 2,935,112	\$ 2,993,926	\$ 3,087,369	\$ 3,010,712
Change in Net Position:										
Governmental Activities	\$ 182,927	\$ 461,948	\$ 505,767	\$ (57,418)	\$ (156,249)	\$ (296,499)	\$ 46,570	\$ (169,548)	\$ 85,101	\$ 134,529
Business-type Activities	1,484	1,458	1,074	(4,022)	1,155	1,265	(8,543)	1,483	(2,503)	23,918
Total District	\$ 184,411	\$ 463,405	\$ 506,841	\$ (61,440)	\$ (155,094)	\$ (295,234)	\$ 38,028	\$ (168,064)	\$ 82,598	\$ 158,447

Source: School District Financial Reports

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund:										
Restricted	\$ 374,983	\$ 764,429	\$ 952,987	\$ 942,703	\$ 860,587	\$ 1,019,990	\$ 878,757	\$ 1,142,691	\$ 1,137,335	\$ 1,392,988
Assigned	285,011	243,282	377,901	570,234	467,244	511,989	384,149	54,598	128,061	34,404
Unassigned	479,767	631,494	819,077	563,993	562,601	193,128	251,659	143,568	229,240	249,014
Total General Fund	\$ 1,139,761	\$ 1,639,204	\$ 2,149,965	\$ 2,076,930	\$ 1,890,431	\$ 1,725,107	\$ 1,514,566	\$ 1,340,857	\$ 1,494,636	\$ 1,676,406
All Other Governmental Funds:										
Restricted									\$ 1,314	\$ 1,314
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,314	\$ 1,314

* as Restated

Source: School District Financial Reports

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 1,885,886	\$ 1,923,603	\$ 1,929,597	\$ 1,968,188	\$ 2,007,551	\$ 2,047,702	\$ 2,088,656	\$ 2,144,261	\$ 2,187,146	\$ 2,230,889
Tuition Charges						16,617			9,133	
Transportation Fees	2,731	4,013	4,455	4,772	4,419	4,755	13,529	13,891	3,465	3,222
Interest Earnings on Restricted Funds	1,852	1,545	211	8,005	2,372	3,606	5,356	8,831	68,552	48,218
Miscellaneous	759,989	786,908	774,245	750,403	752,799	750,698	934,402	1,005,074	967,643	946,190
State Sources	365,639	708,963	761,153	433,815	432,816	448,709	429,456	425,826	426,695	415,317
Federal Sources										
Total Revenue	3,016,097	3,425,032	3,469,662	3,165,183	3,199,957	3,272,088	3,471,399	3,597,883	3,663,140	3,643,836
Expenditures										
Instruction:										
Regular Instruction	759,239	915,965	889,545	970,669	1,006,671	1,019,782	1,013,493	935,174	873,971	819,465
Special Education Instruction	264,863	258,351	265,854	252,768	255,367	244,980	283,224	327,942	357,465	289,763
Other Special Instruction										17,237
School Sponsored/Other Instruction	161,991	92,113	87,842	111,418	129,328	123,918	130,431	130,976	101,105	
Support Services:										
Tuition	27,888	16,053	40,441	75,597	33,167	71,167	130,653	215,368	174,325	261,341
Student & Instruction Related Services	368,380	358,291	338,980	430,553	447,688	415,270	328,064	357,434	337,977	408,558
School Administrative Services	56,926	55,908	56,508	61,631	60,819	60,494	60,566	60,585	65,204	57,594
General Administrative Services	187,497	180,226	192,209	202,891	203,858	200,406	207,902	185,488	180,298	100,666
Central Services										84,677
Plant Operations and Maintenance	196,189	188,798	218,048	256,040	253,072	224,875	226,969	208,590	180,377	224,120
Pupil Transportation	149,008	152,839	132,677	156,257	156,246	152,230	161,554	224,565	191,270	194,534
Allocated and Unallocated Benefits	612,836	686,954	652,740	643,922	719,174	741,642	903,557	952,830	911,136	894,457
Capital Outlay			26,306			25,914	39,654	74,978	160,806	2,412
Transfer to Charter Schools	84,928	10,304	47,808	68,811	113,255	148,664	195,874	89,563	25,702	98,989
Total Expenditures	2,869,746	2,915,803	2,948,959	3,230,556	3,378,645	3,429,342	3,681,940	3,763,493	3,559,634	3,453,813
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	146,352	509,229	520,703	(65,373)	(178,688)	(157,254)	(210,541)	(165,610)	103,506	190,023
Transfers In										
Transfers Out	(7,249)	(9,766)	(9,942)	(7,662)	(7,810)	(8,071)	(8,098)	(8,098)	(1,163)	(8,253)
Total Other Financing Sources/(Uses)	(7,249)	(9,766)	(9,942)	(7,662)	(7,810)	(8,071)	(8,098)	(8,098)	(1,163)	(8,253)
Net Change in Fund Balances	\$ 139,103	\$ 499,463	\$ 510,761	\$ (73,035)	\$ (186,499)	\$ (165,325)	\$ (210,541)	\$ (173,708)	\$ 102,343	\$ 181,770
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: School District Financial Reports

