

**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, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**SPARTA TOWNSHIP SCHOOL DISTRICT**

**Sparta, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**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 20, 2015

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, 2015, 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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on 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.

The Honorable President and Members of  
 the Board of Education  
 Sparta Township School District  
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 November 20, 2015

### 1) REPORTING ENTITY AND ITS SERVICES:

As of June 30, 2015, Sparta Schools enrolled 3,328 students at five schools compared to 3,539 students as of June 30, 2014, which is a decrease of 211 students, or 6.00%. The detail of the June 30, 2015 enrollment is as follows: High School 1,142; Middle School 825; Helen Morgan School 509; Alpine School 631; and Mohawk Avenue School 221.

### 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 General Fund fund balance each year over the last few years after accounting for the fund balance appropriated into the following years to reduce the tax burden on the community.

### 3) MAJOR INITIATIVES:

Successful Bond Refinancing: On February 18, 2015, the Board of Education issued \$54,355,000 in Refunding School Bonds to refund the callable maturities of the Series 2006 School Bonds. The 2006 Bonds maturing February 15, 2017 through 2036 will be called for redemption on February 15, 2016. The funds to call the Series 2006 Bonds have been placed into escrow until February 15, 2016. The 2015 Refunding School Bonds are issued over the same term as the original Series 2006 School Bonds, but at a lower interest rate, providing savings to the taxpayers of Sparta Township. The taxpayers of Sparta Township will save \$6,981,844 over the life of the bond issue through reduced debt service costs. This equates to a reduction in debt service of about \$330,000 each year through fiscal year end June 30, 2036.

Major instructional initiatives completed during the 2014-2015 school year were as follows:

#### Mohawk Avenue School:

- Monthly Character Education Assemblies
- Mohawk Makes a Difference Program
- Multisensory Reading Training continued for third grade staff
- Two field trips: Liberty Science Center and Waterloo Village
- After-school remediation program in Reading, Writing, Math
- After-school homework club
- After-school math enrichment

The Honorable President and Members of  
 the Board of Education  
 Sparta Township School District  
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### 3) MAJOR INITIATIVES:

#### Alpine School:

- Dyslexia professional development for all staff
- Continuation of Balanced Literacy professional development workshops
- Multi-Sensory Reading training for 10 staff members
- Implementation of common assessments in all academic areas
- Implementation of baseline assessments in ELA and Math
- Two field trips per grade level to supplement the curriculum. (Parent Funded)
- Before School Remediation Program servicing approximately 30 students
- Before School Fast ForWord Program servicing approximately 20 students
- Implementation of Student Growth Objectives in OnCourse
- Continuation of collecting student data through Google Apps for Education
- Brain Camp for “at risk” students entering First and Second grades
- Purchase of additional literacy libraries (classroom and leveled)
- Installation of Brightlink Projectors and white boards to replace old SMART Boards
- Computer Carts (3)
- Installation of the Raptor visitor management system
- Installation of surveillance cameras throughout the building
- Panic Buttons (3)
- Air Conditioning units for special education classrooms (2)
- Walkie Talkies (14)
- AED machines (2)

#### Helen Morgan School:

- Successful administration of PBA and EOY PARCC assessments
- Before-school intervention program: Common Core Club
- Continued training in Readers/Writers Workshop Model
- Moby Max online supplementary instruction program
- New 5th Grade Trip to Buehler Science and Challenger Center

#### Middle School:

- Altitude Program - 8th grade, a new youth empowerment program by Newton Medical Center.
- 10 Document Cameras - Math, Science, French
- New 7th grade vocabulary program - Vocabulary Their Way
- Common Core Club - After school program in ELA and Mathematics
- 25 Digital Balances - 8th grade Science Dept.
- 10 BrightLink Projectors
- Boy's Council - Center for Prevention & Counseling
- Girls Circle - Center for Prevention & Counseling
- Seven Habits of highly effective teens - Center for Prevention & Counseling

The Honorable President and Members of  
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### 3) MAJOR INITIATIVES:

#### High School:

- Development and writing of curriculum for the 1st year of a 3 Year STEM initiative. Phase 1 consists of the Biomedical Studies Strand.
- Adopted new curriculum for Science using the Next Generation Science Standards
- Developed protocol for the new open lunch program for seniors using the Genesis management system.
- Keith Hawkins program for students and student leaders
- Camfel - Quest for Respect Program for all grade levels
- Professional development and curriculum work for additional Advanced Placement courses.
- Installation of additional Britelink interactive projectors and document cameras into classrooms,
- Professional development on assessment and questioning
- Creation of a teacher learning center to be used district-wide for professional development
- Purchased and initiated the Raptor visitor management system

#### TECHNOLOGY INITIATIVES: District-Wide:

- Data Center UPS Replacement - Replaced APC with Eaton UPS for better run time.
- 10GB Network upgrade between buildings - All buildings are at minimum 10GB between them.
- Monitoring - Installed monitoring for all servers, UPS and switches. Some just needed configuring but all that can be are now monitored.
- Surveillance Cameras and Card Access - All buildings now have camera systems and card access installed.
- Windows 8.1 Rollout - Migrated all student/faculty to Windows 8.1 from Windows 7.
- Visitor Management System - Raptor Visitor Management System installed at all buildings.
- Destiny Upgrade - Major upgrade to Library system.
- Mealtime Upgrade/Integration - Upgraded mealtime system to web-based version and integrated with SIS.
- Backups - Complete overhaul of system backups.
- Spam Filter - Implemented spam filter for exchange server using existing Lightspeed hardware.
- Genesis Scanning - First round of scanning student IDs at SHS using SIS.
- Google Migration - Started migration of Exchange users to Google.

**DEMOGRAPHIC STUDY:** Whitehall Associates Inc of Kinnelon, NJ completed a new demographic study in October 2013 with enrollment projections through the 2018-2019 school year. Sparta Township includes 37.39 square miles of land. In 1930 the Township population was 1,316. In 2010 the Township population increased to 19,722. The preschool student enrollment projections are slightly declining from 48 students in 2013-14 to 42 students in 2017-2018. As of October 2013, 99 students were eligible for free and reduced lunch or 2.86% of the total student population. Overall student enrollment is projected to decrease from 3,466 in 2013-2014 to 2,913 enrolled students in 2018-2019 and is directly related to the number of reported births. The data included in this demographic report is consistent with student enrollment trends in Sussex County and is subject to actual student enrollment for each school year. The District has reduced staffing comparable to declining regular education enrollment and increased special education staff as the number of identified special education students increases annually. It is noted that any reduction in staff will impact class sizes especially in the elementary grade programs.

