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, 2026

Annual Comprehensive Financial Report

of the

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT

Layton, New Jersey

For the Fiscal Year Ended June 30, 2026

Prepared by

Sandyston-Walpack Consolidated Board of Education
Finance Department

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2026

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal 1
Organizational Chart 6
Roster of Officials 7
Consultants and Advisors 8

FINANCIAL SECTION 9

Independent Auditors' Report 10

Required Supplementary Information 13
Management's Discussion and Analysis 14

Basic Financial Statements (Sections A. and B.) 22

A. District-Wide Financial Statements 23
A-1 Statement of Net Position 24
A-2 Statement of Activities 25

B. Fund Financial Statements 27
B-1 Balance Sheet – Governmental Funds 28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds 29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 30
B-4 Statement of Net Position– Proprietary Funds 31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position– Proprietary Funds 32
B-6 Statement of Cash Flows – Proprietary Funds 33

Notes to the Basic Financial Statements 34

Required Supplementary Information 74

C. Budgetary Comparison Schedules
C-1 Budgetary Comparison Schedule – General Fund 75
C-2 Budgetary Comparison Schedule – Special Revenue Fund 85
C-3 Budgetary Comparison Schedule – Debt Service Fund (Not Applicable)
C-4 Note to Required Supplementary Information – Budgetary Comparison Schedule 86

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions
L-1 Schedule of District's Proportionate Share of the Net Liability – Public Employees Retirement System 89
L-2 Schedule of District's Contributions – Public Employees Retirement System 90
L-3 Schedule of State's Proportionate Share of the Net Liability Attributable to the District – Teachers' Pension and Annuity Fund 91
L-4 Schedule of State's Contributions – Teachers' Pension and Annuity Fund 92
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios 93
L-6 Notes to Required Supplementary Information – Pension and OPEB 94

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2026
(Continued)

FINANCIAL SECTION (Cont'd)

Required Supplementary Information (Cont'd)

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable) 97

E. Special Revenue Fund 98
E-1 Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis 99
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis 101

F. Capital Projects Fund 103
F-1 Summary Schedule of Revenue, Expenditures and Changes in Fund Balance 104
F-1A Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Preschool Facilities Expansion Project from Inception and for the Fiscal Year Ended June 30, 2026 105

G. Proprietary Funds (Not Applicable) 106

H. Fiduciary Activities (Not Applicable) 107

I. Long-Term Liabilities 108
I-1 Schedule of Serial Bonds (Not Applicable)
I-2 Schedule of Obligations Under Financed Purchases 109
I-3 Schedule of Obligations Under Leases 110
I-4 Schedule of Obligations Under Subscription-Based Information Technology Arrangements (Not Applicable)

J. STATISTICAL SECTION (Unaudited) 111
J-1 Net Position by Component 112
J-2 Changes in Net Position 113
J-3 Fund Balances - Governmental Funds 115
J-4 Changes in Fund Balances - Governmental Funds 116
J-5 General Fund Other Local Revenue by Source 117
J-6 Assessed Value and Actual Value of Taxable Property 118
J-7 Direct and Overlapping Property Tax Rates 119
J-8 Principal Property Taxpayers, Current and Nine Years Ago 120
J-9 Property Tax Levies and Collections 121
J-10 Ratios of Net Outstanding Debt by Type 122
J-11 Ratios of Net General Bonded Debt Outstanding 123
J-12 Ratios of Overlapping Governmental Activities Debt 124
J-13 Legal Debt Margin Information 125
J-14 Demographic and Economic Statistics 126
J-15 Principal Employers, Current and Nine Years Ago 127
J-16 Full-time Equivalent District Employees by Function/Program 128
J-17 Operating Statistics 129

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2026
(Continued)

J. STATISTICAL SECTION (Unaudited) (Cont'd)
J-18 School Building Information 130
J-19 Schedule of Allowable Maintenance Expenditures by School Facility 131
J-20 Insurance Schedule 132

K. SINGLE AUDIT SECTION 133

K-1 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* 134
K-2 Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance Required by NJOMB 25-12 136
K-3 Schedule of Expenditures of Federal Awards 139
K-4 Schedule of Expenditures of State Awards 140
K-5 Notes to the Schedules of Expenditures of Federal and State Awards 141
K-6 Schedule of Findings and Questioned Costs 143
K-7 Summary Schedule of Prior Audit Findings 144

INTRODUCTORY SECTION
(UNAUDITED)

Sandyston-Walpack Consolidated School District
Sandyston-Walpack Board of Education
100 Route 560
Layton, NJ 07851
973-948-4450 Phone 973-948-4492 Fax

Dr. Lisa Schleer
Superintendent
lschleer@sandystonwalpack.org

Mrs. Kristy McFarlane
Interim Business Administrator/Board Secretary
kristy@sandystonwalpack.org

October 3, 2026

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, 2026, 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 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides an education to pre-school through sixth grade resident children of Sandyston and Walpack Townships. The teachers follow a board approved curriculum for all subject areas, including core curriculum in English language arts, mathematics, science, and social studies, as well as special classes in physical education, music, art, Spanish, technology, enrichment, and library/media science.

1) REPORTING ENTITY AND ITS SERVICES:

The curriculum for each content area is formulated by a working group of teachers from each of the four elementary districts within the Kittatinny Regional High School District. Representatives from the high school also participate in these curriculum initiatives. The consortium group is working to revise all curricula to include accommodations and modifications for all at-risk subgroups, per state mandate.

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 fluctuated over the past decade but stabilized in more recent years. The table below presents the average daily enrollment over the last ten (10) years.

Fiscal Year	Average Daily Enrollment	Percent Change
2025-2026	132	(0.75)
2024-2025	133	7.32
2023-2024	124	0.70
2022-2023	123	(2.57)
2021-2022	127	12.92
2020-2021	112	(5.87)
2019-2020	119	(10.31)
2018-2019	133	(5.68)
2017-2018	141	(4.73)
2016-2017	148	1.72

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, E-RATE Program, REAP Grant and state aid. The Sandyston-Walpack School District has enacted a full day three and four year old preschool program. In addition, the District is in the final stages of completing the construction project of a new building that will house two preschool classrooms. The District will continue to receive the preschool grant that funds the program.

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. We will continue to provide training for teachers in ELA, Math, and differentiated practices through PLCs, in-service and coaching. We will continue to 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, small-group differentiated instruction, the implementation of STAR Math and STAR Reading, Team Teaching, and Social and Emotional Learning.

Sandyston-Walpack Consolidated School District implemented several major initiatives during the 2025-2026 school year focused on educational excellence and operational sustainability. We strategically aligned our budget to support district goals through targeted staffing enhancements, including expanded visual and performing arts instruction, in-person world language programming, and an expansion of our preschool program. Significant program improvements were made through the use of updated Language Arts curriculum materials and professional development to strengthen reading and writing workshop instruction, as well as year-two implementation support for our mathematics curriculum. We enhanced our data-driven instruction approach through STAR Renaissance assessments and dedicated WIN (What I Need) intervention periods, while continuing to prioritize social-emotional learning through our counseling services, character education classes, and whole-school positive climate initiatives. Infrastructure improvements included technology enhancements and safety upgrades, supported by strategic use of banked cap funds, Preschool Expansion Aid, construction grants, and municipal grants for outdoor facility improvements, including field enhancements and a new preschool playground. These initiatives were funded through a balanced approach that combined state aid, federal funding, and an 8.35% tax levy increase, ensuring compliance with state mandates while maintaining NJSLS alignment and NJSLA readiness across all programs.

For the 2025-2026 School Year, the administrative make-up was a part time Chief School Administrator and Principal/Supervisor of Special Education. This is the fourth 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, 2026.

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 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

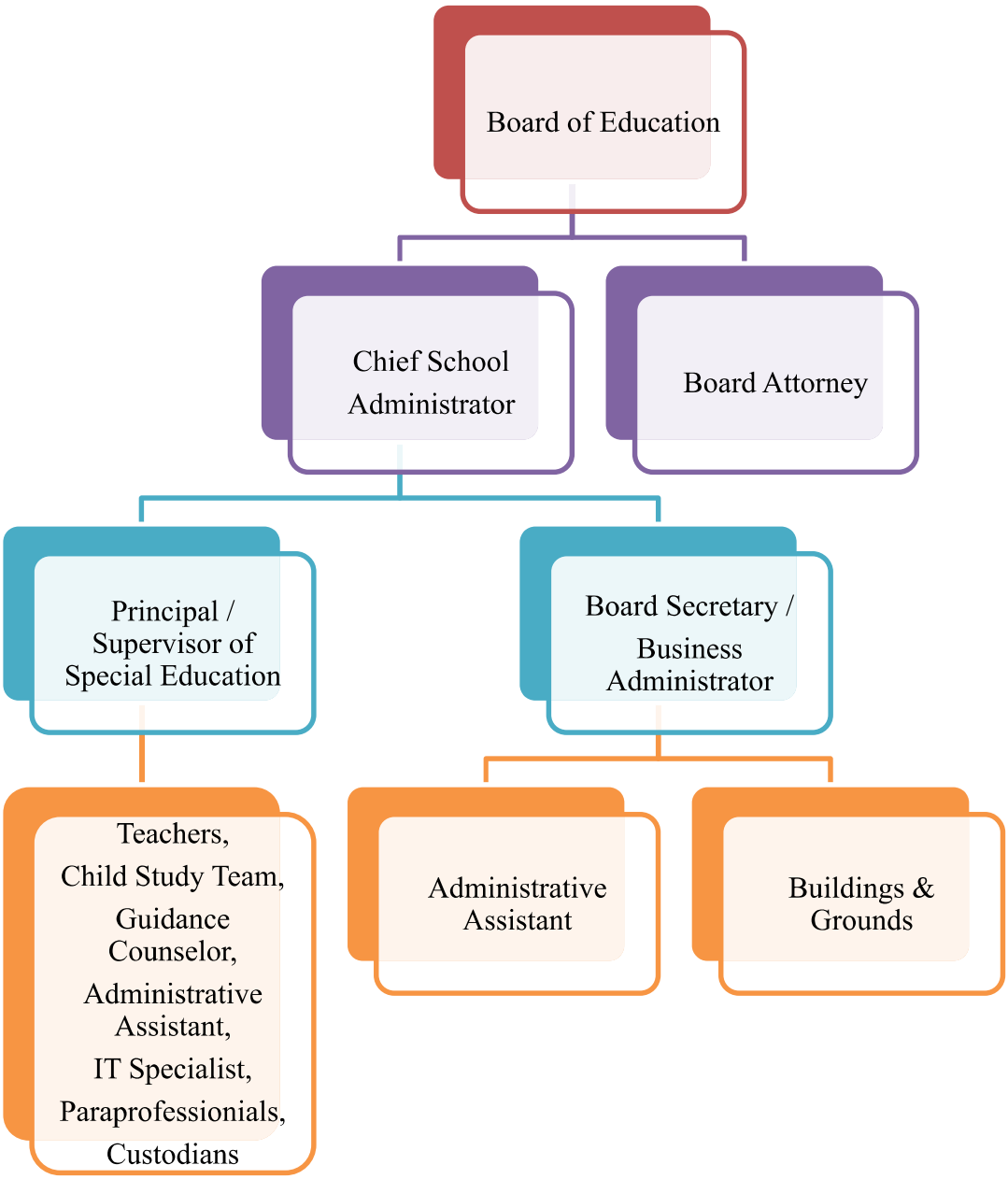
10) ACKNOWLEDGEMENTS:

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

Dr. Lisa Schleer,
Superintendent

Mrs. Kristy McFarlane,
Interim Business Administrator/Board Secretary

Sandyston-Walpack Consolidated School District
Sandyston-Walpack of Education
Organizational Chart



SANDYSTON-WALPACK CONSOLIDATED BOARD OF EDUCATION
ROSTER OF OFFICIALS
JUNE 30, 2026

Members of the Board of Education		Term Expires
Colleen Hewitt	Member	2026
Jo-Ann Williamson	Vice President	2026
Joseph Falchetta, III	Member	2027
Joshua Belardo	Member	2027
Melinda Tanzola	President	2027
Alison Greene	Member	2028
Amanda Marra	Member	2028
Joel Penkala (resigned 5/28/2026)	Member	2028
Vacant Seat (Walpack)	Member	N/A

Dr. Lisa Schleer, Superintendent

Mrs. Tina Palecek, Board Secretary/School Business Administrator (To July 31, 2026)

Mrs. Kristy McFarlane, Interim Board Secretary/School Business Administrator (From August 1, 2026)

Amanda Lobban, Treasurer

Joseph Garcia, Board Attorney

SANDYSTON-WALPACK CONSOLIDATED BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

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FINANCIAL SECTION

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ASSURANCE · TAX · ADVISORY

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Independent Member
BKR International

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, 2026, 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, 2026, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented GASB Statement No. 103, Financial Reporting Model Improvements, during the year ended June 30, 2026. Our opinions are not modified with respect to this matter.

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-6 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-4 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 25-12, *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 October 3, 2026 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.

October 3, 2026
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, 2026. 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

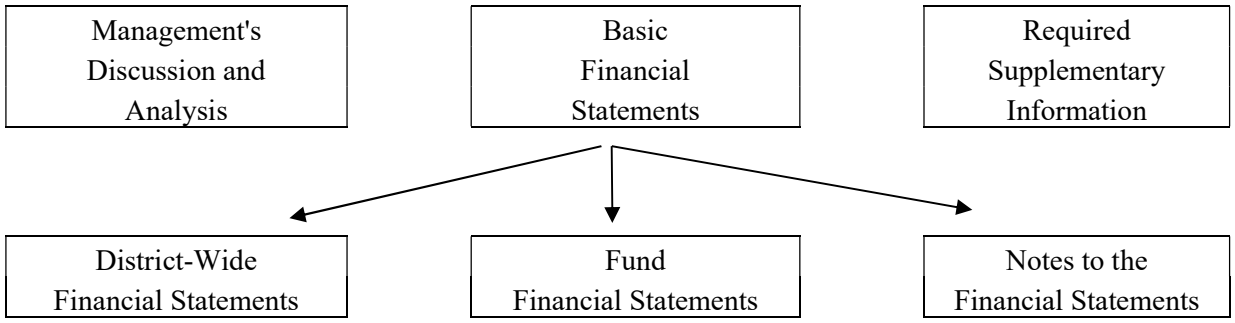

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• 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 including 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 is it 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

Figure A-3

Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage
	2025/2026	2024/2025	2025/2026	2024/2025	2025/2026	2024/2025	Change
Current and Other Assets	$3,346,098	$2,592,525	$ 14,883	$ 27,078	$3,360,981	$2,619,603	
Capital Assets, Net	2,626,729	1,187,989			2,626,729	1,187,989	
Total Assets	5,972,827	3,780,514	14,883	27,078	5,987,710	3,807,592	57.26%
Deferred Outflows of Resources	128,416	193,188			128,416	193,188	-33.53%
Other Liabilities	762,589	498,911	2,946		765,535	498,911	
Long-Term Liabilities	1,958,900	370,925			1,958,900	370,925	
Total Liabilities	2,721,489	869,836	2,946		2,724,435	869,836	213.21%
Deferred Inflows of Resources	43,186	168,349			43,186	168,349	-74.35%
Net Position:							
Net Investment in Capital Assets	1,014,185	1,187,989			1,014,185	1,187,989	
Restricted	2,426,216	1,935,091			2,426,216	1,935,091	
Unrestricted/(Deficit)	(103,833)	(187,563)	11,937	27,078	(91,896)	(160,485)	
Total Net Position	$3,336,568	$2,935,517	$ 11,937	$ 27,078	$3,348,505	$2,962,595	13.03%

Figure A-3 shows that as of June 30, 2026, the District's combined net position was $3,348,505, an increase of $385,910 or 13.03%. Net position from governmental activities increased by $401,051 and net position from business-type activities decreased by $15,141. The following sections of the MD&A analyze the finances of the governmental activities and business-type activities separately.

