

**SANDYSTON-WALPACK
CONSOLIDATED SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

**SANDYSTON-WALPACK
CONSOLIDATED SCHOOL DISTRICT**

Layton, New Jersey

For the Fiscal Year Ended June 30, 2023

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**

Mr. Joseph Kraemer
Interim Superintendent
jkraemer@sandystonwalpack.org

Mrs. Tina Palecek
Business Administrator/Board Secretary
tpalecek@sandystonwalpack.org

December 4, 2023

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 annual comprehensive financial report of the Sandyston-Walpack Consolidated School District (the "District") for the fiscal year ended June 30, 2023, 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 annual comprehensive 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: (Cont'd)

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.

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. Two 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. Three students attend a Disabilities program at Hampton School and two students attend Northern Hills Academy for special education.

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

Fiscal Year	Student Enrollment	Percent Change
2022-2023	125	(7.41)
2021-2022	135	9.8
2020-2021	123	(1.6)
2019-2020	125	(10.4)
2018-2019	138	(2.1)
2017-2018	141	(4.7)
2016-2017	148	1.3
2015-2016	146	2.09
2014-2015	143	(7.1)
2013-2014	154	1.98

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. Upgrades to the facility and instructional supplies will be possible with the continued federal funding of Impact Aid and state aid.

3) MAJOR INITIATIVES:

The Sandyston-Walpack Consolidated School maintains its focus on providing a quality education for all children aged 3 through 12. The Board of Education stands committed to reviewing our current programs and adding the elements needed to comply with the NJ SLS. With the impact of COVID-19 continuing to be in the forefront of our interventions and instruction. The workshop model initiative (implemented four 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 will focus on the areas of Response to Intervention, Workshop Models, and Social and Emotional Learning, and lastly, Team Teaching (inclusion models).

For the 2022-2023 School Year, the administrative make-up was a Shared Chief School Administrator and Principal/Supervisor of Special Education. This is the second year of this administrative model. It will continue to allow the administrators to focus on their specified job duties in a more detailed manner.

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, 2023.

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.

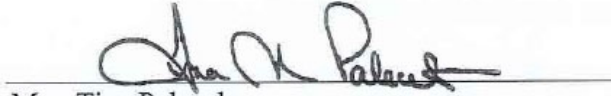
9) OTHER INFORMATION:

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:

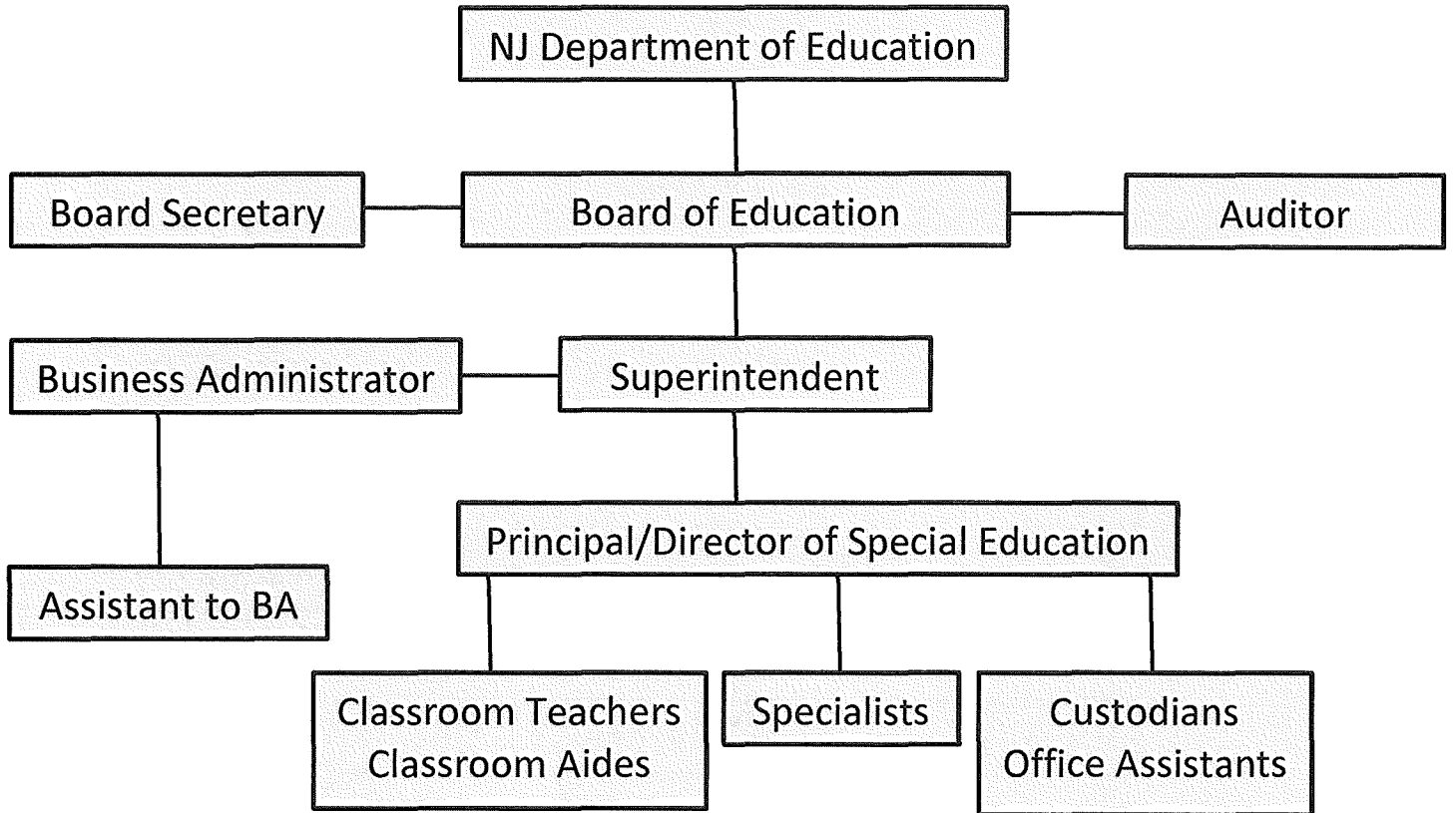
We would like to express our appreciation to the members of the School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The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


Mr. Joseph Kraemer,
Interim Superintendent


Mrs. Tina Palecek,
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, 2023**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Joseph Falchetta	President	2024
Joshua Belardo	Vice President	2024
Paul Csencsits	Member	2025
Alexandra Brex	Member	2025
Stevie Collins	Member	2025
Colleen Hewitt	Member	2023
Nina Vassallo	Member	2024
Jo-Ann Williamson	Member	2023
Vacant Seat (Walpack)	Member	N/A

Mr. Joseph Kraemer, Interim Superintendent

Mrs. Tina Palecek, 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
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And

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Machado Law Group LLC
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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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 District, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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-retirement 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 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 District's internal control over financial reporting and compliance.

December 4, 2023
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
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, 2023. 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

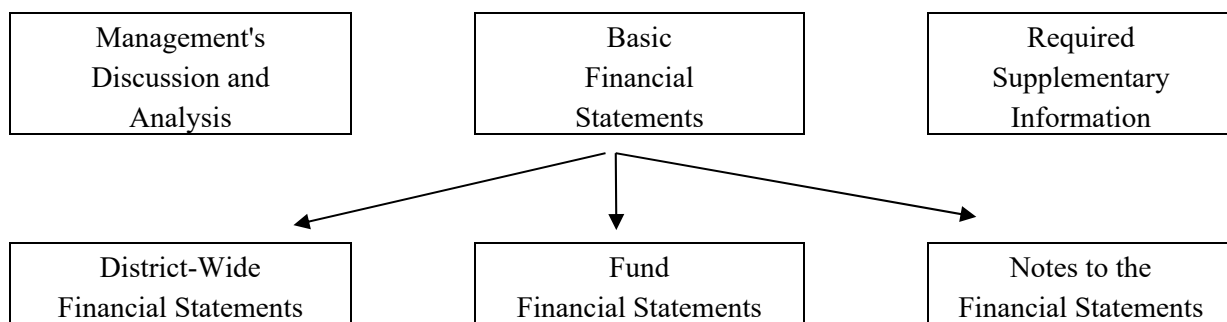


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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, lease assets, subscription 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 liabilities) 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 \$260,773. Net position from governmental activities increased by \$236,391 while net position from business-type activities increased by \$24,382.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Current and Other Assets	\$2,048,080	\$1,865,366	\$ 49,512	\$ 25,130	\$2,097,592	\$1,890,496	
Capital Assets, Net	1,021,307	1,085,278			1,021,307	1,085,278	
Lease Assets, Net	3,788	7,032			3,788	7,032	
Total Assets	<u>3,073,175</u>	<u>2,957,676</u>	<u>49,512</u>	<u>25,130</u>	<u>3,122,687</u>	<u>2,982,806</u>	4.69%
Deferred Outflows of Resources	231,356	61,360			231,356	61,360	277.05%
Other Liabilities	126,111	117,209			126,111	117,209	
Long-Term Liabilities	298,236	95,380			298,236	95,380	
Total Liabilities	<u>424,347</u>	<u>212,589</u>			<u>424,347</u>	<u>212,589</u>	99.61%
Deferred Inflows of Resources	<u>513,760</u>	<u>676,414</u>			<u>513,760</u>	<u>676,414</u>	-24.05%
Net Position:							
Net Investment in Capital Assets	1,020,841	1,084,651			1,020,841	1,084,651	
Restricted	1,673,451	1,481,342			1,673,451	1,481,342	
Unrestricted/(Deficit)	<u>(327,868)</u>	<u>(435,960)</u>	<u>49,512</u>	<u>25,130</u>	<u>(278,356)</u>	<u>(410,830)</u>	
Total Net Position	<u>\$2,366,424</u>	<u>\$2,130,033</u>	<u>\$ 49,512</u>	<u>\$ 25,130</u>	<u>\$2,415,936</u>	<u>\$2,155,163</u>	12.10%

Changes in Net Position. Net position in the governmental activities increased due primarily to the maturity of long term liabilities and an excess of revenues and unexpended budget balances in the General Fund. An explanation for the change in Net Position for business-type Activities is included later in this section of the report.

