SCHOOL DISTRICT
OF THE

TOWNSHIP OF SPARTA

SPARTA TOWNSHIP SCHOOL DISTRICT
Sparta, New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2013

Comprehensive Annual Financial Report

of the

SPARTA TOWNSHIP SCHOOL DISTRICT

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

SPARTA TOWNSHIP SCHOOL DISTRICT
Board of Education

SPARTA TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

SPARTA TOWNSHIP SCHOOL DISTRICT

ADMINISTRATIVE HEADQUARTERS
18 MOHAWK AVENUE
SPARTA, NEW JERSEY 07871
TELEPHONE: (973)-729-3655

November 1, 2013

The Honorable President and Members of
the Board of Education
Sparta Township School District
County of Sussex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Sparta Township School District (the "District") for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Information related to this single audit, including the auditors' reports on the internal control system and compliance with applicable laws, and 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 Sparta Township 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 Sparta Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12 for the students residing in Sparta Township. These include regular, vocational as well as special education for handicapped youngsters.

The Honorable President and Members of
the Board of Education
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1) REPORTING ENTITY AND ITS SERVICES:

As of June 30, 2013, Sparta Schools enrolled 3,623 students at five schools compared to 3,708 students as of June 30, 2012, which is a decrease of 85 students, or 2.29%. The detail of the June 30, 2013 enrollment is as follows: High School 1,224; Middle School 847; Helen Morgan School 565; Alpine School 726; Mohawk Avenue School 228; and 33 out of district students.

For the 2012-2013 school year, the School District once again realigned grades and re-districted the elementary schools which included the re-opening of the Mohawk Avenue School for Pre-Kindergarten and Kindergarten. The elementary schools now educate students in Pre-Kindergarten at the Mohawk Avenue School, Grades 1, 2, and 3 at the Alpine School, and Grades 4 and 5 at the Helen Morgan School.

2) ECONOMIC CONDITION AND OUTLOOK:

The School District, along with many other public school systems in the State, still faces some difficult economic situations in the future since the primary funding source is property tax revenue. The School District's administration is closely monitoring the cost of operations and continues to look for new funding sources and improved efficiencies in order to maintain the quality educational services that the School District has been accustomed to providing.

The School District attributes much of its past educational success to the community's demand for, and support of, both a traditional and quality school system. Our School District will remain accountable to the residents and taxpayers who make the School District their school system of choice.

The financial condition of the Township of Sparta has seen a stable fund balance over the last few years after accounting for the fund balance appropriated into the following years to reduce the tax burden on the community.

In May 2012, Moody's confirmed the Aa2 Rating on Sparta Township School District's (NJ) General Obligation Bonds and Removed the Rating from "Under Review". The Aa2 Rating Applies to $85.0 Million of Long-Term Rated G.O. Debt Outstanding. Moody's Investors Service has "confirmed the Aa2 rating on Sparta Township School District's (Sussex County), NJ general obligation bonds, affecting $85.0 million of outstanding parity debt obligations".

The removal of the rating "under review" reflects receipt of the new information in the form of the fiscal 2011 audited financial information. The Aa2 rating confirmation reflects the District's "sufficient and improving finances and sizable tax base with above-average resident wealth levels". The District's equalized valuation is a large $3.4 billion. The effects of the economic downturn was somewhat muted, which may be due to the presence of the Picatinny Arsenal military base and several high-end lakefront properties. Since fiscal 2006, equalized value decreased once in fiscal 2010 by 3.3%. Moody's also considers the high net direct debt burden, which is 2.4% of equalized value. Beginning in fiscal 2008 through fiscal 2010, the District struggled to have structurally balanced operations due to state aid cuts and increased fixed costs. In fiscal 2011, "financial operations improved as the District was able to reduce instruction costs and keep other expenditures relatively flat to offset further state aid reductions. Total fund balance increased from a narrow $3.2 million (or 5.9% of revenues) in fiscal 2009 to a healthy $7.1 million (or 12.3% of revenues). Budget documents for fiscal 2012 and fiscal 2013 indicate that the District continues to be prudent through the near-term".

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3) MAJOR INITIATIVES:

FAILED REFERENDUM – On March 13, 2012 Sparta voters rejected a $4.5 million bond referendum to construct a track, turf field, bleachers, press box, lighting, sound system and scoreboard behind Sparta High School. The District proposed the project as a strong need for the new field due to the loss of several athletic fields lost or damaged during the high school construction project. The referendum was defeated by a narrow 3% margin with 4,502 voters out of 13,903 registered voters casting ballots with 48% voting yes and 51% voting no on the project.

Major instructional initiatives completed during the 2012-2013 school year were as follows:

Mohawk Avenue School:
- Curriculum Revisions in Math, English Language Arts, Social Studies and Science
- Principal's Monthly Challenge
- Adventure to Fitness monthly activities

Alpine School:
- Installation of 5 Britelink projectors
- Purchased 8 iPads with professional development for staff
- Revised English Language Arts, Social Studies and Science curriculum to align to Common Core
- Adopted the "Danielsen Framework for Teaching" and thorough training of staff and administration
- Implemented student data collection through "Google Apps for Education"
- Introduction to Balanced Literacy through professional development workshops

Helen Morgan School:
- Joint 4th grade writing initiative with Centenary College education majors
- Additional Classroom Sound Systems installed
- Departmentalized Grade 4 English Language Arts, Math, and Science
- Writers Workshop
- Balanced Literacy
- Common Core teacher professional development with TMI Institute
- Common Core teacher professional development with Chatham School District
- Data Analysis utilizing NJ Smart Education Data System

Middle School:
- FM Sound Systems installed in 10 classrooms
- 12 Laptops for STEM classroom
- Classroom sets of netbooks in Language Arts, Science, and Social Studies

High School:
- Replacement of Bleachers and Press Box at Cassels Field after the original bleachers were destroyed by Hurricane Sandy in October 2012
- Tennis Courts replaced
- Curriculum revisions in English, Math, Science, Social Studies, and World Languages
- Every 15 Minutes program and Chris Herran programs
- Creation of baseline and benchmark assessments in all academic courses
- Installed 20 Britelink interactive projectors into classrooms

The Honorable President and Members of
the Board of Education
Sparta Township School District
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November 1, 2013

3) MAJOR INITIATIVES:

TECHNOLOGY INITIATIVES: District-Wide:

- 690+ new netbooks, notebooks, and desktops. Replaced out-of-service units and worked with building administrators to redistribute existing and new units to better support curriculum goals.
- Connected 4 SAN units, a total of 96 terabytes, to network via redundant 10 gbps network connections
- Connected up to 4 high load servers to the 10 gbps backbone
- Upgraded the entire server infrastructure to Microsoft server 2012/2013 operating systems and server applications
- Rolled out new network switch IP scheme and integrated new secondary ISP firewall
- Researched BYOD vs. 1-to-1 initiatives

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award programs, as well as to determine that the District has complied with major 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 the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2013.

6) ACCOUNTING SYSTEM AND REPORTS:

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

The Honorable President and Members of
the Board of Education
Sparta Township School District
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November 1, 2013

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 District continues to protect its assets through a comprehensive insurance program through coverage obtained from the School Alliance Insurance Fund. The Fund is a school district joint self-insurance find formed under the provisions of New Jersey Statutes. The Fund's membership is comprised of local and regional school districts. Coverage includes property loss, crime and fidelity, comprehensive general liability, auto insurance, workers' compensation, underground storage tank, and pollution liability coverage. Other policies purchased from other insurance companies include fidelity bonds for the School Administrator/Board Secretary and Treasurer. Additional policies purchased were for Student Accident Insurance and Catastrophic Insurance. 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 of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *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 is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

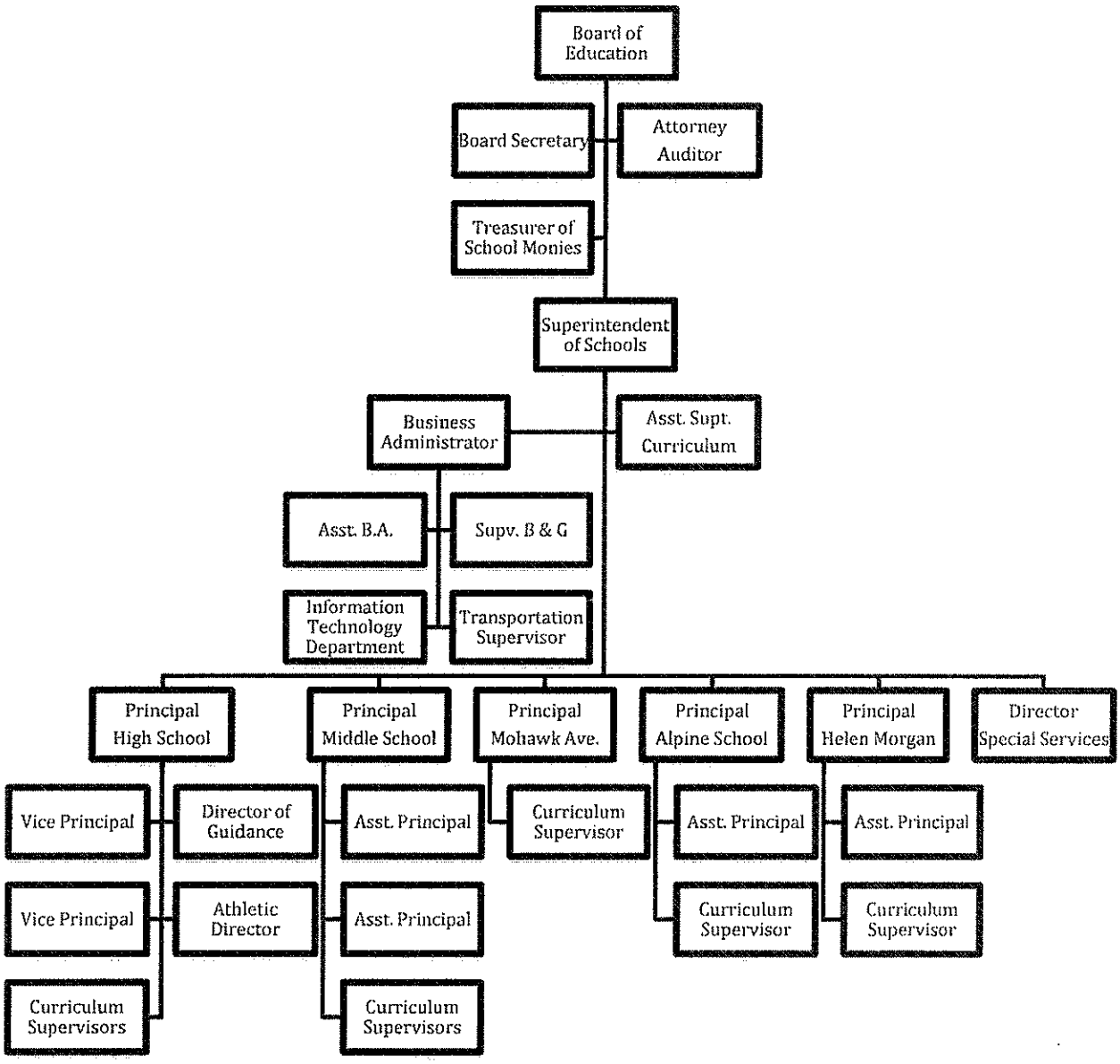
Dennis Tobin
Superintendent

Linda A. Alvarez, RSBA, SFO
School Business Administrator/Board Secretary

POLICY

1110 ORGANIZATIONAL CHART

SPARTA TOWNSHIP PUBLIC SCHOOLS



Adopted: 9 August 1999
Revised: 14 August 2006
Revised: 22 October 2007
Revised: 26 November 2012

SPARTA TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2013

Members of the Board of Education	Term Expires
Frank Favichia, President	2014
Richard Bladek, Vice President	2014
Karen Scott	2015
Jack Surdoval	2015
Kim Yeomans	2015
Scott Turner	2014
Douglas McKernan	2013
Maureen Myre	2013
Kevin Pollison	2013

Other Officers	Title
Dennis Tobin	Superintendent of Schools
Linda A. Alvarez, RSBA, SFO	Business Administrator/Board Secretary
Melissa Varley, Ed. D.	Assistant Superintendent of Curriculum and Staff Development
Barbara A. Decker	Assistant Business Administrator
Kerry A. Keane	Treasurer

Sparta Township School District
Consultants and Advisors

Architects

CP Engineers
Sparta, NJ

DiCara Rubino Architects
Wayne, NJ 07470

Dykstra Associates, P.C.
Newton, NJ

Gianforcaro Engineers
Chester, NJ 07930

Laurence E. Parisi, Architect
North Bergen, NJ

Attorneys

Rod Hara, Esq.
Fogarty & Hara Esqs.
General Counsel
Fairlawn, NJ

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
Mount Arlington, NJ
and
Lawrence Business Park
Newton, NJ

Official Depositories

Lakeland Bank
Sparta, NJ

Sussex Bank
Sparta, NJ

NJ/ARM
Princeton, NJ

FINANCIAL SECTION

NISIVOCCIA LLP
Certified Public Accountants & Advisors

Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Sparta Township School District
County of Sussex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sparta Township School District in the County of Sussex as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sparta Township School District, in the County of Sussex, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members
of the Board of Education
Sparta Township School District
Page 3

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nisivoccia, LLP

November 1, 2013
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION - PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

This section of Sparta Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2012/2013 school year are as follows:

- The District's net position increased $462,105 during the year.
- Overall revenue was $69,143,411.
- Overall expenditures were $68,681,306.

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 service operations.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Figure A-1
Organization of Sparta Township School District's Financial Report

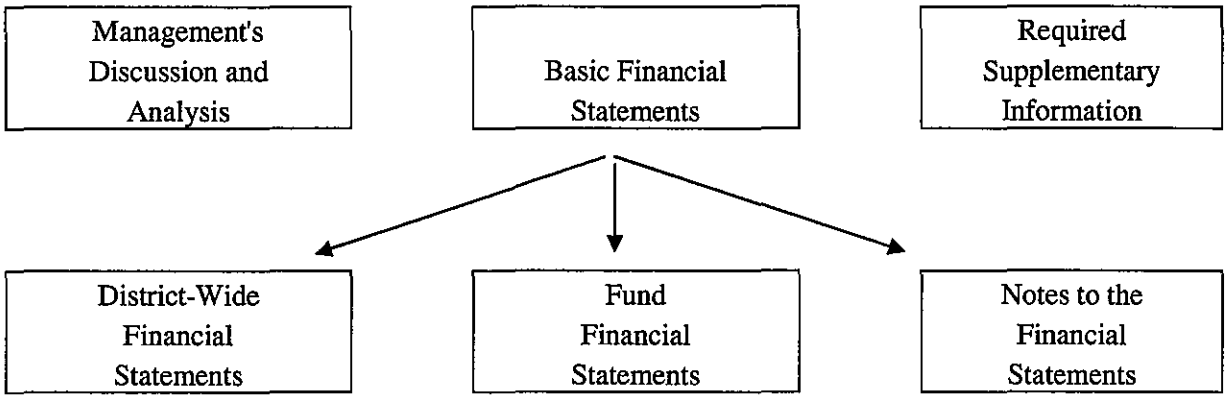


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	Activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as student activities
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	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

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 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 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 operations is included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

SPARTA TOWNSHIP SCHOOL DISTRICT
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Fund Financial Statements

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was $9,576,495 on June 30, 2013, $462,105 or 5.07% more than the year before. (See Figure A-3).

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	Percent Change
Current & Other Assets	$ 8,670,141	$10,232,971	$ 105,806	$ 140,291	$ 8,775,947	$10,373,262	-15.40%
Capital Assets	83,849,584	83,533,337	361,826	412,509	84,211,410	83,945,846	0.32%
Total Assets	92,519,725	93,766,308	467,632	552,800	92,987,357	94,319,108	-1.41%
Long-Term Debt	80,758,749	83,131,538			80,758,749	83,131,538	-2.85%
Other Liabilities	2,648,371	2,069,759	3,742	3,421	2,652,113	2,073,180	27.92%
Total Liabilities	83,407,120	85,201,297	3,742	3,421	83,410,862	85,204,718	-2.11%
Net Position:							
Net Investment in Capital Assets	3,506,132	782,202	361,826	412,509	3,867,958	1,194,711	223.76%
Restricted	5,105,753	6,407,574			5,105,753	6,407,574	-20.32%
Unrestricted	500,720	1,375,235	102,064	136,870	602,784	1,512,105	-60.14%
Total Net Position	$ 9,112,605	$ 8,565,011	$ 463,890	$ 549,379	$ 9,576,495	$ 9,114,390	5.07%

Changes in Net Position. The District's combined net position increased by $462,105 or 5.07%. Net position from Governmental activities increased $547,594 and net position from Business-type activities decreased $85,489. (See Figure A-4).

Net investment in capital assets increased by $2,673,247 primarily due to a $2,355,000 reduction in debt and $3,922,998 in net capital additions offset by $3,657,434 in depreciation ($3,597,286 from Governmental activities and $60,148 from Business-type activities. Restricted net position decreased by $1,301,821 due to a $1,300,076 decrease in General Fund balances restricted as prior year and current year excess (above the State-mandated 2%) surplus, a $702,674 decrease in restricted capital projects, a $49 decrease in restricted debt service offset by a $700,978 increase in capital and maintenance reserves. Unrestricted net position decreased $909,321 primarily as a result of a reduction in year-end encumbrances.

SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	Change
Revenue:							
Program Revenue:							
Charges for Services			$ 692,588	$ 769,953	$ 692,588	$ 769,953	-10.05%
Operating Grants & Contributions	$12,572,640	$12,121,256	108,307	143,511	12,680,947	12,264,767	3.39%
General Revenue:							
Property Taxes	54,975,222	54,050,895			54,975,222	54,050,895	1.71%
Federal and State Aid	603,494	638,505			603,494	638,505	-5.48%
Other	190,753	392,736	407	560	191,160	393,296	-51.40%
Total Revenue	68,342,109	67,203,392	801,302	914,024	69,143,411	68,117,416	1.51%
Expenses:							
Instruction	36,791,641	35,819,672			36,791,641	35,819,672	2.71%
Pupil/Instruction Services	10,327,480	8,803,932			10,327,480	8,803,932	17.31%
Administrative/Business	5,442,167	5,636,006			5,442,167	5,636,006	-3.44%
Operations/Maintenance	5,057,783	5,869,743			5,057,783	5,869,743	-13.83%
Transportation	3,706,312	3,450,381			3,706,312	3,450,381	7.42%
Other	6,469,132	5,661,958	886,791	961,677	7,355,923	6,623,635	11.06%
Total Expenses	67,794,515	65,241,692	886,791	961,677	68,681,306	66,203,369	3.74%
Increase/(Decrease) in Net Position	$ 547,594	$ 1,961,700	$ (85,489)	$ (47,653)	$ 462,105	$1,914,047	-75.86%

Revenue Sources. The District's total revenue for the 2012/2013 school year was $69,143,411 (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for $54,975,222 of the total, or 79.51 percent. Another 19.21 percent came from state and federal aid for specific programs and the remaining 1.28 percent came from charges for services and miscellaneous revenue. Charges for services consist primarily of tuition and cafeteria sales.

Figure A-5
Sources of Revenue for Fiscal Year 2013 and 2012

Sources of Income	2013	Percentage	2012	Percentage
Grants and Contributions	$ 12,680,947	18.34%	$ 12,264,767	18.01%
Property Taxes	54,975,222	79.51%	54,050,895	79.35%
Federal and State Unrestricted Aid	603,494	0.87%	638,505	0.94%
Charges for Services	692,588	1.00%	769,953	1.13%
Other	191,160	0.28%	393,296	0.57%
	$ 69,143,411	100.00%	$ 68,117,416	100.00%

SPARTA TOWNSHIP SCHOOL DISTRICT
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The total cost of all programs and services was $68,681,306. A significant portion of the District's expenses relate to providing to instruction, support and transportation to students (74.01 percent). (See Figure A-6). The remaining 25.99 percent of the District's expenses were for administrative and business costs which constitute 7.92 percent of total costs, plant operations and maintenance costs which represent 7.36 percent of total expenses, and other expenses which constitute 10.71 percent of total expenses and include the operations of the food service enterprise fund, unallocated depreciation and interest on long-term debt.

Figure A-6
Expenses for Fiscal Year 2013 and 2012

Expense Category	2013	Percentage	2012	Percentage
Instruction	$ 36,791,641	53.57%	$ 35,819,672	54.11%
Pupil and Instruction Services	10,327,480	15.04%	8,803,932	13.30%
Administrative and Business	5,442,167	7.92%	5,636,006	8.51%
Operations and Maintenance	5,057,783	7.36%	5,869,743	8.87%
Transportation	3,706,312	5.40%	3,450,381	5.21%
Other	7,355,923	10.71%	6,623,635	10.00%
	$ 68,681,306	100.00%	$ 66,203,369	100.00%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved during the course of the year. However, maintaining existing programs with increasing regular pupil enrollment and increasing outside placements and special services for disabled pupils place great demands on the District's resources. During the past three years, several veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated savings in teacher salaries, but these have not been sufficient enough to offset costs associated with increased enrollment, special education programs, energy and insurance.

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

- Shared services with other area school districts and the Sussex County Educational Services Commission to provide coordinated transportation routes to out-of-district special education schools, and for maintenance of school buses, speech services, child study team evaluations and nonpublic grant administration.
- Participating in consortiums made up of several hundred school districts for the bulk purchase of heat and electricity.
- Purchase of fuel for District vehicles through the Sussex County Purchasing Cooperative Agreement.
- Aggressive pursuit of federal, state and local grants.
- Completing maintenance projects with expertise of in-house maintenance staff.

It is crucial that the District examine its expenditures carefully. Figure A-7 presents the cost of six major District activities; instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

SPARTA TOWNSHIP SCHOOL DISTRICT
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Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2012/13	2011/12	2012/13	2011/12
Instruction	$ 36,791,641	$ 35,819,672	$ 27,417,293	$ 26,059,780
Pupil and Instruction Services	10,327,480	8,803,932	9,049,754	8,014,139
Administrative and Business	5,442,167	5,636,006	4,977,125	5,214,495
Operations and Maintenance	5,057,783	5,869,743	4,715,180	5,575,084
Transportation	3,706,312	3,450,381	2,593,391	2,594,980
Other	6,469,132	5,661,958	6,469,132	5,661,958
	$ 67,794,515	$ 65,241,692	$ 55,221,875	$ 53,120,436

- The cost of all governmental activities this year was $67,794,515.
- The federal and state governments subsidized certain programs with $12,572,640 in grants and contributions.
- Most of the District's costs were financed by $54,975,222 in District taxes.
- A portion of governmental activities was financed with $603,494 in state and federal aid for general and specific programs.
- The remaining $190,753 came from miscellaneous revenue.

Business-Type Activities

Net position of the District's business-type activities decreased by $85,489 – net investment in capital assets decreased $50,683 and unrestricted net position decreased $34,806. (Refer to Figure A-4).

- Revenues from Food Service operations decreased $77,365 as operations ceased for weeks following Super Storm Sandy.
- Food Service expenses decreased by $74,886 as a direct result of the period where operations ceased.
- Capital assets were depreciated, or reduced, by $60,148 during the fiscal year.

Financial Analysis of the District's Funds

The District's General Fund balance decreased by $1,516,446 due to the appropriation of nearly $2.3 million in prior year excess surplus and Capital Projects Fund balance decreased $658,563 as a result of capital projects expenditures. The District must be diligent in monitoring expenditures. Expenditures during the recent year increased due to increases in the number of pupils with special needs and increases in regular enrollment which force the District to expand its classroom teaching staff. The cost of these teachers has been somewhat offset by salary reductions realized from the retirement of veteran staff members. Health benefit costs for all staff have increased considerably in the past several years. The District must also consider the escalating costs for utilities and insurance.

Legislation (S-1701) which reduced the District's surplus funds to 2% of the budget has had a direct impact on the District's planning for upcoming years. The District now has less funds available in the event of an emergency repair or unanticipated special education tuition. Consideration must be given to suspending the practice of utilizing unappropriated fund balance to reduce the tax levy in future budgets. Increases in operating costs could exceed expected growth in the Township's ratables and could potentially increase local taxes in the future. In order to maintain a stable financial position, the District must continue its practice of sound fiscal management.

SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on accounting for transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund. Over the course of the year, the District revised the budget to recognize revenues and expenditures that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions are noted below:

- Budget transfers were necessary to reflect salary changes and staff assignments due to retirements, resignations, program adjustments necessitated by student population changes, substitute coverage realignment, overload stipends, restoration of programs including instructional supervisors and athletics and co-curricular stipends, salary guide movement, realignment of the three elementary schools, and the re-opening of the Mohawk Avenue School for students in pre-kindergarten and kindergarten.

- Increased expenditures to provide programs, therapies, and services for students with identified special needs.

- Adjustments to tuition based on actual enrollment for students attending charter school and local vocational technical school and the reduction of students with special needs placed in out of district programs.

- Re-opening the Mohawk Avenue School for Preschool and Kindergarten students required the transfer of funds for projects including the upgrade of the wireless network; technology purchases including the replacement of classroom interactive projectors and whiteboards; environmental testing to insure the safety of the building for students, staff, and community; various building repairs and upgrades including resealing the foam roof, replacing the auditorium window and stage drapery; upgrading the phone and security system; plumbing and electrical upgrades and renovations; and general cleaning and painting.

- Under-budgeted accounts based on actual expenditures for health, prescription and dental benefits and payment of accumulated sick days payments for retiring staff.

- Heating fuel and building energy consumption were less than budgeted.

- Transportation contracts were less than budgeted with double and triple tiered routes.

- Funds were necessary to maintain, support, and expand network infrastructure and update computers for administrative services and classroom instruction as required in the 5-year technology plan. Budget limitations have placed a severe strain on the annual financial support for these products and services and the District has relied on end of year fund balance (primarily from unexpended appropriations) to maintain and support technology and the new requirements of the Core Curriculum Content Standards.

Capital Assets and Debt Administration

Capital Assets

The District's capital assets increased $265,564 or .32%. Capital additions were $3,922,998 - $658,563 from construction projects, $3,254,970 from capital outlay projects from Governmental activities and $9,465 from Business-type activities – offset by $3,657,434 in current year depreciation ($3,597,286 from Governmental activities and $60,148 from Business-type activities). (See Figure A-8). (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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Capital Assets and Debt Administration

Capital Assets

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percent
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	Change
Land	$ 649,333	$ 649,333			$ 649,333	$ 649,333	0.00%
Site Improvements	1,578,122	1,218,202			1,578,122	1,218,202	29.55%
Buildings and Building Improvements	75,483,905	77,194,324			75,483,905	77,194,324	-2.22%
Machinery & Equipment	6,138,224	4,471,478	$ 361,826	$ 412,509	6,500,050	4,883,987	33.09%
Total Capital Assets (Net of Depreciation)	$83,849,584	$83,533,337	$ 361,826	$ 412,509	$84,211,410	$83,945,846	0.32%

Long-term Debt

At year-end, the District had $80,293,000 in general obligation bonds, $50,452 in capital leases and $737,803 in compensated absences payable - a decrease of $2,372,789 from the prior year. (See Figure A-9). (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements).

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percentage
	2012/13	2011/12	Change
General Obligation Bonds (Financed with Property Taxes)	$ 80,293,000	$ 82,648,000	-2.8%
Deferred Interest on Refunding Bonds	(322,506)	(340,423)	-5.3%
Net General Obligation Bonds	79,970,494	82,307,577	-2.84%
Other Long-Term Debt	788,255	823,961	-4.33%
Total Long-Term Debt Outstanding	$ 80,758,749	$ 83,131,538	-2.85%

- The District continued to pay down its debt, retiring $2,355,000 of serial bonds and $52,683 of capital leases.
- The District's liability for accumulated sick and vacation time increased by $16,977.

SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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Factors Bearing on the District's Future

Currently, the District is in good financial condition. The District administration and Sparta Township Board of Education are grateful for the community support of the schools. However, due to an environment of flat state aid, reducing property values and a county-wide trend in reduced student enrollment, there is an increasing reliance on local property taxes to fund school district operations. A major concern is that an extraordinary financial burden is placed on taxpayers just to maintain appropriate class sizes and services.

Future finances will continue to be challenged with legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable undesignated general fund balance to 2% at the end of the 2010/2011 school year. This has left the District with very little protection in the event of any significant emergencies. This law also places limits on the District's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed, and the ability to transfer available funds between appropriation accounts, and severely impacts our ability to maintain and improve our facilities.

As stated earlier in this report, in May 2012 Moody's confirmed the Aa2 Rating on Sparta Township School District's (NJ) General Obligation Bonds and removed the rating from "Under Review". The Aa2 rating confirmation reflects the District's "sufficient and improving finances and sizable tax base with above-average resident wealth levels". The District's equalized valuation is a large $3.4 billion. In fiscal 2011, "financial operations improved as the district was able to reduce instruction costs and keep other expenditures relatively flat to offset further state aid reductions. Total fund balance increased from a narrow $3.2 million (or 5.9% of revenues) in fiscal 2009 to a healthy $7.1 million (or 12.3% of revenues). Budget documents for fiscal 2012 and fiscal 2013 indicate that the district continues to be prudent through the near-term".

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator at the Sparta Board of Education, 18 Mohawk Avenue, Sparta, NJ 07871.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 6,473,846	$ 59,228	$ 6,533,074
Internal Balances	(27,268)	27,268	
Receivables from State Government	375,655	469	376,124
Receivables from Federal Government	155,833	6,784	162,617
Other Receivables	88,409		88,409
Inventory		12,057	12,057
Unamortized Bond Issuance Costs	178,333		178,333
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	925,333		925,333
Maintenance Reserve Account	500,000		500,000
Capital Assets, Net			
Site (Land) and Construction in Progress	649,333		649,333
Depreciable Site Improvements, Building and Building Improvements, & Machinery/Equipment	83,200,251	361,826	83,562,077
Total Assets	92,519,725	467,632	92,987,357
LIABILITIES			
Current Liabilities:			
Accounts Payable	744,834		744,834
Accrued Interest Payable	456,398		456,398
Accrued Liability for Health Benefits Claims	749,909		749,909
Unamortized Bond Premium	500,839		500,839
Payable to Other Governments	119,068		119,068
Unearned Revenue	77,323	3,742	81,065
Noncurrent Liabilities:			
Due Within One Year	2,711,912		2,711,912
Due Beyond one Year	78,046,837		78,046,837
Total liabilities	83,407,120	3,742	83,410,862
NET POSITION			
Net Investment in Capital Assets	3,506,132	361,826	3,867,958
Restricted for:			
Capital Projects	2,611,107		2,611,107
Debt Service	1		1
Other Purposes	2,494,645		2,494,645
Unrestricted	500,720	102,064	602,784
Total Net Position	$ 9,112,605	$ 463,890	$ 9,576,495

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular Instruction	$ 28,006,864		$ 6,143,144		$ (21,863,720)		$ (21,863,720)
Special Education Instruction	6,528,485		3,036,150		(3,492,335)		(3,492,335)
Other Special Instruction	883,938		77,353		(806,585)		(806,585)
School-Sponsored/Other Instruction	1,372,354		117,701		(1,254,653)		(1,254,653)
Support Services:							
Tuition	2,383,876		525,035		(1,858,841)		(1,858,841)
Student & Instruction Related Services	7,943,604		752,691		(7,190,913)		(7,190,913)
General Administration Services	788,934		39,327		(749,607)		(749,607)
School Administration Services	3,511,073		351,591		(3,159,482)		(3,159,482)
Central Services	699,048		69,934		(629,114)		(629,114)
Administrative Information Technology	443,112		4,190		(438,922)		(438,922)
Plant Operations and Maintenance	5,057,783		342,603		(4,715,180)		(4,715,180)
Pupil Transportation	3,706,312		1,112,921		(2,593,391)		(2,593,391)
Charter School	447,707				(447,707)		(447,707)
Unallocated Depreciation	2,522,108				(2,522,108)		(2,522,108)
Interest on Long-Term Debt	3,499,317				(3,499,317)		(3,499,317)
Total Governmental Activities	67,794,515		12,572,640		(55,221,875)		(55,221,875)

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital 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
Business-Type Activities:							
Food Service	$ 886,791	$ 692,588	$ 108,307			$ (85,896)	$ (85,896)
Total Business-Type Activities	886,791	692,588	108,307			(85,896)	(85,896)
Total Primary Government	$ 68,681,306	$ 692,588	$ 12,680,947	$ - 0 -	$ (55,221,875)	(85,896)	(55,307,771)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					49,708,131		49,708,131
Property Taxes Levied for Debt Service					5,267,091		5,267,091
Federal and State Aid not Restricted					603,494		603,494
Interest and Miscellaneous Income					190,753	407	191,160
Total General Revenues					55,769,469	407	55,769,876
Change in Net Position					547,594	(85,489)	462,105
Net Position - Beginning					8,565,011	549,379	9,114,390
Net Position - Ending					$ 9,112,605	$ 463,890	$ 9,576,495

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

FUND FINANCIAL STATEMENTS

SPARTA TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 3,574,621	$ 16,336	$ 3,182,888	$ 1	$ 6,773,846
Interfunds Receivable	1,153,002				1,153,002
Receivables from State Government	362,971	12,684			375,655
Receivables from Federal Government	618	155,215			155,833
Other Receivables	66,085	22,324			88,409
Restricted Cash and Cash Equivalents	1,125,333				1,125,333
Total Assets	$ 6,282,630	$ 206,559	$ 3,182,888	$ 1	$ 9,672,078
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 734,666	$ 10,168			$ 744,834
Interfunds Payable	27,268		$ 1,153,002		1,180,270
Accrued Liability for Health Benefits Claims	749,909				749,909
Payable to State Government		119,068			119,068
Unearned Revenue		77,323			77,323
Total Liabilities	1,511,843	206,559	1,153,002		2,871,404
Fund Balances:					
Restricted for:					
Capital Reserve Account	625,333				625,333
Maintenance Reserve Account	500,000				500,000
Excess Surplus - For Subsequent Year's Expenditures	1,015,753				1,015,753
Excess Surplus	978,892				978,892
Capital Projects Fund			1,985,774		1,985,774
Debt Service Fund				$ 1	1
Committed			44,112		44,112

SPARTA TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES					
Fund Balances:					
Assigned:					
Year-end Encumbrances	$ 969,103				$ 969,103
For Subsequent Year's Expenditures	75,160				75,160
Unassigned	606,546				606,546
Total Fund Balances	4,770,787		$ 2,029,886	$ 1	6,800,674
Total Liabilities and Fund Balances	$ 6,282,630	$ 206,559	$ 3,182,888	$ 1	$ 9,672,078

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

Total Fund Balances - Governmental Funds (Above)	$ 6,800,674
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The costs not reported in the Funds. The cost of the assets is $112,736,461 and the accumulated depreciation is $28,886,877.	83,849,584
Long-Term Liabilities, including Bonds Payable, are not due in the current the current period and therefore are not reported as liabilities in the Funds.	(80,758,749)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(456,398)
Bond issuance premiums are reported as revenue in the Governmental Funds in the year of receipt. The original premium is $639,960 and accumulated amortization is $139,121.	(500,839)
Bond issuance costs are reported as expenditures in the Governmental Funds in the year of expenditure. The costs are $227,869 and accumulated amortization is $49,536.	178,333
Net Position of Governmental Activities (Exhibit A-1)	$ 9,112,605