Governmental Activities

Figure A-4 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position in the governmental activities was $3,336,568 at June 30, 2026, an increase of $401,051 or 13.66%. The primary factors affecting the change in net position are as follows:

- The net changes (a decrease of approximately $92,500) in net pension liability and related deferred outflows and inflows of resources because of changes in actuarial assumptions utilized in the state's actuarial valuation.
- An overall increase in local and intergovernmental revenue:
  - An increase in local tax levy of $219,281.
  - Revenue from state sources of $169,186 due to the reimbursement of capital project expenses.
- Increases in expenses for certain programs and functions:
  - An increase in transportation costs of $70,845 due to increases in a contractual agreement as a result of economic conditions.
  - Increase of $21,494 in health benefit costs, which is a nation-wide trend.

Figure A-4

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2025/2026	2024/2025	2025/2026	2024/2025	2025/2026	2024/2025	
Revenue:							
Program Revenue:							
Charges for Services	$ 1,338	$ 49,880	$ 1,950	$ 1,751	$ 3,288	$ 51,631	
Operating Grants and Contributions	952,223	508,440	8,859	10,312	961,082	518,752	
General Revenue:							
Property Taxes	2,845,899	2,626,618			2,845,899	2,626,618	
Unrestricted Federal and State Aid	624,849	693,635			624,849	693,635	
Other	201,874	218,763	531	648	202,405	219,411	
Total Revenue	4,626,183	4,097,336	11,340	12,711	4,637,523	4,110,047	12.83%
Expenses:							
Instruction	2,012,897	1,732,499			2,012,897	1,732,499	
Pupil and Instruction Services	1,039,155	1,018,568			1,039,155	1,018,568	
Administrative and Business	406,086	396,519			406,086	396,519	
Maintenance and Operations	296,632	272,228			296,632	272,228	
Transportation	396,224	319,400			396,224	319,400	
Other	72,271	80,816	28,348	21,244	100,619	102,060	
Total Expenses	4,223,265	3,820,030	28,348	21,244	4,251,613	3,841,274	10.68%
Excess/(Deficit) Before Transfers	402,918	277,306	(17,008)	(8,533)	385,910	268,773	43.58%
Transfers	(1,867)	(7,659)	1,867	7,659			
Change in Net Position	401,051	269,647	(15,141)	(874)	385,910	268,773	43.58%
Net Position - Beginning	2,935,517	2,665,870	27,078	27,952	2,962,595	2,693,822	9.98%
Net Position - Ending	$ 3,336,568	$ 2,935,517	$ 11,937	$ 27,078	$ 3,348,505	$ 2,962,595	13.03%

Governmental Funds

The District reports three major governmental funds separately in the governmental fund financial statements: the General Fund, the Special Revenue Fund, and the Capital Projects Fund. Most of the discussion regarding governmental activities is equally applicable to finances of those governmental funds. However, certain aspects of the District's current financial condition are more apparent in the fund financial statements than in the district-wide financial statements.

The activities of the District's three major governmental funds are presented in Figure A-5 and are discussed in more detail on the following page.

Figure A-5

Governmental Funds - Revenues, Expenses, and Changes in Fund Balances

	General Fund		Special Revenue Fund		Capital Projects Fund	
	2025/2026	2024/2025	2025/2026	2024/2025	2025/2026	2024/2025
Total Revenue	$ 4,676,746	$ 4,463,212	$ 424,344	$ 260,415	$ 187,337	
Total Expenses	4,292,129	4,187,223	554,070	340,198	1,524,333	$ 48,682
Excess/(Deficit) of Revenues Over/(Under) Expenditures	384,617	275,989	(129,726)	(79,783)	(1,336,996)	(48,682)
Other Financing Sources/(Uses):						
Financed Purchases					1,600,000	
Leases	14,480					
Transfers	(95,338)	(69,243)	111,622	61,584	(18,151)	
Total Other Financing Sources/(Uses)	(80,858)	(69,243)	111,622	61,584	1,581,849	
Net Change in Fund Balance	303,759	206,746	(18,104)	(18,199)	244,853	(48,682)
Fund Balance/(Deficit) - Beginning	2,197,084	1,990,338	(16,788)	1,411	(48,682)	
Fund Balance/(Deficit) - Ending	$ 2,500,843	$ 2,197,084	$ (34,892)	$ (16,788)	$ 196,171	$ (48,682)

Fund balance represents the financial position of a governmental fund at the end of the fiscal year and reflects the resources available to meet the District's short-term obligations and operational needs.

General Fund

The General Fund’s fund balance increased by 13.83% during the fiscal year. This increase was primarily attributable to an increase of approximately $219,000 in the local tax levy, offset by a decrease of approximately $49,000 in tuition revenue and approximately $32,000 in miscellaneous revenue. Other factors that contributed to the increase include an approximately $56,000 decrease in the transfer of funds to charter schools and allocation of approximately $180,000 expenses to the preschool expansion aid program in the Special Revenue Fund.

Special Revenue Fund

The fund balance in the Special Revenue Fund decreased by 107.84%. The decrease was primarily attributable to an approximately $15,000 increase in the final two state aid payments receivable for the preschool expansion aid program.

Capital Projects Fund

The fund balance in the Capital Projects Fund increased by 502.96%. The increase was attributable to revenue from state sources of $169,186 for the reimbursement of project expenses and a $1,600,000 finance purchase agreement entered into as a funding source for the preschool facilities expansion project offset by approximately $1,520,000 in expenditures related to the project.

Business-Type Activities and Enterprise Funds

The total net position of the District's business-type activities decreased by $15,141 or 55.92%. Figure A-6 below summarizes the activities in the District’s enterprise fund.

Figure A-6

Enterprise Funds - Revenues, Expenses, and Changes in Fund Balances

	Food Service Fund	
	2025/2026	2024/2025
Total Operating Revenue	$ 1,950	$ 1,751
Total Operating Expenses	28,348	21,244
Operating (Loss)	(26,398)	(19,493)
Noncapital Subsidies:		
Intergovernmental Revenue	8,859	10,312
Transfers	1,867	7,659
Total Noncapital Subsidies	10,726	17,971
Other Nonoperating Revenues:		
Interest Earnings	531	648
Total Other Nonoperating Revenues	531	648
Change in Net Position	(15,141)	(874)
Fund Balance - Beginning	27,078	27,952
Fund Balance - Ending	$ 11,937	$ 27,078

The Food Service Fund's net position decreased by $15,141 or 55.92% despite an increase in operating revenue, compared to the prior year, food and management costs increased at a greater rate. The District's General Fund contribution and intergovernmental revenue decreased as well, resulting in a decrease in net position.

Significant Capital Assets and Long-Term Financing Activity

Overall, the carrying value of capital assets – original cost minus accumulated depreciation – increased 120.08% over 2025. The change reflects the substantial increase in the construction in progress balance offset by an increase in accumulated depreciation.

The District's governmental activities had $48,682 in its beginning balance of construction in progress, which included the preschool facilities expansion project. The project made significant progress during 2026, with an ending construction in progress balance of $1,573,015.

In January 2026, the District entered into a finance purchase agreement for $1,600,000 to finance the preschool facilities expansion project, which is the primary reason that governmental activities long-term liabilities increased 428.11% overall.

Other contributing factors to the increase in governmental activities long-term liabilities included:

- The District's liability for net pension liability decreased $28,197.
- The District's liability for compensated absences increased by $3,628.
- The District entered into a lease agreement for $12,544 for copiers.

Currently Known Facts, Decisions, or Conditions

The District is aware of two developments that will have an impact on the District's finances in the future and were therefore incorporated into next year's budget:

(1) Increase in health benefit costs
(2) Increase in special education costs

Health Benefit Costs

Health benefit costs have increased by double-digit percentages annually over the past several years, and this trend is expected to continue into the 2026–2027 fiscal year. The District has incorporated these anticipated increases into its subsequent year's budget to help ensure adequate funding for employee health benefit costs.

Special Education Costs

Special education costs are inherently difficult to predict due to changes in student enrollment and individual educational needs. In recent years, however, these costs have generally increased across the state. The District has recognized this trend and has incorporated the anticipated increase in special education expenditures into its budget to ensure that students continue to receive the educational services and support they require.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, 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 Mrs. Kristy McFarlane, Interim 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, 2026

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 1,165,435	$ 1,597	$ 1,167,032
Internal Balances	(12,828)	12,828	
Receivable from State Government	63,536	23	63,559
Receivable from Federal Government	39,924	435	40,359
Other Receivables	415		415
Restricted Cash and Cash Equivalents	2,089,616		2,089,616
Capital Assets:			
Nondepreciable Capital Assets	1,623,015		1,623,015
Depreciable Capital Assets, Net	1,003,714		1,003,714
Total Assets	5,972,827	14,883	5,987,710
DEFERRED OUTFLOWS OF RESOURCES			
District Contribution Subsequent to the Measurement Date - Pensions	34,000		34,000
Deferred Outflows Related to Pensions	94,416		94,416
Total Deferred Outflows of Resources	128,416		128,416
LIABILITIES			
Accounts Payable	633,776	2,946	636,722
Accrued Interest Payable	44,613		44,613
Payable to Federal Government	7,854		7,854
Unearned Revenue	76,346		76,346
Noncurrent Liabilities:			
Due Within One Year	309,326		309,326
Due Beyond One Year	1,649,574		1,649,574
Total Liabilities	2,721,489	2,946	2,724,435
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	43,186		43,186
Total Deferred Inflows of Resources	43,186		43,186
NET POSITION			
Net Investment in Capital Assets	1,014,185		1,014,185
Restricted for:			
Impact Aid Reserve	531,386		531,386
Capital Projects	631,468		631,468
Maintenance Reserve	141,250		141,250
Student Activities	1,683		1,683
Excess Surplus	1,120,429		1,120,429
Unrestricted/(Deficit)	(103,833)	11,937	(91,896)
Total Net Position	$ 3,336,568	$ 11,937	$ 3,348,505

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, 2026

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	$ 1,408,779		$ 227,776	$ (1,181,003)		$ (1,181,003)
Special Education	552,728		470,509	(82,219)		(82,219)
Other Special Instruction	51,390			(51,390)		(51,390)
Support Services:						
Tuition	218,068		36,877	(181,191)		(181,191)
Student & Instruction Related Services	821,087	$ 1,338	20,062	(799,687)		(799,687)
General Administrative Services	214,589			(214,589)		(214,589)
School Administrative Services	70,683		1,414	(69,269)		(69,269)
Central Services	120,814			(120,814)		(120,814)
Plant Operations and Maintenance	296,632			(296,632)		(296,632)
Pupil Transportation	396,224		195,585	(200,639)		(200,639)
Interest on Long-Term Debt	44,613			(44,613)		(44,613)
Capital Outlay	5,368			(5,368)		(5,368)
Charter School	22,290			(22,290)		(22,290)
Total Governmental Activities	4,223,265	1,338	952,223	(3,269,704)		(3,269,704)
Business-Type Activities:						
Food Service	28,348	1,950	8,859		$ (17,539)	(17,539)
Total Business-Type Activities	28,348	1,950	8,859		(17,539)	(17,539)

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
(Continued)

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Total Primary Government	$ 4,251,613	$ 3,288	$ 961,082	$ (3,269,704)	$ (17,539)	$ (3,287,243)
General Revenue and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				2,845,899		2,845,899
Federal and State Aid not Restricted				624,849		624,849
Interest				44,698	531	45,229
Miscellaneous Income				157,176		157,176
Transfers In/(Out)				(1,867)	1,867	
Total General Revenue and Transfers				3,670,755	2,398	3,673,153
Change in Net Position				401,051	(15,141)	385,910
Net Position - Beginning				2,935,517	27,078	2,962,595
Net Position - Ending				$ 3,336,568	$ 11,937	$ 3,348,505

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, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	$ 1,149,735	$ 15,700		$ 1,165,435
Interfund Receivable - Capital Projects Fund	247,692			247,692
Receivables From Federal Government		39,924		39,924
Receivables From State Government	63,536			63,536
Other Accounts Receivable	415			415
Restricted Cash and Cash Equivalents	1,107,933	1,683	$ 980,000	2,089,616
Total Assets	$ 2,569,311	$ 57,307	$ 980,000	$ 3,606,618
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 55,640	$ 7,999	$ 536,137	$ 599,776
Interfund Payable - Food Service Fund	12,828			12,828
Interfund Payable - General Fund			247,692	247,692
Payable to Federal Government		7,854		7,854
Unearned Revenue		76,346		76,346
Total Liabilities	68,468	92,199	783,829	944,496
Fund Balances:				
Restricted:				
Excess Surplus - 2027-2028	769,653			769,653
Excess Surplus - 2026-2027	350,776			350,776
Impact Aid Reserve	531,386			531,386
Capital Reserve	435,297			435,297
Maintenance Reserve	141,250			141,250
Student Activities		1,683		1,683
Committed:				
Capital Projects			196,171	196,171
Assigned:				
Subsequent Year's Expenditures	36,165			36,165
Unassigned/(Deficit)	236,316	(36,575)		199,741
Total Fund Balances/(Deficits)	2,500,843	(34,892)	196,171	2,662,122
Total Liabilities and Fund Balances	$ 2,569,311	$ 57,307	$ 980,000	

Amounts Reported for G*overnmental Activities* in the Statement of Net Position (A-1) are Different Because:	
Capital and leased assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	2,626,729
Interest on long term debt is not accrued as expenditures in the Governmental Funds but rather is recognized as an expenditure when due.	(44,613)
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	94,416
Deferred Inflows	(43,186)
Long-Term Liabilities, including the Net Pension Liability for PERS, 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.	(1,958,900)
Net Position of Governmental Activities	$ 3,336,568

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, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	$ 2,845,899			$ 2,845,899
Interest Earned on Restricted Funds	44,698			44,698
Unrestricted Miscellaneous	139,025	$ 10,700	$ 18,151	167,876
Total - Local Sources	3,029,622	10,700	18,151	3,058,473
State Sources	1,270,145	331,558	169,186	1,770,889
Federal Sources	376,979	82,086		459,065
Total Revenue	4,676,746	424,344	187,337	5,288,427
EXPENDITURES				
Current:				
Regular Instruction	760,190	402,122		1,162,312
Special Education Instruction	355,841	111,622		467,463
Other Special Instruction	42,546			42,546
Support Services and Undistributed Costs:				
Tuition	181,191	36,877		218,068
Student & Instruction Related Services	729,870	684		730,554
General Administrative Services	191,080			191,080
School Administrative Services	56,067			56,067
Central Services	97,512			97,512
Plant Operations and Maintenance	264,568			264,568
Pupil Transportation	385,266			385,266
Allocated and Unallocated Benefits	1,183,025			1,183,025
Capital Outlay	22,683	2,765	1,524,333	1,549,781
Transfer of Funds to Charter Schools	22,290			22,290
Total Expenditures	4,292,129	554,070	1,524,333	6,370,532
Excess/(Deficit) of Revenue Over/(Under) Expenditures	384,617	(129,726)	(1,336,996)	(1,082,105)
OTHER FINANCING SOURCES/(USES)				
Leases (Non-budgeted)	14,480			14,480
Financed Purchases (Non-budgeted)			1,600,000	1,600,000
Transfers In	18,151	111,622		129,773
Transfers Out	(113,489)		(18,151)	(131,640)
Total Other Financing Sources/(Uses)	(80,858)	111,622	1,581,849	1,612,613
Net Change in Fund Balances	303,759	(18,104)	244,853	530,508
Fund Balance/(Deficit) —July 1	2,197,084	(16,788)	(48,682)	2,131,614
Fund Balance/(Deficit)—June 30	$ 2,500,843	$ (34,892)	$ 196,171	$ 2,662,122