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Revenue:							
Program Revenue:							
Charges for Services			\$ 5,226	\$ 405	\$ 5,226	\$ 405	
Operating Grants & Contributions	\$ 714,934	696,677	27,939	36,885	742,873	733,562	
General Revenue:							
Property Taxes	2,321,017	2,275,507			2,321,017	2,275,507	
Unrestricted Federal and State Aid	610,976	640,287			610,976	640,287	
Other	176,018	20,969	150	11	176,168	20,980	
Total Revenue	<u>3,822,945</u>	<u>3,633,440</u>	<u>33,315</u>	<u>37,301</u>	<u>3,856,260</u>	<u>3,670,741</u>	5.05%
Expenses:							
Instruction	2,116,369	1,840,173			2,116,369	1,840,173	
Pupil and Instruction Services	599,932	720,717			599,932	720,717	
Administrative and Business	320,327	300,651			320,327	300,651	
Maintenance and Operations	251,437	224,367			251,437	224,367	
Transportation	175,258	231,911			175,258	231,911	
Other	115,382	86,433	17,410	36,599	132,792	123,032	
Total Expenses	<u>3,578,705</u>	<u>3,404,252</u>	<u>17,410</u>	<u>36,599</u>	<u>3,596,115</u>	<u>3,440,851</u>	4.51%
Other Item				(8,253)		(8,253)	-100.00%
Transfers	(7,849)	(7,638)	7,849	7,638			
	<u>(7,849)</u>	<u>(7,638)</u>	<u>7,849</u>	<u>(615)</u>		<u>(8,253)</u>	
Increase in Net Position	<u>\$ 236,391</u>	<u>\$ 221,550</u>	<u>\$ 23,754</u>	<u>\$ 87</u>	<u>\$ 260,145</u>	<u>\$ 221,637</u>	17.37%

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	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 2,116,369	\$ 1,840,173	\$ 1,457,871	\$ 1,228,675
Pupil and Instruction Services	599,932	720,717	564,876	682,245
Administrative and Business	320,327	300,651	307,131	277,458
Maintenance and Operations	251,437	224,367	251,437	231,599
Transportation	175,258	231,911	167,074	201,165
Other	115,382	86,433	115,382	86,433
	<u>\$ 3,578,705</u>	<u>\$ 3,404,252</u>	<u>\$ 2,863,771</u>	<u>\$ 2,707,575</u>

Business-Type Activities

The net position of the District’s business-type activity increased by \$23,754 (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenues exceeded expenses by \$15,905.
- Transfer from General Fund to cover deficit for \$7,849.

Financial Analysis of the District’s Funds

The District’s financial position continues to remain strong despite changes in the student clientele and potential reductions in State Aid. Economic conditions including inflation, higher interest rates and supply chain issues are a factor in maintaining the Districts financial condition. Efforts continue to explore cost savings measures and efficiencies that will assist the district’s finances in a positive way.

General Fund Budgetary Highlights

In the past fiscal year, the District realized numerous Federal and State Grants that addressed conditions involving the COVID-19 Pandemic and other issues. These Grants, greatly, enhanced the District’s ability to address student issues caused by the COVID-19 Pandemic including instructional, mental health, physical health and safety as well as other concerns. The General Fund budget has been constructed to support the day-to-day financial needs of the District. The budget is managed throughout the fiscal year to address all anticipated and unanticipated issues that may arise.

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
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Land	\$ 50,000	\$ 50,000			\$ 50,000	\$ 50,000	
Building & Building Improvements	971,307	1,035,278			971,307	1,035,278	
Total	<u>\$ 1,021,307</u>	<u>\$ 1,085,278</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,021,307</u>	<u>\$ 1,085,278</u>	-5.89%

Long-term Liabilities

At year-end, the District's net pension liability increased by \$202,513, compensated absences payable increased by \$343, and leases payable decreased \$3,405 as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the basic financial statements.)

Figure A-7
Long-Term Liabilities

	Total School District		Percentage Change
	<u>2022/2023</u>	<u>2021/2022</u>	
Net Pension Liability	\$ 260,708	\$ 58,195	
Compensated Absences Payable	33,274	32,931	
Other Long-Term Liabilities	<u>4,254</u>	<u>7,659</u>	
	<u>\$ 298,236</u>	<u>\$ 98,785</u>	201.90%

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect the financial condition in the future:

- As the State of New Jersey continues to implement full funding of the State Funding Law, the district will continue to see changes in the amount of State Aid received each year.
- Potential School consolidation will continue to be an issue in the future.
- Increases in mandated expenses.

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 Ms. Tina Palecek, 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, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,046,996	\$ 36,981	\$ 1,083,977
Internal Balances	(12,175)	12,175	
Receivable from State Government	49,987	7	49,994
Receivable from Federal Government	95,829	349	96,178
Receivable from Other Governments	1,112		1,112
Other Receivables	4,183		4,183
Restricted Cash and Cash Equivalents	862,148		862,148
Capital Assets:			
Sites (Land)	50,000		50,000
Depreciable Buildings and Building Improvements	971,307		971,307
Lease Asset, Net	3,788		3,788
Total Assets	<u>3,073,175</u>	<u>49,512</u>	<u>3,122,687</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	231,356		231,356
Total Deferred Outflows of Resources	<u>231,356</u>		<u>231,356</u>
LIABILITIES			
Accounts Payable	95,602		95,602
Unearned Revenue	30,509		30,509
Noncurrent Liabilities:			
Due Within One Year	4,254		4,254
Due Beyond One Year	293,982		293,982
Total Liabilities	<u>424,347</u>		<u>424,347</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	513,760		513,760
Total Deferred Inflows of Resources	<u>513,760</u>		<u>513,760</u>
NET POSITION			
Net Investment in Capital Assets	1,020,841		1,020,841
Restricted for:			
Impact Aid Reserve	512,662		512,662
Capital Projects	277,680		277,680
Maintenance Reserve	70,205		70,205
Student Activities	1,601		1,601
Excess Surplus	811,303		811,303
Unrestricted/(Deficit)	(327,868)	49,512	(278,356)
Total Net Position	<u>\$ 2,366,424</u>	<u>\$ 49,512</u>	<u>\$ 2,415,936</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, 2023

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	\$ 1,399,604		\$ 384,515	\$ (1,015,089)		\$ (1,015,089)
Special Education	690,026		268,292	(421,734)		(421,734)
Other Special Instruction	26,739		5,691	(21,048)		(21,048)
Support Services:						
Tuition	61,549		35,056	(26,493)		(26,493)
Student & Instruction Related Services	538,383			(538,383)		(538,383)
General Administrative Services	132,945			(132,945)		(132,945)
School Administrative Services	92,809		13,196	(79,613)		(79,613)
Central Services	94,573			(94,573)		(94,573)
Plant Operations and Maintenance	251,437			(251,437)		(251,437)
Pupil Transportation	175,258		8,184	(167,074)		(167,074)
Capital Outlay	2,603			(2,603)		(2,603)
Charter School	112,779			(112,779)		(112,779)
Total Governmental Activities	3,578,705		714,934	(2,863,771)		(2,863,771)
Business-Type Activities:						
Food Service	17,410	\$ 5,226	28,567		\$ 16,383	16,383
Total Business-Type Activities	17,410	5,226	28,567		16,383	16,383

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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	\$ 3,596,115	\$ 5,226	\$ 743,501	\$ (2,863,771)	\$ 16,383	\$ (2,847,388)
General Revenue and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net Federal and State Aid not Restricted				2,321,017		2,321,017
Interest				610,976		610,976
Miscellaneous Income				22,027	150	22,177
Transfers In/(Out)				153,991		153,991
				(7,849)	7,849	
Total General Revenue and Transfers				3,100,162	7,999	3,108,161
Change in Net Position				236,391	24,382	260,773
Net Position - Beginning				2,130,033	25,130	2,155,163
Net Position - Ending				\$ 2,366,424	\$ 49,512	\$ 2,415,936

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, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 1,046,996		\$ 1,046,996
Interfund Receivable - Special Revenue Fund	61,554		61,554
Receivables From Federal Government		\$ 95,829	95,829
Receivables From State Government	26,873	23,114	49,987
Receivables From Other Governments	1,112		1,112
Other Accounts Receivable	4,183		4,183
Restricted Cash and Cash Equivalents	860,547	1,601	862,148
Total Assets	\$ 2,001,265	\$ 120,544	\$ 2,121,809
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 40,781	\$ 26,880	\$ 67,661
Interfund Payable - Food Service Fund	12,175		12,175
Interfund Payable - General Fund		61,554	61,554
Unearned Revenue		30,509	30,509
Total Liabilities	52,956	118,943	171,899
Fund Balances:			
Restricted:			
Excess Surplus - 2024-2025	563,509		563,509
Excess Surplus - 2023-2024	247,794		247,794
Impact Aid Reserve	512,662		512,662
Capital Reserve	277,680		277,680
Maintenance Reserve	70,205		70,205
Student Activities		1,601	1,601
Assigned:			
Subsequent Year's Expenditures	51,398		51,398
Unassigned	225,061		225,061
Total Fund Balances	1,948,309	1,601	1,949,910
Total Liabilities and Fund Balances	\$ 2,001,265	\$ 120,544	
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.			1,021,307
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.			3,788
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.			(260,708)
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			(513,760)
Deferred Inflows			203,415
Long-Term Liabilities, including bonds payable, leases payable, and financed purchases payable are not due and payable in the current period and therefore are not reported as liabilities in the Funds.			(37,528)
Net Position of Governmental Activities			\$ 2,366,424

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, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUE:			
Local Sources:			
Local Tax Levy	\$ 2,321,017		\$ 2,321,017
Interest Earned on Restricted Funds	22,027		22,027
Unrestricted Miscellaneous	153,991	\$ 1,400	155,391
Total - Local Sources	2,497,035	1,400	2,498,435
State Sources	925,000	26,050	951,050
Federal Sources	371,103	190,000	561,103
Total Revenue	3,793,138	217,450	4,010,588
EXPENDITURES			
Current:			
Regular Instruction	792,480	181,139	973,619
Special Education Instruction	425,865	1,255	427,120
Other Special Instruction	17,394		17,394
Support Services and Undistributed Costs:			
Tuition	26,493	35,056	61,549
Student & Instruction Related Services	479,941		479,941
General Administrative Services	128,832		128,832
School Administrative Services	56,714		56,714
Central Services	89,262		89,262
Plant Operations and Maintenance	241,417		241,417
Pupil Transportation	174,601		174,601
Allocated and Unallocated Benefits	1,078,560		1,078,560
Capital Outlay	2,603		2,603
Transfer of Funds to Charter Schools	112,779		112,779
Total Expenditures	3,626,941	217,450	3,844,391
Excess of Revenue over Expenditures	166,197		166,197
OTHER FINANCING SOURCES/(USES)			
Transfers Out	(7,849)		(7,849)
Total Other Financing Sources/(Uses)	(7,849)		(7,849)
Net Change in Fund Balances	158,348		158,348
Fund Balance—July 1	1,789,961	1,601	1,791,562
Fund Balance—June 30	\$ 1,948,309	\$ 1,601	\$ 1,949,910

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, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 158,348

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)

Capital outlays related to lease assets are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

Amortization Expense (3,244)

Repayment of leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

3,405

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 (+)

(343)

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	(202,513)
Change in Deferred Outflows	182,055
Change in Deferred Inflows	<u>162,654</u>

Changes in Net Position for Governmental Activities \$ 236,391

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, 2023

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 36,981
Intergovernmental Accounts Receivable:	
Federal	349
State	7
Interfund Receivable:	
General Fund	<u>12,175</u>
Total Current Assets	<u>49,512</u>
 Total Assets	 <u>49,512</u>
 NET POSITION:	
Unrestricted	<u>49,512</u>
 Total Net Position	 <u><u>\$ 49,512</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, 2023

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Other Sales	\$ 5,226
Total Operating Revenue	5,226
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	7,913
Salaries, Benefits & Payroll Taxes	7,849
Supplies, Insurance & Other Costs	1,648
Total Operating Expenses	17,410
Operating Loss	(12,184)
Non-Operating Income:	
Local Sources:	
Interest Income	150
State Sources:	
State School Lunch Program	210
Federal Sources:	
National School Lunch Program	7,056
Supply Chain Assistance	20,673
COVID 19 - P-EBT Cost Reimbursement	628
Total Non-Operating Income	28,717
Change in Net Position Before Transfer	16,533
Transfer:	
Transfer from General Fund	7,849
Change in Net Position After Transfer	24,382
Net Position - Beginning of Year	25,130
Net Position - End of Year	\$ 49,512

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, 2023

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 5,226
Payments to Food Service Vendor	(7,913)
Payments to Suppliers and Other Expenses	(9,497)
Net Cash (Used for) Operating Activities	<u>(12,184)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	<u>150</u>
Net Cash Provided by Investing Activities	<u>150</u>
Cash Flows from Noncapital Financing Activities:	
Federal Subsidy Reimbursements Collected in Food Service Fund	27,782
Federal - P-EBT Cost Reimbursements Collected in Food Service Fund	628
State Subsidy Reimbursements Collected in Food Service Fund	204
Board Contribution	<u>7,849</u>
Net Cash Provided by Noncapital Financing Activities	<u>36,463</u>
Net Increase in Cash and Cash Equivalents	24,429
Cash and Cash Equivalents, July 1	<u>12,552</u>
Cash and Cash Equivalents, June 30	<u>\$ 36,981</u>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	<u>\$ (12,184)</u>
Net Cash (Used for) Operating Activities	<u>\$ (12,184)</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, 2023

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, 2023
(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, 2023
(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, lease assets or subscription 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 current debt issues outstanding.