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	$ 49,708,131			$ 5,267,091	$ 54,975,222
Miscellaneous	188,490	$ 73,348	$ 2,263		264,101
Total - Local Sources	49,896,621	73,348	2,263	5,267,091	55,239,323
State Sources	10,931,900	466,473		602,876	12,001,249
Federal Sources	618	1,100,920			1,101,538
Total Revenues	60,829,139	1,640,741	2,263	5,869,967	68,342,110
EXPENDITURES:					
Current:					
Instruction:					
Regular Education Instruction	19,171,048	710,221			19,881,269
Special Education Instruction	4,446,738	405,485			4,852,223
Other Special Instruction	509,056				509,056
School-Sponsored/Other Instruction	1,021,855				1,021,855
Support Services and Undistributed Costs:					
Tuition	1,858,841	525,035			2,383,876
Student & Instruction Related Services	5,707,123				5,707,123
General Administration Services	689,224				689,224
School Administration Services	2,449,551				2,449,551
Central Services	505,927				505,927
Adminstrative Information Technology	283,871				283,871
Plant Operations and Maintenance	5,045,851				5,045,851
Pupil Transportation	3,867,735				3,867,735
Unallocated Benefits	15,167,424				15,167,424

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Capital Outlay	$ 1,175,897		$ 658,563		$ 1,834,460
Charter School	447,707				447,707
Debt Service:					
Principal				$ 2,355,000	2,355,000
Interest and Other Charges				3,515,015	3,515,015
Total Expenditures	62,347,848	$ 1,640,741	658,563	5,870,015	70,517,167
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,518,709)		(656,300)	(48)	(2,175,057)
OTHER FINANCING SOURCES/(USES):					
Transfers In	2,263				2,263
Transfers Out			(2,263)		(2,263)
Total Other Financing Sources/(Uses)	2,263		(2,263)		
Net Change in Fund Balances	(1,516,446)		(658,563)	(48)	(2,175,057)
Fund Balance - July 1	6,287,233		2,688,449	49	8,975,731
Fund Balance - June 30	$ 4,770,787	$ - 0 -	$ 2,029,886	$ 1	$ 6,800,674

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

Exhibit B-3

SPARTA TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		$ (2,175,057)
Amounts reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation Expense	$ (3,597,286)	
Capital Outlays	3,913,533	
		316,247
Repayment of debt service principal 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.		2,355,000
Repayment of capital 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.		52,683
In the Statement of Activities, interest on long-term debt is accrued regardless of when it is due. In the Governmental Funds, interest is reported when due.		15,698
The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-)		(9,907)
The governmental funds report the effect of deferred interest costs relative to advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)		(17,917)
The governmental funds report the effect of bond premiums relative to advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (+)		27,824
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(16,977)
Change in Net Position of Governmental Activities (Exhibit A-2)		$ 547,594

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

Exhibit B-4

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 59,228
Accounts Receivable - State	469
Accounts Receivable - Federal	6,784
Interfund Receivable - General Fund	27,268
Inventories	12,057
Total Current Assets	105,806
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	1,122,974
Less: Accumulated Depreciation	(761,148)
Total Non-Current Assets	361,826
Total Assets	467,632
LIABILITIES:	
Unearned Revenue	3,742
Total Liabilities	3,742
NET POSITION:	
Net Investment in Capital Assets	361,826
Unrestricted	102,064
Total Net Position	$ 463,890

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

Exhibit B-5

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Daily Sales - Reimbursable Programs	$ 293,417
Daily Sales - Non-Reimbursable Programs	361,248
Special Events	37,923
Total Operating Revenue	692,588
Operating Expenses:	
Cost of Sales	272,637
Salaries and Benefits	318,110
Purchased Services	61,366
Management Fee	70,266
Resident Director Fee	51,291
Supplies and Materials	52,973
Depreciation Expense	60,148
Total Operating Expenses	886,791
Operating Loss	(194,203)
Non-Operating Revenue:	
State Sources:	
School Lunch Program	5,188
Federal Sources:	
National School Breakfast Program	388
National School Lunch Program	73,915
Food Distribution Program	28,816
Local Sources:	
Interest Income	407
Total Non-Operating Revenue	108,714
Change in Net Position	(85,489)
Net Position - Beginning of Year	549,379
Net Position - End of Year	$ 463,890

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

Exhibit B-6

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds	
		Food Service
Cash Flows from Operating Activities:		
Receipts from Customers	$	692,588
Payments to Employees		(318,110)
Payments to Suppliers		(483,150)
Net Cash Used for Operating Activities		(108,672)
Cash Flows from Capital Financing Activities:		
Acquisition of Equipment		(9,465)
Net Cash Used for Capital and Related Financing Activities		(9,465)
Cash Flows from Noncapital Financing Activities:		
State Sources		5,040
Federal Sources		71,187
Advanced to General Fund		(27,268)
Net Cash Provided by Noncapital and Related Financing Activities		48,959
Cash Flows from Investing Activities:		
Interest Revenue		407
Net Cash Provided by Investing Activities		407
Net Decrease in Cash and Cash Equivalents		(68,771)
Cash and Cash Equivalents, July 1		127,999
Cash and Cash Equivalents, June 30	$	59,228
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(194,203)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:		
Depreciation		60,148
Federal Food Distribution Program		28,816
Changes in Assets and Liabilities:		
(Increase) in Inventory		(3,754)
Increase in Unearned Revenue		321
Net Cash Used for Operating Activities	$	(108,672)

Non-Cash Investing, Capital and Financing Activities:

The District had $3,421 in USDA donated commodities at June 30, 2012, received commodities valued at $29,137, used commodities valued at $28,816, and had $3,742 in commodities at June 30, 2013.

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

Exhibit B-7

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency	Private Purpose Scholarship Trust	Unemployment Compensation Trust
ASSETS:			
Cash and Cash Equivalents	$ 698,850	$ 84,791	$ 232,703
Total Assets	698,850	84,791	232,703
LIABILITIES:			
Payroll Deductions and Withholdings	499,577		
Due to Student Groups	199,273		
Total Liabilities	698,850		
NET POSITION:			
Held in Trust for Unemployment Claims		232,703	232,703
Total Net Position	$ - 0 -	$ 232,703	$ 232,703

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

Exhibit B-8

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Private Purpose Scholarship Trust	Unemployment Compensation Trust
ADDITIONS:		
Contributions:		
Donations	$ 94,700	
Employee		$ 44,374
Total Contributions	94,700	44,374
Investment Earnings:		
Interest	91	519
Net Investment Earnings	91	519
Total Additions	94,791	44,893
DEDUCTIONS:		
Scholarhsip Payments	10,000	
Unemployment Payments - State of New Jersey		82,026
Total Deductions	10,000	82,026
Change in Net Position	84,791	(37,133)
Net Position- July 1		269,836
Net Position - June 30	$ 84,791	$ 232,703

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Sparta Township 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 District's accounting policies are described below.

A. Reporting Entity:

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include three elementary schools, a middle school, and a senior high school located in Sparta. 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 District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

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

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

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the District'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.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activity Fund, Payroll Agency Fund, Private Purpose Scholarship and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting:

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

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

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

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2013 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. Budget amendments/transfers must be made by board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

Sources/Inflows of Resources:	General Fund	Special Revenue Fund
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 60,896,909	$ 1,745,231
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		(104,490)
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	494,013	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	(561,783)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 60,829,139	$ 1,640,741

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

Uses/Outflows of Resources:	General Fund	Special Revenue Fund
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 62,347,848	$ 1,745,231
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(104,490)
Total Expenditures as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	$ 62,347,848	$ 1,640,741

E. Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to 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 source/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures 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, 2013.

K. Capital Assets:

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

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

	Estimated Useful Life
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond 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 discounts, as well as bond issuance costs, as expenditures 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2013.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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 unions.

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 beyond one year.

O. Unearned Revenue:

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the $4,770,787 General Fund balance at June 30, 2013, $969,103 is assigned for year-end encumbrances; $625,333 is restricted in the capital reserve account; $500,000 is restricted in the maintenance reserve account; $75,160 is assigned for subsequent year's expenditures; $978,892 is current year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2015; $1,015,753 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014; and $606,546 is unassigned on the GAAP basis (which is $561,783 less than the calculated maximum unassigned fund balance on the budgetary basis due to the June state aid payments which are not recognized until the following fiscal year).

Capital Projects Fund: Of the District's $2,029,886 Capital Projects Fund balance at June 30, 2013, $1,985,774 is restricted and $44,112 is committed.

Debt Service Fund: The Debt Service Fund balance at June 30, 2013 of $1 is restricted.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by $561,783 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record this state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments in the GAAP financial statements until the year the State records the payable.

The excess surplus calculation is made using the fund balance reported on the Budgetary Comparison Schedule (including the final state aid payments), and not the fund balance reported on the Fund Statements (which exclude the last two state aid payments).

Q. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

Q. Net Position: (Cont'd)

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 did not have any deferred inflows or outflows of resources at June 30, 2013.

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

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

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

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

R. 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 have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, the Capital Projects Fund and Debt Service Fund.

The District has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Board members at a public meeting of that governing body. The Board must also utilize a formal motion or a resolution passed by a majority of the Board members at a public meeting of that governing body in order to remove or change the commitment of resources. The District has $44,112 of committed resources in the Capital Projects Fund at June 30, 2013.

The assignment of resources is generally made by the District through a motion or a resolution passed by a majority of the Board members. 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 may allow an official of the District to assign resources through policies adopted by the Board. The District has assigned resources in the amount of $969,103 for year-end encumbrances and $75,160 for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2013.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

T. Operating Revenue and Expenses:

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

U. 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.

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.

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District'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 which are detailed on the following page.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

Deposits:

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 District to purchase the following types of securities:

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

(2) Government money market mutual funds;

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

(4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

(5) Local government investment pools;

(6) Deposits with the State of New Jersey Cash Management Fund; or

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

  (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;

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

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

  (d) the underlying securities are purchased through a public depository as defined in statute; and

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

As of June 30, 2013, cash and cash equivalents of the District consisted of the following:

		Restricted		
	Cash and Cash Equivalents	Capital Reserve Account	Maintenance Reserve Account	Total
Checking and Savings Accounts	$ 5,724,097	$ 625,333	$ 500,000	$ 6,849,430
Temporary Deposits with Insurance Company	2,125,321			2,125,321
	$ 7,849,418	$ 625,333	$ 500,000	$ 8,974,751

The carrying amount of the Board's cash and cash equivalents at June 30, 2013, was $8,974,751 and the bank balances were $13,209,591. The temporary deposits with the District's health insurance carrier, Horizon Blue Cross Blue Shield, are uninsured and unregistered.

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2013, the District also transferred $228,483 to capital outlay line items for facilities acquisition and construction services which required County Superintendent approval.

NOTE 5. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Sparta Township School District 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 (June 1 to June 30) 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-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance July 1, 2012		$ 424,355
Deposits:		
Interest Earnings	$ 978	
Increase by Board Resolution (June 24, 2013)	200,000	
		200,978
Ending Balance June 30, 2013		$ 625,333

The balance in the capital reserve account at June 30, 2013 does not exceed the local support costs of uncompleted Capital projects in the District's approved LRFP.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	$ 649,333			$ 649,333
Construction in Progress		$ 658,563	$ (658,563)	
Total Capital Assets Not Being Depreciated	649,333	658,563	(658,563)	649,333
Capital Assets Being Depreciated:				
Site Improvements	2,778,887	489,264		3,268,151
Buildings and Building Improvements	93,891,977	421,929	232,878	94,546,784
Machinery and Equipment	11,553,510	2,343,777	374,906	14,272,193
Total Capital Assets Being Depreciated	108,224,374	3,254,970	607,784	112,087,128
Governmental Activities Capital Assets	108,873,707	3,913,533	(50,779)	112,736,461
Less Accumulated Depreciation for:				
Site Improvements	(1,560,685)	(129,344)		(1,690,029)
Buildings and Building Improvements	(16,697,653)	(2,365,226)		(19,062,879)
Machinery and Equipment	(7,082,032)	(1,102,716)	50,779	(8,133,969)
	(25,340,370)	(3,597,286)	50,779	(28,886,877)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 83,533,337	$ 316,247	$ - 0 -	$ 83,849,584
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	$ 1,113,509	$ 9,465		$ 1,122,974
Less Accumulated Depreciation	(701,000)	(60,148)		(761,148)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	$ 412,509	$ (50,683)	$ - 0 -	$ 361,826
Total Governmental and Business-Type Activties Capital Assets, Net of Depreciation	$ 83,945,846	$ 265,564	$ - 0 -	$ 84,211,410

Capital acquisitions consisted of $3,922,998 of equipment purchases and building improvements ($3,913,533 from Governmental Funds and $9,465 from the Food Service Enterprise Fund). Current year depreciation was $3,657,434 ($3,597,286 from Governmental Funds and $60,148 from the Food Service Enterprise Fund).

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	$ 448,674
Special Education Instruction	2,191
Other Special Instruction	144,534
General Administration	4,555
School Administrative Services	25,657
Central Services	1,951
Administration Information Technology	294,734
Operations and Maintenance of Plant	95,792
Student Transportation	57,090
Unallocated	2,522,108
	$ 3,597,286

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2012	Increased	Decreased	Balance 6/30/2013
Serial Bonds Payable	$ 82,648,000		$ 2,355,000	$ 80,293,000
Less: Deferred Interest	(340,423)	$ 17,917		(322,506)
Net Bonds Payable	82,307,577	17,917	2,355,000	79,970,494
Compensated Absences Payable	720,826	24,446	7,469	737,803
Capital Leases Payable	103,135		52,683	50,452
	$ 83,131,538	$ 42,363	$ 2,415,152	$ 80,758,749

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 through the debt service fund.

On July 1, 2008, the District issued $19,830,000 refunding bonds with interest rates ranging from 3.25% to 5.00% to refund $19,830,000 of the $22,705,000 school bonds dated March 1, 1999 with rates ranging from 4.20% to 5.00%. The refunding bonds will mature on September 1, 2008 through September 1, 2026 and constitute a current refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who paid the debt service requirements of the refunded bonds on September 1, 2008 and redeemed the refunded bonds, at a redemption price equal to 100% of par, on September 1, 2008, which was the first optional redemption date. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

A. Bonds Payable: (Cont'd)

As a result of the refunding, the School District reduced its total debt service requirement by $1,536,584 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,155,372, or 5.826% net present value savings.

The District had bonds outstanding as of June 30, 2013 as follows:

$71,513,000 School Bonds Dated 12/5/2006

Due Date	Interest Rate	Principal Amount
02/15/2014	4.250%	$ 1,500,000
02/15/2015	4.250%	1,500,000
02/15/2016	4.250%	1,750,000
02/15/2017	4.250%	1,900,000
02/15/2018	4.250%	2,000,000
02/15/2019	4.250%	2,150,000
02/15/2020	4.250%	2,250,000
02/15/2021	4.250%	2,500,000
02/15/2022	4.250%	2,500,000
02/15/2023	4.250%	2,750,000
02/15/2024	4.250%	3,000,000
02/15/2025	4.250%	3,000,000
02/15/2026	4.300%	3,150,000
02/15/2027	4.300%	3,250,000
02/15/2028	4.300%	3,600,000
02/15/2029	4.300%	3,600,000
02/15/2030	4.300%	3,550,000
02/15/2031	4.300%	3,500,000
02/15/2032	4.300%	3,500,000
02/15/2033	4.300%	3,500,000
02/15/2034	4.300%	3,500,000
02/15/2035	4.300%	3,500,000
02/15/2036	4.300%	3,513,000
		64,963,000

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

A. Bonds Payable: (Cont'd)

$19,830,000 School Refunding Bonds Dated 7/1/2008

Due Date	Interest Rate	Principal Amount
09/01/2013	3.250%	$ 1,205,000
09/01/2014	3.608%	1,180,000
09/01/2015	3.634%	1,160,000
09/01/2016	3.857%	1,140,000
09/01/2017	4.678%	1,125,000
09/01/2018	5.000%	1,120,000
09/01/2019	5.000%	1,105,000
09/01/2020	4.000%	1,090,000
09/01/2021	4.000%	1,075,000
09/01/2022	5.000%	1,060,000
09/01/2023	5.000%	1,045,000
09/01/2024	4.250%	1,030,000
09/01/2025	4.250%	1,010,000
09/01/2026	4.375%	985,000
		15,330,000
Total Bonds Payable		$ 80,293,000

Principal and interest due on serial bonds outstanding are as follows:

Fiscal Year	Principal	Interest	Total
2014	$ 2,705,000	$ 3,413,809	$ 6,118,809
2015	2,680,000	3,309,190	5,989,190
2016	2,910,000	3,203,078	6,113,078
2017	3,040,000	3,085,641	6,125,641
2018	3,125,000	2,956,591	6,081,591
2019-2023	17,600,000	12,669,890	30,269,890
2024-2028	20,070,000	8,526,823	28,596,823
2029-2033	17,650,000	4,526,395	22,176,395
2034-2036	10,513,000	904,677	11,417,677
	$ 80,293,000	$ 42,596,094	$ 122,889,094

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

B. Bonds Authorized But Not Issued:

As of June 30, 2013, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District has entered into capital leases for buses totaling $297,025. The capital leases are for terms of five years in length and will be liquidated by the General Fund. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2013.

Year	Amount
2014	$ 26,443
2015	26,442
Total minimum lease payments	52,885
Less: Amount representing interest	(2,433)
Present value of net minimum lease payments	$ 50,452

The current portion of capital leases payable is $24,829 and the long-term portion is $25,623.

D. Compensated Absences:

The liability for compensated absences of the governmental fund type is recorded in the long-term liabilities and will be liquidated by the General Fund. There is no current portion and the entire $737,803 represents the long-term portion of compensated absences liability at June 30, 2013.