The Honorable President and Members of  
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#### 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, 2015.

#### 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.

#### 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.

The Honorable President and Members of  
 the Board of Education  
 Sparta Township School District  
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 November 20, 2015

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 fund 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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information 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.

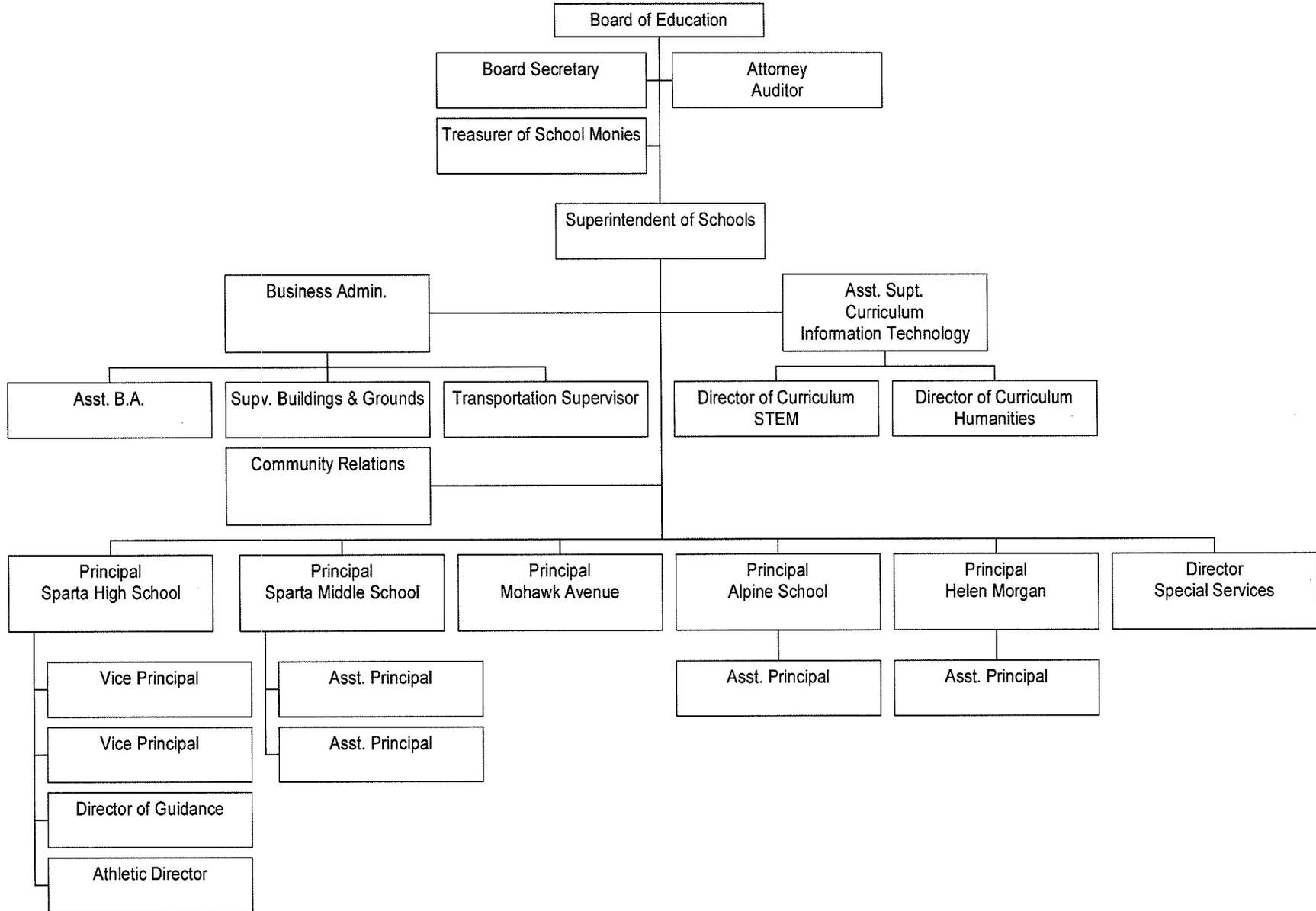
Respectfully submitted,



Dennis Tobin  
 Superintendent



Barbara A. Decker  
 School Business Administrator/Board Secretary



**SPARTA TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Karen Scott, President	2015
Douglas McKernan, Vice President	2017
Kylen Anderson	2017
Brenda Beebe	2016
Melva Cummings	2017
Kelly McEvoy	2016
J. Todd Muth	2016
Jack Sudoval	2015
Kim Yeomans	2015

Other OfficersTitle

Dennis Tobin	Superintendent of Schools
Barbara A. Decker	Business Administrator/Board Secretary (from 7/1/15)
Linda A. Alvarez, RSBA, SFO	Business Administrator/Board Secretary (to 6/30/15)
Melissa Varley, Ed. D.	Assistant Superintendent of Curriculum and Staff Development
Kristine Demay	Assistant Business Administrator

**SPARTA TOWNSHIP SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**ARCHITECTS**

CP Engineers  
Sparta, NJ

DiCara Rubino Architects  
Wayne, NJ

Gianforcaro Architects, Engineers & Planners  
Chester, NJ

Laurence E. Parisi, Architect  
North Bergen, NJ

**ATTORNEY**

Rod Hara, Esquire  
Fogarty & Hara  
General Counsel  
Fairlawn, NJ

**AUDIT FIRM**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Rd., Suite 300  
Mount Arlington, New Jersey 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, New Jersey 07860

**OFFICIAL DEPOSITORY**

Lakeland Bank  
Sparta, NJ

FINANCIAL SECTION



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 (the "District") in the County of Sussex as of and for the fiscal year ended June 30, 2015, 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.

The Honorable President and Members  
of the Board of Education  
Sparta Township School District  
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### ***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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 10 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 19 to the basic financial statements.

### ***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, the required supplementary information pension schedules 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's OMB Circulars 04-04 and 15-08, *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 Honorable President and Members  
of the Board of Education  
Sparta Township School District  
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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.