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, 2023
(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, lease asset or subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases 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, and special revenue funds. The budget for the fiscal year ended June 30, 2023 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, 2023
(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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 3,791,832	\$ 217,450
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	34,989	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(33,055)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 3,793,766</u>	<u>\$ 217,450</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 3,626,941</u>	<u>\$ 217,450</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,626,941</u>	<u>\$ 217,450</u>

E. Cash and Cash Equivalents and Investments:

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

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, 2023
(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, 2023
(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, 2023.

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. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

N. 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.

O. 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, 2023.

P. 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.

Q. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. 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.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

T. Fund Balance Appropriated:

General Fund: Of the \$1,948,937 General Fund fund balance at June 30, 2023, \$-0- is assigned for year-end encumbrances, \$564,137 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, 2025; \$247,794 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024, \$51,398 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024, \$277,680 is restricted in the capital reserve account, \$512,662 is restricted in the impact aid reserve account, \$70,205 is restricted in the maintenance reserve account; and there is \$225,061 in unassigned fund balance which is \$33,055 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, 2024.

Special Revenue Fund: There is \$1,601 of restricted fund balance for student activities at June 30, 2023.

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, 2023 as detailed above.

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.

U. Deficit Net Position:

The District has a deficit in unrestricted net position of \$327,868 in governmental activities, which is primarily due to compensated absences payable, net pension liability and related deferred inflows and outflows of resources. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. 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, 2023 for pensions.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

V. Net Position: (Cont'd)

The District had deferred inflows of resources at June 30, 2023 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, lease assets, net of accumulated amortization, and subscription assets, net of accumulated amortization 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.

W. 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, 2023.

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 amounts designated for subsequent year's expenditures in the General Fund at June 30, 2023.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

X. 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.

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.

Y. 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.

Z. 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.

AA. 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.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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.

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.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments:

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

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

- (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.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 1,083,977	\$ 862,148	\$ 1,946,125

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$1,946,125 and the bank balance was \$1,811,923.

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 266,666
Increased by:	
Interest Earnings	11,014
Ending Balance, June 30, 2023	\$ 277,680

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve on June 30, 2023 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan.

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 491,559
Deposits:	
Transfer by Board Resolution	371,103
	862,662
Withdrawals:	
Budgeted Withdrawal	350,000
	350,000
Ending Balance, June 30, 2023	\$ 512,662

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.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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.

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$	79,192
Deposits:		
Interest Earnings		11,013
		90,205
Withdrawals:		
Budgeted Withdrawal		20,000
		20,000
Ending Balance, June 30, 2023	\$	70,205

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 50,000			\$ 50,000
Total Capital Assets Not Being Depreciated	50,000			50,000
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	2,368,481			2,368,481
Governmental Activities Capital Assets	2,418,481			2,418,481
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(973,821)	\$ (63,971)		(1,037,792)
Machinery and Equipment	(359,382)			(359,382)
	(1,333,203)	(63,971)		(1,397,174)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 1,085,278	\$ (63,971)	\$ -0-	\$ 1,021,307

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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><u>\$ 63,971</u></u>

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 16,220			\$ 16,220
Total Lease Assets Being Amortized	<u>16,220</u>			<u>16,220</u>
Governmental Activities Lease Assets	<u>16,220</u>			<u>16,220</u>
Less Accumulated Amortization for:				
Machinery and Equipment	<u>(9,188)</u>	<u>\$ (3,244)</u>		<u>(12,432)</u>
	<u>(9,188)</u>	<u>(3,244)</u>		<u>(12,432)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u><u>\$ 7,032</u></u>	<u><u>\$ (3,244)</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 3,788</u></u>

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 3,244
	<u><u>\$ 3,244</u></u>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2022	Accrued	Retired	Balance 6/30/2023
Net Pension Liability	\$ 58,195	\$ 202,513		\$ 260,708
Leases Payable	7,659		\$ 3,405	4,254
Compensated Absences Payable	32,931	3,951	3,608	33,274
	\$ 98,785	\$ 206,464	\$ 7,013	\$ 298,236

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, 2023.

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board had no bonds authorized but not issued.

C. Unamortized Bond Premium:

As of June 30, 2023, the Board had no unamortized bond premiums.

D. Leases Payable:

The District had leases outstanding as of June 30, 2023 as follows:

<u>Leases Payable</u>				
Purpose	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Savin Copiers	Monthly	08/28/25	0.527%	\$ 4,254
				\$ 4,254

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 3,627	\$ 65
2025	627	5
	\$ 4,254	\$ 70

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

E. 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 \$33,274 is the long-term portion 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, 2023, no liability existed for compensated absences in the Food Service Fund.

F. 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, 2023 is \$-0- and the long-term portion is \$260,708. See Note 11 for more information on the PERS.

NOTE 10. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, there were no transfers to capital outlay lines.

NOTE 11. 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:

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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 \$21,785 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$-0- to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District's liability was \$260,708 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.00173%, which was an increase of 0.00124% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$120,410 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$-0- and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, 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	2018	5.63		\$ 6,266
	2019	5.21		7,832
	2020	5.16		23,029
	2021	5.13		1,911
	2022	5.04	\$ 808	
			808	39,038
Changes in Proportion	2018	5.63	1,439	
	2019	5.21		16,487
	2020	5.16		51,510
	2021	5.13		405,066
	2022	5.04	188,496	
			189,935	473,063
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	258	
	2020	5.00	7,750	
	2021	5.00	(48,340)	
	2022	5.00	51,122	
			10,790	
Difference Between Expected and Actual Experience	2018	5.63		239
	2019	5.21	599	
	2020	5.16	1,283	
	2021	5.13		642
	2022	5.04		778
			1,882	1,659
District Contribution Subsequent to the Measurement Date	2022	1.00	27,941	
			\$ 231,356	\$ 513,760

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. 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 the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (22,363)
2024	(11,393)
2025	(5,556)
2026	12,122
2027	(26)
	\$ (27,217)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55% 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. 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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 in determining the total pension liability.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. 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, 2022 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, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 334,934	\$ 260,708	\$ 197,539

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, 2023
(Continued)

NOTE 11. 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 2022, the State's pension contribution was more 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023 the State of New Jersey contributed \$384,457 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$83,299.

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, 2023
(Continued)

NOTE 11. 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, 2023, the State's proportionate share of the net pension liability associated with the District was \$3,095,150. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.006%, which was a decrease of 0.0036% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>3,095,150</u>
Total	<u><u>\$ 3,095,150</u></u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$83,299 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. 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	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			<u>699,820,974</u>	<u>122,664,916</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</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, 2023
(Continued)

NOTE 11. 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
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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:	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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2023
(Continued)

NOTE 11. 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. 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, 2022 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, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 3,629,129	\$ 3,095,150	\$ 2,645,340

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or 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 \$1,717 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$1,315 for the fiscal year ended June 30, 2023.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. 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 Annual Comprehensive 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, 2023 was not available as of the date of this audit. Selected financial information for the SAIF as of June 30, 2022 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 52,198,217
Net Position	\$ 20,990,635
Total Revenue	\$ 46,988,143
Total Expenses	\$ 46,989,023
Change in Net Position	\$ (880)
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, 2023
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District’s claims are paid by the State.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 61,554	\$ 11,547
Special Revenue Fund		61,554
Food Service Fund	11,547	
	\$ 73,101	\$ 73,101

The interfund receivable in the Food Service Fund is due from the General Fund for Federal and State subsidy reimbursements. The interfund receivable in the General Fund is due from the Special Revenue Fund due to the timing differences of reimbursement requests and receipts of grant funds.

NOTE 14. 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.

NOTE 15. 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 16. 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.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

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, 2023, there were encumbrances in the governmental funds as follows: \$-0- in the General Fund.

NOTE 17. 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 municipalities and are remitted to the local School District on a predetermined mutually agreed-upon schedule.

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2023:

	<u>Governmental Funds</u>			District Contribution Subsequent	
	General Fund	Special Revenue Fund	Total Governmental Funds	to the Measurement Date	Total Governmental Activities
Vendors	\$ 5,691	\$26,880	\$ 32,571		\$ 32,571
Payroll Deductions and Withholdings	35,090		35,090		35,090
State of New Jersey				\$ 27,941	27,941
	<u>\$ 40,781</u>	<u>\$26,880</u>	<u>\$ 67,661</u>	<u>\$ 27,941</u>	<u>\$ 95,602</u>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees 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 paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions. 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, 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

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.