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other	Total
2012	\$ 2,731		\$ 1,852	\$ 4,583
2013	4,013		1,545	5,558
2014	4,455		211	4,666
2015	4,772		8,005	12,777
2016	4,419		2,372	6,792
2017	4,755	\$ 16,617	3,606	24,979
2018	13,529		5,356	18,885
2019	13,891		8,831	22,722
2020	3,465	9,133	69,058	81,656
2021	3,222		48,218	51,440

Source: School District Financial Reports

**SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

LAST TEN YEARS
UNAUDITED

Sandyston Township

Year Ended December 31,	Sandyston Township					Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
	Vacant Land	Residential	Farm	Commercial	Industrial			
2011	\$ 12,335,500	\$ 206,092,100	\$ 32,481,600	\$ 20,534,700	\$ 2,373,100	\$ 274,520,921	\$ 1.308	\$ 274,602,009
2012	11,035,500	205,931,200	32,592,400	20,456,800	2,373,100	273,134,124	1.367	272,612,986
2013	* 10,065,600	205,923,200	33,272,400	20,557,800	2,373,100	272,922,133	1.368	241,708,092
2014	9,847,400	204,725,200	33,620,500	20,498,900	2,373,100	271,797,509	1.362	254,896,069
2015	6,027,800	169,773,000	29,637,200	17,823,500	2,112,800	226,227,790	1.657	239,858,743
2016	5,945,000	170,411,400	29,262,000	17,938,700	1,963,200	226,252,278	1.668	246,356,077
2017	5,964,800	171,603,000	28,963,000	17,885,100	1,963,200	226,379,100	1.660	244,406,764
2018	5,548,900	170,418,800	29,999,000	17,806,100	1,963,200	225,736,000	1.675	249,172,059
2019	5,557,800	171,380,300	29,013,400	17,802,700	1,963,200	225,717,400	1.680	245,196,067
2020	5,328,000	171,652,300	29,465,500	17,802,700	1,963,200	226,211,700	1.792	252,710,976

Walpack Township

Year Ended December 31,	Walpack Township					Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
	Vacant Land	Residential	Farm	Commercial	Industrial			
2011	\$ 85,100	\$ 645,250	\$ 523,950	\$ 1,077,400		\$ 2,406,786	\$	\$ 3,059,927
2012	85,100	561,750	468,150	1,226,800		2,420,203		3,057,657
2013	85,100	561,750	468,150	1,226,800		2,420,203		3,057,657
2014	441,800	582,350	445,700	1,452,700		2,997,953		3,486,185
2015	68,000	561,750	445,700	1,452,700		2,624,171		3,085,456
2016	68,000	561,750	445,700	1,452,700		2,608,454	\$ 0.003	2,915,163
2017	68,000	561,750	445,700	1,452,700		2,608,454		2,932,623
2018	68,000	561,750	255,700	1,452,700		2,344,098		2,682,773
2019	68,000	561,750	255,700	1,452,700		2,343,776		3,078,390
2020	68,000	561,750	255,700	1,452,700		2,343,776		3,042,895