***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 20, 2015 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 20, 2015  
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, 2015  
(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, 2015. 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 2014/2015 school year are as follows:

- The District's net position decreased \$2,071,962 during the year.
- Overall revenue was \$78,592,454.
- Overall expenditures were \$80,670,580.
- On February 15, 2015, the District issued \$54,355,000 refunding bonds with interest rates ranging from 2.50% to 5.00% to refund \$60,213,000 of the \$71,513,000 of school bonds dated December 5, 2006 with rates ranging from 4.25% to 4.30%.

### **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.
- *Notes to the Basic Financial Statements* provide additional information essential to a full understanding of the district-wide and fund financial statements.

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, 2015  
(UNAUDITED)**

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

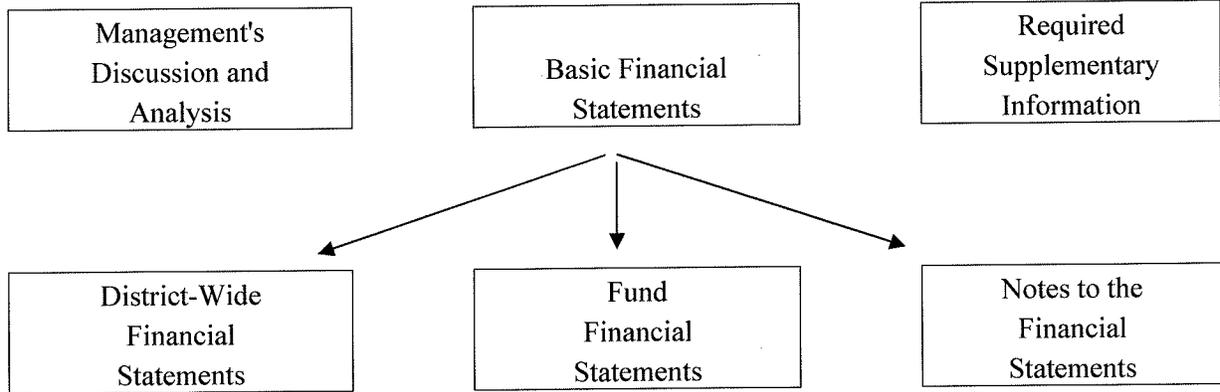


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**SPARTA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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  
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**District-wide Statements**

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

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service 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 it is 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**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 \$(5,525,429) on June 30, 2015, \$2,071,962 or 60.00% less than the year before. (See Figure A-3).

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2014/15	2013/14*	2014/15	2013/14	2014/15	2013/14*	
Current & Other Assets	\$ 6,419,346	\$ 8,070,982	\$ 173,075	\$ 142,735	\$ 6,592,421	\$ 8,213,717	-19.74%
Capital Assets, Net	80,314,572	81,921,882	269,323	323,838	80,583,895	82,245,720	-2.02%
Total Assets	<u>86,733,918</u>	<u>89,992,864</u>	<u>442,398</u>	<u>466,573</u>	<u>87,176,316</u>	<u>90,459,437</u>	-3.63%
Deferred Outflows of Resources	<u>4,405,689</u>	<u>304,589</u>			<u>4,405,689</u>	<u>304,589</u>	1346.44%
Long-Term Debt	84,452,838	91,611,151			84,452,838	91,611,151	-7.81%
Other Liabilities	11,658,577	2,556,040	157,246	50,302	11,815,823	2,606,342	353.35%
Total Liabilities	<u>96,111,415</u>	<u>94,167,191</u>	<u>157,246</u>	<u>50,302</u>	<u>96,268,661</u>	<u>94,217,493</u>	2.18%
Deferred Inflows of Resources	<u>838,773</u>				<u>838,773</u>		100.00%
Net Position:							
Net Investment in Capital							
Assets	10,690,576	3,971,598	269,323	323,838	10,959,899	4,295,436	155.15%
Restricted	4,133,114	5,090,465			4,133,114	5,090,465	-18.81%
Unrestricted/(Deficit)	<u>(20,634,271)</u>	<u>(12,931,801)</u>	<u>15,829</u>	<u>92,433</u>	<u>(20,618,442)</u>	<u>(12,839,368)</u>	-60.59%
Total Net Position	<u><u>\$(5,810,581)</u></u>	<u><u>\$(3,869,738)</u></u>	<u><u>\$ 285,152</u></u>	<u><u>\$ 416,271</u></u>	<u><u>\$(5,525,429)</u></u>	<u><u>\$(3,453,467)</u></u>	-60.00%

\*Restated

*Changes in Net Position.* The District's combined net position decreased by \$2,071,962 or 60.00%. Net position from Governmental activities decreased \$1,940,843 and net position from Business-type activities decreased \$131,119. (See Figure A-4).

Net investment in capital assets increased by \$6,664,463 due to a \$8,326,288 net reduction in debt (bonds and capital leases) and \$2,298,018 in net capital additions offset by \$3,935,950 in depreciation (\$3,892,776 from Governmental activities and \$43,174 from Business-type activities) and a \$23,893 Business-type activities capital asset deletion. Restricted net position decreased by \$957,351 due to a \$228,892 decrease in General Fund balances restricted as prior year and current year excess (above the State-mandated 2%) surplus, a \$724,166 decrease in restricted capital projects and a \$175,000 decrease in maintenance reserve offset by a \$170,707 increase in capital reserve. Unrestricted net position decreased \$7,779,074 primarily as a result of an unamortized bond premium due to the bond refunding, accrued interest, a reduction in year-end encumbrances and the change in net pension liability.