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2021	\$ 7,134,448
Changes for Year:	
Service Cost	156,766
Interest on the Total OPEB Liability	171,082
Changes of Assumptions	(1,731,785)
Differences between Expected and Actual Experience	889,163
Gross Benefit Payments by the State	(169,462)
Contributions from Members	5,436
Net Changes	(678,800)
Balance at June 30, 2022	\$ 6,455,648

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, 2022, 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, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 7,587,935	\$ 6,455,648	\$ 5,548,176

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (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, 2022, 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 5,335,988	\$ 6,455,648	\$ 7,926,390

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023 the District recognized an OPEB benefit of \$215,914 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, 2022 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		\$ 335,184
	2018	9.51		319,861
	2019	9.29	\$ 45,160	
	2020	9.24	1,066,236	
	2021	9.24	5,913	
	2022	9.13		1,542,105
			1,117,309	2,197,150
Differences between Expected and Actual Experience	2018	9.51		302,368
	2019	9.29		531,530
	2020	9.24	993,774	
	2021	9.24		1,137,086
	2022	9.13	158,815	
			1,152,589	1,970,984
Changes in Proportion	N/A	N/A	598,554	1,857,310
			\$ 2,868,452	\$ 6,025,444

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (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
2023	\$ (320,849)
2024	(320,849)
2025	(320,849)
2026	(277,294)
2027	(158,560)
Thereafter	(499,835)
	\$ (1,898,236)

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2021	2022	2023
District's proportion of the net pension liability	0.0035352635%	0.0004912407%	0.0017275314%
District's proportionate share of the net pension liability	\$ 576,509	\$ 58,195	\$ 260,708
District's covered employee payroll	\$ 96,468	\$ 94,578	\$ 153,817
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	597.62%	61.53%	169.49%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	70.33%	62.91%

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2021	2022	2023
Contractually required contribution	\$ 38,674	\$ 5,753	\$ 21,785
Contributions in relation to the contractually required contribution	<u>(38,674)</u>	<u>(5,753)</u>	<u>(21,785)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 94,578	\$ 153,817	\$ 148,177
Contributions as a percentage of covered employee payroll	40.89%	3.74%	14.70%

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2021	2022	2023
State's proportion of the net pension liability attributable to the District	0.0111773848%	0.0096406609%	0.0059990022%
State's proportionate share of the net pension liability attributable to the District	\$ 7,360,173	\$ 4,634,766	\$ 3,095,150
District's covered employee payroll	\$ 845,228	\$ 945,051	\$ 1,051,728
State proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	870.79%	490.42%	294.29%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	35.52%	32.29%

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2021	2022	2023
Contractually required contribution	\$ 457,687	\$ 109,058	\$ 83,299
Contributions in relation to the contractually required contribution	<u>(280,242)</u>	<u>(246,958)</u>	<u>(384,457)</u>
Contribution deficiency/(excess)	<u>\$ 177,445</u>	<u>\$ (137,900)</u>	<u>\$ (301,158)</u>
District's covered employee payroll	\$ 945,051	\$ 1,051,728	\$ 1,017,276
Contributions as a percentage of covered employee payroll	29.65%	23.48%	37.79%

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2020	2021	2022
Total OPEB Liability			
Service Cost	\$ 202,938	\$ 304,997	\$ 156,766
Interest Cost	217,215	185,075	171,082
Changes of Benefit Terms		(7,594)	
Differences Between Expected and Actual Experiences	807,980	(1,970,277)	889,163
Changes in Assumptions	1,599,469	7,039	(1,731,785)
Member Contributions	4,620	4,731	5,436
Gross Benefit Payments	(152,439)	(145,787)	(169,462)
Net Change in Total OPEB Liability	2,679,783	(1,621,816)	(678,800)
Total OPEB Liability - Beginning	6,076,481	8,756,264	7,134,448
Total OPEB Liability - Ending	<u>\$ 8,756,264</u>	<u>\$ 7,134,448</u>	<u>\$ 6,455,648</u>
District's Covered Employee Payroll *	\$ 941,696	\$ 1,039,629	\$ 1,205,545
Total OPEB Liability as a Percentage of Covered Employee Payroll	929.84%	686.25%	535.50%

* - Covered payroll for the fiscal years ending June 30, 2020 - 2022 are based on the payroll on the June 30, 2019 - 2021 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, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 2,321,017		\$ 2,321,017	2,321,017	
Unrestricted Miscellaneous Revenues	62,171		62,171	153,991	\$ 91,820
Interest Earned on Maintenance Reserve	500		500	11,013	10,513
Interest Earned on Capital Reserve Funds	500		500	11,014	10,514
Total Revenues from Local Sources	2,384,188		2,384,188	2,497,035	112,847
Revenues from State Sources:					
Categorical Transportation Aid	5,430		5,430	5,430	
Extraordinary Aid	15,000		15,000	19,684	4,684
Categorical Special Education Aid	87,136		87,136	87,136	
Equalization Aid	237,943		237,943	237,943	
Categorical Security Aid	2,651		2,651	2,651	
Other State Aids				3,432	3,432
TPAF Post Retirement Contributions (Non-Budgeted)				102,397	102,397
TPAF Pension Contributions (Non-Budgeted)				384,457	384,457
TPAF Non-Contributory Insurance (Non-Budgeted)				5,334	5,334
TPAF Long-Term Disability Insurance (Non-Budgeted)				146	146
Reimbursed TPAF Social Security Contributions				74,456	74,456
Total Revenues from State Sources	348,160		348,160	923,066	574,906
Revenues from Federal Sources:					
Impact Aid				371,103	371,103
Total Revenues from Federal Sources				371,103	371,103
TOTAL REVENUE	2,732,348		2,732,348	3,791,204	1,058,856

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 80,288	\$ 1,098	\$ 81,386	\$ 79,768	\$ 1,618
Grades 1-5 - Salaries of Teachers	483,633	(33,861)	449,772	424,149	25,623
Grades 6-8 - Salaries of Teachers	100,666	(8,536)	92,130	87,523	4,607
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	16,773	(810)	15,963	14,055	1,908
Purchased Professional-Educational Services	53,400	42,325	95,725	95,725	
Purchased Technical Services	55,000	1,757	56,757	47,505	9,252
Other Purchased Services (400-500 series)	10,742		10,742	8,774	1,968
General Supplies	77,825	(30,000)	47,825	34,981	12,844
Total Regular Programs - Instruction	878,327	(28,027)	850,300	792,480	57,820
Multiple Disabilities:					
Salaries of Teachers	79,758	(58)	79,700	75,002	4,698
Other Salaries for Instruction	33,546	4,499	38,045	38,045	
General Supplies	1,000	7,623	8,623	8,622	1
Other Objects	1,000		1,000		1,000
Total Multiple Disabilities	115,304	12,064	127,368	121,669	5,699
Resource Room/Resource Center:					
Salaries of Teachers	218,639	59,420	278,059	277,673	386
Other Salaries for Instruction	33,546	(3,433)	30,113	25,933	4,180
General Supplies	1,000		1,000	590	410
Total Resource Room/Resource Center	253,185	55,987	309,172	304,196	4,976
TOTAL SPECIAL EDUCATION - INSTRUCTION	368,489	68,051	436,540	425,865	10,675

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 14,864	\$ 838	\$ 15,702	\$ 15,051	\$ 651
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction	15,364	838	16,202	15,051	1,151
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	12,991	(54)	12,937		12,937
Other Objects	1,000	818	1,818	1,818	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	13,991	764	14,755	1,818	12,937
Before/After School Programs - Instruction:					
Salaries of Teacher Tutors	11,000		11,000		11,000
Total Before/after School Programs	11,000		11,000		11,000
Summer School - Instruction:					
Salaries of Teachers	4,949		4,949		4,949
Other Salaries of Instruction	640		640		640
Purchased Professional & Technical Services	9,800		9,800	525	9,275
Total Summer School	15,389		15,389	525	14,864
TOTAL INSTRUCTION	1,302,560	41,626	1,344,186	1,235,739	108,447
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	228,252	(66,805)	161,447	26,493	134,954
Total Undistributed Expenditures - Instruction	228,252	(66,805)	161,447	26,493	134,954
Undistributed Expend. - Attend. & Social Work:					
Salaries	25,775	1,725	27,500	27,500	
Total Undist. Expend. - Attendance and Social Work	25,775	1,725	27,500	27,500	

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	\$ 68,432	\$ (3,602)	\$ 64,830	\$ 64,830	
Purchased Professional and Technical Services	1,500		1,500	1,500	
Other Purchased Services (400-500 series)	350		350		\$ 350
Supplies and Materials	750	27	777	730	47
Other Objects	100		100		100
Total Undist. Expenditures - Health Services	71,132	(3,575)	67,557	67,060	497
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Purchased Professional - Educational Services	120,000	700	120,700	120,696	4
Supplies and Materials	250		250		250
Total Undist. Expend. - Speech, OT, PT, Related Svcs	120,250	700	120,950	120,696	254
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	60,849	44,449	105,298	105,280	18
Salaries of Secretarial and Clerical Assistants	20,001	1,339	21,340	21,340	
Purchased Professional - Educational Services	20,000	(1,500)	18,500	18,480	20
Other Purchased Prof. and Tech. Services	3,000		3,000	2,124	876
Supplies and Materials	900		900	261	639
Total Undist Expend. - Child Study Team	104,750	44,288	149,038	147,485	1,553
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	47,555		47,555	46,889	666
Salaries of Secretarial and Clerical Assistants	5,774	387	6,161	6,160	1
Purchased Professional - Educational Services	23,000	(1,387)	21,613	16,131	5,482
Total Undist. Expend.-Improv. of Inst. Serv.	76,329	(1,000)	75,329	69,180	6,149
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	21,676	15,001	36,677	36,485	192
Purchased Professional and Technical Services	8,045		8,045	7,450	595
Supplies and Materials	1,000	2,166	3,166	3,166	
Other Objects	100		100		100
Total Undist Expend-Edu. Media Serv./Sch. Library	30,821	17,167	47,988	47,101	887

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	\$ 12,000	\$ 2,700	\$ 14,700	\$ 68	\$ 14,632
Other Purchased Services (400-500 series)	1,500		1,500	851	649
Total Undist. Expend.-Instructional Staff Training Services	13,500	2,700	16,200	919	15,281
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	3,201		3,201	3,191	10
Legal Services	5,000	737	5,737	5,736	1
Audit Fees	24,000		24,000	24,000	
Other Purchased Professional Services	74,000	6,428	80,428	78,202	2,226
Purchased Technical Services	1,700	2,842	4,542	4,498	44
Communications / Telephone	250		250	250	
BOE Other Purchased Services	5,000	1,002	6,002	6,002	
Other Purch. Serv. (400-500 series other than 530 & 585)	3,603	(3,200)	403	403	
General Supplies	500	1,486	1,986	1,972	14
Miscellaneous Expenditures	1,000		1,000	808	192
BOE Membership Dues and Fees	3,500	923	4,423	4,423	
Total Undist. Expend.-Support Serv.-Gen. Admin.	121,754	10,218	131,972	128,832	3,140
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	58,123		58,123	56,714	1,409
Other Purchased Services (400-500 series)	500	1,716	2,216	2,216	
Supplies and Materials	1,000		1,000	1,000	
Other Objects	1,150		1,150	1,150	
Total Undist. Expend.-Support Serv.-School Adm.	60,773	1,716	62,489	56,714	5,775
Undist. Expend. - Central Services:					
Salaries	63,922	(16,922)	47,000	44,462	2,538
Purchased Professional Services	16,356	34,094	50,450	44,800	5,650
Purchased Technical Services	4,700	(4,400)	300	300	
Total Undist. Expend. - Central Services	84,978	12,772	97,750	89,262	8,488