There was no liability for compensated absences payable in the District's Enterprise Funds at June 30, 2013.

NOTE 8. OPERATING LEASES

The District has commitments to lease copying equipment and mail equipment under operating leases which expire in 2016. Total operating lease payments made during the year ended June 30, 2013 were $22,860. Future minimum lease payments are as follows:

Year	Amount
2014	$ 22,862
2015	22,860
2016	10,618
Total Future Minimum Lease Payments	$ 56,340

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid $146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to $1,679,399, $1,703,064 and $1,791,344 for 2013, 2012 and 2011, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 10. PENSION PLANS

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) and the Public Employee's Retirement System (PERS) of New Jersey. However, if an employee is ineligible to enroll in the TPAF or the PERS, the employee may be eligible to enroll in the Defined Contribution Retirement Program (DCRP). The TPAF and the PERS are sponsored and administered by the State of New Jersey. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. 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 each of the above systems. 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.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective July 1, 2012, the employee contributions for PERS and TPAF increased from 6.5% to 6.64% of employees' annual compensation, as defined. Subsequent increased are being phased in over 7 years effective each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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 of 5.5% of employees' annual compensation for DCRP are matched by a 3% employer contribution.

District contributions to PERS amounted to $468,828, $522,103 and $499,151 for the fiscal years ended June 30, 2013, 2012 and 2011 respectively.

During the fiscal years ended June 30, 2013, 2012 and 2011 the State of New Jersey contributed $1,485,212, $847,186 and $-0-, respectively, to the TPAF for pension benefits on-behalf of the District.

The employer and employee contributions to DCRP for the fiscal years ended June 30, 2013, 2012 and 2011 were $17,280, $6,594 and $-0-, respectively.

NOTE 11. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution in June 2013. 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. 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, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance July 1, 2012	$ -0-
Deposits:	
Increase by Board Resolution (June 24, 2013)	500,000
Ending Balance June 30, 2013	$ 500,000

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 12. RISK MANAGEMENT

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

Property, Liability and Health Benefits

The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery and School Board Legal Liability Insurance. The SAIF is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

As a member of the SAIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF were to be exhausted, members would become responsible for their respective shares of the SAIF's liabilities.

The SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distributions are declared.

The SAIF's June 30, 2013 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2012 is as follows:

	School Alliance Insurance Fund
Total Assets	$ 36,551,011
Net Position	$ 12,224,220
Total Revenue	$ 28,022,109
Total Expenses	$ 28,300,068
Change in Net Position	$ (277,959)
Member's Dividends	$ 1,223,485

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

The District currently maintains medical and prescription health care insurance with Horizon Blue Cross Blue Shield ("Horizon"). The insurance plan is a traditionally funded, fully participating plan whereby the District participates in any margins or losses generated by claims experience and Horizon holds reserves for its estimated liability for incurred but not reported claims which are calculated by Horizon's actuary.

The accrued liability for health benefits claims represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of June 30. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the District, various other industry statistics, including the effects of inflation and other societal or economic factors, and the District's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess-loss insurance or reinsurance.

The District has created loss reserves for any potential unreported losses which have taken place but in which the District has not received notices or reports of losses. Loss reserves, which have been estimated by the claims administrator, are as follows:

	Year Ended June 30, 2012	Year Ended June 30, 2013
Premium Stabilization Reserve with Horizon - Beginning of Year	$ 841,683	$ 962,663
Accrued Liability for Health Benefit Claims with Horizon - Beginning of Year	681,495	737,999
Total Temporary Investments with Insurance Company - Beginning of Year	1,523,178	1,700,662
Interest Earnings	9,680	11,070
Paid Premiums	7,785,987	8,282,797
Paid Claims	(6,516,607)	(6,349,904)
Administrative Costs	(1,101,576)	(1,519,304)
Premium Stabilization Reserve - End of Year	962,663	1,375,412
Accrued Liability for Health Benefit Claims with Horizon - End of Year	737,999	749,909
Total Temporary Investments with Insurance Company - End of Year	$ 1,700,662	$ 2,125,321

New Jersey Unemployment Compensation Insurance

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

Fiscal Year	District Contributions	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2012-2013	$ -0-	$ 44,893	$ 82,026	$ 232,703
2011-2012	-0-	202,132	629,268	269,836
2010-2011	521,837	165,135	186,848	696,972

NOTE 13. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in claims and lawsuits arising from operations. 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, 2013, there were encumbrances as detailed below in the Governmental Funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Activities
$ 969,103	$ 114,091	$ 87,236	$ 1,170,430

On the District's Governmental Funds Balance Sheet as of June 30, 2013, $-0- is assigned for year-end encumbrances in the Special Revenue and Capital Projects Funds. The $114,091 of encumbrances in the Special Revenue Fund are not recognized on the GAAP basis and are reflected as a reduction in grants receivables or an increase in unearned revenue. The $87,236 of encumbrances in the Capital Projects Fund are not recognized on the GAAP basis and are reflected as fund balance restricted for capital projects.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 14. ECONOMIC DEPENDENCY

The District 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 District's programs and activities.

NOTE 15. DEFERRED COMPENSATION

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

TD Bank	Security First/Holden Co.
Equitable	Variable Annuity Life Insurance Co.
Fidelity Group	Siscor
First Investors	Siracusa
Kemper	Metropolitan Life Insurance Co.

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as at June 30, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 1,153,002	$ 27,268
Capital Projects Fund		1,153,002
Enterprise Fund	27,268	
	$ 1,180,270	$ 1,180,270

The General Fund advanced $1,153,002 over the past several years to the Capital Projects Fund as an interfund loan for cash flow purposes while awaiting SDA grant reimbursements. The interfund payable in the General Fund represents amounts owed for expenditures which were made for the General Fund in the Enterprise Fund at June 30, 2013.

NOTE 17. ACCOUNTS PAYABLE

At June 30, 2013, accounts payable consisted of the following:

	Governmental Activities		
	General Fund	Special Revenue Fund	Total Governmental Activities
Vendors	$ 734,666	$ 10,168	$ 744,834
	$ 734,666	$ 10,168	$ 744,834

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 18. TAX CALENDAR

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

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

SUPPLEMENTARY SCHEDULES

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 49,708,131		$ 49,708,131	$ 49,708,131	
Tuition	54,000		54,000	67,100	$ 13,100
Interest on Capital Reserve	5,000		5,000	978	(4,022)
Miscellaneous	100,281		100,281	120,412	20,131
Total - Local Sources	49,867,412		49,867,412	49,896,621	29,209
State Sources:					
Transportation Aid	1,120,448		1,120,448	1,120,448	
Special Education Aid	1,985,384		1,985,384	1,985,384	
Equalization Aid	2,286,550		2,286,550	2,286,550	
Security Aid	246,370		246,370	246,370	
Extraordinary Aid	312,000		312,000	244,311	(67,689)
Non-Public Transportation Aid				23,239	23,239
Reimbursed TPAF FICA Contributions (Non-budgeted)				1,928,757	1,928,757
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,485,212	1,485,212
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,679,399	1,679,399
Total State Sources	5,950,752		5,950,752	10,999,670	5,048,918
Federal Sources:					
Education Jobs Fund		618	618	618	
Total Federal Sources		618	618	618	
TOTAL REVENUES	55,818,164	618	55,818,782	60,896,909	5,078,127

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	$ 244,953	$ (54,324)	$ 190,629	$ 190,628	$ 1
Kindergarten - Salaries of Teachers	373,850	(60,239)	313,611	313,611	
Grades 1-5 - Salaries of Teachers	5,168,604	89,946	5,258,550	5,258,550	
Grades 6-8 - Salaries of Teachers	5,310,080	(111,841)	5,198,239	5,198,221	18
Grades 9-12 - Salaries of Teachers	6,563,920	(197,696)	6,366,224	6,362,131	4,093
Regular Programs - Home Instruction:					
Other Salaries for Instruction	60,000	300	60,300	60,271	29
Purchased Professional - Educational Services	47,000	40,606	87,606	61,095	26,511
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	58,000	43,119	101,119	101,119	
Purchased Professional - Educational Services	1,606	724	2,330	1,100	1,230
Purchased Technical Services	2,950		2,950	2,950	
Other Purchased Services (400-500 series)	10,425	16,059	26,484	23,154	3,330
General Supplies	1,691,831	494,579	2,186,410	1,495,116	691,294
Textbooks	126,825	8,950	135,775	102,652	33,123
Other Objects	1,650		1,650	450	1,200
Total Regular Programs - Instruction	19,661,694	270,183	19,931,877	19,171,048	760,829
Special Education - Instruction:					
Cognitive Mild:					
Other Salaries for Instruction		33,807	33,807	33,807	
Total Cognitive Mild		33,807	33,807	33,807	
Multiple Disabilities:					
Salaries of Teachers	758,902	(333,203)	425,699	424,277	1,422
General Supplies		827	827	791	36
Total Multiple Disabilities	758,902	(332,376)	426,526	425,068	1,458

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	$ 189,965	$ (131,812)	$ 58,153	$ 57,013	$ 1,140
Other Salaries for Instruction	108,065	(95,090)	12,975	12,851	124
General Supplies	817	(817)			
Total Learning and/or Language Disabilities	298,847	(227,719)	71,128	69,864	1,264
Resource Room/Resource Center:					
Salaries of Teachers	2,348,831	490,078	2,838,909	2,838,909	
Other Salaries for Instruction	839,457	(127,639)	711,818	711,818	
Other Purchased Services	360		360		360
General Supplies	7,835	100	7,935	7,432	503
Total Resource Room/Resource Center	3,196,483	362,539	3,559,022	3,558,159	863
Autism:					
Salaries of Teachers	53,054	(53,054)			
General Supplies	518	143	661	508	153
Total Autism	53,572	(52,911)	661	508	153
Preschool Disabilities - Part-Time:					
Salaries of Teachers	41,468	189,552	231,020	231,020	
Other Salaries for Instruction	80,701	47,107	127,808	127,808	
General Supplies	1,093		1,093	504	589
Total Preschool Disabilities - Part-Time	123,262	236,659	359,921	359,332	589
Total Special Education - Instruction	4,431,066	19,999	4,451,065	4,446,738	4,327

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	$ 426,614	$ (14,999)	$ 411,615	$ 411,615	
General Supplies	1,624		1,624	1,043	$ 581
Total Basic Skills/Remedial - Instruction	428,238	(14,999)	413,239	412,658	581
Bilingual Education - Instruction:					
Salaries of Teachers	96,195	203	96,398	96,398	
Total Bilingual Education - Instruction	96,195	203	96,398	96,398	
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	197,264	43,869	241,133	241,109	24
Purchased Services (300-500 series)	11,375		11,375	5,740	5,635
Supplies and Materials	4,650		4,650	3,544	1,106
Transfer to Cover Deficit	31,505		31,505	31,505	
Total School-Sponsored Cocurricular Activities - Instruction	244,794	43,869	288,663	281,898	6,765
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	446,015	9,039	455,054	455,054	
Purchased Services (300-500 series)	61,475	5,317	66,792	60,198	6,594
Supplies and Materials	71,082	(6,000)	65,082	63,842	1,240
Other Objects	4,940		4,940	4,555	385
Transfer to Cover Deficit	77,050	(550)	76,500	76,500	
Total School-Sponsored Cocurricular Athletics - Instruction	660,562	7,806	668,368	660,149	8,219

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Other Instructional Programs - Instruction:					
Salaries	$ 36,312	$ 41,974	$ 78,286	$ 76,833	$ 1,453
Purchased Services (300-500 series)	2,160	(1,790)	370	368	2
Supplies and Materials	1,200	1,790	2,990	2,607	383
Other Objects	525		525		525
Total Other Instructional Programs - Instruction	40,197	41,974	82,171	79,808	2,363
Total Instruction	25,562,746	369,035	25,931,781	25,148,697	783,084
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	774,611	(210,002)	564,609	560,593	4,016
Tuition to County Vocational School District - Regular	46,378	1,000	47,378	42,387	4,991
Tuition to County Vocational School District - Special	15,000	(1,000)	14,000	7,513	6,487
Tuition to Private Schools for the Disabled - Within the State	981,303	168,880	1,150,183	1,150,183	
Tuition to Private Schools for the Disabled - Outside the State	98,089	238	98,327	98,165	162
Tuition - State Facilities	30,750	(30,600)	150		150
Total Undistributed Expenditures - Instruction	1,946,131	(71,484)	1,874,647	1,858,841	15,806
Health Services:					
Salaries	420,389	(9,036)	411,353	411,220	133
Purchased Professional and Technical Services	6,940	364	7,304	5,355	1,949
Other Purchased Services (400-500 series)	1,425	931	2,356	1,487	869
Supplies and Materials	10,459	(1,449)	9,010	8,051	959
Other Objects	1,049	85	1,134	569	565
Total Health Services	440,262	(9,105)	431,157	426,682	4,475

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Speech, OT, PT and Other Related Services:					
Salaries	$ 395,808	$ (7,634)	$ 388,174	$ 388,173	$ 1
Purchased Professional-Educational Services	591,853	19,453	611,306	527,356	83,950
Supplies and Materials	30,161	86	30,247	20,661	9,586
Speech, OT, PT, and Other Related Services	1,017,822	11,905	1,029,727	936,190	93,537
Other Support Services - Students - Extraordinary					
Salaries	39,568	66,339	105,907	105,907	
Total Other Support Services - Students - Extraordinary	39,568	66,339	105,907	105,907	
Guidance:					
Salaries of Other Professional Staff	820,408	513	820,921	820,921	
Salaries of Secretarial and Clerical Assistants	154,518	2,996	157,514	157,413	101
Other Purchased Professional and Technical Services	6,800		6,800	3,998	2,802
Other Purchased Services (400-500 series)	14,478		14,478	4,953	9,525
Supplies and Materials	33,191	85	33,276	17,456	15,820
Other Objects	896		896	269	627
Total Guidance	1,030,291	3,594	1,033,885	1,005,010	28,875
Child Study Team:					
Salaries of Other Professional Staff	1,386,069	(31,825)	1,354,244	1,354,156	88
Salaries of Secretarial and Clerical Assistants	105,641	(556)	105,085	105,085	
Purchased Professional - Educational Services	8,157	19,322	27,479	21,494	5,985
Miscellaneous Purchased Services (400-500 Series)	14,589		14,589	4,897	9,692
Supplies and Materials	37,616	(1,585)	36,031	29,666	6,365
Other Objects	2,528		2,528	2,001	527
Total Child Study Team	1,554,600	(14,644)	1,539,956	1,517,299	22,657

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	$ 169,830	$ (3,257)	$ 166,573	$ 151,584	$ 14,989
Salaries of Other Professional Staff	547,604	18,262	565,866	564,918	948
Salaries of Secretarial and Clerical Assistants	46,818	557	47,375	47,375	
Other Salaries	10,000	521	10,521	10,521	
Other Purchased Prof. and Tech. Services	9,000	(4,800)	4,200	300	3,900
Other Purchased Services (400-500)	1,900	2,279	4,179	1,965	2,214
Supplies and Materials	5,500		5,500	4,171	1,329
Other Objects	2,579	2,700	5,279	5,163	116
Total Improvement of Instructional Services	793,231	16,262	809,493	785,997	23,496
Educational Media Services/School Library:					
Salaries	348,593	(35,160)	313,433	313,433	
Salaries of Technology Coordinators	533,689	(55,867)	477,822	477,822	
Salaries of Secretarial and Clerical Assistants		28,217	28,217	28,217	
Other Purchased Professional and Technical Services	3,587		3,587	2,709	878
Other Purchased Services (400-500 series)	34,603	600	35,203	32,454	2,749
Supplies and Materials	32,277	(600)	31,677	25,782	5,895
Other Objects	190		190	190	
Total Educational Media Services/School Library	952,939	(62,810)	890,129	880,607	9,522
Instructional Staff Training Services:					
Other Salaries	10,000	(3,475)	6,525	6,525	
Other Purchased Professional and Technical Services		4,500	4,500	2,400	2,100
Other Purchased Services (400-500 series)	56,625	(1,533)	55,092	39,205	15,887
Supplies and Materials	2,000		2,000	1,272	728
Other Objects	604		604	29	575
Total Instructional Staff Training Services	69,229	(508)	68,721	49,431	19,290

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
General Administration:					
Salaries	$ 312,421	$ (54,144)	$ 258,277	$ 258,277	
Legal Services	155,000	9,000	164,000	163,998	$ 2
Audit Fees	55,000	7,275	62,275	62,275	
Other Purchased Professional Services	6,000		6,000	3,264	2,736
Purchased Technical Services	41,280	(719)	40,561	33,054	7,507
Communications/Telephone	115,000	(17,001)	97,999	55,441	42,558
Board of Education Other Purchased Services	1,500		1,500	1,443	57
Other Purchased Services (400-500 series)	72,000	(29,028)	42,972	34,983	7,989
General Supplies	10,187	4,500	14,687	13,929	758
BOE In-house Training/Meeting Supplies	500	(500)			
Judgements Against the School District		17,000	17,000	17,000	
Miscellaneous Expenditures	17,000	3,748	20,748	20,728	20
Board of Education Membership Dues and Fees	25,000		25,000	24,832	168
Total General Administration	810,888	(59,869)	751,019	689,224	61,795
School Administration:					
Salaries of Principals/Assistant Principals	1,651,299	(34,441)	1,616,858	1,602,942	13,916
Salaries of Secretarial and Clerical Assistants	696,548	13,115	709,663	706,119	3,544
Other Purchased Services (400-500 series)	74,751	(139)	74,612	50,467	24,145
Supplies and Materials	78,231	(1,289)	76,942	67,328	9,614
Other Objects	18,860	6,037	24,897	22,695	2,202
Total School Administration	2,519,689	(16,717)	2,502,972	2,449,551	53,421