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, 2026

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		$ 530,508
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 differs from capital outlays in the period.		
Depreciation Expense	$ (103,373)	
Capital Outlays	1,529,933	
		1,426,560
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	(2,300)	
Lease Asset Additions	14,480	
		12,180
In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		(44,613)
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		(14,480)
Financed Purchases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		(1,600,000)
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.		1,936
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 (+)		(3,628)
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		28,197
Change in Deferred Outflows		(60,772)
Change in Deferred Inflows		125,163
Changes in Net Position for Governmental Activities		$ 401,051

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, 2026

	Business-type Activities - Enterprise Funds Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 1,597
Intergovernmental Accounts Receivable:	
Federal	435
State	23
Interfund Receivable:	
General Fund	12,828
Total Current Assets	14,883
Total Assets	14,883
LIABILITIES:	
Current Liabilities:	
Accounts Payable	2,946
Total Current Liabilities	2,946
NET POSITION:	
Unrestricted	11,937
Total Net Position	$ 11,937

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, 2026

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Other Sales	$ 1,950
Total Operating Revenue	1,950
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	6,995
Salaries, Benefits & Payroll Taxes	9,192
Supplies, Insurance & Other Costs	12,161
Total Operating Expenses	28,348
Operating (Loss)	(26,398)
Noncapital Subsidies:	
State Sources:	
State School After the Bell Program	36
State School Breakfast Program	33
State School Lunch Program	239
Federal Sources:	
School Breakfast Program	1,014
National School Lunch Program	6,935
S-EBT Reimbursement	602
Transfer In:	
Board Contribution - General Fund	1,867
Total Noncapital Subsidies	10,726
Operating (Loss) and Noncapital Subsidies	(15,672)
Other Non-Operating Revenue:	
Interest Income	531
Total Other Non-Operating Revenue	531
Change in Net Position	(15,141)
Net Position - Beginning of Year	27,078
Net Position - End of Year	$ 11,937

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, 2026

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	$ 1,950
Payments to Food Service Vendor	(6,995)
Payments to Suppliers and Other Expenses	(18,407)
Net Cash (Used for) Operating Activities	(23,452)
Cash Flows from Investing Activities:	
Interest Income	531
Net Cash Provided by Investing Activities	531
Cash Flows from Noncapital Financing Activities:	
Operating Subsidies Received:	
Local Sources:	
Board Contribution	1,867
Federal Sources	8,403
State Sources	291
Net Cash Provided by Noncapital Financing Activities	10,561
Net (Decrease) in Cash and Cash Equivalents	(12,360)
Cash and Cash Equivalents, July 1	13,957
Cash and Cash Equivalents, June 30	$ 1,597
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating Loss	$ (26,398)
Changes in Assets and Liabilities:	
Increase in Accounts Payable	2,946
Net Cash (Used for) Operating Activities	$ (23,452)

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

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.

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.

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, finance purchase agreements, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest. The District has no current bond 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.

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 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.

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 4,671,710	$ 554,724
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	62,560	17,817
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(57,524)	(36,575)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 4,676,746	$ 535,966

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 4,292,129	$ 554,070
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 4,292,129	$ 554,070

	Capital Projects Fund	
	Revenue	Fund Balance
Revenue/Committed Fund Balance	$ 1,618,151	$ 426,985
Reconciliation to Governmental Funds Statements (GAAP):		
Grant Revenue not Recognized on GAAP Basis	169,186	(230,814)
Revenue/Fund Balance per Governmental Funds (GAAP)	$ 1,787,337	$ 196,171

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

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.

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 under non-operating revenues/expenses for a capital contribution and as a noncapital subsidy for operating transfers in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

H. Encumbrances: (Cont'd)

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.

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, 2026.

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:

	Estimated Useful Life
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.

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

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. For presentation purposes, lease assets are included in the capital assets in the District Wide and Enterprise Fund Financial Statements.

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.

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, 2026.

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.

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

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.

T. Fund Balance Appropriated:

General Fund: Of the $2,500,843 General Fund fund balance at June 30, 2026, $769,653 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, 2028; $350,776 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2027, $36,165 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2027, $435,297 is restricted in the capital reserve account, $531,386 is restricted in the impact aid reserve account, $141,250 is restricted in the maintenance reserve account; and there is $236,316 in unassigned fund balance which is $57,524 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, 2027.

Special Revenue Fund: Of the ($34,892) unassigned deficit Special Revenue Fund restricted fund balance at June 30, 2026, $1,683 is restricted for student activities; offset by a deficit of $36,575 in unassigned fund balance. This deficit is due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2027 on a GAAP basis.

Capital Projects Fund: Of the $196,171 Capital Projects Fund fund balance at June 30, 2026, $196,171 is committed, which is $230,814 less on a GAAP basis due to a grant receivable, which is not recognized until the reimbursement is requested.

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, 2026 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.

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

T. Fund Balance Appropriated: (Cont'd)

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 $103,833 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. The district has a deficit in unassigned fund balance of $36,575 in the Special Revenue Fund due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2027 on a GAAP basis.

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, 2026 for pensions.

The District had deferred inflows of resources at June 30, 2026 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.

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

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 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 committed resources at June 30, 2026 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2026.

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.

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

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

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

Y. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the District, these revenues are sales for food service. Operating expenses include all necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund. In accordance with GASB Statement No. 103, nonexchange resources and subsidies received for food services are explicitly classified as nonoperating revenues.

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.

AB. Adoption of New Accounting Pronouncements:

For the fiscal year ended June 30, 2026, the District implemented GASB Statement No. 103, Financial Reporting Model Improvements. The implementation resulted in modifications to the presentation of the Management's Discussion and Analysis (MD&A), and the budgetary comparison schedules, which are now presented as Required Supplementary Information (RSI). Additionally, narrative explanation of significant variances on the budgetary comparison schedules are required to be disclosed in the notes to the RSI. The Statement also changed the classification of certain proprietary funds operating and nonoperating revenue and expenses including the distinct reporting of noncapital subsidies.

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.

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

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 of this Note on Investments.

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

Deposits:

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

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

> The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.
>
> In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

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

Investments: (Cont'd)

(4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed; or

(9) Deposit of funds in accordance with the following conditions:

(a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;

(b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;

(c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;

(d) The designated public depository acts as custodian for the school district with respect to these deposits; and

(e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

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

Investments: (Cont'd)

As of June 30, 2026, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	$ 1,167,032	$ 2,089,616	$ 3,256,648

During the period ended June 30, 2026, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2026, was $3,256,648 and the bank balance was $3,351,136.

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, 2025 to June 30, 2026 fiscal year is as follows:

Beginning Balance, July 1, 2025	$ 418,548
Increased by:	
Unexpended Balance of Withdrawal	44,400
Interest Earnings	22,349
	485,297
Withdrawals:	
Budgeted Withdrawal	50,000
Ending Balance, June 30, 2026	$ 435,297

The balance in the capital reserve on June 30, 2026 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

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.

NOTE 5. IMPACT AID RESERVE ACCOUNT (Cont'd)

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, 2025 to June 30, 2026 fiscal year is as follows:

Beginning Balance, July 1, 2025	$ 604,407
Deposits:	
Transfer by Board Resolution	376,979
	981,386
Withdrawals:	
Budgeted Withdrawal	450,000
Ending Balance, June 30, 2026	$ 531,386

NOTE 6. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes.

Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the maintenance reserve for the July 1, 2025 to June 30, 2026 fiscal year is as follows:

Beginning Balance, July 1, 2025	$ 141,250
Deposits:	
Board Resolution - June 2026	7,651
Interest Earnings	22,349
	171,250
Withdrawals:	
Budgeted Withdrawal	30,000
Ending Balance, June 30, 2026	$ 141,250

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2026 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	$ 50,000			$ 50,000
Construction in Progress	48,682	$ 1,524,333		1,573,015
Total Capital Assets Not Being Depreciated	98,682	1,524,333		1,623,015
Capital Assets Being Depreciated:				
Buildings and Building Improvements	2,210,464	5,600	$ 5,200	2,221,264
Machinery and Equipment	351,603		(5,200)	346,403
Leased Assets:				
Equipment	16,220	14,480	(16,220)	14,480
Total Capital Assets Being Depreciated	2,578,287	20,080	(16,220)	2,582,147
Less Accumulated Depreciation/Amortization for:				
Buildings and Building Improvements	(1,186,948)	(82,088)		(1,269,036)
Machinery and Equipment	(285,812)	(21,285)		(307,097)
Leased Assets:				
Equipment	(16,220)	(2,300)	16,220	(2,300)
Total Accumulated Depreciation	(1,488,980)	(105,673)	16,220	(1,578,433)
Depreciable Capital Assets, Net	1,089,307	(85,593)		1,003,714
Governmental Activities Capital Assets, Net	$ 1,187,989	$ 1,438,740	$ -0-	$ 2,626,729

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation/amortization expense was charged to governmental functions as follows:

Regular Instruction	$ 91,317
Special Education	7,610
School Administration	3,090
Operations and Maintenance of Plant	3,656
Total Governmental Activites Depreciation/Amortization Expense	$ 105,673

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2026, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2025	Accrued	Retired	Balance 6/30/2026
Net Pension Liability	$ 302,873		$ 28,197	$ 274,676
Finance Purchases Payable		$ 1,600,000		1,600,000
Leases Payable		14,480	1,936	12,544
Compensated Absences Payable	68,052	3,628		71,680
	$ 370,925	$ 1,618,108	$ 30,133	$ 1,958,900

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, 2026.

B. Bonds Authorized But Not Issued:

As of June 30, 2026, the Board had no bonds authorized but not issued.

C. Unamortized Bond Premium:

As of June 30, 2026, the Board had no unamortized bond premiums.

D. Finance Purchases Payable:

The District has a financed purchase agreement related to the financing of the construction of the preschool facilities expansion project. The finance purchase totaled $1,600,000 of which $-0- has been liquidated as of June 30, 2026. The finance purchase is for a term of five years. The schedule of the future minimum payments under the District's finance purchase, and the present value of the net minimum payments at June 30, 2026 are as follows:

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

D. Finance Purchases Payable: (Cont'd)

Fiscal Year	Amount
2027	$ 357,824
2028	357,824
2029	357,824
2030	357,824
2031	357,822
Total Minimum Financed Purchases Payments	1,789,118
Less: Amount Representing Interest	(189,118)
Present Value Net of Minimum Financed Purchases Payments	$ 1,600,000

The current portion of the finance purchase payable at June 30, 2026 in the governmental activities is $306,837 and the long-term portion is $1,293,163. The General Fund will be used to liquidate the finance purchase payable.

E. Leases Payable:

The district had leases outstanding as of June 30, 2026 as follows:

Purpose	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Savin Copiers	Monthly	08/28/25	0.625%	$ 12,544
				$ 12,544

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
2027	$ 2,489	$ 856
2028	2,682	663
2029	2,890	455
2030	3,115	231
2031	1,368	26
	$ 12,544	$ 2,231

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

F. 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 $71,680 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, 2026, no liability existed for compensated absences in the Food Service Fund.

G. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in current and long-term portion and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2026 is $-0- and the long-term portion is $274,676. See Note 10 for more information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2026, there were no transfers to capital outlay lines.

NOTE 10. PENSION PLANS

A. Public Employees' Retirement System (PERS)

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

Plan Description

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

NOTE 10. 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 employers. State legislation has modified the amount that is contributed by the State.

The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2025, the State's pension contribution was more than the actuarial determined amount.

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 were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being 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 $30,878 for 2026. During the fiscal year ended June 30, 2025, the State of New Jersey contributed $944 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

Under N.J.SA. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity.

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows or of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. 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 collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2026, the District's liability was $274,676 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. 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, 2025, the District's proportion was 0.002233%, which was of 0.000004% from its proportion measured as of June 30, 2024.

For the fiscal year ended June 30, 2026, the District recognized an actual pension benefit in the amount of $62,066 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2025, the State recognized pension expense on behalf of the District in the amount of $944 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2026 financial statements.

NOTE 10. 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 (Cont'd)

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2025.

At June 30, 2026, 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	2021	5.13	$ 43	
	2022	5.04		$ 636
	2025	5.15		2,529
			43	3,165
Changes in Proportion	2021	5.13		16,824
	2022	5.04	48,525	
	2023	5.08	24,774	
	2024	5.08	12,741	
	2025	5.15	502	
			86,542	16,824
Net Difference Between Projected and Actual	2022	5.00		(16,523)
Investment Earnings on Pension Plan Investments	2023	5.00		5,713
	2024	5.00		13,287
	2025	5.00		20,427
				22,904
Difference Between Expected and Actual	2021	5.13		34
Experience	2022	5.04		259
	2023	5.08	1,054	
	2024	5.08	3,318	
	2025	5.15	3,459	
			7,831	293
District Contribution Subsequent to the Measurement Date	2025	1.00	34,000	
			$ 128,416	$ 43,186

NOTE 10. 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 (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 expense as follows:

Fiscal Year Ending June 30,	Total
2026	$ 51,089
2027	7,418
2028	(2,984)
2029	(4,345)
2030	52
	$ 51,230

Actuarial Assumptions

The collective total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	3.25 – 7.75% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee Mortality Table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and a 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2025) 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, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.55%
Non-U.S. Developed Market Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.00%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. 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.

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2025 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, 2025		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	$ 376,014	$ 274,676	$ 188,308

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.nj.gov/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.

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

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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 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 employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2025, 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, deferred outflows of resources, or deferred inflows of resources 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 2026 the State of New Jersey contributed $407,051 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution benefit of $16,998.

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

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

At June 30, 2026, the State's proportionate share of the net pension liability associated with the District was $4,026,676 The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. 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, 2025, the District's proportion was 0.008627%, which was an increase of 0.000478% from its proportion measured as of June 30, 2024.

NOTE 10. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		4,026,676
Total	$	4,026,676

For the fiscal year ended June 30, 2025, the State recognized a pension benefit on behalf of the District in the amount of $16,998 and the District recognized a pension benefit and revenue for that same amount in the fiscal year ended June 30, 2026 financial statements.

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	8.29		$ 238,466,605
	2019	8.04		518,130,605
	2020	7.99	$ 401,749,517	
	2021	7.93		5,455,585,437
	2022	7.83	53,913,317	
	2025	7.79		936,091,429
			455,662,834	7,148,274,076
Difference Between Expected and Actual Experience	2018	8.29	41,833,405	
	2019	8.04		20,130,190
	2020	7.99		2,141,140
	2021	7.93	72,397,666	
	2022	7.83		10,098,773
	2023	7.93	120,341,731	
	2024	7.84		180,528,323
	2025	7.79		13,806,039
			234,572,802	226,704,465
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2022	5.00		(829,833,664)
	2023	5.00		238,648,222
	2024	5.00		612,300,648
	2025	5.00		1,006,894,131
				1,028,009,337
			$ 690,235,636	$ 8,402,987,878

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:

NOTE 10. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2026	$ (2,230,922,068)
2027	(2,369,274,510)
2028	(2,299,439,619)
2029	(388,627,305)
2030	(148,107,539)
Thereafter	(276,381,201)
	$ (7,712,752,242)

Actuarial Assumptions

The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. 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 – 5.85% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2016 Teachers Above-Median Income Employee mortality table with a 94.1% adjustment for males and 84.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 Teachers Above-Median Income Healthy Retiree mortality table with a 112.1% adjustment for males and a 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability mortality rates were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 128.0% adjustment for males and 113.7% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

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, 2025) 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.

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.55%
Non-U.S. Developed Market Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.00%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. 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.

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2025 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, 2025		
	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	$ 5,068,478	$ 4,026,676	$ 3,586,649

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 $12,455 for the fiscal year ended June 30, 2026. Employee contributions to DCRP amounted to $16,915 for the fiscal year ended June 30, 2026.