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	\$ 29,604		\$ 29,604	\$ 1,688	\$ 27,916
Cleaning, Repair, and Maintenance Services	25,543		25,543	20,598	4,945
Lead Testing of Drinking Water	565	\$ 1,123	1,688	1,688	
General Supplies	12,350	(964)	11,386	699	10,687
Other Objects	350	125	475	475	
Total Undist. Expend.- Required Maint. for School Facilities	68,412	284	68,696	25,148	43,548
Undist. Expend.-Custodial Services:					
Salaries	69,374	(4,108)	65,266	65,263	3
Purchased Professional and Technical Services	8,150	31,098	39,248	27,981	11,267
Cleaning, Repair, and Maintenance Services	6,000	(2,000)	4,000	3,705	295
Insurance	53,744	(7,300)	46,444	46,355	89
General Supplies	13,000		13,000	12,386	614
Energy (Electricity)	25,000		25,000	13,351	11,649
Energy (Oil)	30,050	12,500	42,550	41,849	701
Other Objects	215		215	214	1
Total Undist. Expend.-Custodial Services	205,533	30,190	235,723	211,104	24,619
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	7,500	(2,300)	5,200	5,165	35
Total Care And Upkeep Of Grounds	7,500	(2,300)	5,200	5,165	35
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	281,445	28,174	309,619	241,417	68,202

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	\$ 5,155	\$ 346	\$ 5,501	\$ 5,500	\$ 1
Other Purchased Professional and Technical Services	8,000	(2,200)	5,800	5,717	83
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studs	16,000	2,400	18,400	18,396	4
Contr. Serv.-Aid in Lieu of Payments-Charter Sch Stud.	5,000		5,000	1,022	3,978
Contract. Serv.(Bet. Home & Sch.)-Vendors	175,822	(50,000)	125,822	125,160	662
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	18,000	(8,059)	9,941	9,940	1
Contract. Serv.(Spl. Ed. Students)-Vendors	10,000		10,000	8,866	1,134
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	63,811	(61,990)	1,821		1,821
Total Undist. Expend.-Student Trans. Serv.	301,788	(119,503)	182,285	174,601	7,684
UNALLOCATED BENEFITS					
Social Security Contributions	48,000		48,000	39,681	8,319
Other Retirement Contributions - PERS	40,000	(3,338)	36,662	21,785	14,877
Other Retirement Contributions - Regular	6,000		6,000	1,717	4,283
Unemployment Compensation	1,900		1,900	822	1,078
Workers Compensation	26,397		26,397	25,492	905
Health Benefits	425,352	18,422	443,774	415,676	28,098
Tuition Reimbursement	5,000		5,000	4,017	983
Unused Sick Payment to Terminated/Retired Staff	2,580		2,580		
TOTAL UNALLOCATED BENEFITS	555,229	15,084	570,313	511,770	58,543
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				102,397	(102,397)
TPAF Pension Contributions (Non-Budgeted)				384,457	(384,457)
TPAF Non-Contributory Insurance (Non-Budgeted)				5,334	(5,334)
TPAF Long-Term Disability Insurance (Non-Budgeted)				146	(146)
Reimbursed TPAF Social Security Contributions				74,456	(74,456)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				566,790	(566,790)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	555,229	15,084	570,313	1,078,560	(508,247)
TOTAL UNDISTRIBUTED EXPENDITURES	2,076,776	(56,339)	2,020,437	2,275,820	(255,383)
TOTAL GENERAL CURRENT EXPENSE	3,379,336	(14,713)	3,364,623	3,511,559	(146,936)

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Facilities Acquisition and Construction Serv.:					
Assessment for Debt Service on SDA Funding	\$ 2,603	\$	2,603	\$ 2,603	
Total Facilities Acquisition and Const. Serv.	2,603		2,603	2,603	
TOTAL CAPITAL OUTLAY	2,603		2,603	2,603	
Transfer of Funds to Charter Schools	99,931	\$ 12,848	112,779	112,779	
TOTAL EXPENDITURES	3,481,870	(1,865)	3,480,005	3,626,941	\$ (146,936)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(749,522)	1,865	(747,657)	164,263	(911,920)
Other Financing Sources/(Uses):					
Transfers to Cover Deficit (Enterprise Fund)	(7,247)	(1,865)	(9,112)	(7,849)	(1,263)
Total Other Financing Sources/(Uses)	(7,247)	(1,865)	(9,112)	(7,849)	(1,263)
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(756,769)		(756,769)	156,414	(913,183)
Fund Balance, July 1	1,824,950		1,824,950	1,824,950	
Fund Balance, June 30	\$ 1,068,181	\$ -0-	\$ 1,068,181	\$ 1,981,364	\$ (913,183)

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025	\$			563,509	
Excess Surplus - Restricted For 2023-2024				247,794	
Impact Aid Reserve (General)				512,662	
Capital Reserve				277,680	
Maintenance Reserve				70,205	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				51,398	
Unassigned Fund Balance				258,116	
				<u>1,981,364</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(33,055)	
Fund Balance per Governmental Funds (GAAP)	\$			<u>1,948,309</u>	

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 28,211	\$ 355,055	\$ 383,266	\$ 190,000	\$ (193,266)
State Sources		26,050	26,050	26,050	
Local Sources		1,400	1,400	1,400	
Total Revenues	28,211	382,505	410,716	217,450	(193,266)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		71,500	71,500	23,177	48,323
Purchased Professional/Technical Services	879	2,726	3,605	3,605	
Tuition	25,650	9,406	35,056	35,056	
General Supplies		104,050	104,050	44,536	59,514
Total Instruction	26,529	187,682	214,211	106,374	107,837
Support Services:					
Salaries of Other Professional Staff		4,800	4,800		4,800
Purchased Professional Educational Services	1,682	97,773	99,455	51,961	47,494
Other Purchased Professional Services		1,150	1,150	1,150	
Supplies and Materials		580	580		580
Total Support Services	1,682	104,303	105,985	53,111	52,874
Facilities Acquisition:					
Non-Instructional Equipment		90,520	90,520	57,965	32,555
Total Facilities Acquisition		90,520	90,520	57,965	32,555
Total Expenditures	\$ 28,211	\$ 382,505	\$ 410,716	\$ 217,450	\$ 193,266
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, 2023

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 3,791,204	\$ 217,450
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	34,989	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(33,055)	
	<u>\$ 3,793,138</u>	<u>\$ 217,450</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 3,793,138</u>	<u>\$ 217,450</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 3,626,941	\$ 217,450
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,626,941</u>	<u>\$ 217,450</u>

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget for the fiscal year ended June 30, 2023 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 PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>I.D.E.A. Part B</u>	<u>Elementary and Secondary Education Act Title II - Part A</u>	<u>REAP Grant</u>
	<u>Basic</u>	<u>Preschool</u>	
REVENUES:			
Local Sources			
State Sources			
Federal Sources	\$ 35,056	\$ 1,255	\$ 384
Total Revenues	<u>35,056</u>	<u>1,255</u>	<u>384</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Purchased Professional and Technical Services		1,255	
Tuition	35,056		384
General Supplies			
Total Instruction	<u>35,056</u>	<u>1,255</u>	<u>384</u>
Support Services:			
Purchased Professional and Technical Services		1,265	
Other Purchased Services			
Total Support Services		<u>1,265</u>	
Facilities Acquisition and Construction Services:			
Non-Instructional Equipment			
Total Facilities Acquisition and Construction Services			
Total Expenditures	<u>\$ 35,056</u>	<u>\$ 1,255</u>	<u>\$ 384</u>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CRSSA		ARP					
	Learning Acceleration	Mental Health	Non-Title I	Accelerated Learning	Summer Learning and Enrichment	Comprehensive Beyond the School Day	Mental Health Support Staffing	Non-Title I
REVENUES:								
Local Sources								
State Sources								
Federal Sources	\$ 5,000	\$ 21,215	\$ 1,462	\$ 11,070	\$ 13,210	\$ 7,018	\$ 25,400	\$ 67,665
Total Revenues	5,000	21,215	1,462	11,070	13,210	7,018	25,400	67,665
EXPENDITURES:								
Instruction:								
Salaries of Teachers	3,813				12,346	7,018		
Purchased Professional and Technical Services								
Tuition								
General Supplies	37		956	6,989	864			29,596
Total Instruction	3,850		956	6,989	13,210	7,018		29,596
Support Services:								
Purchased Professional and Technical Services		21,215		4,081			25,400	
Other Purchased Services	1,150							
Total Support Services	1,150	21,215		4,081			25,400	
Facilities Acquisition and Construction Services:								
Non-Instructional Equipment			506					38,069
Total Facilities Acquisition and Construction Services			506					38,069
Total Expenditures	\$ 5,000	\$ 21,215	\$ 1,462	\$ 11,070	\$ 13,210	\$ 7,018	\$ 25,400	\$ 67,665

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Local Grants	SDA Emergent and Capital Maintenance Needs	Climate Awareness Education Grant	Securing our Children's Future Bond Act - Water Grant	Totals
REVENUES:					
Local Sources	\$ 1,400			\$ 1,400	
State Sources		\$ 2,936	\$ 6,660	\$ 16,454	\$ 26,050
Federal Sources					190,000
Total Revenues	1,400	2,936	6,660	16,454	217,450
EXPENDITURES:					
Instruction:					
Salaries of Teachers					23,177
Purchased Professional and Technical Services			2,350		3,605
Tuition					35,056
General Supplies	1,400		4,310		44,536
Total Instruction	1,400		6,660		106,374
Support Services:					
Purchased Professional and Technical Services					51,961
Other Purchased Services					1,150
Total Support Services					53,111
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		2,936		16,454	57,965
Total Facilities Acquisition and Construction Services		2,936		16,454	57,965
Total Expenditures	\$ 1,400	\$ 2,936	\$ 6,660	\$ 16,454	\$ 217,450

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 36,981
Intergovernmental Receivable:	
Federal	349
State	7
Interfund Receivable:	
General Fund	12,175
Total Current Assets	49,512
Total Assets	49,512
NET POSITION:	
Unrestricted	49,512
Total Net Position	\$ 49,512

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF REVENUE AND EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Local Sources:	
Other Sales	\$ 5,226
	<hr/>
Total Operating Revenue	5,226
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	7,913
Salaries, Benefits & Payroll Taxes	7,849
Supplies, Insurance & Other Costs	1,648
	<hr/>
Total Operating Expenses	17,410
	<hr/>
Operating Loss	(12,184)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	150
State Sources:	
State School Lunch Program	210
Federal Sources:	
National School Lunch Program	7,056
Supply Chain Assistance	20,673
COVID 19 - P-EBT Cost Reimbursement	628
	<hr/>
Total Non-Operating Income	28,717
	<hr/>
Change in Net Position Before Transfer	16,533
	<hr/>
Transfer:	
Transfer from General Fund	7,849
	<hr/>
Change in Net Position After Transfer	24,382
	<hr/>
Net Position - Beginning of Year	25,130
	<hr/>
Net Position - End of Year	\$ 49,512
	<hr/> <hr/>

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
ENTERPRISE FUND - FOOD SERVICE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 5,226
Payments to Food Service Vendor	(7,913)
Payments to Suppliers and Other Expenses	(9,497)
	<hr/>
Net Cash (Used for) Operating Activities	(12,184)
	<hr/>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	150
	<hr/>
Net Cash Provided by Investing Activities	150
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal Subsidy Reimbursements Collected in Food Service Fund	27,782
Federal - P-EBT Cost Reimbursements Collected in Food Service Fund	628
State Subsidy Reimbursements Collected in Food Service Fund	204
Board Contribution	7,849
	<hr/>
Net Cash Provided by Noncapital Financing Activities	36,463
	<hr/>
Net Increase in Cash and Cash Equivalents	24,429
Cash and Cash Equivalents, July 1	12,552
	<hr/>
Cash and Cash Equivalents, June 30	\$ 36,981
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (12,184)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (12,184)
	<hr/> <hr/>