**SPARTA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Revenue:							
Program Revenue:							
Charges for Services			\$ 702,817	\$ 703,066	\$ 702,817	\$ 703,066	-0.04%
Operating Grants & Contributions	\$19,615,528	\$12,606,704	115,540	110,639	19,731,068	12,717,343	55.15%
Capital Grants & Contributions	229,910				229,910		100.00%
General Revenue:							
Property Taxes	57,090,539	56,193,972			57,090,539	56,193,972	1.60%
Federal and State Aid	614,990	627,132			614,990	627,132	-1.94%
Other	222,915	275,427	215	339	223,130	275,766	-19.09%
Total Revenue	<u>77,773,882</u>	<u>68,342,109</u>	<u>818,572</u>	<u>814,044</u>	<u>78,592,454</u>	<u>70,517,279</u>	11.45%
Expenses:							
Instruction	41,577,104	37,318,119			41,577,104	37,318,119	11.41%
Pupil/Instruction Services	11,883,202	9,479,154			11,883,202	9,479,154	25.36%
Administrative/Business Operations/Maintenance	7,401,269	6,798,746			7,401,269	6,798,746	8.86%
Transportation	6,767,680	5,098,475			6,767,680	5,098,475	32.74%
Other	4,992,244	4,459,335			4,992,244	4,459,335	11.95%
Other	7,093,226	6,387,731	955,855	860,552	8,049,081	7,248,283	11.05%
Total Expenses	<u>79,714,725</u>	<u>67,794,515</u>	<u>955,855</u>	<u>860,552</u>	<u>80,670,580</u>	<u>70,402,112</u>	14.59%
Special Items			6,164	(1,111)	6,164	(1,111)	-654.82%
Increase/(Decrease) in Net Position	<u><u>\$(1,940,843)</u></u>	<u><u>\$ 547,594</u></u>	<u><u>\$(131,119)</u></u>	<u><u>\$ (47,619)</u></u>	<u><u>\$(2,071,962)</u></u>	<u><u>\$ 114,056</u></u>	-1916.62%

*Revenue Sources.* The District's total revenue for the 2014/2015 school year was \$78,592,454 (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$57,090,539 of the total, or 72.64 percent. Another 26.18 percent came from state and federal aid for specific programs and the remaining 1.18 percent came from charges for services and miscellaneous revenue. Charges for services consist primarily of cafeteria sales.

**Figure A-5  
Sources of Revenue for Fiscal Year 2015 and 2014**

Sources of Income	2015	Percentage	2014	Percentage
Grants and Contributions	\$ 19,960,978	25.40%	\$ 12,717,343	18.03%
Property Taxes	57,090,539	72.64%	56,193,972	79.69%
Federal and State Unrestricted Aid	614,990	0.78%	627,132	0.89%
Charges for Services	702,817	0.90%	703,066	1.00%
Other	223,130	0.28%	275,766	0.39%
	<u><u>\$ 78,592,454</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 70,517,279</u></u>	<u><u>100.00%</u></u>

**SPARTA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The total cost of all programs and services was \$80,670,580. A significant portion of the District's expenses relate to providing instruction, support and transportation to students (72.46 percent). (See Figure A-6). The remaining 27.54 percent of the District's expenses were for administrative and business costs which constitute 9.17 percent of total costs, plant operations and maintenance costs which represent 8.39 percent of total expenses, and other expenses which constitute 9.98 percent of total expenses and include payments to charter schools, unallocated depreciation, interest on long-term debt and the operations of the food service enterprise fund.

**Figure A-6  
Expenses for Fiscal Year 2015 and 2014**

Expense Category	2015	Percentage	2014	Percentage
Instruction	\$ 41,577,104	51.54%	\$ 37,318,119	53.01%
Pupil and Instruction Services	11,883,202	14.73%	9,479,154	13.46%
Administrative and Business	7,401,269	9.17%	6,798,746	9.66%
Operations and Maintenance	6,767,680	8.39%	5,098,475	7.24%
Transportation	4,992,244	6.19%	4,459,335	6.33%
Other	8,049,081	9.98%	7,248,283	10.30%
	<u>\$ 80,670,580</u>	<u>100.00%</u>	<u>\$ 70,402,112</u>	<u>100.00%</u>

### Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District decreased \$1.94 million during the course of the year. Maintaining existing programs with increasing regular pupil enrollment and increasing outside placements and special services for disabled pupils places 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 continued 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 expenses 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Figure A-7  
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014/15	2013/14	2014/15	2013/14
Instruction	\$ 41,577,104	\$ 37,318,119	\$ 27,421,659	\$ 27,832,832
Pupil and Instruction Services	11,883,202	9,479,154	9,801,174	8,515,632
Administrative and Business	7,401,269	6,798,746	6,167,015	6,199,788
Operations and Maintenance	6,767,680	5,098,475	5,769,364	4,765,062
Transportation	4,992,244	4,459,335	3,616,849	3,233,811
Other	7,093,226	6,387,731	7,093,226	6,387,731
	<u>\$ 79,714,725</u>	<u>\$ 69,541,560</u>	<u>\$ 59,869,287</u>	<u>\$ 56,934,856</u>

- The cost of all governmental activities this year was \$79,714,725.
- The federal and state governments subsidized certain programs with \$19,845,438 in grants and contributions.
- Most of the District's costs were financed by \$57,090,539 in District taxes.
- A portion of governmental activities was financed with \$614,990 in state and federal aid for general and specific programs.
- The remaining \$222,915 came from miscellaneous revenue.

**Business-Type Activities**

Net position of the District's business-type activities decreased by \$131,119 – net investment in capital assets decreased \$54,515 due to depreciation and disposal of capital assets and unrestricted net position decreased \$76,604 due to various improvements to the school cafeterias. (Refer to Figure A-4).

**Financial Analysis of the District's Funds**

The District's General Fund balance decreased by \$387,453 due primarily to the appropriation of prior year excess surplus and Capital Projects Fund balance decreased \$1,069,038 as a result of capital projects expenditures. The District must be diligent in monitoring expenditures. Expenditures during the recent year increased due in part to increases in the number of pupils with special needs. 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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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:

- Transfers were necessary to reflect salary changes and staff assignments due to retirements, resignations, program adjustments necessitated by student population changes, substitute coverage realignment, legal fees, opt out health insurance waivers and overload stipends.
- Increased expenditures to provide programs, therapies, and services for students with identified special needs.
- Tuition based on actual enrollment for students attending charter school and local vocational technical school and the increase of students with special needs placed in out of district programs.
- Heating fuel and building energy consumption were less than budgeted.
- Replacement of two copiers for use at the middle school and district level.
- Gym wall padding replaced at Mohawk Avenue School.
- New pickup truck and van purchased for Buildings and Grounds department.
- Transportation department purchased a new 54 passenger school bus and approval to install lighting for the bus yard.
- Replaced Alpine walk-in freezer.
- High School track replacement completed.