* - Year in which the reassessment became effective.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxator

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Source: Municipal Tax Assessor

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Sandyston Township

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	Regional High School	
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
2018	1.675		1.675	0.267	0.643		2.585
2019	1.680		1.680	0.270	0.651		2.601
2020	1.792		1.792	0.272	0.655		2.719

Walpack Township

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	Regional High School	
2011					\$ 0.578		\$ 0.578
2012					0.580		0.580
2013					0.596		0.596
2014					0.602		0.602
2015					0.599	\$ 1.757	2.356
2016	\$ 0.003		\$ 0.003		0.609	1.753	2.365
2017					0.643	0.860	1.503
2018					0.658		0.658
2019					0.754		0.754
2020					0.752		0.752

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

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

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

* Year in which the reassessment became effective.

Source: Municipal Tax Collector and School Business Administrator

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Sandyston Township

2020			2011		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Dingmans Choice & Delaware Bridge	\$ 1,500,000	0.46%	N/A	N/A	N/A
Global Signal Acquisitions IV, LIC	1,232,000	0.37%			
Hidden Acres Farm	949,700	0.29%			
Shi Resoources, LP	876,500	0.27%			
Ariben Realty, LIC	834,200	0.25%			
NaItaJ, Malvin J & Frances G. TST	780,700	0.24%			
Individual Taxpayer #1	688,500	0.21%			
Individual Taxpayer #2	662,100	0.20%			
Individual Taxpayer #3	587,900	0.18%			
Barbagallo Realty	581,300	0.18%			
Total	\$ 8,692,900	2.64%			

Walpack Township

2020			2011		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Walpack Inn	\$ 982,800	0.30%	N/A	N/A	N/A
Kenneth Salazar, LIC	469,900	0.14%			
Cedar Valley Fann, LIC	113,900	0.03%			
Individual Taxpayer 1	86,300	0.03%			
Individual Taxpayer 2	85,400	0.03%			
Overlook Rod & Gun	77,000	0.02%			
Heigis, James C/O Walpack	74,000	0.02%			
Commerce Associales, Inc.	65,900	0.02%			
Individual Taxpayer 3	63,850	0.02%			
Indivudal Taxpayer 4	59,200	0.02%			
Total	\$ 2,078,250	0.63%			

Note: A revaluation was effective in 2013.

N/A - Information is not available.

Source: Municipal Tax Assessor

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FIVE FISCAL YEARS
UNAUDITED

Sandyston Township

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2017	\$ 2,025,888	\$ 2,025,888	100.00%	\$ 2,025,888	100.00%
2018	2,066,405	2,066,405	100.00%	2,066,405	100.00%
2019	2,121,418	2,121,418	100.00%	2,121,418	100.00%
2020	2,163,846	2,163,846	100.00%	2,163,846	100.00%
2021	2,207,123	2,207,123	100.00%	2,207,123	100.00%

Walpack Township

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2017	\$ 21,814	\$ 21,814	100.00%	\$ 21,814	100.00%
2018	22,251	22,251	100.00%	22,251	100.00%
2019	22,843	22,843	100.00%	22,843	100.00%
2020	23,300	23,300	100.00%	23,300	100.00%
2021	23,766	23,766	100.00%	23,766	100.00%

This schedule does not include ten years as required by GASB #44 as the information is not available.

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases	Capital Leases	Capital Leases	Capital Leases				
2012	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	-0-	0.00%	\$ -0-
2013	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2015	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2016	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2017	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2018	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2020	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2021	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-

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

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

Source: School District Financial Reports

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			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ -0-	\$ -0-	\$ -0-	0.00%	\$ -0-
2013	-0-	-0-	-0-	0.00%	-0-
2014	-0-	-0-	-0-	0.00%	-0-
2015	-0-	-0-	-0-	0.00%	-0-
2016	-0-	-0-	-0-	0.00%	-0-
2017	-0-	-0-	-0-	0.00%	-0-
2018	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	0.00%	-0-
2020	-0-	-0-	-0-	0.00%	-0-
2021	-0-	-0-	-0-	0.00%	-0-