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
LONG-TERM LIABILITIES
STATEMENT OF SERIAL BONDS

NOT APPLICABLE

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES

Purpose	Interest Rate	Original Issue	Balance July 1, 2022	Issued	Matured	Balance June 30, 2023
Savin Copiers	0.527%	\$ 16,220	\$ 7,659		\$ 3,405	\$ 4,254
			\$ 7,659	\$ -0-	\$ 3,405	\$ 4,254

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED
INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

STATISTICAL SECTION

(UNAUDITED)

This part of the School's annual comprehensive 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 annual comprehensive financial report for the relevant year.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(UNAUDITED)

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$ 961,215	\$ 976,484	\$ 1,031,753	\$ 1,119,510	\$ 1,250,611	\$ 1,254,092	\$ 1,213,220	\$ 1,148,668	\$ 1,084,651	\$ 1,020,841
Restricted	955,606	1,066,847	1,330,409	1,098,335	897,843	1,168,584	1,266,710	1,394,302	1,481,342	1,673,451
Unrestricted/(Deficit)	1,119,167	169,058	(306,022)	(458,204)	(342,243)	(786,013)	(705,395)	(634,487)	(435,960)	(327,868)
Total Governmental Activities Net Position	\$ 3,035,987	\$ 2,212,388	\$ 2,056,140	\$ 1,759,640	\$ 1,806,211	\$ 1,636,663	\$ 1,774,535	\$ 1,908,483	\$ 2,130,033	\$ 2,366,424
Business-Type Activities:										
Unrestricted	\$ 12,290	\$ 8,268	\$ 9,423	\$ 10,688	\$ 2,145	\$ 3,629	\$ 1,125	\$ 25,043	\$ 25,130	\$ 49,512
Total Business-Type Activities Net Position	\$ 12,290	\$ 8,268	\$ 9,423	\$ 10,688	\$ 2,145	\$ 3,629	\$ 1,125	\$ 25,043	\$ 25,130	\$ 49,512
District-Wide:										
Net Investment in Capital Assets	\$ 961,215	\$ 976,484	\$ 1,031,753	\$ 1,119,510	\$ 1,250,611	\$ 1,254,092	\$ 1,213,220	\$ 1,148,668	\$ 1,084,651	\$ 1,020,841
Restricted	955,606	1,066,847	1,330,409	1,098,335	897,843	1,168,584	1,266,710	1,394,302	1,481,342	1,673,451
Unrestricted/(Deficit)	1,131,457	177,325	(296,600)	(447,517)	(340,098)	(782,384)	(704,270)	(609,444)	(410,830)	(278,356)
Total District Net Position	\$ 3,048,278	\$ 2,220,656	\$ 2,065,562	\$ 1,770,328	\$ 1,808,356	\$ 1,640,292	\$ 1,775,660	\$ 1,933,526	\$ 2,155,163	\$ 2,415,936

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 1,253,377	\$ 1,354,863	\$ 1,497,153	\$ 1,621,130	\$ 1,821,842	\$ 1,688,360	\$ 1,488,882	\$ 1,377,070	\$ 1,326,839	\$ 1,399,604
Special Education	379,244	376,855	371,690	386,110	561,361	603,758	602,515	526,324	473,606	690,026
Other Special Instruction	123,029	130,667	153,288	161,632	203,208	213,871	160,134	30,145	39,728	26,739
Support Services:										
Tuition	40,441	75,597	33,167	71,167	130,653	215,368	174,325	261,341	299,320	61,549
Student & Instruction Related Services	393,856	505,909	519,718	496,296	408,999	507,096	491,046	517,113	421,397	538,383
General and Business Administrative Services	260,456	251,282	257,986	291,444	346,756	326,752	270,551	105,237	118,975	132,945
School Administrative Services	80,625	73,444	72,891	80,198	98,057	97,875	131,305	104,974	87,454	92,809
Central Services								111,190	94,222	94,573
Plant Operations and Maintenance	245,562	272,385	270,367	254,393	283,865	277,801	245,071	256,025	224,367	251,437
Pupil Transportation	148,454	171,334	169,533	169,629	185,006	237,477	193,938	199,080	231,911	175,258
SDA Debt Service Assessment	2,603	2,603	2,603	2,603	2,603	2,603	2,603	2,412	21,571	2,603
Charter Schools	26,306			25,914	39,654	74,978	160,806	98,989	64,862	112,779
Total Governmental Activities Expenses	2,953,952	3,214,939	3,348,395	3,560,516	4,082,004	4,245,940	3,921,177	3,589,900	3,404,252	3,578,705
Business-Type Activities:										
Food Service	17,674	18,807	15,642	15,639	13,560	11,738	7,283	4,700	36,599	17,410
Total Business-type Activities Expense	17,674	18,807	15,642	15,639	13,560	11,738	7,283	4,700	36,599	17,410
Total District Expenses	\$ 2,971,626	\$ 3,233,745	\$ 3,364,038	\$ 3,576,155	\$ 4,095,564	\$ 4,257,678	\$ 3,928,460	\$ 3,594,600	\$ 3,440,851	\$ 3,596,115

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues										
Governmental Activities:										
Charges for Services:							\$ 506			
Operating Grants and Contributions	\$ 362,631	\$ 341,233	\$ 348,388	\$ 351,364	\$ 1,193,476	\$ 1,090,576	\$ 919,597	\$ 731,920	\$ 696,677	\$ 714,934
Total Governmental Activities Program Revenues	362,631	341,233	348,388	351,364	1,193,476	1,090,576	920,103	731,920	696,677	714,934
Business-Type Activities:										
Charges for Services:										
Food Service	5,413	5,256	5,764	6,136	3,897	3,596	2,894	347	405	5,226
Operating Grants and Contributions	3,370	1,847	3,211	2,679	1,106	1,515	693	10,068	36,885	28,567
Total Business-type Activities Program Revenues	8,783	7,102	8,974	8,815	5,003	5,111	3,586	10,415	37,290	33,793
Total District Program Revenues	\$ 371,414	\$ 348,335	\$ 357,362	\$ 360,180	\$ 1,198,479	\$ 1,095,687	\$ 923,689	\$ 742,335	\$ 733,967	\$ 748,727
Net (Expense)/Revenue										
Governmental Activities	\$ (2,591,321)	\$ (2,873,706)	\$ (3,000,008)	\$ (3,209,152)	\$ (2,888,528)	\$ (3,155,364)	\$ (3,001,074)	\$ (2,857,980)	\$ (2,707,575)	\$ (2,863,771)
Business-type Activities	(8,891)	(11,705)	(6,668)	(6,823)	(8,557)	(6,627)	(3,697)	5,715	691	16,383
Total District-wide Net Expense	\$ (2,600,212)	\$ (2,885,411)	\$ (3,006,676)	\$ (3,215,975)	\$ (2,897,085)	\$ (3,161,991)	\$ (3,004,771)	\$ (2,852,265)	\$ (2,706,884)	\$ (2,847,388)

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 1,929,597	\$ 1,968,188	\$ 2,007,551	\$ 2,047,702	\$ 2,088,656	\$ 2,144,261	\$ 2,187,146	\$ 2,230,889	\$ 2,275,507	\$ 2,321,017
Federal and State aid not restricted	1,172,767	842,985	837,227	848,043	827,557	826,931	819,063	718,433	640,287	610,976
Tuition				16,617			9,133			
Investment Earnings	4,455	4,772	4,419	4,755	13,529	13,891	3,465	3,222	2,686	22,027
F Transfers								(8,253)	(7,638)	(7,849)
Miscellaneous income	211	8,005	2,372	3,606	5,356	8,831	68,552	48,218	18,283	153,991
Other Income	(9,942)	(7,662)	(7,810)	(8,071)		(8,098)	(1,183)			
Total Governmental Activities	3,097,088	2,816,288	2,843,759	2,912,652	2,935,098	2,985,816	3,086,175	2,992,509	2,929,125	3,100,162
Business-Type Activities:										
Investment Earnings	22	20	12	18	14	12	10	8	11	150
Transfers	9,942	7,662	7,810	8,071		8,098	1,183	8,253	7,638	7,849
Other Item - Cancellation of Interfund Receivable									(8,253)	
Other Item - Cancellation of Accounts Payable								9,942		
Total Business-Type Activities	9,964	7,682	7,823	8,089	14	8,110	1,193	18,203	(604)	7,999
Total District-Wide	\$ 3,107,053	\$ 2,823,970	\$ 2,851,582	\$ 2,920,741	\$ 2,935,112	\$ 2,993,926	\$ 3,087,369	\$ 3,010,712	\$ 2,928,521	\$ 3,108,161
Change in Net Position:										
Governmental Activities	\$ 505,767	\$ (57,418)	\$ (156,249)	\$ (296,499)	\$ 46,570	\$ (169,548)	\$ 85,101	\$ 134,529	\$ 221,550	\$ 236,391
Business-type Activities	1,074	(4,022)	1,155	1,265	(8,543)	1,483	(2,503)	23,918	87	24,382
Total District	\$ 506,841	\$ (61,440)	\$ (155,094)	\$ (295,234)	\$ 38,028	\$ (168,064)	\$ 82,598	\$ 158,447	\$ 221,637	\$ 260,773

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 952,987	\$ 942,703	\$ 860,587	\$ 1,019,990	\$ 878,757	\$ 1,142,691	\$ 1,137,335	\$ 1,392,988	\$ 1,479,741	\$ 1,671,850
Assigned	377,901	570,234	467,244	511,989	384,149	54,598	128,061	34,404	43,811	51,398
Unassigned	819,077	563,993	562,601	193,128	251,659	143,568	229,240	249,014	266,409	225,061
Total General Fund	\$ 2,149,965	\$ 2,076,930	\$ 1,890,431	\$ 1,725,107	\$ 1,514,566	\$ 1,340,857	\$ 1,494,636	\$ 1,676,406	\$ 1,789,961	\$ 1,948,309
All Other Governmental Funds:										
Restricted							\$ 1,314	\$ 1,314	\$ 1,601	\$ 1,601
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,314	\$ 1,314	\$ 1,601	\$ 1,601