**Capital Assets and Debt Administration**

***Capital Assets***

The District's capital assets decreased \$1,661,825 or 2.02%. Capital additions were \$2,298,018 - \$2,285,466 from capital outlay projects from Governmental activities and \$12,552 from Business-type activities – offset by net deletions of \$23,893 and \$3,935,950 in current year depreciation (\$3,892,776 from Governmental activities and \$43,174 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  
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**Capital Assets and Debt Administration**

**Capital Assets (Cont'd)**

**Figure A-8  
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Land	\$ 649,333	\$ 649,333			\$ 649,333	\$ 649,333	0.00%
Site Improvements	2,484,357	1,859,903			2,484,357	1,859,903	33.57%
Buildings and							
Building Improvements	71,388,125	73,178,335			71,388,125	73,178,335	-2.45%
Machinery & Equipment	5,792,757	6,234,311	\$ 269,323	\$ 323,838	6,062,080	6,558,149	-7.56%
Total Capital Assets (Net of Depreciation)	<u>\$80,314,572</u>	<u>\$81,921,882</u>	<u>\$ 269,323</u>	<u>\$ 323,838</u>	<u>\$80,583,895</u>	<u>\$82,245,720</u>	-2.02%

**Long-term Debt**

The District's long-term debt decreased \$7,158,313, or 7.81%, from the prior year. At year-end, the District had \$69,050,000 in general obligation bonds, \$14,074,660 in net pension liability, \$573,996 in capital leases and \$754,182 in compensated absences payable (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 Change
	2014/15	2013/14*	
General Obligation Bonds (Financed with Property Taxes)	\$ 69,050,000	\$ 77,588,000	-11.0%
Net Pension Liability	14,074,660	12,965,685	8.55%
Capital Leases	573,996	362,284	58.44%
Other Long-Term Debt	754,182	695,182	8.49%
Total Long-Term Debt Outstanding	<u>\$ 84,452,838</u>	<u>\$ 91,611,151</u>	-7.81%

\*Restated

- The District continued to pay down its debt, retiring \$2,680,000 of serial bonds and \$312,906 of capital leases.
- The District issued \$54,355,000 in Refunding Bonds which defeased \$60,213,000 of existing bonds. The refinancing resulted in over 3% net present value savings in interest costs to their final maturity.
- The District's net pension liability increased by \$1,108,975.
- The District entered into a new capital lease during the year totaling \$524,618.
- The District's liability for accumulated sick and vacation time increased by \$59,000.

**SPARTA TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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.

The District's labor contracts with Sparta Board of Education Bus Drivers and Bus Attendants expired on June 30, 2013 and has not been settled. Also, labor contracts with the Sparta Board of Education Custodians and Groundsmen, Supervisors, and the Sparta Education Association expired on June 30, 2015 and have not been settled.

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 unassigned 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 fund balance as needed, and the ability to transfer available funds between appropriation accounts, and severely impacts our ability to maintain and improve our facilities.

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

SPARTA TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,168,944	\$ 108,163	\$ 4,277,107
Receivables from State Government	568,529	1,096	569,625
Receivables from Federal Government	240,540	15,474	256,014
Other Receivables	64,693	30,057	94,750
Inventory		18,285	18,285
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	1,126,640		1,126,640
Maintenance Reserve Account	250,000		250,000
Capital Assets, Net			
Site (Land) and Construction in Progress	649,333		649,333
Depreciable Site Improvements, Building and Building Improvements, & Machinery/Equipment	79,665,239	269,323	79,934,562
Total Assets	<u>86,733,918</u>	<u>442,398</u>	<u>87,176,316</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Amount on Refunding	2,779,152		2,779,152
Charges in Assumptions - Pensions	442,583		
Charges in Proportion - Pensions	1,183,954		
Total Deferred Outflows of Resources	<u>4,405,689</u>		<u>2,779,152</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	430,865	134,607	565,472
Accrued Interest Payable	1,105,900		1,105,900
Accrued Liability for Health Benefits Claims	832,872		832,872
Unamortized Bond Premium	9,106,699		9,106,699
Payable to Other Governments	126,421		126,421
Unearned Revenue	55,820	22,639	78,459
Noncurrent Liabilities:			
Due Within One Year	3,170,045		3,170,045
Due Beyond one Year	81,282,793		81,282,793
Total Liabilities	<u>96,111,415</u>	<u>157,246</u>	<u>96,268,661</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Investment Gains - Pensions	838,773		
Total Deferred Inflows of Resources	<u>838,773</u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets	10,690,576	269,323	10,959,899
Restricted for:			
Capital Projects	2,258,112		2,258,112
Debt Service	2		2
Other Purposes	1,875,000		1,875,000
Unrestricted/(Deficit)	<u>(20,634,271)</u>	<u>15,829</u>	<u>(20,618,442)</u>
Total Net Position	<u>\$ (5,810,581)</u>	<u>\$ 285,152</u>	<u>\$ (5,525,429)</u>

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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 30,414,029		\$ 9,278,704		\$ (21,135,325)		\$ (21,135,325)
Special Education Instruction	8,112,234		4,335,910		(3,776,324)		(3,776,324)
Other Special Instruction	316,459		36,720		(279,739)		(279,739)
School-Sponsored/Other Instruction	2,734,382		504,112		(2,230,270)		(2,230,270)
Support Services:							
Tuition	2,759,807		400,249		(2,359,558)		(2,359,558)
Student & Instruction Related Services	9,123,395		1,681,779		(7,441,616)		(7,441,616)
General Administration Services	1,609,895		227,896		(1,381,999)		(1,381,999)
School Administration Services	4,192,941		831,039		(3,361,902)		(3,361,902)
Central Services	934,943		175,317		(759,626)		(759,626)
Administrative Information Technology	663,490				(663,490)		(663,490)
Plant Operations and Maintenance	6,767,680		768,406	\$ 229,910	(5,769,364)		(5,769,364)
Pupil Transportation	4,992,244		1,375,396		(3,616,848)		(3,616,848)
Charter School	233,906				(233,906)		(233,906)
Unallocated Depreciation	2,570,248				(2,570,248)		(2,570,248)
Interest on Long-Term Debt	4,289,072				(4,289,072)		(4,289,072)
<b>Total Governmental Activities</b>	<b>79,714,725</b>		<b>19,615,528</b>	<b>229,910</b>	<b>(59,869,287)</b>		<b>(59,869,287)</b>