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Central Services:					
Salaries	$ 457,526	$ 1,763	$ 459,289	$ 459,289	
Purchased Technical Services	1,000	(1,000)			
Other Purchased Services (400-500 series)	21,700	(593)	21,107	20,642	$ 465
Supplies and Materials	9,000	13,559	22,559	22,558	1
Micellaneous Expenditures	3,600		3,600	3,438	162
Total Central Services	492,826	13,729	506,555	505,927	628
Administrative Information Technology:					
Salaries					
Purchased Technical Services	28,000		28,000	27,519	481
Other Purchased Services (400-500 series)	307,850	(60,351)	247,499	246,465	1,034
Supplies and Materials	16,205	(5,111)	11,094	9,887	1,207
Total Administrative Information Technology	352,055	(65,462)	286,593	283,871	2,722
Required Maintenance of School Facilities:					
Salaries	459,614	18,756	478,370	478,370	
Cleaning, Repair and Maintenance Services	239,856	82,707	322,563	316,915	5,648
General Supplies	104,039	9,569	113,608	80,066	33,542
Other Objects	250		250	225	25
Total Required Maintenance of School Facilities	803,759	111,032	914,791	875,576	39,215
Security:					
Salaries	56,076	(5,887)	50,189	50,189	
Total Security	56,076	(5,887)	50,189	50,189	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Custodial Services:					
Salaries	$ 1,690,589	$ 35,282	$ 1,725,871	$ 1,721,476	$ 4,395
Purchased Professional and Technical Services	8,800		8,800	5,172	3,628
Cleaning, Repair and Maintenance Services	334,960	17,075	352,035	268,648	83,387
Other Purchased Property Services	180,000	2,040	182,040	176,241	5,799
Insurance	204,028	69,414	273,442	273,442	
Miscellaneous Purchased Services	3,800		3,800	1,619	2,181
General Supplies	208,418	(1,012)	207,406	188,566	18,840
Energy (Electricity)	1,218,920	(51,851)	1,167,069	1,034,785	132,284
Energy (Natural Gas)	40,000		40,000	25,847	14,153
Energy (Oil)	574,196	(69,054)	505,142	424,290	80,852
Total Custodial Services	4,463,711	1,894	4,465,605	4,120,086	345,519
Total Operations & Maintenance of Plant	5,323,546	107,039	5,430,585	5,045,851	384,734
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	560,400	(76,444)	483,956	447,308	36,648
Between Home and School - Special Education	190,000	(5,446)	184,554	184,554	
Other Than Between Home and School	39,900	18,520	58,420	41,152	17,268
Other Purchased Professional and Technical Services	8,870	(4,985)	3,885	2,111	1,774
Cleaning, Repair and Maintenance Services	155,965	(10,931)	145,034	119,879	25,155
Lease Purchase Payments - School Buses	26,443	29,687	56,130	56,130	
Contracted Services:					
Between Home and School - Vendors	1,709,029	(6,471)	1,702,558	1,693,549	9,009

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Student Transportation Services: (Cont'd)					
Contracted Services:					
Between Home and School - Joint Agreements	$ 195,000	$ 69,000	$ 264,000	$ 263,712	$ 288
Other Than Between Home and School - Vendors	115,000	6,253	121,253	120,800	453
Special Education Students - Vendors	63,895	(43,665)	20,230	20,230	
Special Education Students - Joint Agreements	121,780	49,540	171,320	161,506	9,814
Regular Students - ESCs & CTSAs	18,000	(1,495)	16,505	15,704	801
Special Education Students - ESCs & CTSAs	628,370	(500)	627,870	495,840	132,030
Aid in Lieu of Payments - Non-Public Schools	90,000		90,000	59,524	30,476
Miscellaneous Purchased Services - Transportation		6,660	6,660	6,160	500
Supplies and Materials	4,000	(150)	3,850	3,521	329
Transportation Supplies	289,475	(41,290)	248,185	174,865	73,320
Miscellaneous Expenditures	1,250	265	1,515	1,190	325
Total Student Transportation Services	4,217,377	(11,452)	4,205,925	3,867,735	338,190
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	575,000	103,172	678,172	676,761	1,411
Other Retirement Contributions - PERS	560,000	(91,172)	468,828	468,828	
Unemployment Compensation	300,000	(298,614)	1,386	1,211	175
Workmen's Compensation	325,000		325,000	323,304	1,696
Health Benefits	8,499,565	(175,366)	8,324,199	7,749,661	574,538
Tuition Reimbursement	200,000		200,000	200,000	
Other Employee Benefits	675,000		675,000	654,291	20,709
Total Unallocated Benefits	11,134,565	(461,980)	10,672,585	10,074,056	598,529
Reimbursed TPAF FICA Contributions (Non-budgeted)				1,928,757	(1,928,757)
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,485,212	(1,485,212)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,679,399	(1,679,399)
Total Personal Services - Employee Benefits	11,134,565	(461,980)	10,672,585	15,167,424	(4,494,839)

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Undistributed Expenditures	$ 32,695,019	$ (555,163)	$ 32,139,856	$ 35,575,547	$ (3,435,691)
TOTAL GENERAL CURRENT EXPENSE	58,257,765	(186,128)	58,071,637	60,724,244	(2,652,607)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		12,600	12,600		12,600
Grades 6-8		5,929	5,929	5,929	
Grades 9-12	39,795	(5,444)	34,351	34,349	2
Undistributed Expenditures:					
Required Maintenance for School Facilities	194,898	(181,532)	13,366		13,366
Student Transportation	50,620		50,620	49,920	700
Custodial Services	92,858	5,994	98,852	98,852	
School Buses - Regular Education		90,000	90,000		90,000
School Buses - Special Education	120,000	56,081	176,081	116,859	59,222
Total Equipment	498,171	(16,372)	481,799	305,909	175,890
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	51,804	44,905	96,709	96,701	8
Construction Services	580,000	138,720	718,720	670,855	47,865
Supplies & Materials	48,000	44,858	92,858	92,858	
Other Objects	9,574		9,574	9,574	
Total Facilities Acquisition and Construction Services	689,378	228,483	917,861	869,988	47,873
TOTAL CAPITAL OUTLAY	1,187,549	212,111	1,399,660	1,175,897	223,763
Transfer of Funds to Charter Schools	470,475	(22,765)	447,710	447,707	3

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	$ 59,915,789	$ 3,218	$ 59,919,007	$ 62,347,848	$ (2,428,841)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(4,097,625)	(2,600)	(4,100,225)	(1,450,939)	2,649,286
Other Financing Sources:					
Transfer from Capital Projects Fund - Interest				2,263	2,263
Total Other Financing Sources				2,263	2,263
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(4,097,625)	(2,600)	(4,100,225)	(1,448,676)	2,651,549
Fund Balance, July 1	6,781,246		6,781,246	6,781,246	
Fund Balance, June 30	$ 2,683,621	$ (2,600)	$ 2,681,021	$ 5,332,570	$ 2,651,549

Analysis of Balance:	
Restricted for:	
Capital Reserve Account	$ 625,333
Maintenance Reserve Account	500,000
Excess Surplus	978,892
Excess Surplus - Designated for Subsequent Year's Expenditures	1,015,753
Assigned:	
Year-end Encumbrances	969,103
Designated for Subsequent Year's Expenditures	75,160
Unassigned	1,168,329
Fund Balance per Governmental Funds (Budgetary Basis)	5,332,570
Less: June state aid payments not recognized on a GAAP basis	(561,783)
Fund Balance per Governmental Funds (GAAP)	$ 4,770,787

Exhibit C-2

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		$ 226,963	$ 226,963	$ 85,755	$ (141,208)
State Sources	$ 600,000	5,383	605,383	498,999	(106,384)
Federal Sources	810,000	347,542	1,157,542	1,160,477	2,935
Total Revenues	1,410,000	579,888	1,989,888	1,745,231	(244,657)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	50,000	(2,260)	47,740	46,307	1,433
Purchased Professional and Technical Services	220,000	(71,324)	148,676	148,676	
Other Purchased Services		1,150	1,150	950	200
Tuition	760,000	44,076	804,076	804,076	
General Supplies		288,123	288,123	226,100	62,023
Textbooks	90,000	3,474	93,474	82,991	10,483
Other Objects		9,700	9,700	5,126	4,574
Total Instruction	1,120,000	272,939	1,392,939	1,314,226	78,713
Support Services:					
Salaries of Program Directors		42,533	42,533	42,533	
Purchased Professional/Educational Services		390,957	390,957	317,481	73,476
Purchased Technical Services		800	800		800
Tuition	290,000	(212,259)	77,741		77,741
Other Purchased Services		21,038	21,038	12,362	8,676
Supplies and Materials		58,378	58,378	55,957	2,421
Other Objects		2,830	2,830		2,830
Total Support Services	290,000	304,277	594,277	428,333	165,944
Capital Outlay:					
Equipment					
Instructional Equipment		2,672	2,672	2,672	
Total Capital Outlay		2,672	2,672	2,672	
Total Expenditures	1,410,000	579,888	1,989,888	1,745,231	244,657
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -

Exhibit C-3
1 of 2

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

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"	$ 60,896,909	$ 1,745,231
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		(104,490)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	494,013	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(561,783)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 60,829,139	$ 1,640,741
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 62,347,848	$ 1,745,231
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		(104,490)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 62,347,848	$ 1,640,741

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2013 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 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 the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2013

	No Child Left Behind					
REVENUE:	Title II A	Carryover Title II A	Title III	Carryover Title III	Title III Immigrant	Carryover Title III Immigrant
State Sources						
Federal Sources	$ 48,073	$ 15,611	$ 13,134	$ 9,400	$ 36,542	$ 6,294
Local Sources						
Total Revenue	$ 48,073	$ 15,611	$ 13,134	$ 9,400	$ 36,542	$ 6,294
EXPENDITURES:						
Instruction:						
Salaries of Teachers		$ 9,159			$ 32,737	$ 3,844
Purchased Professional/Technical Services						
Other Purchased Services						
Tuition						
General Supplies	$ 26,143	401	$ 13,134	$ 9,400	3,805	2,450
Textbooks						
Other Objects						
Total Instruction	26,143	9,560	13,134	9,400	36,542	6,294
Support Services:						
Salaries of Program Directors	17,343					
Purchased Professional/Educational Services	3,300	5,600				
Other Purchased Services	1,287	300				
Supplies and Materials		151				
Total Support Services	21,930	6,051				
Equipment:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	$ 48,073	$ 15,611	$ 13,134	$ 9,400	$ 36,542	$ 6,294

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2013

	IDEA Part B				
	Preschool	Basic	Carryover Basic	Perkins Grant	FEMA
REVENUE:					
State Sources					
Federal Sources	$ 25,930	$ 918,741	$ 37,905	$ 19,971	$ 28,876
Local Sources					
Total Revenue	$ 25,930	$ 918,741	$ 37,905	$ 19,971	$ 28,876
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services					
Other Purchased Services					
Tuition	$ 25,930	$ 525,035	$ 13,594		
General Supplies		52,739	2,311	$ 3,664	
Textbooks					
Other Objects				5,126	
Total Instruction	25,930	577,774	15,905	8,790	
Support Services:					
Salaries of Program Directors					$ 25,190
Purchased Professional/Educational Services		308,581			
Other Purchased Services				8,509	2,266
Supplies and Materials		32,386	22,000		1,420
Total Support Services		340,967	22,000	8,509	28,876
Equipment:					
Instructional Equipment				2,672	
Total Facilities Acquisition				2,672	
Total Expenditures	$ 25,930	$ 918,741	$ 37,905	$ 19,971	$ 28,876

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2013

	Chapter 192 (Auxiliary Services)			Chapter 193 (Handicapped Services)		
	Compensatory Education	ESL	Home Instruction	Corrective Speech	Supplemental Instruction	Examination & Classification
REVENUE:						
State Sources	$ 58,443	$ 17,393	$ 12,684	$ 43,200	$ 39,338	$ 81,143
Federal Sources						
Local Sources						
Total Revenue	$ 58,443	$ 17,393	$ 12,684	$ 43,200	$ 39,338	$ 81,143
EXPENDITURES:						
Instruction:						
Salaries of Teachers			$ 567.00			
Purchased Professional/Technical Services			12,117			
Other Purchased Services						
Tuition	$ 58,443	$ 17,393		$ 43,200	$ 39,338	$ 81,143
General Supplies						
Textbooks						
Other Objects						
Total Instruction	58,443	17,393	12,684	43,200	39,338	81,143
Support Services:						
Salaries of Program Directors						
Purchased Professional/Educational Services						
Other Purchased Services						
Supplies and Materials						
Total Support Services						
Equipment:						
Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	$ 58,443	$ 17,393	$ 12,684	$ 43,200	$ 39,338	$ 81,143

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2013

	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Local Grants	Totals June 30, 2013
REVENUE:					
State Sources	$ 82,991	$ 129,738	$ 34,069		$ 498,999
Federal Sources					1,160,477
Local Sources				$ 85,755	85,755
Total Revenue	$ 82,991	$ 129,738	$ 34,069	$ 85,755	$ 1,745,231
EXPENDITURES:					
Instruction:					
Salaries of Teachers					$ 46,307
Purchased Professional/Technical Services		$ 129,738	$ 4,421	$ 2,400	148,676
Other Purchased Services			750	200	950
Tuition					804,076
General Supplies			28,898	83,155	226,100
Textbooks	$ 82,991				82,991
Other Objects					5,126
Total Instruction	82,991	129,738	34,069	85,755	1,314,226
Support Services:					
Salaries of Program Directors					42,533
Purchased Professional/Educational Services					317,481
Other Purchased Services					12,362
Supplies and Materials					55,957
Total Support Services					428,333
Equipment:					
Instructional Equipment					2,672
Total Facilities Acquisition					2,672
Total Expenditures	$ 82,991	$ 129,738	$ 34,069	$ 85,755	$ 1,745,231

CAPITAL PROJECTS FUND

Exhibit F-1

SPARTA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Revenue:		
Interest Earned	$	2,263
Total Revenue		2,263
Expenditures and Other Financing Uses:		
Purchased Professional and Technical Services		15,939
Miscellaneous Expenditures		216,937
Equipment Purchases		425,687
Transfer to General Fund - Interest		2,263
Total Expenditures and Other Financing Uses		660,826
Excess/(Deficiency) of Revenue Over/(Under) Expenditures and Other Financing (Uses)		(658,563)
Fund Balance - July 1		2,688,449
Fund Balance - June 30	$	2,029,886
Recapitulation:		
Committed	$	44,112
Restricted		1,985,774
Total Fund Balances (Budgetary/GAAP Basis)	$	2,029,886

Exhibit F-1a

SPARTA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
MOHAWK SCHOOL MASONRY RESTORATION PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	$ 164,001		$ 164,001	$ 164,001
Transfer from Capital Outlay	285,413		285,413	285,413
Total Revenues and Other Financing Sources	449,414		449,414	449,414
Expenditures:				
Purchased Professional and Technical Services	24,828		24,828	31,096
Construction Services	380,474		380,474	418,318
Total Expenditures	405,302		405,302	449,414
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 44,112	$ - 0 -	$ 44,112	$ - 0 -

Additional Project Information:

Project Number:	SP4960-070-05-2000
Grant Date:	N/A
Bond Authorization Date:	N/A
Bonds Authorized:	N/A
Bonds Issued:	N/A
Original Authorized Cost:	$ 475,688
SDA Grant Cancelled:	$ (26,274)
Revised Authorized Cost:	$ 449,414
Percentage Increase over Original Authorized Cost:	0%
Percentage Completion:	100.00%
Original Target Completion Date:	June 2010
Revised Target Completion Date:	June 2010

Exhibit F-1b

SPARTA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
CONSTRUCTION OF NEW HIGH SCHOOL PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds and Transfers	$ 71,513,000		$ 71,513,000	$ 71,513,000
Total Revenues and Other Financing Sources	71,513,000		71,513,000	71,513,000
Expenditures:				
Purchased Professional and Technical Services	6,138,447	$ 15,939	6,154,386	6,035,680
Land and Improvements	999,972		999,972	3,750,000
Construction Services	57,677,866		57,677,866	56,389,140
Miscellaneous Expenditures	1,767,003	216,937	1,983,940	4,736,180
Equipment Purchases	2,285,375	425,687	2,711,062	602,000
Total Expenditures	68,868,663	658,563	69,527,226	71,513,000
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 2,644,337	$ (658,563)	$ 1,985,774	$ - 0 -

Additional Project Information:

Project Number:	N/A
Grant Date:	N/A
Bond Authorization Date:	December 2006
Bonds Authorized:	$ 71,513,000
Bonds Issued:	$ 71,513,000
Original Authorized Cost:	$ 71,513,000
Revised Authorized Cost:	$ 71,513,000
Percentage Increase over Original Authorized Cost:	0%
Percentage Completion:	100.00%
Original Target Completion Date:	December 2010
Revised Target Completion Date:	September 2012

PROPRIETARY FUNDS

Exhibit G-1

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$	59,228
Accounts Receivable - State		469
Accounts Receivable - Federal		6,784
Interfund Receivable - General Fund		27,268
Inventories		12,057
Total Current Assets		105,806
Non-Current Assets:		
Capital Assets		1,122,974
Less: Accumulated Depreciation		(761,148)
Total Non-Current Assets		361,826
Total Assets		467,632
LIABILITIES:		
Unearned Revenue		3,742
Total Liabilities		3,742
NET POSITION:		
Net Investment in Capital Assets		361,826
Unrestricted		102,064
Total Net Position	$	463,890

Exhibit G-2

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating Revenue:		
Daily Sales - Reimbursable Programs	$	293,417
Daily Sales - Non-Reimbursable Programs		361,248
Special Events		37,923
Total Operating Revenue		692,588
Operating Expenses:		
Cost of Sales		272,637
Salaries and Benefits		318,110
Purchased Services		61,366
Management Fee		70,266
Resident Director Fee		51,291
Supplies and Materials		52,973
Depreciation Expense		60,148
Total Operating Expenses		886,791
Operating Loss		(194,203)
Non-Operating Revenue:		
State Sources:		
School Lunch Program		5,188
Federal Sources:		
National School Breakfast Program		388
National School Lunch Program		73,915
Food Distribution Program		28,816
Local Sources:		
Interest Revenue		407
Total Non-Operating Revenue		108,714
Change in Net Position		(85,489)
Net Position - Beginning of Year		549,379
Net Position - End of Year	$	463,890

Exhibit G-3

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Cash Flows from Operating Activities:		
Receipts from Customers	$	692,588
Payments to Employees		(318,110)
Payments to Suppliers		(483,150)
Net Cash Used for Operating Activities		(108,672)
Cash Flows Used for Capital Financing Activities:		
Acquisition of Equipment		(9,465)
Net Cash Used for Capital Financing Activities		(9,465)
Cash Flows from Noncapital and Related Financing Activities:		
State Sources		5,040
Federal Sources		71,187
Advanced to General Fund		(27,268)
Net Cash Provided by Noncapital and Related Financing Activities		48,959
Cash Flows from Investing Activities:		
Interest Revenue		407
Net Cash Provided by Investing Activities		407
Net Decrease in Cash and Cash Equivalents		(68,771)
Cash and Cash Equivalents, July 1		127,999
Cash and Cash Equivalents, June 30	$	59,228
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(194,203)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:		
Depreciation		60,148
Food Distribution Program		28,816
Changes in Assets and Liabilities:		
(Increase) in Inventory		(3,754)
Increase in Unearned Revenue		321
Net Cash Used for Operating Activities	$	(108,672)

Non-Cash Investing, Capital and Financing Activities:

The District had $3,421 in USDA donated commodities at June 30, 2012, received commodities valued at $29,137, used commodities valued at $28,816, and had $3,742 in commodities at June 30, 2013.