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance

The Sandyston-Walpack Consolidated School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this 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, 2026 was not available as of the date of this audit. Selected financial information for the SAIF as of June 30, 2025 is as follows:

	School Alliance Insurance Fund
Total Assets	$ 63,434,477
Net Position	$ 20,906,962
Total Revenue	$ 60,413,430
Total Expenses	$ 58,915,231
Change in Net Position	$ 1,498,199
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

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "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 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2026:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 247,692	$ 12,828
Capital Projects Fund		247,692
Food Service Fund	12,828	
	$ 260,520	$ 260,520

The interfund receivable in the Food Service Fund is due from the General Fund for Federal and State subsidy reimbursements received in General Fund and not turned over before year end. The interfund receivable in the General Fund is due from the Capital Projects Fund for interest earned on lease proceeds not turned over before year end, the payment of project expenses by the General Fund and timing differences between reimbursement requests and receipts of grant funds.

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. DEFERRED COMPENSATION

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

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

NOTE 15. 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, 2026, there were no encumbrances in the governmental funds.

NOTE 16. TAX CALENDAR

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

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

NOTE 17. ACCOUNTS PAYABLE

	Governmental Funds					
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
Vendors	$ 16,850	$ 7,999	$ 536,137	$ 560,986		$ 560,986
Payroll Deductions and Withholdings	38,790			38,790		38,790
Federal Government		7,854		7,854		7,854
State of New Jersey					$ 34,000	34,000
	$ 55,640	$ 15,853	$ 536,137	$ 607,630	$ 34,000	$ 641,630

NOTE 18. 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 (OPEB) 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 local education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the State of New Jersey Division of Pensions and Benefits' (the Division) annual financial statements which can be found at https://www.nj.gov/treasury/pensions/gasb-notices-opeb.shtml.

Employees Covered by Benefit Terms

At June 30, 2024, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	154,806
Active Plan Members	221,900
Total	376,706

NOTE 18. 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, 2025 was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025.

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 - 5.85% based on years of service	3.25 - 7.75% based on years of service	4.00 - 17.50% based on years of service

Actuarial assumptions used in the July 1, 2024 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2021 – June 30, 2024.

100% of active members are considered to participate in the Plan upon retirement.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2016 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-2016 "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-2016 "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-2016 "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 9.50% and decreases to a 4.50% long term trend rate in fiscal year 2036. For post-65 medical benefits PPO, the trend is initially 25.12% and decreases to 4.50% in fiscal year 2036. For post-65 medical benefits HMO, the trend is initially 29.65% and decreases to a 4.50% in fiscal year 2036. For pre-Medicare prescription drug benefits, the initial trend rate is 19.00% and decreases to a 4.50% long-term trend rate in fiscal year 2036. For post-65 prescription drug benefits, the initial trend rate is 10.88% and decreases to a 4.50% lon-term trend rate in fiscal year 2036. For employer group waiver plan prescription drug benefits, the initial trend rate is 20.85% and decreases to a 4.50% long-term trend rate in fiscal year 2036. For the Medicare Part B reimbursement, the trend rate is 5.00%.

NOTE 18. 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 3.93%. This represents the municipal bond return rate as chosen by the Division. 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, 2024	$ 6,969,092
Changes for Year:	
Service Cost	203,298
Interest on the Total OPEB Liability	286,053
Changes of Assumptions	(1,272,326)
Differences between Expected and Actual Experience	834,213
Gross Benefit Payments by the State	(189,988)
Contributions from Members	6,656
Net Changes	(132,094)
Balance at June 30, 2025	$ 6,836,998

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, 2025, 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 was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2025		
	At 1% Decrease (4.20%)	At Discount Rate (5.20%)	At 1% Increase (6.20%)
Total OPEB Liability Attributable to the District	$ 7,869,591	$ 6,836,998	$ 5,989,946

NOTE 18. 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, 2025, 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 was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2025		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	$ 5,811,192	$ 6,836,998	$ 8,140,104

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

For the fiscal year ended June 30, 2026 the District recognized an OPEB benefit of $114,183 as determined by the Division. 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, 2025 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

NOTE 18. 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)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		$ 47,647
	2018	9.51		99,798
	2019	9.29	$ 18,218	
	2020	9.24	515,913	
	2021	9.24	3,227	
	2022	9.13		906,782
	2023	9.30	8,492	
	2024	9.33	416,456	
	2025	9.31		1,135,664
			962,306	2,189,891
Differences between Expected and Actual Experience	2018	9.51		94,341
	2019	9.29		214,422
	2020	9.24	480,851	
	2021	9.24		620,558
	2022	9.13	93,386	
	2023	9.30		78,891
	2024	9.33	14,832	
	2025	9.31	568,681	
			1,157,750	1,008,212

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
2026	$ (278,970)
2027	(168,324)
2028	(41,922)
2029	(250,884)
2030	(214,065)
Thereafter	(123,882)
	$ (1,078,047)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	$ 2,845,899	$ 2,845,899		$ 2,845,899	
Tuition From Other LEAs Within the State	53,153	53,153			$ (53,153)
Unrestricted Miscellaneous Revenues	148,221	148,221		139,025	(9,196)
Interest Earned on Maintenance Reserve				22,349	22,349
Interest Earned on Capital Reserve Funds				22,349	22,349
Total Revenues from Local Sources	3,047,273	3,047,273		3,029,622	(17,651)
Revenues from State Sources:					
Categorical Transportation Aid	204,628	204,628		204,628	
Extraordinary Aid	15,000	15,000		58,840	43,840
Categorical Special Education Aid	323,173	323,173		323,173	
Equalization Aid	4,186	4,186		4,186	
Categorical Security Aid	44,846	44,846		44,846	
Other State Aids	2,813	2,813			(2,813)
TPAF Post Retirement Contributions (Non-Budgeted)				124,012	124,012
TPAF Pension Contributions (Non-Budgeted)				407,051	407,051
TPAF Non-Contributory Insurance (Non-Budgeted)				4,959	4,959
TPAF Long-Term Disability Insurance (Non-Budgeted)				182	182
Reimbursed TPAF Social Security Contributions				93,232	93,232
Total Revenues from State Sources	594,646	594,646		1,265,109	670,463
Revenues from Federal Sources:					
IMPACT AID - 8002 OR 8003 General				376,979	376,979
Total Revenues from Federal Sources				376,979	376,979
TOTAL REVENUE	3,641,919	3,641,919		4,671,710	1,029,791

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	$ 99,126	$ 101,116	$ 1,990	$ 101,114	$ 2
Grades 1-5 - Salaries of Teachers	456,679	499,074	42,395	499,073	1
Grades 6-8 - Salaries of Teachers	101,987	110,118	8,131	110,117	1
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	92,750	92,750		650	92,100
Purchased Technical Services	500	500		300	200
Other Purchased Services (400-500 series)	11,200	11,700	500	11,206	494
General Supplies	48,000	44,227	(3,773)	37,730	6,497
Total Regular Programs - Instruction	810,242	859,485	49,243	760,190	99,295
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	86,826	86,826		86,106	720
Other Salaries for Instruction	39,800	39,800		35,164	4,636
General Supplies	750	750			750
Other Objects	500	500		350	150
Total Multiple Disabilities	127,876	127,876		121,620	6,256
Resource Room/Resource Center:					
Salaries of Teachers	225,433	225,433		163,895	61,538
Other Salaries for Instruction	49,200	49,200		38,402	10,798
General Supplies	500	500		499	1
Total Resource Room/Resource Center	275,133	275,133		202,796	72,337

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
Preschool Disabilities - Full-Time:					
Other Salaries for Instruction	$ 72,407	$ 72,407		$ 31,425	$ 40,982
Total Preschool Disabilities - Full-Time	72,407	72,407		31,425	40,982
TOTAL SPECIAL EDUCATION - INSTRUCTION	475,416	475,416		355,841	119,575
Basic Skills/Remedial - Instruction:					
General Supplies	500	500			500
Total Basic Skills/Remedial - Instruction	500	500			500
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	14,000	20,985	$ 6,985	20,984	1
Other Objects	8,000	4,735	(3,265)	4,735	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	22,000	25,720	3,720	25,719	1
Before/After School Programs - Instruction:					
Salaries of Teacher Tutors	11,000	11,000			11,000
Total Before/after School Programs - Instruction	11,000	11,000			11,000
Summer School - Instruction:					
Salaries of Teachers	14,000	14,000		12,606	1,394
Other Salaries of Instruction	3,400	3,400		3,211	189
Purchased Professional & Technical Services	9,700	9,700		1,010	8,690
Total Summer School - Instruction	27,100	27,100		16,827	10,273
TOTAL INSTRUCTION	1,346,258	1,399,221	52,963	1,158,577	240,644

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	$ 288,871	$ 300,611	$ 11,740	$ 181,191	$ 119,420
Tuition to Priv. Sch. for the Handicap. W/I State	41,740		(41,740)		
Total Undistributed Expenditures - Instruction	330,611	300,611	(30,000)	181,191	119,420
Undistributed Expend. - Attend. & Social Work:					
Salaries	20,936	30,077	9,141	30,076	1
Total Undist. Expend. - Attendance and Social Work	20,936	30,077	9,141	30,076	1
Undistributed Expenditures - Health Services:					
Salaries	54,771	56,921	2,150	56,920	1
Purchased Professional and Technical Services	1,600	2,000	400	2,000	
Other Purchased Services (400-500 series)	650	650			650
Supplies and Materials	2,100	1,700	(400)	1,644	56
Total Undist. Expenditures - Health Services	59,121	61,271	2,150	60,564	707
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Purchased Professional - Educational Services	193,580	237,040	43,460	207,643	29,397
Supplies and Materials	500	500			500
Total Undist. Expend. - Speech, OT, PT, Related Svcs	194,080	237,540	43,460	207,643	29,897
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	47,812	51,752	3,940	51,751	1
Total Undist Expend. - Guidance	47,812	51,752	3,940	51,751	1

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	$ 105,812	$ 105,812		$ 94,106	$ 11,706
Salaries of Secretarial and Clerical Assistants	15,266	23,832	$ 8,566	23,831	1
Purchased Professional - Educational Services	21,170	21,170		19,475	1,695
Other Purchased Prof. and Tech. Services	150	150			150
Supplies and Materials	500	500		36	464
Other Objects	1,500	1,500		1,152	348
Total Undist Expend. - Child Study Team	144,398	152,964	8,566	138,600	14,364
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	76,128	92,316	16,188	92,316	
Salaries of Secretarial and Clerical Assistants	5,686	7,378	1,692	7,378	
Purchased Professional - Educational Services	42,300	37,593	(4,707)	37,592	1
Total Undist. Expend.-Improv. of Inst. Serv.	124,114	137,287	13,173	137,286	1
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	95,675	95,675		64,061	31,614
Purchased Professional and Technical Services	9,500	10,168	668	10,167	1
Supplies and Materials	3,750	3,082	(668)	734	2,348
Other Objects	250	250			250
Total Undist Expend-Edu. Media Serv./Sch. Library	109,175	109,175		74,962	34,213
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	34,475	34,475		28,894	5,581
Other Purchased Services (400-500 series)	800	800		94	706
Total Undist.Expend.-Instructional Staff Training Services	35,275	35,275		28,988	6,287

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	$ 33,115	$ 52,849	$ 19,734	$ 52,848	$ 1
Legal Services	20,000	55,705	35,705	55,704	1
Audit Fees	35,000	62,020	27,020	62,020	
Purchased Technical Services	7,500	3,798	(3,702)	3,797	1
BOE Other Purchased Services	6,500	3,968	(2,532)	3,967	1
Other Purch. Serv. (400-500 series other than 530 & 585)	4,500	3,406	(1,094)	906	2,500
General Supplies	3,460	1,163	(2,297)	1,153	10
Miscellaneous Expenditures	3,800	3,387	(413)	3,387	
BOE Membership Dues and Fees	11,000	7,298	(3,702)	7,298	
Total Undist. Expend.-Support Serv.-Gen. Admin.	124,875	193,594	68,719	191,080	2,514
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	55,547	55,568	21	55,567	1
Other Purchased Services (400-500 series)	2,000		(2,000)		
Supplies and Materials	1,000		(1,000)		
Other Objects	2,000	500	(1,500)	500	
Total Undist. Expend.-Support Serv.-School Adm.	60,547	56,068	(4,479)	56,067	1
Undist. Expend. - Central Services:					
Salaries	69,829	55,093	(14,736)	55,092	1
Purchased Professional Services	26,200	37,131	10,931	37,131	
Purchased Technical Services	5,200	5,290	90	5,289	1
Interest on Lease Purchase Agreements	79,365		(79,365)		
Total Undist. Expend. - Central Services	180,594	97,514	(83,080)	97,512	2
Undist. Expend.-Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	39,346	39,346		28,513	10,833
General Supplies	1,050	1,100	50	1,099	1
Other Objects	1,425	1,775	350	1,775	
Total Undist. Expend.- Required Maint. for School Facilities	41,821	42,221	400	31,387	10,834

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	$ 71,045	$ 71,045		$ 67,713	$ 3,332
Purchased Professional and Technical Services	11,800	24,663	$ 12,863	24,663	
Cleaning, Repair, and Maintenance Services	4,500	4,500		4,032	468
Insurance	56,963	47,566	(9,397)	47,566	
General Supplies	17,000	13,000	(4,000)	12,554	446
Energy (Electricity)	35,000	35,000		19,059	15,941
Energy (Oil)	65,050	65,050		51,566	13,484
Other Objects	287	428	141	428	
Total Undist. Expend.-Custodial Services	261,645	261,252	(393)	227,581	33,671
Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	6,600	6,600		5,600	1,000
General Supplies	2,500	2,500			2,500
Total Care And Upkeep Of Grounds	9,100	9,100		5,600	3,500
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	312,566	312,573	7	264,568	48,005
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	32,156	32,156		24,833	7,323
Other Purchased Professional and Technical Services	10,925	12,343	1,418	12,232	111
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	28,600	28,600		12,241	16,359
Contr Serv.-Aid in Lieu of Payments-Charter Sch Stud.	5,000	5,000		3,923	1,077
Contract. Serv.(Bet. Home & Sch.)-Vendors	190,750	166,700	(24,050)	166,476	224
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	7,500	13,390	5,890	13,390	
Contract. Serv.(Spl. Ed. Students)-Vendors	6,000	6,000		2,435	3,565
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	130,000	163,635	33,635	149,736	13,899
Total Undist. Expend.-Student Trans. Serv.	410,931	427,824	16,893	385,266	42,558

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	$ 48,000	$ 60,002	$ 12,002	$ 60,001	$ 1
Other Retirement Contributions - PERS	38,000	30,878	(7,122)	30,878	
Other Retirement Contributions - Regular	6,000	12,456	6,456	12,455	1
Unemployment Compensation	48,089	29,089	(19,000)	28,885	204
Workers Compensation	40,790	40,790		36,973	3,817
Health Benefits	598,111	494,958	(103,153)	370,034	124,924
Tuition Reimbursement	5,000	14,364	9,364	14,363	1
Other Employee Benefits	600	600			600
Unused Sick Payment to Terminated/Retired Staff	15,000	15,000			15,000
TOTAL UNALLOCATED BENEFITS	799,590	698,137	(101,453)	553,589	144,548
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				124,012	(124,012)
TPAF Pension Contributions (Non-Budgeted)				407,051	(407,051)
TPAF Non-Contributory Insurance (Non-Budgeted)				4,959	(4,959)
TPAF Long-Term Disability Insurance (Non-Budgeted)				182	(182)
Reimbursed TPAF Social Security Contributions				93,232	(93,232)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				629,436	(629,436)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	799,590	698,137	(101,453)	1,183,025	(484,888)
TOTAL UNDISTRIBUTED EXPENDITURES	2,954,625	2,901,662	(52,963)	3,088,579	(186,917)
TOTAL GENERAL CURRENT EXPENSE	4,300,883	4,300,883		4,247,156	53,727