SPARTA TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 955,855	\$ 702,817	\$ 115,540			\$ (137,498)	\$ (137,498)
Total Business-Type Activities	955,855	702,817	115,540			(137,498)	(137,498)
Total Primary Government	\$ 80,670,580	\$ 702,817	\$ 19,731,068	\$ 229,910	\$ (59,869,287)	(137,498)	(60,006,785)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					52,416,339		52,416,339
Property Taxes Levied for Debt Service					4,674,200		4,674,200
Federal and State Aid not Restricted					614,990		614,990
Interest and Miscellaneous Income					222,915	215	223,130
Special Item - Capital Asset Deletions						(23,893)	(23,893)
Special Item - Food Service Management Contractor Contribution						30,057	30,057
Total General Revenues and Special Items					57,928,444	6,379	57,934,823
Change in Net Position					(1,940,843)	(131,119)	(2,071,962)
Net Position - Beginning (Restated)					(3,869,738)	416,271	(3,453,467)
Net Position - Ending					\$ (5,810,581)	\$ 285,152	\$ (5,525,429)

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,023,438	\$ 113,543	\$ 1,031,961	\$ 2	\$ 4,168,944
Interfunds Receivable	5,399				5,399
Receivables from State Government	335,545	3,074	229,910		568,529
Receivables from Federal Government		240,540			240,540
Other Receivables	64,144	549			64,693
Restricted Cash and Cash Equivalents	1,376,640				1,376,640
<b>Total Assets</b>	<b>\$ 4,805,166</b>	<b>\$ 357,706</b>	<b>\$ 1,261,871</b>	<b>\$ 2</b>	<b>\$ 6,424,745</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 254,500	\$ 176,365			\$ 430,865
Interfunds Payable			\$ 5,399		5,399
Accrued Liability for Health Benefits Claims	832,872				832,872
Payable to State Government		126,421			126,421
Unearned Revenue	900	54,920			55,820
<b>Total Liabilities</b>	<b>1,088,272</b>	<b>357,706</b>	<b>5,399</b>		<b>1,451,377</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	1,001,640				1,001,640
Maintenance Reserve Account	375,000				375,000
Excess Surplus -					
For Subsequent Year's Expenditures	750,000				750,000
Excess Surplus	750,000				750,000
Capital Projects Fund			1,256,472		1,256,472
Debt Service Fund				\$ 2	2
Committed					

SPARTA TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Fund Balances:					
Assigned:					
Year-end Encumbrances	\$ 231,916				\$ 231,916
Unassigned	608,338				608,338
Total Fund Balances	<u>3,716,894</u>		<u>\$ 1,256,472</u>	<u>\$ 2</u>	<u>4,973,368</u>
Total Liabilities and Fund Balances	<u>\$ 4,805,166</u>	<u>\$ 357,706</u>	<u>\$ 1,261,871</u>	<u>\$ 2</u>	<u>\$ 6,424,745</u>

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

Total Fund Balances - Governmental Funds (Above)	\$ 4,973,368
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 \$116,744,530 and the accumulated depreciation is \$36,429,958.	80,314,572
Certain Amounts Related to the net pension Liability are deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Change in Assumptions - Pensions	442,583
Change in Proportions - Pensions	1,183,954
Investment Gains - Pensions	(838,773)
Long-Term Liabilities, including Bonds Payable and Net Pension Liability for PERS, are not due in the current period and therefore are not reported as liabilities in the Funds.	(84,452,838)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,105,900)
Bond premiums are reported as revenue in the Governmental Funds in the year of receipt. The original premium is \$9,301,468 and accumulated amortization is \$194,769.	(9,106,699)
Deferred interest costs are not reported as expenditures in the governmental funds in the year of the expenditure.	<u>2,779,152</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ (5,810,581)</u>

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 52,416,339			\$ 4,674,200	\$ 57,090,539
Miscellaneous	220,018	\$ 58,411	\$ 2,897		281,326
Total - Local Sources	52,636,357	58,411	2,897	4,674,200	57,371,865
State Sources	11,594,533	545,279	229,910	614,990	12,984,712
Federal Sources		1,108,963			1,108,963
<b>Total Revenues</b>	<b>64,230,890</b>	<b>1,712,653</b>	<b>232,807</b>	<b>5,289,190</b>	<b>71,465,540</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular Education Instruction	17,888,723	761,414			18,650,137
Special Education Instruction	4,583,825	550,990			5,134,815
Other Special Instruction	110,397				110,397
School-Sponsored/Other Instruction	1,754,976				1,754,976
Support Services and Undistributed Costs:					
Tuition	2,359,558	400,249			2,759,807
Student & Instruction Related Services	5,849,522				5,849,522
General Administration Services	1,150,852				1,150,852
School Administration Services	2,569,487				2,569,487
Central Services	587,857				587,857
Administrative Information Technology	331,537				331,537
Plant Operations and Maintenance	5,112,652				5,112,652
Pupil Transportation	4,445,043				4,445,043
Unallocated Benefits	16,173,475				16,173,475

SPARTA TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Capital Outlay	\$ 1,994,048		\$ 598,948		\$ 2,592,996
Charter School	233,906				233,906
Debt Service:					
Principal				\$ 2,680,000	2,680,000
Interest and Other Charges				3,309,190	3,309,190
Total Expenditures	<u>65,145,858</u>	<u>\$ 1,712,653</u>	<u>598,948</u>	<u>5,989,190</u>	<u>73,446,649</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(914,968)		(366,141)	(700,000)	(1,981,109)
OTHER FINANCING SOURCES/(USES):					
School Refunding Bonds Issued				54,355,000	54,355,000
School Bonds Defeased				(60,213,000)	(60,213,000)
Bond Premium				8,661,508	8,661,508
Bond Issuance Costs				(311,028)	(311,028)
Deferred Bond Interest				(2,492,480)	(2,492,480)
Capital Leases (Non-Budgeted)	524,618				524,618
Transfers In	2,897			700,000	702,897
Transfers Out			(702,897)		(702,897)
Total Other Financing Sources/(Uses)	<u>527,515</u>		<u>(702,897)</u>	<u>700,000</u>	<u>524,618</u>
Net Change in Fund Balances	(387,453)		(1,069,038)		(1,456,491)
Fund Balance - July 1	4,104,347		2,325,510	2	6,429,859
Fund Balance - June 30	<u>\$ 3,716,894</u>	<u>\$ - 0 -</u>	<u>\$ 1,256,472</u>	<u>\$ 2</u>	<u>\$ 4,973,368</u>

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

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, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (1,456,491)

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. Depreciation exceeded capital outlays in the current period:

Depreciation Expense	\$ (3,892,776)	
Capital Outlays	<u>2,285,466</u>	(1,607,310)

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. 2,680,000

Proceeds from capital lease issues are an other financing source in the governmental funds, they are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net position. (524,618)

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. 312,906

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. (663,998)

Debt issued for the advanced refunding less the amount of bonds defeased are are not recorded in the governmental funds.