FIDUCIARY FUNDS

Exhibit H-1

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	Agency			Private Purpose Scholarship Trust	Unemployment Compensation Trust
	Student Activity	Payroll	Total		
ASSETS:					
Cash and Cash Equivalents	$ 199,273	$ 499,577	$ 698,850	$ 84,791	$ 232,703
Total Assets	199,273	499,577	698,850	84,791	232,703
LIABILITIES:					
Payroll Deductions and Withholdings		499,577	499,577		
Due to Student Groups	199,273		199,273		
Total Liabilities	199,273	499,577	698,850		
NET POSITION:					
Held in Trust for:					
Scholarship Awards				84,791	
Unemployment Claims					232,703
Total Net Position	$ - 0 -	$ - 0 -	$ - 0 -	$ 84,791	$ 232,703

Exhibit H-2

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDING JUNE 30, 2013

	Private Purpose Scholarship Trust	Unemployment Compensation Trust
ADDITIONS:		
Contributions:		
Donations	$ 94,700	
Employee		$ 44,374
Total Contributions	94,700	44,374
Investment Earnings:		
Interest	91	519
Net Investment Earnings	91	519
Total Additions	94,791	44,893
DEDUCTIONS:		
Scholarship Payments	10,000	
Unemployemnt Payments - State of New Jersey		82,026
Total Deductions	10,000	82,026
Change in Net Position	84,791	(37,133)
Net Position - July 1		269,836
Net Position - June 30	$ 84,791	$ 232,703

Exhibit H-3

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS:				
Cash and Cash Equivalents	$ 187,489	$ 720,761	$ 708,977	$ 199,273
Total Assets	$ 187,489	$ 720,761	$ 708,977	$ 199,273
LIABILITIES:				
Due to Student Groups	$ 187,489	$ 720,761	$ 708,977	$ 199,273
Total Liabilities	$ 187,489	$ 720,761	$ 708,977	$ 199,273

Exhibit H-4

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Cash Receipts	Cash Disbursements	Balance June 30, 2013
High School	$ 145,071	$ 586,156	$ 579,190	$ 152,037
Middle School	28,470	75,972	73,129	31,313
Helen Morgan School	8,166	36,026	34,301	9,891
Alpine School	5,782	17,619	17,905	5,496
Mohawk Avenue School		4,988	4,452	536
Total All Schools	$ 187,489	$ 720,761	$ 708,977	$ 199,273

Exhibit H-5

SPARTA TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS:				
Cash and Cash Equivalents	$ 42,794	$ 37,518,117	$ 37,061,334	$ 499,577
Total Assets	$ 42,794	$ 37,518,117	$ 37,061,334	$ 499,577
LIABILITIES:				
Payroll Deductions and Withholdings	$ 42,794	$ 37,518,117	$ 37,061,334	$ 499,577
Total Liabilities	$ 42,794	$ 37,518,117	$ 37,061,334	$ 499,577

LONG-TERM DEBT

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance June 30, 2012	Retired or Matured	Balance June 30, 2013
School Refunding Bonds	7/1/2008	$ 19,830,000	09/01/13	$ 1,205,000	3.250%			
			09/01/14	1,180,000	3.608%			
			09/01/15	1,160,000	3.634%			
			09/01/16	1,140,000	3.857%			
			09/01/17	1,125,000	4.678%			
			09/01/18	1,120,000	5.000%			
			09/01/19	1,105,000	5.000%			
			09/01/20	1,090,000	4.000%			
			09/01/21	1,075,000	4.000%			
			09/01/22	1,060,000	5.000%			
			09/01/23	1,045,000	5.000%			
			09/01/24	1,030,000	4.250%			
			09/01/25	1,010,000	4.250%			
			09/01/26	985,000	4.375%	$ 16,385,000	$ 1,055,000	$ 15,330,000
School Bonds	12/5/2006	71,513,000	02/15/14	1,500,000	4.250%			
			02/15/15	1,500,000	4.250%			
			02/15/16	1,750,000	4.250%			
			02/15/17	1,900,000	4.250%			

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2013 Date	Amount	Interest Rate	Balance June 30, 2012	Retired or Matured	Balance June 30, 2013
School Bonds	12/5/2006	$ 71,513,000	02/15/18	$ 2,000,000	4.250%			
			02/15/19	2,150,000	4.250%			
			02/15/20	2,250,000	4.250%			
			02/15/21	2,500,000	4.250%			
			02/15/22	2,500,000	4.250%			
			02/15/23	2,750,000	4.250%			
			02/15/24	3,000,000	4.250%			
			02/15/25	3,000,000	4.250%			
			02/15/26	3,150,000	4.300%			
			02/15/27	3,250,000	4.300%			
			02/15/28	3,600,000	4.300%			
			02/15/29	3,600,000	4.300%			
			02/15/30	3,550,000	4.300%			
			02/15/31	3,500,000	4.300%			
			02/15/32	3,500,000	4.300%			
			02/15/33	3,500,000	4.300%			
			02/15/34	3,500,000	4.300%			
			02/15/35	3,500,000	4.300%			
			02/15/36	3,513,000	4.300%	$ 66,263,000	$ 1,300,000	$ 64,963,000
						$ 82,648,000	$ 2,355,000	$ 80,293,000

Exhibit I-2

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Item	Interest Rate	Original Issue	Balance June 30, 2012	Matured	Balance June 30, 2013
Buses	3.72%	$ 138,168	$ 28,624	$ 28,624	
Buses	3.20%	158,857	74,511	24,059	$ 50,452
			$ 103,135	$ 52,683	$ 50,452

Exhibit I-3

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 5,267,091		$ 5,267,091	$ 5,267,091	
State Sources:					
Debt Service State Aid Support	602,876		602,876	602,876	
Total Revenues	5,869,967		5,869,967	5,869,967	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	3,515,016		3,515,016	3,515,015	$ 1
Redemption of Principal	2,355,000		2,355,000	2,355,000	
Total Expenditures	5,870,016		5,870,016	5,870,015	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(49)		(49)	(48)	1
Fund Balance, July 1	49		49	49	
Fund Balance, June 30	$ -0-	$ - 0 -	$ -0-	$ 1	$ 1
Recapitulation of Fund Balance:					
Restricted				$ 1	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2004.

Exhibit J-1

SPARTA TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	(Restated) 2011	2012	2013
Governmental Activities:										
Net Investment in Capital Assets	$ (267,684)	$ 1,277,234	$ 2,671,908	$ 4,186,882	$ 5,487,294	$ 5,091,240	$ 3,650,409	$ 1,433,522	$ 782,202	$ 3,506,132
Restricted	3,227,228	2,004,399	4,736,543	8,772,291	6,464,397	4,755,153	2,962,744	3,888,991	6,407,574	5,105,753
Unrestricted (Deficit)	(506,316)	300,445	927,259	(863,744)	(269,381)	(1,104,007)	(1,265,948)	1,280,798	1,375,235	500,720
Total Governmental Activities	$ 2,453,228	$ 3,582,078	$ 8,335,710	$ 12,095,429	$ 11,682,310	$ 8,742,386	$ 5,347,205	$ 6,603,311	$ 8,565,011	$ 9,112,605
Business-Type Activities:										
Net Investment in Capital Assets	$ 154,126	$ 136,354	$ 111,946	$ 106,840	$ 89,787	$ 72,847	$ 443,742	$ 443,742	$ 412,509	$ 361,826
Unrestricted	18,904	74,134	60,500	114,107	149,492	189,456	150,266	153,290	136,870	102,064
Total Business-Type Activities	$ 173,030	$ 210,488	$ 172,446	$ 220,947	$ 239,279	$ 262,303	$ 594,008	$ 597,032	$ 549,379	$ 463,890
District-Wide:										
Net Investment in Capital Assets	$ (113,558)	$ 1,413,588	$ 2,783,854	$ 4,293,722	$ 5,577,081	$ 5,164,087	$ 4,094,151	$ 1,877,264	$ 1,194,711	$ 3,867,958
Restricted	3,227,228	2,004,399	4,736,543	8,772,291	6,464,397	4,755,153	2,962,744	3,888,991	6,407,574	5,105,753
Unrestricted (Deficit)	(487,412)	374,579	987,759	(749,637)	(119,889)	(914,551)	(1,115,682)	1,434,088	1,512,105	602,784
Total District-Wide Net Position	$ 2,626,258	$ 3,792,566	$ 8,508,156	$ 12,316,376	$ 11,921,589	$ 9,004,689	$ 5,941,213	$ 7,200,343	$ 9,114,390	$ 9,576,495

Source: Sparta Township School District Financial Reports.

SPARTA TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental Activities:										
Instruction:										
Regular Instruction	$ 19,704,216	$ 21,568,811	$ 23,069,466	$ 23,558,983	$ 26,151,409	$ 26,725,548	$ 27,386,665	$ 25,359,192	$ 26,982,553	$ 28,006,864
Special Education Instruction	3,029,049	3,468,781	3,903,630	5,574,291	6,812,260	6,850,626	7,015,035	5,953,024	6,763,534	6,528,485
Other Special Instruction	483,780	518,805	529,512	447,146	460,361	490,576	494,090	561,390	797,952	883,938
Other Instruction	1,203,231	1,261,665	1,214,821	1,358,457	1,411,752	1,581,864	1,514,648	1,022,344	1,275,633	1,372,354
Total Instruction	24,420,276	26,818,062	28,717,429	30,938,877	34,835,782	35,648,614	36,410,438	32,895,950	35,819,672	36,791,641
Support Services:										
Tuition	1,005,020	1,307,512	1,102,934	1,343,510	1,281,820	1,864,626	1,627,956	2,755,755	2,126,153	2,383,876
Student & Instruction Related Services	6,541,841	6,710,304	6,617,468	6,267,362	6,618,981	7,057,116	6,758,388	5,748,715	6,677,779	7,943,604
General Administration Services	1,463,710	2,174,511	2,244,610	972,811	872,823	829,283	956,084	1,084,014	1,118,511	788,934
School Administration Services	2,019,581	2,252,827	2,693,231	3,019,131	2,928,104	3,156,636	3,384,553	3,045,232	3,269,642	3,511,073
Central Services				492,988	528,708	555,179	621,730	660,262	696,640	699,048
Admininstrative Information Technology				297,561	439,191	461,334	316,874	402,242	551,213	443,112
Plant Operations and Maintenance	4,227,410	4,361,026	4,317,449	4,645,539	5,183,376	5,322,156	5,417,939	5,835,195	5,869,743	5,057,783
Pupil Transportation	2,880,713	3,130,387	3,132,328	3,483,496	3,386,358	3,672,252	3,805,525	3,452,216	3,450,381	3,706,312
Charter Schools	39,178	67,607	29,174	50,745	52,376	51,108	95,083	107,620	297,638	447,707
Interest On Long-Term Debt	1,188,453	1,141,544	1,091,455	1,973,317	4,855,550	3,079,095	3,887,676	3,682,611	2,438,639	3,499,317
Unallocated Depreciation	684,157	714,978	755,227	775,995	766,914	754,972	887,613	2,316,481	2,925,681	2,522,108
Capital Outlay				29,224				10,218		
Total Governmental Activities Expenses	44,470,339	48,678,758	50,701,305	54,290,556	61,749,983	62,452,371	64,169,859	61,996,511	65,241,692	67,794,515
Business-Type Activities:										
Food Service	933,895	922,700	987,226	951,011	976,591	935,202	910,762	927,009	961,677	886,791
Total Business-Type Activities Expenses	933,895	922,700	987,226	951,011	976,591	935,202	910,762	927,009	961,677	886,791
Total District Expenses	45,404,234	49,601,458	51,688,531	55,241,567	62,726,574	63,387,573	65,080,621	62,923,520	66,203,369	68,681,306

SPARTA TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	$ 90,066	$ 34,513	$ 35,350							
Pupil Transportation	24,825	16,920	33,521							
Central & Other Support Services	64,340	128,768	80,560							
Operating Grants and Contributions	104,902	99,743	100,195	$ 13,063,676	$ 13,763,738	$ 12,597,460	$ 13,970,402	$ 10,849,692	$ 12,121,256	$ 12,572,640
Capital Grants and Contributions				41,852	108,975	87,932				
Total Governmental Activities	284,133	279,944	249,626	13,105,528	13,872,713	12,685,392	13,970,402	10,849,692	12,121,256	12,572,640
Business-Type Activities:										
Charges for Services:										
Food Service	805,875	855,815	847,087	865,799	829,186	802,644	746,697	750,526	769,953	692,588
Operating Grants and Contributions	112,293	104,343	108,005	113,065	140,946	131,768	129,701	119,402	143,511	108,307
Total Business Type Activities	918,168	960,158	955,092	978,864	970,132	934,412	876,398	869,928	913,464	800,895
Total District-wide Program Revenues	1,202,301	1,240,102	1,204,718	14,084,392	14,842,845	13,619,804	14,846,800	11,719,620	13,034,720	13,373,535
Net (Expense)/Revenue:										
Governmental Activities	(44,186,206)	(48,398,814)	(50,451,679)	(41,185,028)	(47,877,270)	(49,766,979)	(50,199,457)	(51,146,819)	(53,120,436)	(55,221,875)
Business-Type Activities	(15,727)	37,458	(32,134)	27,853	(6,459)	(790)	(34,364)	(57,081)	(48,213)	(85,896)
Total District-Wide Net (Expense)/Revenue	(44,201,933)	(48,361,356)	(50,483,813)	(41,157,175)	(47,883,729)	(49,767,769)	(50,233,821)	(51,203,900)	(53,168,649)	(55,307,771)

SPARTA TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes,	$ 34,390,720	$ 35,963,401	$ 38,988,926	$ 39,354,680	$ 40,828,867	$ 42,269,637	$ 44,514,252	$ 48,335,153	$ 48,733,462	$ 49,708,131
Taxes Levied for Debt Service	1,842,364	1,849,202	1,852,474	1,813,398	2,016,628	5,283,808	4,148,612	4,326,911	5,317,433	5,267,091
Unrestricted Grants and Contributions	9,906,091	11,686,214	12,017,042	665,911	1,468,396	713,974	686,574	803,515	638,505	603,494
Interest and Miscellaneous Income	63,391	98,341	206,371	2,513,296	3,170,210	946,923	314,993	506,545	392,736	190,753
Transfers	(65,594)	(69,494)	(72,676)	(64,318)	(19,950)	(19,950)				
Capital Asset Appraisal Adjustment						(2,367,337)				
Total Governmental Activities General Revenues & Other Changes in Net Position	46,136,972	49,527,664	52,992,137	44,282,967	47,464,151	46,827,055	49,664,431	53,972,124	55,082,136	55,769,469
Business-Type Activities:										
Investment Earnings				694	4,841	3,864	1,944	907	560	407
Transfers			(5,908)	19,954	19,950	19,950				
Total Business-Type Activities General Revenues & Other Changes in Net Position			(5,908)	20,648	24,791	23,814	1,944	907	560	407
Total District-Wide General Revenues and Other Changes in Net Position	46,136,972	49,527,664	52,986,229	44,303,615	47,488,942	46,850,869	49,666,375	53,973,031	55,082,696	55,769,876
Change in Net Position:										
Governmental Activities	1,950,766	1,128,850	2,540,458	3,097,939	(413,119)	(2,939,924)	(535,026)	2,825,305	1,961,700	547,594
Business-Type Activities	(15,727)	37,458	(38,042)	48,501	18,332	23,024	(32,420)	(56,174)	(47,653)	(85,489)
Total District-wide Change in Net Position	$ 1,935,039	$ 1,166,308	$ 2,502,416	$ 3,146,440	$ (394,787)	$ (2,916,900)	$ (567,446)	$ 2,769,131	$ 1,914,047	$ 462,105

Source: Sparta Township School District Financial Reports.