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

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

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

Source: School District Financial Reports

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Sandyston Township	\$ -0-	100.00%	\$ -0-
Walpack Township	220,000	100.00%	<u>220,000</u>
Subtotal, Overlapping Debt			220,000
Sandyston-Walpack Consolidated School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u><u>\$ 220,000</u></u>

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

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2021

	<u>Sandyston Township</u>	<u>Walpack Township</u>	<u>Equalized Valuation Basis</u>	
2020	\$ 255,375,593	\$ 2,614,503	\$ 257,990,096	
2019	251,551,766	2,614,503	254,166,269	
2018	244,594,214	2,614,503	247,208,717	
			<u>\$ 759,365,082</u>	
Average Equalized Valuation of Taxable Property			<u>\$ 253,121,694</u>	
Debt Limit (3% of average equalization value)			a \$ 6,328,042	
Net Bonded School Debt			-0-	
Legal Debt Margin			<u>\$ 6,328,042</u>	

	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 6,228,312	\$ 6,209,546	\$ 6,206,674	\$ 6,278,268	\$ 6,328,042
Total Net Debt Applicable to Limit	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Legal Debt Margin	<u>\$ 6,228,312</u>	<u>\$ 6,209,546</u>	<u>\$ 6,206,674</u>	<u>\$ 6,278,268</u>	<u>\$ 6,328,042</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 6,868,337	\$ 6,605,212	\$ 6,461,248	\$ 6,288,661	\$ 6,327,572
Total Net Debt Applicable to Limit	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Legal Debt Margin	<u>\$ 6,868,337</u>	<u>\$ 6,605,212</u>	<u>\$ 6,461,248</u>	<u>\$ 6,288,661</u>	<u>\$ 6,327,572</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Sandyston Township				
Year	Population ^a	Township Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	1,943	\$ 98,766,576	\$ 50,832	8.60%
2013	1,924	99,003,268	51,457	6.20%
2014	1,905	102,515,670	53,814	4.80%
2015	1,881	104,782,986	55,706	4.60%
2016	1,867	106,430,202	57,006	3.80%
2017	1,847	108,599,906	58,798	3.90%
2018	1,838	112,404,728	61,156	3.00%
2019	1,826	116,469,584	63,784	8.80%
2020	1,811 **	115,512,824 ***	63,784 *	8.10%
2021	1,811 **	115,512,824 ***	63,784 *	N/A

Walpack Township				
Year	Population ^a	Township Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	12	\$ 609,984	\$ 50,832	8.60%
2013	12	617,484	51,457	6.20%
2014	12	645,768	53,814	4.80%
2015	11	612,766	55,706	4.60%
2016	11	627,066	57,006	3.80%
2017	11	646,778	58,798	3.90%
2018	11	672,716	61,156	3.00%
2019	11	701,624 ***	63,784 *	8.80%
2020	11 **	701,624 ***	63,784 *	14.30%
2021	11 **	701,624 ***	63,784 *	N/A

* - Latest Sussex County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest available population data (2020) and latest available Sussex County per capita personal income (2019) was used for calculation purposes.

N/A - Not Available

Sources:

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

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

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2020		
Employer	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%
Newton Medical Center	500-999	0.70%-1.40%
Sussex County Offices	500-999	0.70%-1.40%
Thorlabs	500-999	0.70%-1.40%
Mountain Creek Resort	500-999	0.70%-1.40%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
	<u>4,850-15,740</u>	<u>N/A</u>
2011		
Employer	Employees	Percentage of Total Employment
Crystal Springs Golf & Spa Resort	2000	2.61%
Newton Memorial Hospital	1490	1.94%
Selective Insurance	900	1.17%
County of Sussex	830	1.08%
Mountain Creek Resort	800	1.04%
Shop Rite (Ronetco)	697	0.91%
Ames Rubber Corp	445	0.58%
Walmart	412	0.54%
Andover Sub Acute and Rehab Center	300	0.39%
Sussex County Community College	300	0.39%
	<u>8,174</u>	<u>10.66%</u>