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Facilities Acquisition and Construction Serv.:					
Construction Services	$ 50,000	$ 50,000		$ 5,600	$ 44,400
Lease Purchase Agreements - Principal	108,333	108,333			108,333
Assessment for Debt Service on SDA Funding	2,603	2,603		2,603	
Total Facilities Acquisition and Const. Serv.	160,936	160,936		8,203	152,733
Assets Acquired Under Leases (Non-Budgeted):					
Regular Programs - Equipment				14,480	(14,480)
Total Assets Acquired Under Leases (Non-Budgeted)				14,480	(14,480)
TOTAL CAPITAL OUTLAY	160,936	160,936		22,683	138,253
Transfer of Funds to Charter Schools	45,750	45,750		22,290	23,460
TOTAL EXPENDITURES	4,507,569	4,507,569		4,292,129	215,440
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(865,650)	(865,650)		379,581	1,245,231
Other Financing Sources/(Uses):					
Transfers from Other Funds - Capital Projects				18,151	18,151
Transfer to Special Revenue Fund - Pre-K Inclusion	(111,622)	(111,622)		(111,622)	
Leases (Non-budgeted)				14,480	14,480
Transfers to Cover Deficit (Enterprise Fund)	(11,226)	(11,226)		(1,867)	(9,359)
Total Other Financing Sources/(Uses)	(122,848)	(122,848)		(80,858)	23,272
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(988,498)	(988,498)		298,723	1,268,503
Fund Balance, July 1	2,259,644	2,259,644		2,259,644	
Fund Balance, June 30	$ 1,271,146	$ 1,271,146	$ -0-	$ 2,558,367	$ 1,268,503

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2027-2028				$ 769,653	
Excess Surplus - Restricted For 2026-2027				350,776	
Impact Aid Reserve				531,386	
Capital Reserve				435,297	
Maintenance Reserve				141,250	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				36,165	
Unassigned Fund Balance				293,840	
				2,558,367	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP basis				(57,524)	
Fund Balance per Governmental Funds (GAAP)				$ 2,500,843	

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance Final to Original	Actual	Variance Final to Actual
REVENUES:					
Local Sources	$ 150	$ 10,684	$ 10,534	$ 10,700	$ 16
State Sources	366,758	370,523	3,765	350,316	(20,207)
Federal Sources	31,967	95,726	63,759	82,086	(13,640)
Total Revenues	398,875	476,933	78,058	443,102	(33,831)
Other Financing Sources:					
Transfer In- Board Contributions - General Fund		111,622	111,622	111,622	
Total Revenues and Other Financing Sources	398,875	588,555	189,680	554,724	(33,831)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	75,800	142,097	66,297	138,758	3,339
Other Salaries for Instruction	30,479	54,764	24,285	52,231	2,533
Purchased Professional and Technical Services	10,000	11,216	1,216	6,452	4,764
Other Purchased Services	500	500		199	301
Tuition	30,496	36,877	6,381	36,877	
General Supplies	55,065	115,972	60,907	112,022	3,950
Total Instruction	202,340	361,426	159,086	346,539	14,887
Support Services:					
Salaries of Program Directors	33,341	33,341		32,459	882
Salaries of Other Professional Staff	36,435	36,435		35,946	489
Salaries of Secretarial and Clerical Assistants	32,461	32,461		32,422	39
Other Salaries	6,970	6,970		5,530	1,440
Salaries of Community Parent Involvement Specialists	8,594	8,594		8,594	
PIC/PIRS Coach	30,000	30,000		16,071	13,929
Personal Services - Employee Benefits	33,810	60,749	26,939	60,749	
Purchased Professional and Educational Services	3,975	4,331	356	1,831	2,500
Contractual Services - Transportation (Field Trips)	799	799		740	59
Supplies and Materials	10,000	10,000		9,740	260
Student Activites	150	684	534	684	
Total Support Services	196,535	224,364	27,829	204,766	19,598
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		2,765	2,765	2,765	
Total Facilities Acquisition and Construction Services		2,765	2,765	2,765	
Total Expenditures	$ 398,875	$ 588,555	$ 189,680	$ 554,070	$ 34,485
Excess of Revenue Over Expenditures	$ -0-	$ -0-	$ -0-	$ 654	$ 654

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

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	$ 4,671,710	$ 554,724
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	62,560	17,817
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(57,524)	(36,575)
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	$ 4,676,746	$ 535,966
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 4,292,129	$ 554,070
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 4,292,129	$ 554,070

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budget 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.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Note B - Actual Budget Results

	General Fund	Special Revenue Fund
Budgetary Revenues		
Differences - Final Budget to Actual:		
The District anticipated 1 student for revenue but did not received tuition for any student.	$ (53,153)	
Extraordinary Aid is (and has been historically) anticipated as revenue lower than the expected award due to the uncertainty in enrollment and reimbursement from the State.	43,840	
Impact Aid is not (and has not been historically) anticipated as revenue due to the uncertainty in reimbursement from the Federal Government.	376,979	
On-behalf TPAF contributions and reimbursed TPAF social security contributions by/from the State of NJ are non-budgeted revenue line items and not required to be anticipated as revenue. The District recognizes offsetting non-budgeted expense line items.	629,436	
Expenses related to the Preschool Expansion Aid award were less than the budgeted full award amount due to lower enrollment than anticipated. The District anticipated 30 students but only 25 students were enrolled.		$ (22,789)
The project related to the Local Recreation Improvemant Grant Award was completed. The full award was budgeted in the prior year when it was received, but revenue is not recognized until the grants is expended.		13,640
Budgetary Expenditures		
Differences - Final Budget to Original Budget:		
Tuition to Private Schools for the Handicapped Within State is budgeted as a contingency due to the uncertainty of enrollment. When the contingency is not needed, it is allocated to supplement other budgetary needs for special education students. The District anticipated 1 student but no such student was enrolled.	(41,740)	
Purchased professional services relating to speech, occupational, physical and other related services is based on estimated service needs and enrollment. Additonal services are incurred as student enrollment increases and the evaluation of student needs fluctuates. There were approximently 22% more services required than originally budgeted for.	43,460	
The district entered into a ground lease agreement as a funding source for the preschool facilites expansion project. Lease repayments do not begin til the 2026-2027 fiscal year, and therefore there was no interest payment due on the lease purchase agreement.	(79,365)	

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Note B - Actual Budget Results

	General Fund	Special Revenue Fund
Budgetary Expenditures (Cont'd)		
Differences - Final Budget to Original Budget: (Cont'd)		
Health Benefits increases were lower than originally estimated. The District allocated health benefits to the preschool aid grant award. The District alloacted health benefits for 8 teachers and staff.	$ (103,153)	
Federal and state grants are not awarded until after the District's budget is adopted in the spring and are modified for the full amount of the award at that time.		$ 189,680
Differences - Final Budget to Actual:		
Purchased Professional Educational Services for Regular Undistributed Instruction varies based on the programs utilized due to staffing and district needs. The District had budgeted for the utilization of a shared service agreement for an art teacher. The District did not enter into any such agreement for the current year.	92,100	
Salaries of Teachers for the Resource Room for Special Education Instruction varies based on personnel staffing. Changes in personnel left 1 positions unfilled.	61,538	
Salaries of Other Instructional Personnel for Preschool Disabilities varies based on personnel staffing. Changes in personnel left 1 position unfilled. The District utilized the preschool expansion aid grant award to prorate salary expenses for 2 employees.	40,982	
Contracted tuition costs to other LEAs within the State for special education students were lower than originally estimated due to enrollment changes.The District anticipated 6 student but 4 student was enrolled.	119,420	
Health Benefits increases were lower than originally estimated. The District allocated health benefits to the preschool aid grant award. The District alloacted health benefits for 8 teachers and staff.	124,924	
Construction services for small District-wide projects for interior renovations were not utilized due to the projects being delayed until 2026-2027.	44,400	
The district entered into a ground lease agreement as a funding source for the preschool facilites expansion project. Lease repayments do not begin til the 2026-2027 fiscal year and therefore no payments were due in the current year.	108,333	
On-behalf TPAF contributions and reimbursed TPAF social security contributions by/from the State of NJ are non-budgeted line items with offsetting non-budgeted revenue line	(629,436)	
Salaries of the PIC/PIRS Coach for the Preschool Aid Program varies based on personnel staffing. The position was filled utilizing a shared service program reducing the cost of the salary expense.		13,929
The period of allowability for certain grants overlap two different fiscal years on the District level. The full awards are budgeted in the year awarded, but expenditures are not recognized until the grants is expended.		11,296

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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
District's proportion of the net pension liability	0.0034784440%	0.0043382227%	0.0043951960%	0.0040818113%	0.0035352635%	0.0004912407%	0.0017275314%	0.0020905672%	0.0022289662%	0.0123125253%
District's proportionate share of the net pension liability	$ 1,030,215	$ 1,009,869	$ 865,392	$ 735,480	$ 576,509	$ 58,195	$ 260,708	$ 302,806	$ 302,873	$ 274,676
District's covered employee payroll	$ 308,655	$ 290,062	$ 237,870	$ 96,468	$ 96,468	$ 94,578	$ 153,817	$ 148,177	$ 183,252	$ 202,227
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	333.78%	348.16%	363.81%	762.41%	597.62%	61.53%	169.49%	204.35%	165.28%	135.83%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%	71.84%

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

	Fiscal Year Ending June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Contractually required contribution	$ 31,133	$ 41,187	$ 44,038	$ 39,960	$ 38,674	$ 5,753	$ 21,785	$ 27,953	$ 30,331	$ 30,878
Contributions in relation to the contractually required contribution	(31,133)	(41,187)	(44,038)	(39,960)	(38,674)	(5,753)	(21,785)	(27,953)	(30,331)	(30,878)
Contribution deficiency/(excess)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
District's covered employee payroll	$ 308,655	$ 290,062	$ 237,870	$ 96,468	$ 94,578	$ 153,817	$ 148,177	$ 183,252	$ 202,227	$ 175,979
Contributions as a percentage of covered employee payroll	10.09%	14.20%	18.51%	41.42%	40.89%	3.74%	14.70%	15.25%	15.00%	17.55%

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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
State's proportion of the net pension liability attributable to the District	N/A	0.0103257531%	0.0103728022%	0.0113239041%	0.0111773848%	0.0096406609%	0.0059990022%	0.0094043992%	0.0081489526%	0.0086270240%
State's proportionate share of the net pension liability attributable to the District	N/A	$ 6,961,995	$ 6,598,954	$ 6,949,587	$ 7,360,173	$ 4,634,766	$ 3,095,150	$ 4,799,316	$ 4,027,629	$ 4,026,676
District's covered employee payroll	$ 1,061,054	$ 1,195,488	$ 1,137,431	$ 845,228	$ 845,228	$ 945,051	$ 1,051,728	$ 1,017,276	$ 1,153,219	$ 1,259,446
State proportionate share of the net pension liability associated with the District as a percentage of its covered employee payroll	N/A	582.36%	580.16%	822.21%	870.79%	490.42%	294.29%	471.78%	349.25%	319.72%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%	42.01%

N/A - Not Available

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

	Fiscal Year Ending June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Contractually required contribution	N/A	$ 115,949	$ 156,801	$ 277,683	$ 457,687	$ 109,058	$ 83,299	$ 117,905	$ (14,692)	$ (16,998)
Contributions in relation to the contractually required contribution	(183,867)	(204,296)	(226,996)	(252,218)	(280,242)	(246,958)	(384,457)	(347,255)	(361,544)	(407,051)
Contribution deficiency/(excess)	$ (183,867)	$ (88,347)	$ (70,195)	$ 25,465	$ 177,445	$ (137,900)	$ (301,158)	$ (229,350)	$ (376,236)	$ (424,049)
District's covered employee payroll	$ 1,195,488	$ 1,137,431	$ 845,228	$ 845,228	$ 945,051	$ 1,051,728	$ 1,017,276	$ 1,153,219	$ 1,259,446	$ 1,306,019
Contributions as a percentage of covered employee payroll	15.38%	17.96%	26.86%	32.85%	29.65%	23.48%	37.79%	30.11%	28.71%	31.17%

N/A - Not Available

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability									
Service Cost	$ 282,590	$ 234,657	$ 212,020	$ 202,938	$ 304,997	$ 156,766	$ 180,491	$ 172,513	$ 203,298
Interest Cost	272,186	314,301	298,544	217,215	185,075	171,082	217,412	229,406	286,053
Changes of Benefit Terms					(7,594)				
Differences Between Expected and Actual Experiences		(531,658)	(1,935,625)	807,980	(1,970,277)	889,163	(528,918)	41,823	834,213
Changes in Assumptions	(1,083,668)	(871,213)	90,601	1,599,469	7,039	(1,731,785)	12,443	521,381	(1,272,326)
Member Contributions	7,371	7,016	5,529	4,620	4,731	5,436	5,571	5,999	6,656
Gross Benefit Payments	(200,163)	(203,006)	(186,530)	(152,439)	(145,787)	(169,462)	(169,476)	(175,201)	(189,988)
Net Change in Total OPEB Liability	(721,684)	(1,049,903)	(1,515,461)	2,679,783	(1,621,816)	(678,800)	(282,477)	795,921	(132,094)
Total OPEB Liability - Beginning	9,363,529	8,641,845	7,591,942	6,076,481	8,756,264	7,134,448	6,455,648	6,173,171	6,969,092
Total OPEB Liability - Ending	$ 8,641,845	$ 7,591,942	$ 6,076,481	$ 8,756,264	$ 7,134,448	$ 6,455,648	$ 6,173,171	$ 6,969,092	$ 6,836,998
District's Covered Employee Payroll *	$ 1,485,550	$ 904,405	$ 922,862	$ 941,696	$ 1,039,629	$ 1,205,545	$ 1,165,453	$ 1,336,471	$ 1,461,673
Total OPEB Liability as a Percentage of Covered Employee Payroll	581.73%	839.44%	658.44%	929.84%	686.25%	535.50%	529.68%	521.45%	467.75%

* - Covered payroll for the fiscal years ending June 30, 2017 through 2025 are based on the payroll on the
on the June 30, 2016 through 2024 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2024 actuarial valuation the salary increases were 3.25 – 7.75% based on years of service while in the July 1, 2023 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service.

In the July 1, 2024 actuarial valuation the pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee Mortality Table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and a 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis.

While in the July 1, 2023 actuarial valuation the 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.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024. The actuarial assumptions used in the July 1, 2023 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2024 actuarial valuation the salary increases were 2.75 – 5.85% based on years of service while in the July 1, 2023 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

In the July 1, 2024 actuarial valuation the pre-retirement mortality rates were based on the Pub-2016 Teachers Above-Median Income Employee mortality table with a 94.1% adjustment for males and 84.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

B. TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

Post-retirement mortality rates were based on the Pub-2016 Teachers Above-Median Income Healthy Retiree mortality table with a 112.1% adjustment for males and a 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability mortality rates were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 128.0% adjustment for males and 113.7% adjustment for females, and with future improvement from the base year of 2016 on a generational basis.

While in the July 1, 2023 actuarial valuation the 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.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024. The actuarial assumptions used in the July 1, 2023 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2024 actuarial valuation the salary increases were 2.75 – 5.85%, 3.25 – 7.75% and 4.00 – 17.50% for TPAF/ABP, PERS and PFRS respectively based on years of service while in the July 1, 2023 actuarial valuation the salary increases were 2.75 – 5.65%, 2.75% – 6.55% and 3.25 – 16.25% TPAF/AMP, PERS and PFRS respectively based on years of service.

The discount rate for June 30, 2025 was 5.20%. The discount rate for June 30, 2024 was 3.93%, a change of 1.27%.