Exhibit J-3

SPARTA TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	$ 182,670	$ 2,003,495	$ 4,436,485	$ 6,774,699	$ 6,464,397	$ 3,373,169	$ 2,052,307			
Unreserved	2,044,826	1,124,861	1,690,721	739,042	790,866	556,682	618,455			
Restricted								$ 3,839,821	$ 3,719,076	$ 3,119,978
Assigned								2,475,413	1,823,657	1,044,263
Unassigned								788,200	744,500	606,546
Total General Fund	$ 2,227,496	$ 3,128,356	$ 6,127,206	$ 7,513,741	$ 7,255,263	$ 3,929,851	$ 2,670,762	$ 7,103,434	$ 6,287,233	$ 4,770,787
Other Governmental Funds:										
Reserved	$ 1,084,735		$ 298,435	$ 3,764,610	$47,337,793	$16,265,625	$ 3,165,485			
Unreserved (Deficit):										
Special Revenue Fund										
Capital Projects Fund	224,692			64,387,999	10,552,059	7,332,094	4,477,088			
Debt Service Fund	2,189	$ 3,093	1,622	1,997,592	992,623	1,121,399	866,325			
Restricted								$ 4,788,628	$ 2,644,386	$ 1,985,775
Committed								44,112	44,112	44,112
Total Other Governmental Funds	$ 1,311,616	$ 3,093	$ 300,057	$70,150,201	$58,882,475	$24,719,118	$ 8,508,898	$ 4,832,740	$ 2,688,498	$ 2,029,887
Total Government Funds	$ 3,539,112	$ 3,131,449	$ 6,427,263	$77,663,942	$66,137,738	$28,648,969	$11,179,660	$11,936,174	$ 8,975,731	$ 6,800,674

Source: Sparta Township School District Financial Reports.

SPARTA TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Tax Levy	$36,233,084	$37,812,603	$40,841,400	$41,168,078	$ 42,845,495	$ 47,553,445	$ 48,662,864	$52,662,064	$54,050,895	$54,975,222
Tuition Charges	90,066	34,513	35,350		12,200	13,500	21,031	26,650		
Interest Earnings	29,827	74,219	180,178	442,535	3,101,204	746,100	244,035	46,336		
Transportation Fees	24,825	16,920	33,521	14,603				89,589		
Shared Services										
Sparta Township	64,340	128,768	80,560							
Miscellaneous	35,448	24,772	31,493	2,056,158	112,130	257,046	65,545	423,853	474,922	264,101
State Sources	9,280,302	10,952,852	11,265,625	12,701,224	14,064,830	12,306,953	12,266,780	9,909,438	11,414,000	12,001,249
Federal Sources	728808	832,455	846,312	1,070,215	1,220,955	1,022,690	2,374,578	1,663,886	1,263,574	1,101,538
Total Revenue	46,486,700	49,877,102	53,314,439	57,452,813	61,356,814	61,899,734	63,634,833	64,821,816	67,203,391	68,342,110
Expenditures:										
Instruction:										
Regular	15,515,917	16,695,950	17,502,880	17,184,732	18,908,145	19,683,498	20,524,451	17,870,334	19,672,667	19,881,269
Special Education	2,335,628	2,625,050	2,922,931	4,395,099	5,319,487	5,293,197	5,572,479	4,242,760	4,762,006	4,852,223
Other Special	372,745	392,317	392,715	322,682	326,178	354,814	362,734	391,834	509,442	509,056
Other	951,953	984,020	932,199	1,027,595	1,068,045	1,210,416	1,160,351	775,548	929,625	1,021,855
Support Services:										
Tuition	1,005,020	1,307,512	1,102,934	1,343,510	1,281,820	1,864,626	1,627,956	2,755,755	2,126,153	2,383,876
Student & Instruction-Related Services	5,207,226	5,256,957	5,136,988	4,621,702	4,813,219	5,203,923	5,015,503	4,155,382	5,053,625	5,707,123
General Adminstration	996,327	822,514	831,152	844,965	733,937	714,221	827,007	919,817	974,761	689,224
School Administration	1,871,161	1,741,714	2,030,426	2,237,081	2,129,097	2,318,691	2,476,185	2,164,359	2,284,969	2,449,551
Central Services		343,438	355,651	368,968	386,741	406,792	458,090	455,660	515,781	505,927
Adminstrative Information Technology		478,221	475,835	227,070	357,283	384,030	280,411	355,377	369,096	283,871
Plant Operations/ Maintenance	3,711,962	3,778,093	3,662,461	3,911,726	4,328,145	4,504,535	4,556,958	4,881,087	4,915,682	5,045,851

SPARTA TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenditures:										
Support Services:										
Pupil Transportation	$ 2,607,599	$ 2,843,826	$ 2,825,544	$ 3,411,439	$ 3,323,035	$ 3,624,264	$ 3,732,745	$ 3,306,699	$ 3,445,356	$ 3,867,735
Unallocated Benefits	8,066,726	9,227,646	10,488,778	11,428,644	12,869,284	12,621,495	12,375,071	12,938,530	14,237,095	15,167,424
Charter Schools	39,178	67,607	29,174	50,745	52,376	51,108	95,083	107,620	297,638	447,707
Capital Outlay	771,387	1,630,054	426,363	4,966,594	10,452,210	35,261,118	16,211,309	2,963,773	4,145,610	1,834,460
Debt Service:										
Principal	810,000	865,000	920,000	925,000	1,975,000	2,285,000	2,045,000	2,075,000	2,305,000	2,355,000
Interest/Other Charges	1,203,208	1,157,356	1,108,328	1,059,044	4,539,067	3,586,825	3,782,809	3,705,767	3,619,328	3,515,015
Total Expenditures	45,466,037	50,217,275	51,144,359	58,326,596	72,863,069	99,368,553	81,104,142	64,065,302	70,163,834	70,517,167
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	1,020,663	(340,173)	2,170,080	(873,783)	(11,506,255)	(37,468,819)	(17,469,309)	756,514	(2,960,443)	(2,175,057)
Other Financing Sources (Uses):										
Bond Proceeds				71,513,000						
Transfers In	1,307,189	373,139	338,442	2,038,725	2,708,504	1,022,962	207,265	8,928	6,722	2,263
Transfers Out	(1,372,783)	(442,633)	(411,118)	(2,103,043)	(2,728,454)	(1,042,912)	(207,265)	(8,928)	(6,722)	(2,263)
Total Other Financing Sources (Uses)	(65,594)	(69,494)	(72,676)	71,448,682	(19,950)	(19,950)				
Net Change In Fund Balance	$ 955,069	$ (409,667)	$ 2,097,404	$70,574,899	$(11,526,205)	$(37,488,769)	$(17,469,309)	$ 756,514	$ (2,960,443)	$ (2,175,057)
Debt Service as a Percentage of Noncapital Expenditures	4.50%	4.16%	4.00%	3.72%	10.44%	9.16%	8.98%	9.46%	8.97%	8.55%

Source: Sparta Township School District Financial Reports.

Exhibit J-5

SPARTA TOWNSHIP 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	Tuition	Prior Year Refunds	Vending Machine Receipts	Athletic/ Co-curricular Fees	Other	Total
2004			$ 20,210	$ 8,438		$ 6,800	$ 35,448
2005			1,275	8,121		15,376	24,772
2006	$ 179,460		10,831	8,551		12,111	210,953
2007	442,535		4,137	7,691		62,060	516,423
2008	373,567		16,754			71,385	461,706
2009	137,364		60,361	1,277		7,553	206,555
2010	36,769		48,782	839		21,338	107,728
2011	46,336				$ 321,251	130,030	497,617
2012	12,369	$ 84,288	17,353			272,004	386,014
2013	11,265	67,100	11,869			98,256	188,490

Source: Sparta Township School District Financial Reports.

SPARTA TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities [a]	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate [b]	Estimated Actual (County Equalized Value)
2003	$72,268,700	$1,929,031,800	$19,141,600	$1,106,200	$139,777,100	$41,697,500	$2,348,800	$2,205,371,700	$7,442,459	$2,212,814,159	$143,954,900	$1.562	$2,201,719,434
2004	61,888,000	1,994,026,800	18,256,800	1,129,200	145,289,100	39,470,800	2,348,800	2,262,409,500	6,493,572	2,268,903,072	145,258,300	1.634	2,521,193,973
2005	64,949,800	2,027,559,200	18,372,600	1,025,900	147,655,200	40,201,200	5,040,400	2,304,804,300	6,056,787	2,310,861,087	146,247,800	1.704	2,830,220,668
2006	79,137,700	2,062,036,600	18,223,200	966,400	151,301,800	39,379,100	4,700,400	2,355,745,200	5,824,308	2,361,569,508	148,627,900	1.736	3,139,385,540
2007	74,034,600	2,097,964,400	18,195,600	955,800	151,153,000	35,512,800	4,700,400	2,382,516,600	5,151,224	2,387,667,824	152,019,400	1.757	3,499,812,264
2008	69,057,500	2,132,373,400	18,035,600	929,100	162,124,600	34,483,600	4,700,400	2,421,704,200	5,053,147	2,426,757,347	155,652,700	1.848	3,711,373,217
2009	64,660,700	2,152,033,500	17,615,700	876,400	172,441,900	32,967,000	2,348,800	2,442,944,000	4,389,055	2,447,333,055	158,380,400	1.966	3,767,867,651
2010	61,725,600	2,157,796,500	16,453,300	897,500	175,681,400	32,990,800	2,468,800	2,448,013,900	4,800,630	2,452,814,530	157,600,800	2.065	3,621,991,535
2011	58,052,900	2,101,515,300	18,624,800	887,800	176,076,300	32,990,800	2,774,100	2,390,922,000	4,739,437	2,395,661,437	157,692,100	2.227	3,529,937,388
2012	55,423,000	2,066,339,400	18,988,200	890,600	176,461,900	32,990,800	2,774,100	2,353,868,000	4,750,971	2,358,618,971	157,305,800	2.311	3,394,297,736

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 of assessed value.

Source: Sparta Township Tax Assessor.

Exhibit J-7

SPARTA TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per $100 of Assessed Value)

	Sparta Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
Year Ended December 31,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Sparta Township	Sussex County	
2003	$ 1.478	$ 0.084	$ 1.562	$ 0.474	$ 0.484	$ 2.520
2004	1.552	0.082	1.634	0.491	0.495	2.620
2005	1.623	0.081	1.704	0.513	0.503	2.720
2006	1.658	0.078	1.736	0.513	0.503	2.752
2007	1.674	0.083	1.757	0.556	0.557	2.870
2008	1.643	0.205	1.848	0.591	0.545	2.984
2009	1.798	0.168	1.966	0.615	0.544	3.125
2010	1.895	0.170	2.065	0.649	0.557	3.271
2011	2.008	0.219	2.227	0.694	0.592	3.513
2012	2.090	0.221	2.311	0.720	0.622	3.653

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.

Source: Sparta Township Tax Collector and School Business Administrator.

SPARTA TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

TOWNSHIP OF SPARTA

2013			2004		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Jersey Investors Growth	$ 12,710,700	0.539%	INFORMATION NOT AVAILABLE		
Cofrancesco/Grinnell	9,044,500	0.383%			
Braen Royalty LLC	6,069,700	0.257%			
Lake Mohawk Country Club	5,441,100	0.231%			
Newton Memorial Hospital	4,756,000	0.202%			
Sparta Builders	4,713,800	0.200%			
United Tel of NJ % Embarq	4,469,184	0.189%			
Heller Sparta, LLC	3,878,600	0.164%			
Ashdown Forest Estates	3,656,500	0.155%			
ABJC Investments, LLC	3,589,100	0.152%			
Total	$ 58,329,184	2.473%			

Source: Sparta Township Tax Assessor.

Exhibit J-9

SPARTA TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	$ 36,233,084	$ 36,233,084	100%	$ - 0 -
2005	37,812,603	37,812,603	100%	- 0 -
2006	40,841,400	40,841,400	100%	- 0 -
2007	41,168,078	41,168,078	100%	- 0 -
2008	42,845,495	42,845,495	100%	- 0 -
2009	47,553,445	47,553,445	100%	- 0 -
2010	48,662,864	48,662,864	100%	- 0 -
2011	52,662,064	52,662,064	100%	- 0 -
2012	54,050,895	54,050,895	100%	- 0 -
2013	54,975,222	54,975,222	100%	- 0 -

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

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

Exhibit J-10

SPARTA TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities: General Obligation Bonds [b]	Governmental Activities: Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2004	$ 24,530,000	$ - 0 -	$ 24,530,000	3.17%	$ 1,294
2005	23,665,000	- 0 -	23,665,000	2.94%	1,245
2006	22,745,000	- 0 -	22,745,000	2.63%	1,196
2007	93,333,000	- 0 -	93,333,000	10.08%	4,895
2008	91,358,000	- 0 -	91,358,000	9.56%	4,756
2009	89,073,000	- 0 -	89,073,000	9.82%	4,621
2010	87,028,000	- 0 -	87,028,000	9.20%	4,527
2011	84,953,000	155,078	85,108,078	8.68%	4,313
2012	82,648,000	103,135	82,751,135	8.50%	4,203
2013	80,293,000	50,452	80,343,452	8.25%	4,109

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

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

Source: Sparta Township School District Financial Reports.

Exhibit J-11

SPARTA TOWNSHIP 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]
2004	$ 24,530,000	$ - 0 -	$ 24,530,000	1.11%	$ 1,294
2005	23,665,000	- 0 -	23,665,000	1.04%	1,245
2006	22,745,000	- 0 -	22,745,000	0.98%	1,196
2007	93,333,000	- 0 -	93,333,000	3.95%	4,895
2008	91,358,000	- 0 -	91,358,000	3.83%	4,756
2009	89,073,000	- 0 -	89,073,000	3.67%	4,621
2010	87,028,000	- 0 -	87,028,000	3.56%	4,527
2011	84,953,000	- 0 -	84,953,000	3.46%	4,306
2012	82,648,000	- 0 -	82,648,000	3.45%	4,198
2013	80,293,000	- 0 -	80,293,000	3.40%	4,106

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] Population data can be found in Exhibit J-14. This ratio is calculated using population data for the prior calendar year.

Source: Sparta Township School District Financial Reports.

Exhibit J-12

SPARTA TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Township of Sparta	$ 15,853,700	100.00%	$ 15,853,700
Sussex County General Obligation Debt	78,366,014	17.38%	13,618,347
Subtotal, Overlapping Debt			29,472,047
Sparta School District Direct Debt			81,593,000
Total Direct And Overlapping Debt			$ 111,065,047

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 Township of Sparta. 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 Sparta Township 's equalized property value that is within the Sussex County's boundaries and dividing it by Sussex County'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.

SPARTA TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	$86,269,223	$98,043,327	$110,322,196	$123,695,695	$135,336,679	$144,191,747	$144,191,747	$145,759,689	$141,935,017	$ 138,040,110
Net Debt Applicable to Limit	24,530,000	23,665,000	22,745,000	93,333,000	91,358,000	89,073,000	89,073,000	84,953,000	82,648,000	80,293,000
Legal Debt Margin	$61,739,223	$74,378,327	$ 87,577,196	$ 30,362,695	$ 43,978,679	$ 55,118,747	$ 55,118,747	$ 60,806,689	$ 59,287,017	$ 57,747,110
Net Debt Applicable to the Limit as a % of Debt Limit	28.43%	24.14%	20.62%	75.45%	67.50%	61.77%	61.77%	58.28%	58.23%	58.17%

Legal Debt Margin Calculation for Fiscal Year 2013

	Sparta Township
Equalized Valuation Basis	
2010	$ 3,603,730,163
2011	3,437,702,372
2012	3,311,575,689
	$10,353,008,224
Average Equalized Valuation of Taxable Property	$ 3,451,002,741
Debt Limit (4% of average equalization value) [a]	$ 138,040,110
Net Bonded School Debt as of June 30, 2013	80,293,000
Legal Debt Margin	$ 57,747,110

[a] Limit set by NJSA 18A:24-19 for a K through 12 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.

Exhibit J-14

SPARTA TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Township Population [a]	Sussex County Per Capita Personal Income [c]	Township Personal Income [b]	Township Unemployment Rate [d]
2004	19,014	$ 40,736	$ 774,554,304	3.80%
2005	19,011	42,409	806,237,499	2.80%
2006	19,068	45,436	866,373,648	4.00%
2007	19,207	48,201	925,796,607	3.50%
2008	19,276	49,575	955,607,700	5.90%
2009	19,225	47,187	907,170,075	5.90%
2010	19,731	47,951	946,121,181	6.30%
2011	19,688	49,782	980,108,016	6.10%
2012	19,553	49,782 **	973,387,446	6.10%
2013	19,553 *	49,782 **	973,387,446	N/A

* - Latest Township population available (2012) was used for caculations purposes.

** - Latest Sussex County per capita personal income available (2011) was used for calculation purposes.

N/A - Information unavailable.

Sources:

[a] - Population information provided by the NJ Department of Labor and Workforce Development.
[b] - Personal income has been estimated based upon the municipal population and per capita personal income presented.
[c] - Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
[d] - Unemployment data provided by the NJ Department of Labor and Workforce Development.