School Bonds Issued	\$ 54,355,000	
School Bonds Defeased	(60,213,000)	
School Bond Deferred Interest	(2,492,480)	
School Bond Issuance Costs	(311,028)	
School Bond Premium	<u>8,661,508</u>	-0-

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, 2015

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
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(1,108,975)
Deferred Outflows:	
Changes in Assumptions	442,583
Changes in Proportion	1,183,954
Deferred Inflows:	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	(838,773)
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 (+).	(59,000)
Bond issuance costs from the advanced refunding are not recorded in the Governmental Funds, whereas these amounts are expenses in the Statement of Activities	<u>(311,028)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u><u>\$ (1,940,843)</u></u>

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, 2015

	Business-Type Activities - Enterprise Funds Food Service
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 108,163
Accounts Receivable - State	1,096
Accounts Receivable - Federal	15,474
Accounts Receivable - Vendor	30,057
Inventories	18,285
Total Current Assets	173,075
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	1,037,557
Less: Accumulated Depreciation	(768,234)
Total Non-Current Assets	269,323
Total Assets	442,398
<b>LIABILITIES:</b>	
Accounts Payable - Vendors	134,607
Prepaid Sales	15,903
Unearned Revenue	6,736
Total Liabilities	157,246
<b>NET POSITION:</b>	
Net Investment in Capital Assets	269,323
Unrestricted	15,829
Total Net Position	\$ 285,152

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, 2015

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 329,661
Daily Sales - Non-Reimbursable Programs	322,715
Special Events	50,441
Total Operating Revenue	702,817
Operating Expenses:	
Cost of Sales	279,694
Salaries and Benefits	328,498
Purchased Services	100,578
Management Fee	71,000
Resident Director Fee	52,000
Supplies and Materials	80,911
Depreciation Expense	43,174
Total Operating Expenses	955,855
Operating Loss	(253,038)
Non-Operating Revenue:	
State Sources:	
School Lunch Program	5,884
Federal Sources:	
School Breakfast Program	300
National School Lunch Program	79,020
Food Distribution Program	30,336
Local Sources:	
Interest Income	215
Total Non-Operating Revenue	115,755
Change in Net Position before Special Items	(137,283)
Special Items:	
Capital Asset Deletions	(23,893)
Food Service Management Contractor Contribution	30,057
Change in Net Position after Special Items	(131,119)
Net Position - Beginning of Year	416,271
Net Position - End of Year	\$ 285,152

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, 2015

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 718,720
Payments to Employees	(328,498)
Payments to Suppliers	(470,698)
Net Cash Used for Operating Activities	(80,476)
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(12,552)
Net Cash Used for Capital and Related Financing Activities	(12,552)
Cash Flows from Noncapital Financing Activities:	
State Sources	5,860
Federal Sources	79,092
Net Cash Provided by Noncapital and Related Financing Activities	84,952
Cash Flows from Investing Activities:	
Interest Revenue	215
Net Cash Provided by Investing Activities	215
Net Decrease in Cash and Cash Equivalents	(7,861)
Cash and Cash Equivalents, July 1	116,024
Cash and Cash Equivalents, June 30	\$ 108,163
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (253,038)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	43,174
Federal Food Distribution Program	30,336
Changes in Assets and Liabilities:	
(Increase) in Inventory	(7,892)
Increase in Prepaid Sales	15,903
Increase in Unearned Revenue	4,785
Increase in Accounts Payable	86,256
Net Cash Used for Operating Activities	\$ (80,476)

Non-Cash Investing, Capital and Financing Activities:

The District had \$1,951 in USDA donated commodities at June 30, 2014, received commodities valued at \$35,121, used commodities valued at \$30,336, and had \$6,736 in commodities at June 30, 2015.

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, 2015

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 689,706	\$ 79,873	\$ 104,468	\$ 15,638
Total Assets	<u>689,706</u>	<u>79,873</u>	<u>104,468</u>	<u>15,638</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	387,024			
Due to Student Groups	<u>302,682</u>			
Total Liabilities	<u>689,706</u>			
<b>NET POSITION:</b>				
Held in Trust for:				
Scholarship Awards		79,873		
Unemployment Claims			104,468	
Flexible Spending Claims				<u>15,638</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 79,873</u>	<u>\$ 104,468</u>	<u>\$ 15,638</u>

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, 2015

	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Employee		\$ 49,086	\$ 31,488
Total Contributions		49,086	31,488
Investment Earnings:			
Interest	\$ 40	243	
Net Investment Earnings	40	243	
Total Additions	40	49,329	31,488
DEDUCTIONS:			
Unemployment Claims		94,070	
Flexible Spending Claims			28,703
Total Deductions		94,070	28,703
Change in Net Position	40	(44,741)	2,785
Net Position- July 1	79,873	149,209	12,853
Net Position - June 30	\$ 79,913	\$ 104,468	\$ 15,638

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, 2015

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, 2015  
(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 capital 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 expenditures for principal and interest.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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 Trust Fund, Unemployment Compensation Insurance Trust Fund and Flexible Spending 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 position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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, 2015 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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 64,233,529	\$ 1,669,075
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.		43,578
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	586,239	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	<u>(588,878)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 64,230,890</u>	<u>\$ 1,712,653</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 65,145,858	\$ 1,669,075
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.		43,578
Total Expenditures as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 65,145,858	\$ 1,712,653

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 position, 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, 2015  
(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 restrict 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, 2015.

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:

	<u>Estimated Useful Life</u>
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, 2015  
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services 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, 2015.

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, 2015  
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,716,894 General Fund balance at June 30, 2015, \$231,916 is assigned for year-end encumbrances; \$1,001,640 is restricted in the capital reserve account; \$375,000 is restricted in the maintenance reserve account; \$750,000 is current year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; \$750,000 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016; and \$608,338 is unassigned on the GAAP basis (which is \$588,878 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: The District's \$1,256,472 Capital Projects Fund balance at June 30, 2015 is restricted.