In the July 1, 2024 actuarial valuation the pre-retirement mortality rates were based on the Pub-2016 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-2016 "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-2016 "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-2016 "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.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

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

Changes of Actuarial Assumptions (Cont'd)

While the July 1, 2023 actuarial valuation the 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.

The health care trend rates in the valuation as of June 30, 2025 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 9.50% and decreases to a 4.50% long term trend rate in fiscal year 2036. For post-65 medical benefits PPO, the trend is initially 25.12% and decreases to 4.50% in fiscal year 2036. For post-65 medical benefits HMO, the trend is initially 29.65% and decreases to a 4.50% in fiscal year 2036. For pre-Medicare prescription drug benefits, the initial trend rate is 19.00% and decreases to a 4.50% long-term trend rate in fiscal year 2036. For post-65 prescription drug benefits, the initial trend rate is 10.88% and decreases to a 4.50% long-term trend rate in fiscal year 2036. For employer group waiver plan prescription drug benefits, the initial trend rate is 20.85% and decreases to a 4.50% long-term trend rate in fiscal year 2036. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	IDEA Part B		Elementary and Secondary Education Act	REAP	Local Recreation Improvement	Preschool Expansion
	Basic	Preschool	Title II - Part A	Grant	Grant	Aid
REVENUE:						
Local Sources						
State Sources					$ 13,640	$ 333,414
Federal Sources	$ 36,877	$ 1,216	$ 1,831	$ 42,162		
Total Revenue	36,877	1,216	1,831	42,162	13,640	333,414
OTHER FINANCING SOURCES:						
Transfer In - Board Contribution - General Fund						111,622
Total Revenue and Other Financing Sources	36,877	1,216	1,831	42,162	13,640	445,036
EXPENDITURES:						
Instruction:						
Salaries of Teachers						138,758
Other Salaries for Instruction						52,231
Purchased Professional and Educational Services		1,216				5,236
Other Purchased Services						199
Tuition	36,877					
Supplies and Materials				42,162	13,640	46,361
Total Instruction	36,877	1,216		42,162	13,640	242,785
Support Services:						
Salaries of Program Directors						32,459
Salaries of Other Professional Staff						35,946
Salaries of Secretarial and Clerical Assistants						32,422
Other Salaries						5,530
Salaries of Community Parent Involvement Specialist						8,594
Preschool Instructional Coach/Preschool Intervention and Referral Specialist						16,071
Personal Services - Employee Benefits						60,749
Purchased Professional and Educational Services			1,831			
Contractual Services - Transportation (Field Trips)						740
Supplies and Materials						9,740
Student Activities						
Total Support Services			1,831			202,251
Facilities Acquisition and Construction Services:						
Non Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	$ 36,877	$ 1,216	$ 1,831	$ 42,162	$ 13,640	$ 445,036

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	SDA Emergent and Capital Maintenance Needs	Phone Free Schools Grant	Local Grants	Student Activities	Totals
REVENUE:					
Local Sources			$ 9,362	$ 1,338	$ 10,700
State Sources	$ 2,765	$ 497			350,316
Federal Sources					82,086
Total Revenue	2,765	497	9,362	1,338	443,102
OTHER FINANCING SOURCES:					
Transfer In - Board Contribution - General Fund					111,622
Total Revenue and Other Financing Sources	2,765	497	9,362	1,338	554,724
EXPENDITURES:					
Instruction:					
Salaries of Teachers					138,758
Other Salaries for Instruction					52,231
Purchased Professional and Educational Services					6,452
Other Purchased Services					199
Tuition					36,877
Supplies and Materials		497	9,362		112,022
Total Instruction		497	9,362		346,539
Support Services:					
Salaries of Program Directors					32,459
Salaries of Other Professional Staff					35,946
Salaries of Secretarial and Clerical Assistants					32,422
Other Salaries					5,530
Salaries of Community Parent Involvement Specialist					8,594
Preschool Instructional Coach/Preschool Intervention and Referral Specialist					16,071
Personal Services - Employee Benefits					60,749
Purchased Professional and Educational Services					1,831
Contractual Services - Transportation (Field Trips)					740
Supplies and Materials					9,740
Student Activities				684	684
Total Support Services				684	204,766
Facilities Acquisition and Construction Services:					
Non Instructional Equipment	2,765				2,765
Total Facilities Acquisition and Construction Services	2,765				2,765
Total Expenditures	$ 2,765	$ 497	$ 9,362	$ 684	$ 554,070

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

District-Wide Total

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	$ 142,097	$ 138,758	$ 3,339
Other Salaries for Instruction	54,764	52,231	2,533
Purchased Professional and Educational Services	10,000	5,236	4,764
Other Purchased Services	500	199	301
General Supplies	49,170	46,361	2,809
Total Instruction	256,531	242,785	13,746
Support Services:			
Salaries of Program Directors	33,341	32,459	882
Salaries of Other Professional Staff	36,435	35,946	489
Salaries of Secretaries and Clerical Assistants	32,461	32,422	39
Other Salaries	6,970	5,530	1,440
Salaries of Community Parent Involvement Specialists	8,594	8,594	
Preschool Instructional Coach/Preschool Intervention and Referral Specialist	30,000	16,071	13,929
Personal Services – Employee Benefits	60,749	60,749	
Purchased Professional - Educational Services	2,500		2,500
Contractual Services - Transportation (Field Trips)	799	740	59
Supplies and Materials	10,000	9,740	260
Total Support Services	221,849	202,251	19,598
Total Expenditures	$ 478,380	$ 445,036	$ 33,344

State Grant Expenditures	$ 333,414
Local Expenditures	111,622
	$ 445,036

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

District-Wide Total

CALCULATION OF BUDGET & CARRYOVER		
Total 2025-2026 Preschool Education Aid Allocation	$	366,758
Less 25% PEA Reduction		-0-
Total Revised 2025-2026 Preschool Education Aid Allocation		366,758
Actual Preschool Expansion Aid Carryover (June 30, 2025)		15,984
Add: Budgeted Transfer from General Fund 2025-2026		111,622
Total Preschool Education Aid Funds Available for 2025-2026		494,364
Less: 2025-2026 Budgeted Preschool Education Expansion Aid Funds		(478,380)
Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2026		15,984
Add: June 30, 2026 Unexpended Preschool Education Expansion Aid		33,344
Carryover - Preschool Education Aid	$	49,328

CAPITAL PROJECTS FUND

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Revenue and Other Financing Sources		
Finance Purchase Agreement	$	1,600,000
Interst Earnings on Finance Purchase Agreement Proceeds		18,151
Total Revenue and Other Financing Sources		1,618,151
Expenditures and Other Financing Uses :		
Other Purchased Professional and Technical Services		294,949
Construction Services		1,229,384
Transfer to General Fund:		
Interest Earnings on Finance Purchase Agreement Proceeds		18,151
Total Expenditures and Other Financing Uses		1,542,484
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses		75,667
Fund Balance - Beginning of Year		351,318
Fund Balance - End of Year	$	426,985
Recapitulation:		
Committed	$	426,985
Total Fund Balance - Budgetary Basis		426,985
Reconciliation to Governmental Funds Statement (GAAP):		
Preschool Expansion Aid Grant Receivable not Recognized on GAAP Basis		(230,814)
Fund Balance per Governmental Funds (GAAP)	$	196,171

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
PRESCHOOL FACILITIES EXPANSION PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - Preschool Facilities Expansion Grant	$ 400,000		$ 400,000	$ 400,000
Finance Purchase Agreement		$ 1,600,000	1,600,000	1,600,000
Total Revenue and Other Financing Sources	400,000	1,600,000	2,000,000	2,000,000
Expenditures:				
Other Purchased Professional and Technical Services	48,682	294,949	343,631	500,000
Construction Services		1,229,384	1,229,384	1,500,000
Total Expenditures	48,682	1,524,333	1,573,015	2,000,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 351,318	$ 75,667	$ 426,985	$ -0-

Additional Project Information:	
Project Numbers	4650-050-24-PK02
Grant Date	7/1/2024
Original Authorized Cost	$ 1,000,000
Additional Authorization	1,000,000
Revised Authorized Cost	$ 2,000,000
Percentage Increase Over Original Authorized Cost	50.00%
Percentage Completion	79%
Original Target Completion Date	6/30/2026
Revised Target Completion Date	9/1/2026

PROPRIETARY FUNDS
(NOT APPLICABLE)

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
YEAR ENDED JUNE 30, 2026

Purpose	Interest Rate	Original Issue	Issued	Balance June 30, 2026
Preschool Facilities Expansion Project	4.20%	$ 1,600,000	$ 1,600,000	$ 1,600,000
			$ 1,600,000	$ 1,600,000

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Purpose	Interest Rate	Original Issue	Issued	Matured	Balance June 30, 2026
Savin Copiers	0.625%	$ 14,480	$ 14,480	$ 1,936	$ 12,544
			$ 14,480	$ 1,936	$ 12,544

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

	Exhibit
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)

	June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Governmental Activities										
Net Investment in Capital Assets	$ 1,119,510	$ 1,250,611	$ 1,254,092	$ 1,213,220	$ 1,148,668	$ 1,084,651	$ 1,096,919	$ 1,237,400	$ 1,187,989	$ 1,014,185
Restricted	1,098,335	897,843	1,168,584	1,266,710	1,394,302	1,481,342	1,673,451	1,731,697	1,935,091	2,426,216
Unrestricted/(Deficit)	(458,204)	(342,243)	(786,013)	(705,395)	(634,487)	(435,960)	(327,868)	(233,178)	(187,563)	(103,833)
Total Governmental Activities Net Position	$ 1,759,640	$ 1,806,211	$ 1,636,663	$ 1,774,535	$ 1,908,483	$ 2,130,033	$ 2,442,502	$ 2,735,919	$ 2,935,517	$ 3,336,568
Business-Type Activities:										
Unrestricted	$ 10,688	$ 2,145	$ 3,629	$ 1,125	$ 25,043	$ 25,130	$ 49,512	$ 27,952	$ 27,078	$ 11,937
Total Business-type Activities Net Position	$ 10,688	$ 2,145	$ 3,629	$ 1,125	$ 25,043	$ 25,130	$ 49,512	$ 27,952	$ 27,078	$ 11,937
District-Wide:										
Net Investment in Capital Assets	$ 1,119,510	$ 1,250,611	$ 1,254,092	$ 1,213,220	$ 1,148,668	$ 1,084,651	$ 1,096,919	$ 1,237,400	$ 1,187,989	$ 1,014,185
Restricted	1,098,335	897,843	1,168,584	1,266,710	1,394,302	1,481,342	1,673,451	1,731,697	1,935,091	2,426,216
Unrestricted/(Deficit)	(447,517)	(340,098)	(782,384)	(704,270)	(609,444)	(410,830)	(278,356)	(205,226)	(160,485)	(91,896)
Total District Net Position	$ 1,770,328	$ 1,808,356	$ 1,640,292	$ 1,775,660	$ 1,933,526	$ 2,155,163	$ 2,492,014	$ 2,763,871	$ 2,962,595	$ 3,348,505

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,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Expenses										
Governmental Activities										
Instruction										
Regular	$ 1,621,130	$ 1,821,842	$ 1,688,360	$ 1,488,882	$ 1,377,070	$ 1,326,839	$ 1,399,604	$ 1,190,920	$ 1,140,880	$ 1,408,779
Special Education	386,110	561,361	603,758	602,515	526,324	473,606	690,026	469,684	541,762	552,728
School Sponsored/Other Instruction	161,632	203,208	213,871	160,134	30,145	39,728	26,739	33,299	49,857	51,390
Support Services:										
Tuition	71,167	130,653	215,368	174,325	261,341	299,320	61,549	138,758	215,754	218,068
Student & Instruction Related Services	496,296	408,999	507,096	491,046	517,113	421,397	538,383	708,442	802,814	821,087
General Administrative Services	291,444	346,756	326,752	270,551	105,237	118,975	132,945	179,574	197,161	214,589
School Administrative Services	80,198	98,057	97,875	131,305	104,974	87,454	92,809	83,329	74,991	70,683
Central Services					111,190	94,222	94,573	103,819	124,367	120,814
Plant Operations and Maintenance	254,393	283,865	277,801	245,071	256,025	224,367	251,437	269,547	272,228	296,632
Pupil Transportation	169,629	185,006	237,477	193,938	199,080	231,911	175,258	230,994	319,400	396,224
Transfer of Funds to Charter School										
SDA Debt Service Assessment	2,603	2,603	2,603	2,603	2,412	2,603	2,603	2,603	2,603	2,603
Charter Schools	25,914	39,654	74,978	160,806	98,989	64,862	112,779	158,477	78,213	22,290
Interest on Long-Term Debt										44,613
Capital Outlay						18,968		115,596		2,765
Total Governmental Activities Expenses	3,560,516	4,082,004	4,245,940	3,921,177	3,589,900	3,404,252	3,578,705	3,685,042	3,820,030	4,223,265
Business-type Activities:										
Food Service	15,639	13,560	11,738	7,283	4,700	36,599	17,410	49,962	21,244	28,348
Total Business-type Activities Expense	15,639	13,560	11,738	7,283	4,700	36,599	17,410	49,962	21,244	28,348
Total District Expenses	3,576,155	4,095,564	4,257,678	3,928,460	3,594,600	3,440,851	3,596,115	3,735,004	3,841,274	4,251,613
Program Revenues										
Governmental Activities:										
Charges for Services:				506				41,917	49,880	1,338
Operating Grants and Contributions	351,364	1,193,476	1,090,576	919,597	731,920	696,677	714,934	504,348	508,617	952,223
Total Governmental Activities Program Revenues	351,364	1,193,476	1,090,576	920,103	731,920	696,677	714,934	546,265	558,497	953,561
Business-type Activities:										
Charges for Services:										
Food Service	6,136	3,897	3,596	2,894	347	405	5,226	4,542	1,751	1,950
Operating Grants and Contributions	2,679	1,106	1,515	693	10,068	36,885	28,567	14,855	10,312	8,859
Total Business-type Activities Program Revenues	8,815	5,003	5,111	3,586	10,415	37,290	33,793	19,397	12,063	10,809
Total District Program Revenues	360,180	1,198,479	1,095,687	923,689	742,335	733,967	748,727	565,662	570,560	964,370
Net (Expense)/Revenue										
Governmental Activities	(3,209,152)	(2,888,528)	(3,155,364)	(3,001,074)	(2,857,980)	(2,707,575)	(2,863,771)	(3,138,777)	(3,261,533)	(3,269,704)
Business-type Activities	(6,823)	(8,557)	(6,627)	(3,697)	5,715	691	16,383	(30,565)	(9,181)	(17,539)
Total District-wide Net Expense	(3,215,975)	(2,897,085)	(3,161,991)	(3,004,771)	(2,852,265)	(2,706,884)	(2,847,388)	(3,169,342)	(3,270,714)	(3,287,243)

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)
(Continued)