SPARTA TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - SUSSEX COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2012			2003		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	5.05%	Selective Insurance	954	2.41%
Newton Memorial Hospital	1,200	3.03%	Andover Subacute & Rehab Center	900	2.29%
Selective Insurance	900	2.27%	County of Sussex	825	2.06%
County of Sussex	830	2.10%	Mountain Creek Resort	800	2.02%
Mountain Creek Resort	800	2.02%	Newton Memorial Hosptial	757	1.91%
Ames Rubber Corp	445	1.12%	Ronetco Supermarkets	711	1.80%
Shop Rite Supermarkets (Ronetco)	301	0.76%	Vernon Township Board of Education	629	1.59%
Andover Subacute and Rehab Center	300	0.76%	F.O. Phoenix, Inc.	600	1.52%
Sussex County Community College	300	0.76%	Hopatcong Board of Education	450	1.14%
SCARC Inc.	287	0.72%	Wal-Mart	380	0.96%
	7,363	18.60%	Total Employment - Sussex County	7,006	17.68%

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

Exhibit J-16

SPARTA TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
UNAUDITED

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:								
Regular	329.0	329.0	329.0	329.0	329.0	333.0	227.6	276.0
Special Education	34.0	39.0	39.0	39.0	39.0	43.0	97.6	52.0
Support Services:								
Student & Instruction-Related Services	78.0	81.0	81.0	77.0	71.0	65.0	52.1	54.0
General Administrative Services	4.0	4.0	5.0	5.0	5.0	5.0	2.5	5.0
School Administrative Services	30.0	30.0	30.0	28.0	32.0	34.0	30.0	21.0
Plant Operations and Maintenance	47.0	47.0	47.0	42.0	53.0	33.0	41.0	41.0
Pupil Transportation	15.0	15.0	15.0	20.0	20.0	20.0	20.0	20.0
Business and Other Support Services	8.0	8.0	8.0	7.0	8.0	8.0	8.5	8.5
Total	545.0	553.0	554.0	547.0	557.0	541.0	479.3	477.5

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Sparta Township School District personnel records.

SPARTA TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended	Enroll-ment [a]	Operating Expenditures [b]	Cost Per Pupil [c]	Percent Change	Teaching Staff [d]	Pupil/Teacher Ratio: Elementary: Helen Morgan	Elementary: Alpine	Elementary: Mohawk Avenue	Middle School	Senior High School	Average Daily Enrollment (ADE) [e]	Average Daily Attendance (ADA) [e]	% Change Average Daily Enrollment	Student Attendance Percentage
2004	3,985	$ 42,679,439	$10,710	3.31%	259	15.1	17.7	14.9	13.1	12.4	4,003.0	3,769	0.69%	94.16%
2005	4,012	46,562,861	11,606	8.37%	274	14.8	14.8	13.6	12.8	11.2	4,014.3	3,795	0.28%	94.54%
2006	4,027	48,687,663	12,090	4.17%	281	14.7	14.9	12.2	11.8	12.1	4,027.8	3,760	0.34%	93.36%
2007	4,058	51,375,958	12,660	4.72%	304	14.9	15.6	17.1	11.5	11.9	4,058.5	3,851	0.76%	94.89%
2008	4,096	55,896,792	13,647	7.79%	306	14.1	15.5	14.1	11.8	11.6	4,095.9	3,877	0.92%	94.66%
2009	4,004	58,235,610	14,544	6.58%	305	12.7	13.7	16.1	11.5	10.8	3,986.2	3,767	-2.68%	94.51%
2010	3,940	59,065,024	14,991	3.07%	308	13.3	12.6	14.9	11.8	11.2	3,916.8	3,749	-1.74%	95.72%
2011	3,868	55,320,762	14,302	-4.60%	307	7.3	7.5	N/A	9.2	8.7	3,862.7	3,640	-1.38%	94.23%
2012	3,708	60,093,896	16,207	13.32%	325	19.4	17.1	N/A	11.6	12.4	3,422.0	3,236	-11.41%	94.57%
2013	3,623	62,812,692	17,337	6.98%	328	11.5	13.2	20.7	9.1	11.6	3,573.0	3,377	4.41%	94.51%

Note: Enrollment based on annual October Application for State School Aid (ASSA) district count.

[a] Per annual School Report Card.
[b] Operating expenditures equal total expenditures less debt service and capital outlay.
[c] Cost per pupil is the sum of the operating expendiutres divided by the enrollment. This cost per pupil may be different from the State's cost per pupil calculations.
[d] Teaching staff includes only full-time equivalents of certificated staff.
[e] Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
N/A Not Applicable.

Source: Sparta Township School District records.

Exhibit J-18

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

District Building	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Elementary										
Helen Morgan (1958)										
Square Feet	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515
Capacity (Students)	672	672	672	672	672	672	672	672	672	672
Enrollment	706	691	666	670	646	627	649	739	739	565
Alpine (1964)										
Square Feet	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240
Capacity (Students)	805	805	805	805	805	805	805	805	805	805
Enrollment	825	827	813	812	850	798	709	840	840	726
Mohawk Avenue (1935)										
Square Feet	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	330	306	359	312	210	356	312			228
Middle School										
Square Feet	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500
Capacity (Students)	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	1,056	1,022	997	997	1,008	985	1,036	937	937	847
High School										
Square Feet	153,245	153,245	153,245	153,245	153,245	153,245	153,245	255,127	255,127	255,127
Capacity (Students)	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075	1,075
Enrollment	1,081	1,177	1,201	1,207	1,223	1,220	1,205	1,192	1,192	1,224

Number of Schools at June 30, 2013

Elementary =3
Middle School = 1
High School = 1
Other = 0

Note: Enrollment is based on the annual October Application for State School Aid (ASSA) district count.

Note: District realigned elementary schools and grades effective 9/1/2012 with the reopening of the Mohawk School after being closed for two years (2010-2011 and 2011-2012)

Source: Sparta Township School District Facilities Office.

Exhibit J-19

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

Undistributed Expenditures - Required Maintenance For School Facilities
Account #11-000-261-xxx

Fiscal Year Ended	Helen Morgan School	Alpine School	Mohawk Avenue School	Middle School	Senior High School	Total School Facilities
2004	$ 81,909	$ 79,282	$ 92,804	$ 160,680	$ 165,102	$ 579,777
2005	89,062	94,154	63,556	159,755	185,219	591,746
2006	97,395	95,868	73,317	156,450	163,920	586,950
2007	91,771	97,194	68,293	146,227	180,561	584,046
2008	70,793	85,843	52,983	165,873	180,158	555,650
2009	75,129	89,361	71,518	184,258	192,718	612,984
2010	73,326	64,366	54,101	174,178	246,199	612,170
2011	70,442	93,531	58,103	150,301	292,657	665,034
2012	75,570	86,220	75,150	184,156	377,902	798,998
2013	89,112	77,538	220,217	186,691	302,018	875,576

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

Source: Sparta Township School District records.

Exhibit J-20

SPARTA TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
UNAUDITED

	Coverage	Deductible
SCHOOL ALLIANCE INSURANCE FUND:		
Building & Personal Property	$ 250,000,000	$ 1,000
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits	5,000,000	
Each Occurance		
General Aggregate	50,000,000	
Product Completed Operationss		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses	10,000	
(Excluding Students Taking Part in Athletics)		
Automobile Coverage		
Combined Single Limit		
Hired/Non Owned		
Environmental Impairment Liability	1,000,000/25,000,000	5,000
Crime Coverage	50,000	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess Liability (AL/GL)	5,000,000	
School Board Legal Liability	5,000,000/5,000,000	10,000
Excess SLPL	5,000,000/5,000,000	
Workers' Compensation	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Security Guard	1,000,000	5,000
Surety Bond - Selective Insurance Company		
Treasurer of School Monies	500,000	
Business Adminstrator	500,000	
Student Accident - Bollinger Insurance (Athletes Only)	5,000,000	

Source: Sparta Township 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 Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Sparta Township School District
County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Sparta, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

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

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

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

The Honorable President and Members
of the Board of Education
Sparta Township School District
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Nisivoccia, LLP

November 1, 2013
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

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Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by OMB Circular A-133
and New Jersey OMB's Circular 04-04

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Sparta Township School District
County of Sussex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Town of Sparta's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2013. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

The Honorable President and Members
of the Board of Education
Sparta Township School District
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

Nisivoccia, LLP

November 1, 2013
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012 Budgetary Accounts Receivable	Balance at June 30, 2012 Budgetary Unearned Revenue	Balance at June 30, 2012 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2013 Budgetary Accounts Receivable	Balance June 30, 2013 Budgetary Unearned Revenue
U.S. Department of Education Passed-Through State Department of Education:												
General Fund:												
Education Jobs Fund	84.410A	N/A	8/10/10-9/30/12	$ 618						$ (618)	$ (618)	
Total General Fund										(618)	(618)	
Special Revenue Fund:												
U.S. Department of Education												
Passed Through State Department of Education:												
Special Education Cluster:												
Individuals with Disabilities Act (IDEA):												
Part B, Basic	84.027	IDEA-4960-13	9/1/12-8/31/13	951,486					$ 764,283	(918,741)	$ (154,458)	
Part B, Basic - Carryover	84.027	IDEA-4960-12	9/1/11-8/31/12	1,050,107	$ (129,308)				155,874	(37,905)	(11,339)	
Part B, Preschool	84.173	IDEA-4960-13	9/1/12-8/31/13	26,671					25,930	(25,930)		
Part B, Preschool - Carryover	84.173	IDEA-4960-12	9/1/11-8/31/12	32,619	(8,795)				8,795			
Total Special Education Cluster					(138,103)				954,882	(982,576)	(165,797)	
No Child Left Behind (NCLB):												
Title II, Part A	84.367A	NCLB-4960-13	9/1/12-8/31/13	62,940					19,927	(48,073)	(28,146)	
Title II, Part A - Carryover	84.367A	NCLB-4960-12	9/1/11-8/31/12	82,040	(64,583)				80,194	(15,611)		
Title III	84.365A	NCLB-4960-13	9/1/12-8/31/13	16,192					4,400	(13,134)	(8,734)	
Title III - Carryover	84.365A	NCLB-4960-12	9/1/11-8/31/12	14,139	(4,266)				13,666	(9,400)		
Title III, Immigrant	84.365A	NCLB-4960-13	9/1/12-8/31/13	52,289					27,085	(36,542)	(9,457)	
Title III, Immigrant - Carryover	84.365A	NCLB-4960-12	9/1/11-8/31/12	19,880	(8,205)				14,499	(6,294)		
Perkins Vocational Education	84.048A	PERK-4960-13	7/1/12-6/30/13	23,348					9,839	(19,971)	(10,132)	
Perkins Vocational Education - Carryover	84.048A	PERK-4960-12	7/1/11-6/30/12	49,485	(46,506)				46,506			
Total U.S. Department of Education					(261,663)				1,170,998	(1,131,601)	(222,266)	
U.S. Department of Homeland Security:												
Passed through Federal Emergency Management Agency (FEMA):												
Disaster Grants - Publice Assistance -	97.036	N/A	10/29/12-6/30/13	28,876					28,876	(28,876)		
Total Special Revenue Fund					(261,663)				1,199,874	(1,160,477)	(222,266)	

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012 Budgetary Accounts Receivable	Balance at June 30, 2012 Budgetary Unearned Revenue	Balance at June 30, 2012 Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2013 Budgetary Accounts Receivable	Balance June 30, 2013 Budgetary Unearned Revenue
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/12-6/30/13	$ 29,137					$ 29,137	$ (25,395)		$ 3,742
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	49,800		$ 3,421				(3,421)		
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	73,915					67,179	(73,915)	$ (6,736)	
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	80,313	$ (3,650)				3,650			
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	388					340	(388)	(48)	
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	746	(18)				18			
Child Nutrition Cluster Subtotal					(3,668)	3,421			100,324	(103,119)	(6,784)	3,742
Total Enterprise Fund and U.S. Department of Agriculture					(3,668)	3,421			100,324	(103,119)	(6,784)	3,742
Total Federal Awards					$ (265,331)	$ 3,421	$ -0-	$ -0-	$ 1,300,198	$ (1,264,214)	$ (229,668)	$ 3,742

N/A - Not Applicable

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

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012 Budgetary (Accounts Receivable)	Balance at June 30, 2012 Due to Grantor	Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2013 GAAP (Accounts Receivable)	Balance at June 30, 2013 Due to Grantor	MEMO Budgetary Accounts Receivable	MEMO Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	$ 1,120,448			$ 1,008,820	$ (1,120,448)				$ (111,628)	$ 1,120,448
Special Education Aid	13-495-034-5120-011	7/1/12-6/30/13	1,985,384			1,787,582	(1,985,384)				(197,802)	1,985,384
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	2,286,550			2,058,743	(2,286,550)				(227,807)	2,286,550
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	246,370			221,824	(246,370)				(24,546)	246,370
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	244,311				(244,311)		$ (244,311)		(244,311)	244,311
Nonpublic Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	23,239				(23,239)		(23,239)		(23,239)	23,239
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/12-6/30/13	1,928,757			1,833,336	(1,928,757)		(95,421)		(95,421)	1,928,757
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	918,605	$ (80,863)		80,863						918,605
Special Education Aid	12-495-034-5120-011	7/1/11-6/30/12	1,901,698	(167,403)		167,403						1,901,698
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	2,540,642	(223,648)		223,648						2,540,642
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	251,044	(22,099)		22,099						251,044
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	305,010	(305,010)		305,010						305,010
Nonpublic Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	17,659	(17,659)		17,659						17,659
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/11-6/30/12	1,764,463	(96,206)		96,206						1,764,463
Total General Fund State Aid				(912,888)		7,823,193	(7,835,059)		(362,971)		(924,754)	15,534,180
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	13-100-034-5120-064	7/1/12 - 6/30/13	93,474			93,474	(82,991)			$ 10,483		82,991
Nursing Aid	13-100-034-5120-070	7/1/12 - 6/30/13	129,738			129,738	(129,738)					129,738
Technology Initiative Aid	13-100-034-5120-373	7/1/12 - 6/30/13	34,496			34,496	(34,069)			427		34,069
New Jersey Nonpublic Auxiliary Services:												
Compensatory Education	13-100-034-5120-067	7/1/12 - 6/30/13	102,838			102,838	(58,443)			44,395		58,443
English as a Second Language	13-100-034-5120-067	7/1/12 - 6/30/13	34,957			34,957	(17,393)			17,564		17,393
English as a Second Language	12-100-034-5120-067	7/1/11 - 6/30/12	12,758	(11,896)		11,896						12,758
Home Instruction	13-100-034-5120-067	7/1/12 - 6/30/13	12,684				(12,684)		(12,684)		(12,684)	12,684
Home Instruction	12-100-034-5120-067	7/1/11 - 6/30/12	7,297	(7,297)		7,297						7,297

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012 Budgetary Accounts Receivable	Balance at June 30, 2012 Due to Grantor	Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2013 GAAP Accounts Receivable	Balance at June 30, 2013 Due to Grantor	MEMO Budgetary Accounts Receivable	MEMO Cumulative Total Expenditures
Special Revenue Fund: - Cont'd												
New Jersey Nonpublic Handicapped:												
Supplemental Instruction	12-100-034-5120-066	7/1/12 - 6/30/13	$ 58,976			$ 58,976	$ (39,338)			$ 19,638		$ 39,338
Supplemental Instruction	11-100-034-5120-066	7/1/11 - 6/30/12	55,420		$ 5,613			$ (5,613)				49,807
Corrective Speech	12-100-034-5120-066	7/1/12 - 6/30/13	61,715			61,715	(43,200)			18,515		43,200
Corrective Speech	11-100-034-5120-066	7/1/11 - 6/30/12	41,941	$ (4,818)		4,818						41,941
Exam & Classification	12-100-034-5120-066	7/1/12 - 6/30/13	89,189			89,189	(81,143)			8,046		81,143
Total Special Revenue Fund				(24,011)	5,613	629,394	(498,999)	(5,613)	$ (12,684)	119,068	$ (12,684)	610,802
Debt Service Fund:												
Debt Service State Aid Support	13-100-034-5120-125	7/1/12-6/30/13	602,876			602,876	(602,876)					602,876
Total Debt Service Fund						602,876	(602,876)					602,876
Enterprise Fund:												
State Department of Agriculture:												
State School Lunch	13-100-010-3350-023	7/1/12-6/30/13	5,188			4,719	(5,188)		(469)		(469)	5,188
State School Lunch	12-100-010-3350-023	7/1/11-6/30/12	6,958	(321)		321						6,958
Total Enterprise Fund				(321)		5,040	(5,188)		(469)		(469)	12,146
Total State Awards				$(937,220)	$ 5,613	$ 9,060,503	$ (8,942,122)	$ (5,613)	$(376,124)	$ 119,068	$(937,907)	$ 16,760,004

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Sparta Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2013. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *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 assets 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 using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (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 June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A.-18A:22-44.2. For GAAP purposes, these payments are not recognized until the subsequent budget year due to the state deferral and recording of the June 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 ($67,770) for the general fund and ($104,490) for the special revenue fund (of which $12,407 is for local awards and is not included in the table below). See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension Contributions and Post Retirement Contributions revenue of $1,485,212 and $1,679,399, respectively.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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

	Federal	State	Total
General Fund	$ 618	$ 10,931,900	$ 10,932,518
Special Revenue Fund	1,100,920	466,473	1,567,393
Debt Service Fund		602,876	602,876
Food Service Fund	103,119	5,188	108,307
Total Awards	$ 1,204,657	$ 12,006,437	$ 13,211,094

NOTE 4. 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 5. 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 year ended June 30, 2013. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.

- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*

- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.*

- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.

- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* and Federal OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.*

- The District's programs tested as major programs for the current fiscal year consisted of the following federal and state awards:

Federal Program	CFDA Number	Grant Period	Award Amount	Budgetary Expenditures
Special Education Cluster:				
IDEA Part B Basic	84.027	9/1/12-8/31/13	$ 951,486	$ 918,741
IDEA Part B Basic - Carryover	84.027	9/1/11-8/31/12	1,050,107	37,905
IDEA Part B Preschool	84.173	9/1/12-8/31/13	26,671	25,930

State Program	Grant Number	Grant Period	Award Amount	Budgetary Expenditures
State Aid - Public:				
Special Education Aid	13-495-034-5120-011	7/1/12-6/30/13	$1,985,384	$1,985,384
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	2,286,550	2,286,550
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	246,370	246,370
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	1,120,448	1,120,448
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	1,928,757	1,928,757

- The threshold used for distinguishing between Type A and Type B programs was $300,000 for federal and state programs.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

Summary of Auditors' Results:

- The District was determined to be a "low-risk" auditee under the provisions of section 530 of the federal Circular.

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

SPARTA TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Status of Prior Year Findings:

There were no prior year audit findings.