N/A - Not Available

Source: Sussex County Chamber of Commerce

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

<u>Function/Program:</u>	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction:										
Regular	14.25	13.05	12.8	12.7	12.8	12.8	12.3	12.3	12.3	12.3
Special Education	7.25	7.5	7	6.4	6.5	6.5	6.5	6.5	6.5	6.5
Other	1.4	1.4	1.4	1.4	1.4	1.6	1.2	1.2	1.2	1.2
Support Services:										
Student & Instruction Related Services	1	1	1	1	1	1	1.1	1.1	1.1	1.1
School Administrative Services	1	1	1	1	1	1	1	1	1	1
General Administrative Services	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Central Services	2.1	2.06	2.06	2.06	2.06	2.0	2.4	2.4	2.4	2.4
Plant Operations and Maintenance	0.4	0.4	0.4	0.40	0.47	0.47	0.54	0.54	0.54	0.54
	<u>29.40</u>	<u>28.51</u>	<u>27.76</u>	<u>27.06</u>	<u>27.33</u>	<u>27.47</u>	<u>27.14</u>	<u>27.14</u>	<u>27.14</u>	<u>27.14</u>

Source: School District Records

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary Schools	Schools				
2012	147.0	\$ 2,784,818	\$ 18,944	13.25%	19	1:7.7	144.3	137.8	137.8	-7.02%	95.50%
2013	151.0	2,905,499	19,242	1.57%	19	1:7.9	150.6	142.8	142.8	4.37%	94.82%
2014	154.0	2,901,151	18,839	-2.09%	18	1:8.5	147.9	140.8	140.8	-1.79%	95.20%
2015	150.0	3,163,745	21,092	11.96%	17	1:8.82	148.2	136.1	136.1	0.20%	91.84%
2016	145.0	3,265,390	22,520	6.77%	18	1:8.14	145.4	137.6	137.6	-1.89%	94.64%
2017	148.0	3,280,677	22,167	-1.57%	18	1:8.27	147.9	140.5	140.5	1.72%	95.00%
2018	141.0	3,486,067	24,724	11.54%	17	1:8.29	140.9	135.8	135.8	-4.73%	96.38%
2019	138.0	3,693,900	26,767	8.27%	17	1:8.12	132.9	126.2	126.2	-5.68%	94.96%
2020	125.0	3,533,932	28,271	5.62%	17	1:8.12	119.2	114.7	114.7	-10.31%	96.22%
2021	118.0	3,451,401	29,249	3.46%	17	1:8.12	112.2	108.7	108.7	-5.87%	96.88%

Note: Enrollment based on annual October district count.

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

Sources: School District Records

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Sandyston-Walpack Elementary</u>					
Square Feet	24,694	24,694	24,694	24,694	24,694
Capacity (students)	210	210	210	210	210
Enrollment	149	141	138	125	118

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>					
<u>Elementary</u>					
<u>Sandyston-Walpack Elementary</u>					
Square Feet	24,694	24,694	24,694	24,694	24,694
Capacity (students)	210	210	210	210	210
Enrollment	147	151	154	143	145

Number of Schools at June 30, 2021
 Elementary = 1

Note: Enrollment is based on the annual October district count.

Source: School District Records

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

<u>Facility</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>School Facilities:</u>					
Elementary School	\$ 65,106	\$ 60,676	\$ 54,226	\$ 43,686	\$ 52,933
Grand Total	<u>\$ 65,106</u>	<u>\$ 60,676</u>	<u>\$ 54,226</u>	<u>\$ 43,686</u>	<u>\$ 52,933</u>

<u>Facility</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>School Facilities:</u>					
Elementary School	\$ 72,248	\$ 40,117	\$ 50,051	\$ 83,847	\$ 99,715
Grand Total	<u>\$ 72,248</u>	<u>\$ 40,117</u>	<u>\$ 50,051</u>	<u>\$ 83,847</u>	<u>\$ 99,715</u>