	Fiscal Year Ending June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	$ 2,047,702	$ 2,088,656	$ 2,144,261	$ 2,187,146	$ 2,230,889	$ 2,275,507	$ 2,321,017	$ 2,413,858	2,626,618	$ 2,845,899
Federal and State Aid not restricted	848,043	827,557	826,931	819,063	718,433	640,287	610,976	747,825	693,635	624,849
Tuition	16,617			9,133						
Investment Earnings	4,755	13,529	13,891	3,465	3,222	2,686	22,027	20,144	58,758	44,698
Miscellaneous Income	3,606	5,356	8,831	68,552	48,218	18,283	153,991	188,333	160,005	157,176
Transfers					(8,253)	(7,638)	(7,849)	(8,015)	(7,659)	(1,867)
Other Income	(8,071)		(8,098)	(1,183)						
Total Governmental Activities	2,912,652	2,935,098	2,985,816	3,086,175	2,992,509	2,929,125	3,100,162	3,362,145	3,531,357	3,670,755
Business-type Activities:										
Transfers	8,071		8,098	1,183	8,253	7,638	7,849	8,015	7,659	1,867
Investment Earnings	18	14	12	10	8	11	150	990	648	531
Other Item - Cancellation of Interfund Receivable						(8,253)				
Other Item - Cancellation of Accounts Payable					9,942					
Total Business-type Activities	8,089	14	8,110	1,193	8,261	(604)	7,999	9,005	8,307	2,398
Total District-wide	2,920,741	2,935,112	2,993,926	3,087,369	3,000,770	2,928,521	3,108,161	3,371,150	3,539,664	3,673,153
Change in Net Position										
Governmental Activities	(296,499)	46,570	(169,548)	85,101	134,529	221,550	236,391	223,368	269,824	401,051
Business-type Activities	1,265	(8,543)	1,483	(2,503)	13,976	87	24,382	(21,560)	(874)	(15,141)
Total District	$ (295,234)	$ 38,028	$ (168,064)	$ 82,598	$ 148,505	$ 221,637	$ 260,773	$ 201,808	$ 268,950	$ 385,910

Source: School District Financial Reports

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

	June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Fund:										
Restricted	$ 1,019,990	$ 878,757	$ 1,142,691	$ 1,137,335	$ 1,392,988	$ 1,479,741	$ 1,671,850	$ 1,730,286	$ 1,934,062	$ 2,228,362
Assigned	511,989	384,149	54,598	128,061	34,404	43,811	51,398	14,982	39,417	36,165
Unassigned	193,128	251,659	143,568	229,240	249,014	266,409	225,061	245,070	223,605	236,316
Total General Fund	$ 1,725,107	$ 1,514,566	$ 1,340,857	$ 1,494,636	$ 1,676,406	$ 1,789,961	$ 1,948,309	$ 1,990,338	$ 2,197,084	$ 2,500,843
All Other Governmental Funds:										
Restricted				$ 1,314	$ 1,314	$ 1,601	$ 1,601	$ 1,411	$ 1,029	$ 1,683
Committed										196,171
Unassigned/(Deficit)									(66,499)	(36,575)
Total All Other Governmental Funds/(Deficit)	$ -0-	$ -0-	$ -0-	$ 1,314	$ 1,314	$ 1,601	$ 1,601	$ 1,411	$ (65,470)	$ 161,279

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 Ending June 30,									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenues										
Tax Levy	$ 2,047,702	$ 2,088,656	$ 2,144,261	$ 2,187,146	$ 2,230,889	$ 2,275,507	$ 2,321,017	$ 2,413,858	$ 2,626,618	$ 2,845,899
Tuition Charges	16,617			9,133				41,745	49,703	
Transportation Fees				506						
Interest Earnings on Restricted Funds	4,755	13,529	13,891	3,465	3,222	2,686	22,027	20,144	58,758	44,698
Miscellaneous	3,606	5,356	8,831	68,552	48,218	18,283	153,991	188,505	160,182	167,876
State Sources	750,698	934,402	1,005,074	967,643	946,190	834,334	925,000	1,097,858	1,377,897	1,770,889
Federal Sources	448,709	429,456	425,826	426,695	415,317	510,856	371,103	679,556	450,469	459,065
Total Revenue	3,272,088	3,471,399	3,597,883	3,663,140	3,643,836	3,641,666	3,793,138	4,441,666	4,723,627	5,288,427
Expenditures										
Instruction										
Regular Instruction	1,019,782	1,013,493	935,174	873,971	819,465	896,187	792,480	988,946	933,792	1,162,312
Special Education Instruction	244,980	283,224	327,942	357,465	289,763	297,477	425,865	374,314	458,224	467,463
Other Special Instruction					17,237	28,042	17,394	26,322	39,732	42,546
School Sponsored/Other Instruction	123,918	130,431	130,976	101,105						
Support Services:										
Tuition	71,167	130,653	215,368	174,325	261,341	299,320	26,493	138,758	215,754	218,068
Student & Other Instruction Related Services	415,270	328,064	357,434	337,977	408,558	360,830	479,941	618,158	710,022	730,554
General Administration Services	200,406	207,902	185,488	180,298	100,666	119,152	56,714	146,729	158,840	191,080
School Administrative Services	60,494	60,566	60,585	65,204	57,594	56,375	128,832	68,750	62,021	56,067
Central Services					84,677	79,589	89,262	85,125	103,042	97,512
Plant Operations and Maintenance	224,875	226,969	208,590	180,377	224,120	203,965	241,417	245,532	243,851	264,568
Student Transportation	152,230	161,554	224,565	191,270	194,534	230,783	174,601	228,993	314,421	385,266
Allocated and Unallocated Benefits	741,642	903,557	952,830	911,136	894,457	862,033	1,078,560	1,027,598	1,139,171	1,183,025
Charter School	148,664	195,874	89,563	25,702	98,989	64,862	112,779	158,477	78,213	22,290
Capital Outlay	25,914	39,654	74,978	160,806	2,412	21,571	2,603	284,110	119,020	1,549,781
Total Expenditures	3,429,342	3,681,940	3,763,493	3,559,634	3,453,813	3,520,186	3,626,941	4,391,812	4,576,103	6,370,532
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(157,254)	(210,541)	(165,610)	103,506	190,023	121,480	166,197	49,854	147,524	(1,082,105)
Other Financing Sources/(Uses):										
Leases										14,480
Financed Purchases										1,600,000
Transfers Out	(8,071)		(8,098)	(1,163)	(8,253)	(7,638)	(7,849)	(8,015)	(7,659)	(1,867)
Total Other Financing Sources/(Uses)	(8,071)		(8,098)	(1,163)	(8,253)	(7,638)	(7,849)	(8,015)	(7,659)	1,612,613
Net Change in Fund Balances	$ (165,325)	$ (210,541)	$ (173,708)	$ 102,343	$ 181,770	$ 113,842	$ 158,348	$ 41,839	$ 139,865	$ 530,508
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%	0.00%

Source: School District Financial Reports

Exhibit J-5

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
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
2024	20,144	41,745	188,333	250,222
2025	58,758	49,703	160,005	268,466
2026	44,698		139,025	183,723

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)
2016	$ 5,945,000	$ 170,411,400	$ 29,262,000	$ 17,938,700	$ 1,963,200	$ 731,978	$ 226,252,278		$ 0.891	$ 246,356,077
2017	5,964,800	171,603,000	28,963,000	17,885,100	1,963,200		226,379,100		0.904	244,406,764
2018	5,548,900	170,418,800	29,999,000	17,806,100	1,963,200		225,736,000		0.928	249,172,059
2019	5,557,800	171,380,300	29,013,400	17,802,700	1,963,200		225,717,400		0.949	245,196,067
2020	5,328,000	171,652,300	29,465,500	17,802,700	1,963,200		226,211,700		0.966	252,710,976
2021	4,810,300	169,252,500	31,530,400	17,797,000	1,963,200		225,353,400		0.989	255,005,175
2022	4,791,800	170,166,000	31,284,600	17,690,000	1,963,200		225,895,600		1.007	289,968,227
2023	4,989,400	170,901,000	30,258,100	17,690,000	1,781,800		225,620,300		1.038	319,536,858
2024	4,820,600	171,185,200	30,587,100	17,649,500	1,781,800		226,024,200	*	1.103	327,203,825
2025	4,762,600	170,577,800	30,228,700	17,649,500	1,781,800		226,074,000		1.197	372,072,238

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)
2016	$ 68,000	$ 561,750	$ 445,700	$ 1,452,700		$ 80,304	$ 2,608,454		$ 0.003	$ 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
2023	68,000	561,750	190,900	1,452,700		5,626	2,278,976			3,061,633
2024	189,800	2,532,700	495,000	2,377,000		6,300	5,600,800	*		6,078,709
2025	189,800	2,532,700	429,900	2,377,000		5,900	5,602,000			6,549,000

* - 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]	General Obligation Debt Service [b]	Total Direct	Municipality	County	Regional High School	
2016		$ 0.891		$ 0.891	$ 0.332	$ 0.553	$ 0.777	$ 2.553
2017		0.904		0.904	0.300	0.581	0.756	2.541
2018		0.928		0.928	0.267	0.643	0.747	2.585
2019		0.949		0.949	0.270	0.651	0.731	2.601
2020		0.966		0.966	0.272	0.655	0.826	2.719
2021		0.989		0.989	0.279	0.663	0.905	2.836
2022		1.007		1.007	0.284	0.723	0.913	2.927
2023		1.038		1.038	0.293	0.732	1.001	3.064
2024	*	1.103		1.103	0.298	0.681	1.078	3.160
2025		1.197		1.197	0.304	0.711	1.125	3.337

Walpack Township

Year Ended December 31,		Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
		Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Municipality	County	Regional High School	
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
2023						0.666		0.666
2024	*					0.507		0.507
2025						0.502		0.502

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

2025			2016		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
INFORMATION NOT AVAILABLE			INFORMATION NOT AVAILABLE		

Walpack Township

2025			2016		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Walpack Inn	$ 1,860,000	33.25%			
Kenneth Salazar, LLC	722,300	12.91%			
Individual Taxpayer 1	493,100	8.81%			
Individual Taxpayer 2	332,200	5.94%			
Commerce Associates, Inc.	282,300	5.05%	INFORMATION NOT AVAILABLE		
Cedar Valley Fann, LLC	280,000	5.00%			
Individual Taxpayer 3	234,700	4.20%			
Overlook Rod & Gun	213,200	3.81%			
Individual Taxpayer 4	211,000	3.77%			
Individual Taxpayer 5	179,500	3.21%			
Total	$ 4,808,300	85.95%			

Source: Municipal Tax Assessor

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

Sandyston Township

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy [a]		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2017	$ 2,025,888	$ 2,025,888	100.00%	$ 2,025,888	100.00%
2018	2,066,405	2,066,405	100.00%	2,066,405	100.00%
2019	2,121,418	2,121,418	100.00%	2,121,418	100.00%
2020	2,163,846	2,163,846	100.00%	2,163,846	100.00%
2021	2,207,123	2,207,123	100.00%	2,207,123	100.00%
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%
2024	2,388,905	2,190,381	91.69%	2,190,381	91.69%
2025	2,598,934	2,598,934	100.00%	2,598,934	100.00%
2026	2,815,904	2,815,904	100.00%	2,815,904	100.00%

Walpack Township

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy [a]		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2017	$ 21,814	$ 21,814	100.00%	$ 21,814	100.00%
2018	22,251	22,251	100.00%	22,251	100.00%
2019	22,843	22,843	100.00%	22,843	100.00%
2020	23,300	23,300	100.00%	23,300	100.00%
2021	23,766	23,766	100.00%	23,766	100.00%
2022	24,004	24,004	100.00%	24,004	100.00%
2023	24,726	24,726	100.00%	24,726	100.00%
2024	24,953	24,953	100.00%	24,953	100.00%
2025	27,684	27,684	100.00%	27,684	100.00%
2026	29,995	29,995	100.00%	29,995	100.00%

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			Business-Type Activities			
	General Obligation Bonds	Financed Purchases	Bond Anticipation Notes (BANs)	Financed Purchases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2017	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	0.00%	$ -0-
2018	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2019	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2020	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2021	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2022	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2023	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2024	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2025	-0-	-0-	-0-	-0-	-0-	0.00%	-0-
2026	-0-	1,600,000	-0-	-0-	1,600,000	1.05%	787

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: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
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-
2024	-0-	-0-	-0-	0.00%	-0-
2025	-0-	-0-	-0-	0.00%	-0-
2026	-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, 2025
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Kittatinny Regional High School	$ -0-	0.00%	$ -0-
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 2026

	Sandyston Township	Walpack Township	Equalized Valuation Basis
2025	$ 400,130,973	$ 3,736,410	$ 403,867,383
2024	371,322,819	3,736,410	375,059,229
2023	325,946,692	2,614,503	328,561,195
			$ 1,107,487,807

Average Equalized Valuation of Taxable Property		$ 369,162,602
Debt Limit (3% of average equalization value)	a	$ 9,229,065
Net Bonded School Debt		-0-
Legal Debt Margin		$ 9,229,065

	Fiscal Year				
	2022	2023	2024	2025	2026
Debt Limit	$ 6,499,813	$ 6,801,757	$ 7,848,129	$ 8,536,667	$ 9,210,367
Total Net Debt Applicable to Limit	-0-	-0-	-0-	-0-	-0-
Legal Debt Margin	$ 6,499,813	$ 6,801,757	$ 7,848,129	$ 8,536,667	$ 9,210,367
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

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

Sandyston Township

Year	Population [a]	Township Personal Income [b]	Sussex County Per Capita Personal Income [c]	Unemployment Rate [d]
2017	1,847	$ 106,322,555	$ 57,565	3.90%
2018	1,838	110,041,060	59,870	3.00%
2019	1,826	115,103,736	63,036	8.80%
2020	1,987	131,869,242	66,366	8.10%
2021	1,987	139,874,865	70,395	6.90%
2022	2,000	142,436,000	71,218	3.20%
2023	2,006	149,503,168	74,528	3.90%
2024	2,022	157,030,542	77,661	4.10%
2025	2,032	157,807,152 ***	77,661 *	4.80%
2026	2,032 **	152,386,008 ***	77,661 *	N/A

Walpack Township

Year	Population [a]	Township Personal Income [b]	Sussex County Per Capita Personal Income [c]	Unemployment Rate [d]
2017	11	$ 633,215	$ 57,565	3.90%
2018	11	658,570	59,870	3.00%
2019	11	693,396	63,036	8.80%
2020	11	730,026	66,366	14.30%
2021	5	351,975	70,395	22.20%
2022	8	569,744	71,218	0.00%
2023	6	447,168	74,528	0.00%
2024	7	543,627	77,661	0.00%
2025	8	621,288 ***	77,661 *	0.00%
2026	8 **	527,548 ***	77,661 *	N/A

* - Latest Sussex County per capita personal income available (2024) was used for calculation purposes.
** - Latest population data available (2025) was used for calculation purposes.
*** - Latest available population data (2025) and latest available Sussex County per capita personal income (2024) 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

2025			2016		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.32%-6.61%	Newton Medical Center	5,000	6.80%
Crystal Springs Resort	1,000-4,999	1.32%-6.61%	Selective Insurance	5,000	6.80%
Newton Memorial Center	1,000-4,999	1.32%-6.61%	Mountain Creek Resort	1,000	1.36%
Thorlabs	1,000-4,999	1.32%-6.61%	Thor Labs	1,000	1.36%
Mountain Creek Resort	1,000-4,999	1.32%-6.61%	County of Sussex	1,000	1.36%
County of Sussex	500-999	0.66%-1.32%	Ames Rubber Corp.	500	0.68%
Shop Rite	500-999	0.66%-1.32%	Raider Express	500	0.68%
Sussex County Community College	250-499	0.33%-0.66%	Sussex County Community College	500	0.68%
United Methodist Community Bristol Glen	100-249	0.13%-0.33%	Mountain Creek Waterpark	250	0.34%
	6,350-27,741	6.77%-21.97%		15,000	20.41%
Total Employment - Sussex County	75,624		Total Employment - Sussex County	73,505	

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)