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 1,929,597	\$ 1,968,188	\$ 2,007,551	\$ 2,047,702	\$ 2,088,656	\$ 2,144,261	\$ 2,187,146	\$ 2,230,889	\$ 2,275,507	\$ 2,321,017
Tuition Charges				16,617			9,133			
Transportation Fees							506			
Interest Earnings on Restricted Funds	4,455	4,772	4,419	4,755	13,529	13,891	3,465	3,222	2,686	22,027
Miscellaneous	211	8,005	2,372	3,606	5,356	8,831	68,552	48,218	18,283	153,991
State Sources	774,245	750,403	752,799	750,698	934,402	1,005,074	967,643	946,190	834,334	925,000
Federal Sources	761,153	433,815	432,816	448,709	429,456	425,826	426,695	415,317	510,856	371,103
Total Revenue	3,469,662	3,165,183	3,199,957	3,272,088	3,471,399	3,597,883	3,663,140	3,643,836	3,641,666	3,793,138
Expenditures										
Instruction:										
Regular Instruction	889,545	970,669	1,006,671	1,019,782	1,013,493	935,174	873,971	819,465	896,187	792,480
Special Education Instruction	265,854	252,768	255,367	244,980	283,224	327,942	357,465	289,763	297,477	425,865
Other Special Instruction								17,237	28,042	17,394
School Sponsored/Other Instruction	87,842	111,418	129,328	123,918	130,431	130,976	101,105			
Support Services:										
Tuition	40,441	75,597	33,167	71,167	130,653	215,368	174,325	261,341	299,320	26,493
Student & Instruction Related Services	338,980	430,553	447,688	415,270	328,064	357,434	337,977	408,558	360,830	479,941
School Administrative Services	56,508	61,631	60,819	60,494	60,566	60,585	65,204	57,594	56,375	128,832
General Administrative Services	192,209	202,891	203,858	200,406	207,902	185,488	180,298	100,666	119,152	56,714
Central Services								84,677	79,589	89,262
Plant Operations and Maintenance	218,048	256,040	253,072	224,875	226,969	208,590	180,377	224,120	203,965	241,417
Pupil Transportation	132,677	156,257	156,246	152,230	161,554	224,565	191,270	194,534	230,783	174,601
Allocated and Unallocated Benefits	652,740	643,922	719,174	741,642	903,557	952,830	911,136	894,457	862,033	1,078,560
Capital Outlay	26,306			25,914	39,654	74,978	160,806	2,412	21,571	2,603
Transfer to Charter Schools	47,808	68,811	113,255	148,664	195,874	89,563	25,702	98,989	64,862	112,779
Total Expenditures	2,948,959	3,230,556	3,378,645	3,429,342	3,681,940	3,763,493	3,559,634	3,453,813	3,520,186	3,626,941
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	520,703	(65,373)	(178,688)	(157,254)	(210,541)	(165,610)	103,506	190,023	121,480	166,197
Other Financing Sources/(Uses)										
Transfers Out	(9,942)	(7,662)	(7,810)	(8,071)		(8,098)	(1,163)	(8,253)	(7,638)	(7,849)
Total Other Financing Sources/(Uses)	(9,942)	(7,662)	(7,810)	(8,071)		(8,098)	(1,163)	(8,253)	(7,638)	(7,849)
Net Change in Fund Balances	\$ 510,761	\$ (73,035)	\$ (186,499)	\$ (165,325)	\$ (210,541)	\$ (173,708)	\$ 102,343	\$ 181,770	\$ 113,842	\$ 158,348
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
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
2022	2,686		17,277	19,963
2023	19,430		134,561	153,991

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,	Vacant Land		Residential	Farm	Commercial		Industrial	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
	Year	Value			Value	Value					
2013	* \$ 10,065,600	\$ 205,923,200	\$ 33,272,400	\$ 20,557,800	\$ 2,373,100	\$ 730,033	\$ 272,922,133	\$ 1.368	\$ 241,708,092		
2014	9,847,400	204,725,200	33,620,500	20,498,900	2,373,100	732,409	271,797,509	1.362	254,896,069		
2015	6,027,800	169,773,000	29,637,200	17,823,500	2,112,800	853,490	226,227,790	1.657	239,858,743		
2016	5,945,000	170,411,400	29,262,000	17,938,700	1,963,200	731,978	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		
2021	4,810,300	169,252,500	31,530,400	17,797,000	1,963,200		225,353,400	1.894	255,005,175		
2022	4,791,800	170,166,000	31,284,600	17,690,000	1,963,200		225,895,600	1.920	289,968,227		

Walpack Township

Year Ended December 31,	Vacant Land		Residential	Farm	Commercial		Industrial	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
	Year	Value			Value	Value					
2013	\$ 85,100	\$ 561,750	\$ 468,150	\$ 1,226,800	\$ 78,403	\$ 2,420,203	\$ 0.003	\$ 3,057,657			
2014	441,800	582,350	445,700	1,452,700	75,403	2,997,953		3,486,185			
2015	68,000	561,750	445,700	1,452,700	96,021	2,624,171		3,085,456			
2016	68,000	561,750	445,700	1,452,700	80,304	2,608,454		2,915,163			
2017	68,000	561,750	445,700	1,452,700	80,304	2,608,454		2,932,623			
2018	68,000	561,750	255,700	1,452,700	5,948	2,344,098		2,682,773			
2019	68,000	561,750	255,700	1,452,700	5,626	2,343,776		3,078,390			
2020	68,000	561,750	255,700	1,452,700	5,626	2,343,776		3,042,895			
2021	68,000	561,750	255,700	1,452,700	5,626	2,343,776		3,044,019			
2022	68,000	561,750	255,700	1,452,700	5,626	2,343,776		3,043,457			

* - 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 Taxation

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	Obligation Debt Service ^b	Total Direct	Municipality	County	Regional High School	
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
2021		1.894	1.894	0.279	0.663		2.836
2022		1.920	1.920	0.284	0.723		2.927

Walpack Township

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Municipality	County	Regional High School	
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
2021					0.753		0.753
2022					0.722		0.722

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

2022			2013		
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%			
Global Signal Acquisitions IV, LLC	1,232,000	0.37%			
Hidden Acres Farm	949,700	0.29%			
Shi Resources, LP	876,500	0.27%			
Ariben Realty, LLC	834,200	0.25%			
Nalta J, 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	<u>\$ 8,692,900</u>	<u>2.64%</u>			

INFORMATION NOT AVAILABLE

Walpack Township

2022			2013		
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%			
Kenneth Salazar, LLC	469,900	0.14%			
Cedar Valley Fann, LLC	166,300	0.05%			
Individual Taxpayer 1	86,300	0.03%			
Individual Taxpayer 2	85,400	0.03%			
Overlook Rod & Gun	77,000	0.02%			
Individual Taxpayer 3	74,000	0.02%			
Commerce Associates, Inc.	65,900	0.02%			
Individual Taxpayer 4	63,850	0.02%			
Individual Taxpayer 5	59,200	0.02%			
Total	<u>\$ 2,130,650</u>	<u>0.65%</u>			

INFORMATION 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
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%
2022	2,251,503	2,251,503	100.00%	2,251,503	100.00%
2023	2,296,291	2,296,291	100.00%	2,296,291	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
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%
2022	24,004	24,004	100.00%	24,004	100.00%
2023	24,726	24,726	100.00%	24,726	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	Financed Purchases	Financed Purchases	Financed Purchases	Financed Purchases	Financed Purchases				
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-
2022	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2023	-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		
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-
2022	-0-	-0-	-0-	0.00%	-0-
2023	-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, 2022
UNAUDITED

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

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 2023

	<u>Sandyston Township</u>	<u>Walpack Township</u>	<u>Equalized Valuation Basis</u>
2022	\$ 287,785,068	\$ 2,614,503	\$ 290,399,571
2021	265,206,634	2,614,503	267,821,137
2020	255,375,593	2,614,503	257,990,096
			<u>\$ 816,210,804</u>
Average Equalized Valuation of Taxable Property			<u>\$ 272,070,268</u>
Debt Limit (3% of average equalization value)			a \$ 6,801,757
Net Bonded School Debt			-0-
Legal Debt Margin			<u>\$ 6,801,757</u>

	<u>Fiscal Year</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 6,206,674	\$ 6,278,268	\$ 6,328,042	\$ 6,499,813	\$ 6,801,757
Total Net Debt Applicable to Limit	-0-	-0-	-0-	-0-	-0-
Legal Debt Margin	<u>\$ 6,206,674</u>	<u>\$ 6,278,268</u>	<u>\$ 6,328,042</u>	<u>\$ 6,499,813</u>	<u>\$ 6,801,757</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 6,461,248	\$ 6,288,661	\$ 6,327,572	\$ 6,228,312	\$ 6,209,546
Total Net Debt Applicable to Limit	-0-	-0-	-0-	-0-	-0-
Legal Debt Margin	<u>\$ 6,461,248</u>	<u>\$ 6,288,661</u>	<u>\$ 6,327,572</u>	<u>\$ 6,228,312</u>	<u>\$ 6,209,546</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

Year	Sandyston Township		Sussex County	Unemployment Rate ^d
	Population ^a	Township Personal Income ^b	Per Capita Personal Income ^c	
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	1,987	134,746,418	67,814	8.10%
2021	1,987	141,194,233	71,059	6.90%
2022	2,000	142,118,000 ***	71,059 *	3.20%
2023	2,000 **	142,118,000 ***	71,059 *	N/A

Year	Walpack Township		Sussex County	Unemployment Rate ^d
	Population ^a	Township Personal Income ^b	Per Capita Personal Income ^c	
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	745,954	67,814	14.30%
2021	5	355,295	71,059	22.20%
2022	8	568,472 ***	71,059 *	0.00%
2023	8 **	568,472 ***	71,059 *	N/A

* - Latest Sussex County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest available population data (2022) and latest available Sussex County per capita personal income (2021) 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 2020 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 - SUSSEX COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2022		2013		Percentage of Total Employment
	Employees	Percentage of Total Employment	Employer	Employees	
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%	Crystal Springs Golf and Spa Resort	2,000	2.66%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%	Newton Memorial Hospital	1,200	1.59%
Newton Medical Center	500-999	0.70%-1.40%	Selective Insurance	900	1.20%
Sussex County Offices	500-999	0.70%-1.40%	County of Sussex	830	1.10%
Thorlabs	500-999	0.70%-1.40%	Mountain Creek Resort	800	1.06%
Mountain Creek Resort	500-999	0.70%-1.40%	Ames Rubber Corp	445	0.59%
Shop Rite	250-499	0.35%-0.70%	Shop Rite (Ronetco)	301	0.40%
Sussex County Community College	250-499	0.35%-0.70%	Andover Subacute & Rehab Center	300	0.40%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%	Sussex County Community College	300	0.40%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%	SCARC, Inc.	287	0.38%
	<u>4,850-15,740</u>	<u>4.07%-12.91%</u>	Total	<u>7,363</u>	<u>9.78%</u>
Total Employment - Sussex County	<u>71,425</u>		Total Employment	<u>75,252</u>	

Source: County of Sussex, Department of Administration and Finance.