Source: District records

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2021
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Alliance Insurance Fund (SAIF):			
Property - Blanket Building and Contents Including Boiler and Building and Personal Property	\$ 500,000,000	Fund Aggregate	
Inland Marine - Auto Physical Damage			\$ 2,500 1,000
General Liability including Auto, Employee Benefits Each Occurance	5,000,000		
General Aggregate	100,000,000	Fund Aggregate	2,500
Product Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses	10,000		
(Excluding Students Taking Part in Athletics)			
Automobile Coverage			
Combined Single Limit			
Hired/Non Owned			
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate	10,000
		First Party Fungi & Legionella	100,000
		Third Party Fungi & Legionella	50,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler and Machinery	100,000,000	Fund Aggregate	2,500
Excess Liability (AL/GL)	5,000,000		
School Board Legal	5,000,000/5,000,000		5,000
Excess SLPL	5,000,000/5,000,000		
Cyber Liability	2,000,000	per Occurrence/Agg	
Workers' Compensation	5,000,000		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Bond for Business Administrator	150,000	Selective Insurance	
Bond for Treasurer of School Monies	150,000	Selective Insurance	
Student Accident	25,000	Bollinger	

Source: School District records

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sandyston-Walpack Consolidated School District in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Sandyston-Walpack Consolidated School District
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

December 3, 2021
Mount Arlington, New Jersey

NISIVOCIA LLP

Raymond A. Sarinelli

Raymond A. Sarinelli
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Report on Compliance For Each Major State Program:
Report on Internal Control Over Compliance

Independent Auditors' 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 State Program

We have audited the Sandyston-Walpack Consolidated School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2021. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

The Honorable President and Members
of the Board of Education
Sandyston-Walpack Consolidated School District
Page 2

Report on Internal Control Over Compliance

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

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

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

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

December 3, 2021
Mount Arlington, New Jersey

NISIVOC CIA LLP

Raymond A. Sarinelli

Raymond A. Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020			Balance at June 30, 2021		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education										
Special Revenue Fund:										
Elementary and Secondary Education Act										
Title II, Part A										
	84.367A	ESEA465021	7/1/20-9/30/21	\$ 1,686				\$ 1,686	\$ (1,686)	
Small Rural School Achievement Program	84.358A	S358A023332	7/1/20-9/30/21	16,851				16,851	(1,738)	\$ 15,113
Small Rural School Achievement Program	84.358A	S358A023332	7/1/19-9/30/20	15,113				\$ 15,113	(15,113)	
Special Education Cluster:										
IDEA Combined Grant:										
I.D.E.A. Part B, Basic	84.027	IDEA465021	7/1/20-9/30/21	32,406				32,406	(32,406)	
I.D.E.A. Part B, Preschool	84.173	IDEA465021	7/1/20-9/30/21	1,084				1,084	(1,084)	
Total Special Education Cluster								52,027	(52,027)	
Education Stabilization Fund										
COVID 19 - CARES Emergency Relief Fund	84.425D	CARES465020	3/13/20-9/30/22	6,615				6,615	(6,615)	
General Fund:										
Impact Aid	84.041	N/A	7/1/20-6/30/21	352,957				352,957	(352,957)	
Total U.S. Department of Education								15,113	(411,599)	15,113
U.S. Department of Treasury Passed-through State Department of Education										
Special Revenue Fund:										
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/30/20	3,718				3,718	(3,718)	
Total U.S. Department of Treasury								3,718	(3,718)	
U.S. Department of Agriculture Passed-through State Department of Agriculture										
Child Nutrition Cluster:										
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	9,498				8,438	(9,498)	\$ (1,060)
Total U.S. Department of Agriculture/Child Nutrition Cluste								8,438	(9,498)	(1,060)
Total Federal Awards								\$ -0-	\$ (424,815)	\$ (1,060) \$ 15,113 \$ -0-
N/A - Not Applicable										