	Fiscal Year Ending June 30,									
Function/Program:	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Instruction:										
Regular	12.8	12.3	12.3	12.3	12.3	9.7	11.0	11.0	10.4	10.8
Special Education	6.5	6.5	6.5	6.5	6.5	6.4	4.2	4.2	4.0	5.7
Other	1.6	1.2	1.2	1.2	1.2	1.4	2.8	2.8	6.6	7.5
Support Services:										
Student & Instruction Related Services	1.0	1.1	1.1	1.1	1.1	N/A	N/A	N/A	N/A	N/A
School Administrative Services	1.0	1.0	1.0	1.0	1.0	0.4	1.0	1.0	1.0	1.0
General Administrative Services	2.1	2.1	2.1	2.1	2.1	1.4	1.2	1.2	0.8	1.9
Central Services	2.0	2.4	2.4	2.4	2.4	2.2	3.0	3.0	6.4	4.2
Plant Operations and Maintenance	0.47	0.54	0.54	0.54	0.54	1.8	1.2	1.2	2.5	2.5
	27.47	27.14	27.14	27.14	27.14	23.30	24.48	24.48	31.61	33.60

N/A - As of 2022, Student & Instruction 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 Elementary Schools	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2024	130.0	3,844,788	29,575	2.00%	18	1:7.22	124.3	117.2	0.70%	94.29%
2025	135.0	4,143,966	30,696	3.79%	14	1:9.64	133.4	124.9	7.32%	93.63%
2026	132.0	4,269,446	32,344	5.37%	16	1:8.50	131.6	123.5	-1.35%	93.84%

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

	2022	2023	2024	2025	2026
District Building					
Elementary					
Sandyston-Walpack Elementary					
Square Feet	24,694	24,694	24,694	24,694	24,694
Capacity (students)	210	210	210	210	210
Enrollment	128	125	130	135	132

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

Number of Schools at June 30, 2026
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

Facility	Project #('s)	2022	2023	2024	2025	2026
School Facilities:						
Elementary School	N/A	$ 34,865	$ 25,148	$ 26,245	$ 30,649	$ 31,387
Grand Total		$ 34,865	$ 25,148	$ 26,245	$ 30,649	$ 31,387

Facility	Project #('s)	2017	2018	2019	2020	2021
School Facilities:						
Elementary School	N/A	$ 65,106	$ 60,676	$ 54,226	$ 43,686	$ 52,933
Grand Total		$ 65,106	$ 60,676	$ 54,226	$ 43,686	$ 52,933

Source: District records

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2026
UNAUDITED

	Coverage	Deductible
MULTI PERIL PACKAGE POLICY - SAIF		
Property:		
Blanket Building and Contents	$ 500,000,000	$ 2,500
Flood Coverage		
Occurrence	$ 10,000,000	$ 25,000
Aggregate	$ 100,000,000	$ 25,000
Terrorism Coverage	Included	
Equipment Breakdown	$ 100,000,000	$ 2,500
Earthquake	$ 25,000,000	$ 25,000
Liability:		
Each Occurrence	$ 10,000,000	
Aggregate	$ 46,000,000	
Employee Benefits Liability		
Each Occurrence/Aggregate	$ 5,000,000	$ 1,000
Crisis Incident Management	$ 25,000	
Sexual Abuse	$ 10,000,000	
Terrorism	$ 1,000,000	
Crime:		
Employee Dishonesty/Faithful Performance	$ 500,000	$ 1,000
Money Orders/Counterfeit Paper Currency	$ 50,000	$ 1,000
Cyber Liability:		
Cyber Liability- Each Event	$ 750,000	$ 50,000
Aggregate Limit	$ 2,000,000	
BUSINESS AUTOMOBILE POLICY - SAIF		
Each Accident (Bodily Injury & Property Damage)	$ 10,000,000	
Terrorism	$ 10,000,000	
Hired Auto Liability	$ 10,000,000	
Non-Owned Auto Liability	$ 25,000/	
Uninsured Motorist	$ 50,000/$25,000	
Personal Injury Protection		
Comprehensive Coverage		$ 1,000
Collison Coverage		$ 1,000
WORKERS COMPENSATION POLICY - SAIF		
Section A - Statutory	New Jersey	
Section B - Employers Liability:		
Bodily Injury by Accident - Each Accident	$ 6,000,000	
Bodily Injury by disease - Each Employee	$ 6,000,000	
Bodily Injury by Disease- Policy Limit	$ 6,000,000	
SUPPLEMENTARY WORKERS COMPENSATION POLICY - SAIF		
Limit of Liability: Up to 52 weeks, maximum $1,750 per week | Waiting Period: 7 days		
SCHOOL BOARD LEGAL LIABILITY POLICY - SAIF		
Per Claim Limit	$ 5,000,000	$ 10,000
Aggregate Limit	$ 5,000,000	$ 10,000
Board Secretary/School Business Administrator	$ 150,000	
Treasurer	$ 150,000	
ENVIRONMENTAL LIABILITY- SAIF	$ 1,000,000	$ 50,000
Fund Aggregate	$ 10,000,000	

Source: School District records

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sandyston-Walpack Consolidated School District in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2026.

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.

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.

October 3, 2026
Mount Arlington, New Jersey

NISIVOCCIA LLP

Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by NJOMB 25-12

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, 2026. The District's major state programs are 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, 2026.

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 25-12, *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 25-12 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.

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 federal and state programs.

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 25-12 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 25-12, 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 25-12, 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
Page 3

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 25-12. Accordingly, this report is not suitable for any other purpose.

October 3, 2026
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, 2026

Federal Grantor/Pass Through Grantor/ Program Title/ Cluster Title	Assistance Listing Number	State Program Number	Grant Period	Award Amount	Balance at June 30, 2025			Cash Received	Budgetary Expenditures	Balance at June 30, 2026			Amount Provided to Subrecipients
					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	ESEA465026	7/1/25-9/30/26	$ 1,831					$ (1,831)	$ (1,831)			
Small Rural School Achievement Program	84.358A	S358A023332	7/1/25-9/30/26	34,308				$ 34,308	(8,658)		$ 25,650		
Small Rural School Achievement Program	84.358A	S358A023332	7/1/24-9/30/25	33,504		$ 33,504			(33,504)				
Small Rural School Achievement Program	84.358A	S358A023332	7/1/23-9/30/24	33,254			$ 7,854					$ 7,854	
NJ High Impact Tutoring	84.425V	E2400416	10/11/24-8/31/25	32,530	$ (2,031)			2,031					
Special Education Cluster:													
IDEA Combined Grant:													
I.D.E.A. Part B, Basic	84.027	IDEA465026	7/1/25-9/30/26	36,877					(36,877)	(36,877)			
I.D.E.A. Part B, Basic	84.027	IDEA465024	7/1/23-9/30/24	41,342	(4,895)			4,895					
I.D.E.A. Part B, Preschool	84.173	IDEA465026	7/1/25-9/30/26	1,216					(1,216)	(1,216)			
I.D.E.A. Part B, Preschool	84.173	IDEA465024	7/1/23-9/30/24	2,485	(637)			637					
Total Special Education Cluster					(5,532)			5,532	(38,093)	(38,093)			
Total Special Revenue Fund					(7,563)	33,504	7,854	41,871	(82,086)	(39,924)	25,650	7,854	
General Fund:													
Impact Aid	84.041	N/A	7/1/25-6/30/26	376,979				376,979	(376,979)				
Total U.S. Department of Education					(7,563)	33,504	7,854	418,850	(459,065)	(39,924)	25,650	7,854	
U.S. Department of Agriculture Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
School Breakfast Program	10.553	N/A	7/1/25-6/30/26	1,014				950	(1,014)	(64)			
School Breakfast Program	10.553	N/A	7/1/24-6/30/25	1,768	(43)			43					
National School Lunch Program	10.555	N/A	7/1/25-6/30/26	6,935				6,564	(6,935)	(371)			
National School Lunch Program	10.555	N/A	7/1/24-6/30/25	7,621	(244)			244					
Total Child Nutrition Cluster					(287)			7,801	(7,949)	(435)			
Summer EBT Food Benefits	10.649	N/A	7/1/25-6/30/26	602				602	(602)				
Total U.S. Department of Agriculture					(287)			8,403	(8,551)	(435)			
Total Federal Awards					$ (7,850)	$ 33,504	$ 7,854	$ 427,253	$ (467,616)	$ (40,359)	$ 25,650	$ 7,854	$ -0-

N/A - Not Applicable

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2025 Budgetary Accounts Receivable	Balance at June 30, 2025 Budgetary Unearned Revenue	Balance at June 30, 2025 Due to Grantor	Cash Received	Budgetary Expenditures	Balance at June 30, 2026 GAAP Accounts Receivable	Balance at June 30, 2026 Budgetary Unearned Revenue	Balance at June 30, 2026 Due to Grantor	MEMO Budgetary Accounts Receivable	MEMO Cumulative Total Expenditures
General Fund:													
New Jersey Department of Education:													
Transportation Aid	26-495-034-5120-014	7/1/25 - 6/30/26	$ 204,628				$ 184,222	$ (204,628)				$ (20,406)	$ 204,628
Special Education Categorical Aid	26-495-034-5120-089	7/1/25 - 6/30/26	323,173				290,944	(323,173)				(32,229)	323,173
Security Aid	26-495-034-5120-084	7/1/25 - 6/30/26	44,846				40,374	(44,846)				(4,472)	44,846
Equalization Aid	26-495-034-5120-078	7/1/25 - 6/30/26	4,186				3,769	(4,186)				(417)	4,186
Extraordinary Special Education Aid	26-495-034-5120-044	7/1/25 - 6/30/26	58,840					(58,840)	$ (58,840)			(58,840)	58,840
Reimbursed TPAF Social Security Contributions	26-495-034-5094-003	7/1/25 - 6/30/26	93,232				88,536	(93,232)	(4,696)			(4,696)	93,232
Transportation Aid	25-495-034-5120-014	7/1/24 - 6/30/25	108,012	$ (11,363)			11,363						108,012
Special Education Categorical Aid	25-495-034-5120-089	7/1/24 - 6/30/25	158,329	(16,656)			16,656						158,329
Security Aid	25-495-034-5120-084	7/1/24 - 6/30/25	16,793	(1,767)			1,767						16,793
Equalization Aid	25-495-034-5120-078	7/1/24 - 6/30/25	311,539	(32,774)			32,774						311,539
Extraordinary Special Education Aid	25-495-034-5120-044	7/1/24 - 6/30/25	46,350	(46,350)			46,350						46,350
Nonpublic Transportation	25-495-034-5120-014	7/1/24 - 6/30/25	7,715	(7,715)			7,715						7,715
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	7/1/24 - 6/30/25	90,247	(8,997)			8,997						90,247
On-Behalf TPAF Post Retirement Contributions	26-495-034-5094-001	7/1/25 - 6/30/26	124,012				124,012	(124,012)					124,012
On-Behalf TPAF Pension Contributions	26-495-034-5094-002	7/1/25 - 6/30/26	407,051				407,051	(407,051)					407,051
On-Behalf TPAF Non-Contributory Insurance	26-495-034-5094-004	7/1/25 - 6/30/26	4,959				4,959	(4,959)					4,959
On-Behalf TPAF Long-Term Disability Insurance	26-495-034-5094-004	7/1/25 - 6/30/26	182				182	(182)					182
Total General Fund State Aid				(125,622)			1,269,671	(1,265,109)	(63,536)			(121,060)	2,004,094
Capital Projects Fund:													
New Jersey Department of Education:													
Preschool Facilities Expansion Grant	24-E00850	7/1/24-6/30/26	400,000	(48,682)			169,186	(120,504)					169,186
Total Capital Projects Fund				(48,682)			169,186	(120,504)					169,186
Enterprise Fund:													
State School Breakfast Program	26-100-010-3350-023	7/1/25 - 6/30/26	33				29	(33)	(4)			(4)	33
State School Breakfast Program - After the Bell	26-100-010-3350-023	7/1/25 - 6/30/26	36				34	(36)	(2)			(2)	36
State School Breakfast Program - After the Bell	25-100-010-3350-023	7/1/24 - 6/30/25	63	(1)			1						63
State School Lunch Program	26-100-010-3350-023	7/1/25 - 6/30/26	239				222	(239)	(17)			(17)	239
State School Lunch Program	25-100-010-3350-023	7/1/24 - 6/30/25	331	(5)			5						331
Total Enterprise Fund				(6)			291	(308)	(23)			(23)	702
Special Revenue Fund Aid:													
Department of Community Affairs:													
Local Recreation Improvement Grant	2024-04960-0914-00	4/25/24-4/30/26	62,595	(48,955)			62,595	(13,640)					62,595
Preschool Expansion Aid	26-495-034-5120-086	7/1/25-6/30/26	366,758				330,183	(333,414)		$ 33,344		(3,231)	333,414
Preschool Expansion Aid	25-495-034-5120-086	7/1/24-6/30/24	169,356	(1,833)			17,817			15,984			153,372
Emergent and Capital Maintenance Needs Grant	N/A	7/1/24-6/30/26	2,765				2,765	(2,765)					2,765
Department of Education:													
Phone Free Schools Grant	N/A	7/1/25-6/30/26	1,000				1,000	(497)		503			497
Total Special Revenue Fund				(50,788)			414,360	(350,316)		49,831		(3,231)	552,643
Total State Awards Subject to Single Audit Determination				$ (225,098)	$ -0-	$ -0-	$ 1,853,508	$ (1,736,237)	$ (63,559)	$ 49,831	$ -0-	$ (124,314)	$ 2,726,625
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	26-495-034-5094-001	7/1/25 - 6/30/26						$ 124,012					
On-Behalf TPAF Pension Contributions	26-495-034-5094-002	7/1/25 - 6/30/26						407,051					
On-Behalf TPAF Non-Contributory Insurance	26-495-034-5094-004	7/1/25 - 6/30/26						4,959					
On-Behalf TPAF Long-Term Disability Insurance	26-495-034-5094-004	7/1/25 - 6/30/26						182					
Subtotal - On-Behalf TPAF Pension System Contribution								536,204					
Total State Awards Subject to Single Audit Major Program Determination								$ (1,200,033)					

N/A - Not Applicable

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

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

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, 2026 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 25-12, *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 15 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 $5,036 for the general fund, and ($18,758) for the special revenue fund which includes $-0- related to local grants. The net adjustment to reconcile from the budgetary basis to GAAP basis is ($230,814) for the Capital Projects Fund. 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, 2026
(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	$ 376,979	$ 1,270,145	$ 1,647,124
Special Revenue Fund	82,086	331,558	413,644
Capital Projects Fund		169,186	169,186
Food Service Fund	8,551	308	8,859
Total Awards	$ 467,616	$ 1,771,197	$ 2,238,813

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, 2026.

NOTE 7. PRESCHOOL FACILITIES EXPANSION GRANT

The District has been awarded a grant in the amount of $400,000 which is recorded in the Capital Projects Fund from the New Jersey Department of Education Preschool Facilities Expansion Program. As of June 30, 2025, there are $169,186 of grant funds have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the Preschool Facilities Expansion Grant on the Schedule of Expenditures of State Awards represent reimbursement requests submitted.

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.			Unmodified	
Internal control over financial reporting:				
1.) Material weakness identified?		Yes	X	No
2.) Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to basic financial statements noted?		Yes	X	No

Federal Awards

The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2026 as federal grant expenditures were less than the single audit threshold of $1,000,000 identified in the Uniform Guidance.

State Awards

Type of auditor's report issued on compliance for major programs:			Unmodified	
Internal control over major programs:				
1.) Material weakness identified?		Yes	X	No
2.) Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to basic financial statements noted?		Yes	X	No
Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 25-12?		Yes	X	No

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period Start	Grant Period End	Award Amount	Budgetary Expenditures
State Aid Public:					
Equalization Aid	26-495-034-5120-078	7/1/25	6/30/26	$ 4,186	$ 4,186
Special Education Categorical Aid	26-495-034-5120-089	7/1/25	6/30/26	323,173	323,173
Security Aid	26-495-034-5120-084	7/1/25	6/30/26	44,846	44,846

Dollar threshold used to distinguish between Type A and B programs			$ 1,000,000	
Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings - N/A

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs - N/A

SANDYSTON-WALPACK CONSOLIDATED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2026

Status of Prior Year Findings:

There were no prior audit findings.