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction:										
Regular	12.8	12.7	12.8	12.8	12.3	12.3	12.3	12.3	9.7	11.0
Special Education	7	6.4	6.5	6.5	6.5	6.5	6.5	6.5	6.4	4.2
Other	1.4	1.4	1.4	1.6	1.2	1.2	1.2	1.2	1.4	2.8
Support Services:										
Student & Instruction Related Services	1	1	1	1	1.1	1.1	1.1	1.1	N/A	*
School Administrative Services	1	1	1	1	1	1	1	1	0.4	1.0
General Administrative Services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	1.4	1.2
Central Services	2.06	2.06	2.06	2.0	2.4	2.4	2.4	2.4	2.2	3.0
Plant Operations and Maintenance	0.4	0.40	0.47	0.47	0.54	0.54	0.54	0.54	1.8	1.2
	<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>	<u>23.30</u>	<u>24.48</u>

* Related Services Administered by Consultants

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				
2014	154.0	\$ 2,901,151	\$ 18,839	-2.09%	18	1:8.5	147.9	140.8	-1.79%	95.20%	
2015	150.0	3,163,745	21,092	11.96%	17	1:8.82	148.2	136.1	0.20%	91.84%	
2016	145.0	3,265,390	22,520	6.77%	18	1:8.06	145.4	137.6	-1.89%	94.64%	
2017	148.0	3,280,677	22,167	-1.57%	18	1:8.22	147.9	140.5	1.72%	95.00%	
2018	141.0	3,486,067	24,724	11.54%	17	1:8.29	140.9	135.8	-4.73%	96.38%	
2019	138.0	3,693,900	26,767	8.27%	17	1:8.12	132.9	126.2	-5.68%	94.96%	
2020	125.0	3,533,932	28,271	5.62%	17	1:7.35	119.2	114.7	-10.31%	96.22%	
2021	118.0	3,451,401	29,249	3.46%	17	1:6.84	112.2	108.7	-5.87%	96.88%	
2022	128.0	3,498,615	27,333	-6.55%	17	1:7.53	126.7	118.9	12.92%	93.84%	
2023	125.0	3,624,338	28,995	6.08%	18	1:6.94	123.4	115.9	-2.57%	93.88%	

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</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	138	125	118	128	125

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	154	143	145	149	141

Number of Schools at June 30, 2023
 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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>School Facilities:</u>					
Elementary School	\$ 54,226	\$ 43,686	\$ 52,933	\$ 34,865	\$ 25,148
Grand Total	<u>\$ 54,226</u>	<u>\$ 43,686</u>	<u>\$ 52,933</u>	<u>\$ 34,865</u>	<u>\$ 25,148</u>

<u>Facility</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>School Facilities:</u>					
Elementary School	\$ 50,051	\$ 83,847	\$ 99,715	\$ 65,106	\$ 60,676
Grand Total	<u>\$ 50,051</u>	<u>\$ 83,847</u>	<u>\$ 99,715</u>	<u>\$ 65,106</u>	<u>\$ 60,676</u>

Source: District records

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2023
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	5,000,000	
Each Occurance		
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	1,000,000/10,000,000 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

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, 2023, 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 4, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

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

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

December 4, 2023
Mount Arlington, New Jersey

NISIVOC CIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by NJOMB 15-08

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

Opinion on Each Major State Program

We have audited the Sandyston-Walpack Consolidated School District's (the District's) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The District's major state program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's state program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

The Honorable President and Members
of the Board of Education
Sandyston-Walpack Consolidated School District
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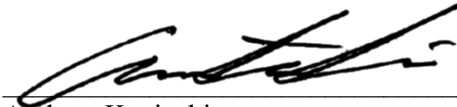
Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey’s OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

December 4, 2023
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Assistance Listing Number	State Program Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023		
					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	ESEA465023	7/1/22-9/30/23	\$ 2,037			\$ 1,100	\$ (1,265)	\$ (165)	
Small Rural School Achievement Program	84-358A	S358A023332	7/1/21-9/30/22	27,158				(384)		
Small Rural School Achievement Program	84-358A	S358A023332	7/1/22-9/30/23	30,409			30,409		\$ 30,409	
Special Education Cluster:										
IDEA Combined Grant:										
I.D.E.A. Part B, Basic	84-027	IDEA465022	7/1/21-9/30/22	32,062	(8,327)		8,327			
I.D.E.A. Part B, Basic	84-027	IDEA465023	7/1/22-9/30/23	35,056			18,769	(35,056)	(16,287)	
I.D.E.A. Part B, Preschool	84-173X	IDEA465023	7/1/22-9/30/23	1,255				(1,255)	(1,255)	
Total Special Education Cluster					(8,327)		27,096	(36,311)	(17,542)	
Education Stabilization Fund:										
COVID 19 - CRRSA - Learning Acceleration										
COVID 19 - CRRSA - Learning Acceleration	84-425D	S425D210027	3/13/20-9/30/23	25,000	(9,800)			(5,000)	(14,800)	
COVID 19 - CRRSA - Mental Health	84-425D	S425D210027	3/13/20-9/30/23	45,000	(16,698)		8,541	(21,215)	(29,372)	
COVID 19 - CRRSA - Non-Title I	84-425D	S425D210027	3/13/20-9/30/23	42,552	(12,260)			(1,462)	(13,722)	
COVID-19 - ARP - Accelerated Learning										
Coaching and Educator Support	84-425U	S425U210027	3/13/20-9/30/24	50,000			11,070	(11,070)		
COVID-19 - ARP - Evidence-Based Summer Learning and Enrichment Activities	84-425U	S425U210027	3/13/20-9/30/24	40,000			13,210	(13,210)		
COVID-19 - ARP - Evidence-Based Comprehensive Beyond the School Day Activities	84-425U	S425U210027	3/13/20-9/30/24	40,000				(7,018)	(7,018)	
COVID-19 - NJTSS Mental Health Support Staffing	84-425U	S425U210027	3/13/20-9/30/24	45,000			14,400	(25,400)	(11,000)	
COVID-19 - ARP - Non-Title I	84-425U	S425U210027	3/13/20-9/30/24	85,105	(700)		66,155	(67,665)	(2,210)	
Total Education Stabilization Fund					(39,458)		113,376	(152,040)	(78,122)	
Total Special Revenue Fund					(47,785)	384	171,981	(190,000)	(95,829)	30,409
General Fund:										
Impact Aid	84-041	N/A	7/1/22-6/30/23	371,103			371,103	(371,103)		
Total U.S. Department of Education					(47,785)	384	543,084	(561,103)	(95,829)	30,409
U.S. Department of Agriculture Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
COVID 19 - Seamless Summer Option - Lunch	10-555	N/A	7/1/21-6/30/22	35,438	(2,053)		2,053			
COVID 19 - Pandemic EBT Food Benefits	10-649	N/A	7/1/21-6/30/23	628			628	(628)		
COVID-19 - Supply Chain Assistance Award	10-555	N/A	7/1/22-6/30/23	20,673			20,673	(20,673)		
National School Lunch Program	10-555	N/A	7/1/22-6/30/23	7,056			6,707	(7,056)	(349)	
Total U.S. Department of Agriculture/Child Nutrition Cluster					(2,053)		30,061	(28,357)	(349)	
Total Federal Awards					(49,838)	384	\$ 573,145	\$ (589,460)	\$ (96,178)	\$ 30,409
N/A - Not Applicable										\$ -0-

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, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Balance at June 30, 2023		MEMO		
				Budgetary Accounts Receivable	Due to Grantor			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures	
General Fund:												
New Jersey Department of Education: Transportation Aid	23-495-034-5120-014	7/1/22 - 6/30/23	\$ 5,430			\$ 4,891	\$ (5,430)		\$ (539)	\$	\$ 5,430	
Special Education Categorical Aid Security Aid	23-495-034-5120-089	7/1/22 - 6/30/23	87,136			78,491	(87,136)		(8,645)		87,136	
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	2,651			2,388	(2,651)		(263)		2,651	
Extraordinary Special Education Aid	23-495-034-5120-044	7/1/22 - 6/30/23	19,684			19,684	(19,684)		(19,684)		19,684	
Nonpublic Transportation	23-495-034-5120-014	7/1/22 - 6/30/23	3,432				(3,432)		(3,432)		3,432	
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22 - 6/30/23	74,456			70,699	(74,456)		(3,757)		74,456	
Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	5,430	\$ (539)		539					5,430	
Special Education Categorical Aid Security Aid	22-495-034-5120-089	7/1/21 - 6/30/22	87,136	(8,649)		8,649					87,136	
Equalization Aid	22-495-034-5120-084	7/1/21 - 6/30/22	2,651	(263)		263					2,651	
Extraordinary Special Education Aid	22-495-034-5120-078	7/1/21 - 6/30/22	25,285	(25,538)		25,538					25,285	
Nonpublic Transportation	22-495-034-5120-044	7/1/21 - 6/30/22	63,498	(63,498)		63,498					63,498	
Reimbursed TPAF Social Security Contributions	22-495-034-5120-014	7/1/21 - 6/30/22	2,900	(2,900)		2,900					2,900	
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-003	7/1/21 - 6/30/22	74,644	(3,741)		3,741					74,644	
On-Behalf TPAF Pension Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	102,397			102,397	(102,397)				102,397	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-002	7/1/22 - 6/30/23	384,457			384,457	(384,457)				384,457	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	5,334			5,334	(5,334)				5,334	
NJ Schools Development Authority: Securing our Children's Future Bond Act - Alyssa's Law		4/1/20 - 6/30/24	18,968	(18,968)		18,968					18,968	
Total General Fund State Aid				(124,096)		987,234	(923,066)		(26,873)		1,435,578	
Enterprise Fund:												
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21 - 6/30/22	833	(47)		47					833	
State School Lunch Program	23-100-010-3350-023	7/1/22 - 6/30/23	210			203	(210)		(7)		210	
Total Enterprise Fund				(47)		250	(210)		(7)		1,043	
Special Revenue Fund Aid:												
Securing our Children's Future Bond Act - Water Bond Act		7/1/21 - 6/30/23	16,454				(16,454)				16,454	
Climate Awareness Education Grant	23-100-034-5063-359	7/1/22 - 6/30/23	6,660				(6,660)				6,660	
Emergent and Capital Maintenance Needs		11/19/22 - 6/30/23	2,936			2,936	(2,936)				2,936	
Total Special Revenue Fund						2,936	(26,050)		(23,114)		26,050	
Total State Awards Subject to Single Audit Determination				\$ (124,143)		\$ 990,420	\$ (949,326)		\$ (49,994)		\$ 1,462,671	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23				\$	102,397				102,397	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23					384,457				384,457	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23					5,334				5,334	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23					146				146	
Subtotal - On-Behalf TPAF Pension System Contribution							492,334				492,334	
Total State Awards Subject to Single Audit Major Program Determination							\$ (456,992)				\$ (456,992)	

SEE ACCOMPANYING NOTES TO SCHEDULES 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, 2023

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, 2023. 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 \$1,934 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, 2023
 (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:

	Federal	State	Total
General Fund	\$ 371,103	\$ 925,000	\$ 1,296,103
Special Revenue Fund	190,000	26,050	216,050
Food Service Fund	28,357	210	28,567
Total Awards	\$ 589,460	\$ 951,260	\$ 1,540,720

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, 2023.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 program.
- 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, 2023 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 program 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>
<u>State Aid - Public:</u>				
Special Education Categorical Aid	23-495-034-5120-089	7/1/22 - 6/30/23	\$ 87,136	\$ 87,136
Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	2,651	2,651
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	237,943	237,943

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined not to be a "low-risk" auditee for state programs.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Findings and Questioned Costs for Federal Awards:

- 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, 2023

Status of Prior Year Findings:

There were no prior audit findings.