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Balance at June 30, 2021		MEMO	
					Budgetary Accounts Receivable	Due to Grantor			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Transportation Aid	21-495-034-5120-014		7/1/20 - 6/30/21	\$ 5,430		\$ 4,890	\$ (5,430)	\$ (5,430)	\$ (540)	\$ (540)	\$ 5,430	
Special Education Categorical Aid	21-495-034-5120-089		7/1/20 - 6/30/21	87,136		78,473	(87,136)	(87,136)	(8,663)	(8,663)	87,136	
Security Aid	21-495-034-5120-084		7/1/20 - 6/30/21	2,651		2,387	(2,651)	(2,651)	(264)	(264)	2,651	
Equalization Aid	21-495-034-5120-078		7/1/20 - 6/30/21	355,361		320,031	(355,361)	(355,361)	(35,330)	(35,330)	355,361	
Extraordinary Special Education Aid	21-495-034-5120-044		7/1/20 - 6/30/21	38,654			(38,654)	(38,654)	(38,654)	(38,654)	38,654	
Nonpublic Transportation	21-495-034-5120-014		7/1/20 - 6/30/21	2,030			(2,030)	(2,030)	(2,030)	(2,030)	2,030	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003		7/1/20 - 6/30/21	69,229		65,430	(69,229)	(69,229)	(3,799)	(3,799)	69,229	
Transportation Aid	20-495-034-5120-014		7/1/19 - 6/30/20	5,430	\$ (540)	540		5,430			5,430	
Special Education Categorical Aid	20-495-034-5120-089		7/1/19 - 6/30/20	87,136	(8,671)	8,671		87,136			87,136	
Security Aid	20-495-034-5120-084		7/1/19 - 6/30/20	2,651	(264)	264		2,651			2,651	
Equalization Aid	20-495-034-5120-044		7/1/19 - 6/30/20	430,073	(42,794)	42,794		430,073			430,073	
Extraordinary Special Education Aid	20-495-034-5120-044		7/1/19 - 6/30/20	34,346	(31,219)	34,346		34,346			34,346	
Nonpublic Transportation	20-495-034-5120-014		7/1/19 - 6/30/20	290	(290)	290		290			290	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003		7/1/19 - 6/30/20	65,063	(2,832)	2,832		65,063			65,063	
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001		7/1/20 - 6/30/21	89,495		89,495		(89,495)			89,495	
On-Behalf TPAF Pension Contributions	21-495-034-5094-002		7/1/20 - 6/30/21	280,242		280,242		(280,242)			280,242	
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004		7/1/20 - 6/30/21	5,332		5,332		(5,332)			5,332	
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004		7/1/20 - 6/30/21	31		31		(31)			31	
Total General Fund State Aid					(86,610)	936,048		(938,718)	(44,483)		1,560,580	
Enterprise Fund												
COVID 19 - Seamless Summer Option	21-100-010-3350-023		7/1/20 - 6/30/21	570		495		(570)	(75)		570	
Total Enterprise Fund						495		(570)	(75)		570	
Total State Awards Subject to Single Audit Determination					\$ (86,610)	\$ 936,543		\$ (939,288)	\$ (44,558)	\$ -0-	\$ 1,561,150	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001		7/1/20 - 6/30/21	\$ 89,495				\$ 89,495				
On-Behalf TPAF Pension Contributions	21-495-034-5094-002		7/1/20 - 6/30/21	280,242				280,242				
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004		7/1/20 - 6/30/21	5,332				5,332				
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004		7/1/20 - 6/30/21	31				31				
Subtotal - On-Behalf TPAF Pension System Contribution				375,100				375,100				
Total State Awards Subject to Single Audit Major Program Determination				\$ (564,188)				\$ (564,188)				

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Board of Education, Sandyston-Walpack Consolidated School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,472 for the general fund, and \$-0- for the special revenue fund which includes \$-0- related to local grants). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 352,957	\$ 946,190	\$ 1,299,147
Special Revenue Fund	62,360		62,360
Food Service Fund	9,498	570	10,068
Total Awards	<u>\$ 424,815</u>	<u>\$ 946,760</u>	<u>\$ 1,371,575</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	State		Award	Budgetary
	<u>Grant Number</u>	<u>Grant Period</u>	<u>Amount</u>	<u>Expenditures</u>
Special Education Categorical Aid	21-495-034-5120-089	7/1/20 - 6/30/21	\$ 87,136	\$ 87,136
Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	2,651	2,651
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	355,361	355,361

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

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior audit findings.