Debt Service Fund: The Debt Service Fund balance at June 30, 2015 of \$2 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 \$588,878 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. Deficit Net Position

The District has a deficit in unrestricted net position of \$20,634,271 in governmental activities, which is primarily due to accrued interest payable of \$1,105,900, \$754,182 of compensated absences payable, an unamortized bond premium of \$9,106,699, investment gains in pensions of \$838,773 and net pension liability of \$14,074,660; net of \$231,916 assigned for encumbrances, deferred interest of \$2,779,152, changes in pension assumptions of \$442,583, changes in proportion in pensions of \$1,183,954 and \$608,338 of unassigned fund balances. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2015 for the Deferred Amount on Refunding and changes in assumptions and in proportion in pension.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

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.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts 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 no committed resources at June 30, 2015.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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 \$231,916 for year-end encumbrances in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. 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.

V. Management Estimates:

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

W. Pensions

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

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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.

Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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 below and 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.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking and Savings Accounts	\$ 4,240,584	\$ 1,001,640	\$ 375,000	\$ 5,617,224
Temporary Deposits with Insurance Company	926,208			926,208
	<u>\$ 5,166,792</u>	<u>\$ 1,001,640</u>	<u>\$ 375,000</u>	<u>\$ 6,543,432</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$6,543,432 and the bank balances were \$7,306,208. The temporary deposits with the District's health insurance carrier, Horizon Blue Cross Blue Shield, are uninsured and unregistered.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$450,115 to capital outlay line items for facilities acquisition and construction services which required County Superintendent approval. The District also transferred \$16,044 to capital outlay line items for equipment which did not require 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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance July 1, 2014		\$	830,933
Increased by:			
Interest Earnings		\$	854
Deposit by Board Resolution (June 2015)			623,353
			624,207
			1,455,140
Decreased by:			
Budgeted Withdrawal for Capital Outlay			(200,000)
Withdrawals from Capital Reserve by Board Resolution			(253,500)
			(453,500)
Ending Balance June 30, 2015		\$	1,001,640

The balance in the capital reserve account at June 30, 2015 does not exceed the local support costs of uncompleted Capital projects in the District's approved LRFP. Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 649,333			\$ 649,333
Total Capital Assets Not Being Depreciated	<u>649,333</u>			<u>649,333</u>
Capital Assets Being Depreciated:				
Site Improvements	3,569,580	\$ 766,970		4,336,550
Buildings and Building Improvements	94,616,010	591,953		95,207,963
Machinery and Equipment	15,624,141	926,543		16,550,684
Total Capital Assets Being Depreciated	<u>113,809,731</u>	<u>2,285,466</u>		<u>116,095,197</u>
Governmental Activities Capital Assets	<u>114,459,064</u>	<u>2,285,466</u>		<u>116,744,530</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,709,677)	(142,516)		(1,852,193)
Buildings and Building Improvements	(21,437,675)	(2,382,163)		(23,819,838)
Machinery and Equipment	(9,389,830)	(1,368,097)		(10,757,927)
	<u>(32,537,182)</u>	<u>(3,892,776)</u>		<u>(36,429,958)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 81,921,882</u>	<u>\$ (1,607,310)</u>	<u>\$ - 0 -</u>	<u>\$ 80,314,572</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,120,095	\$ 12,552	\$ (95,090)	\$ 1,037,557
Less Accumulated Depreciation	<u>(796,257)</u>	<u>(43,174)</u>	<u>71,197</u>	<u>(768,234)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 323,838</u>	<u>\$ (30,622)</u>	<u>\$ (23,893)</u>	<u>\$ 269,323</u>
Total Governmental and Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 82,245,720</u>	<u>\$ (1,637,932)</u>	<u>\$ (23,893)</u>	<u>\$ 80,583,895</u>

Capital acquisitions consisted of \$2,298,018 of equipment purchases and building improvements (\$2,285,466 from Governmental Funds and \$12,552 from the Food Service Enterprise Fund). Current year depreciation was \$3,935,950 (\$3,892,776 from Governmental Funds and \$43,174 from the Food Service Enterprise Fund).

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 614,555
Special Education Instruction	2,740
Other Special Instruction	134,611
General Administration	7,139
School Administrative Services	21,393
Central Services	5,348
Administration Information Technology	331,953
Operations and Maintenance of Plant	132,249
Student Transportation	72,540
Unallocated	2,570,248
	\$ 3,892,776

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide financial statements:

	(Restated) Balance 6/30/2014	Increased	Decreased	Balance 6/30/2015
Serial Bonds Payable	\$ 77,588,000	\$ 54,355,000	\$ 62,893,000	\$ 69,050,000
Net Pension Liability	12,965,685	1,108,975		14,074,660
Compensated Absences Payable	695,182	74,000	15,000	754,182
Capital Leases Payable	362,284	524,618	312,906	573,996
	\$ 91,611,151	\$ 56,062,593	\$ 63,220,906	\$ 84,452,838

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 of refunding bonds with interest rates ranging from 3.25% to 5.00% to refund \$19,830,000 of the \$22,705,000 of 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, 2015  
(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.

On February 15, 2015, the District issued \$54,355,000 of refunding bonds with interest rates ranging from 2.50% to 5.00% to refund \$60,213,000 of the \$71,513,000 of school bonds dated December 5, 2006 with rates ranging from 4.25% to 4.30%. The refunding bonds will mature on February 15, 2017 through February 15, 2036 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 will pay the debt service requirements of the refunded bonds on February 15, 2017 and redeem the refunded bonds, at a redemption price equal to 100% of par, on February 15, 2017, which is 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.

As a result of the refunding, the School District reduced its total debt service requirement by \$6,981,845 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,392,642, or 9.92% net present value savings.

The District had bonds outstanding as of June 30, 2015 as follows:

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
02/15/2016	4.250%	\$ 1,750,000

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
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
		<u>12,945,000</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

A. Bonds Payable: (Cont'd)

\$54,355,000 School Refunding Bonds Dated 2/18/2015

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
02/15/2017	3.000%	\$ 1,735,000
02/15/2018	4.000%	1,805,000
02/15/2019	4.000%	1,940,000
02/15/2020	4.000%	2,025,000
02/15/2021	5.000%	2,265,000
02/15/2022	5.000%	2,270,000
02/15/2023	5.000%	2,525,000
02/15/2024	2.500%	2,785,000
02/15/2025	3.000%	2,730,000
02/15/2026	5.000%	2,830,000
02/15/2027	4.000%	2,940,000
02/15/2028	4.000%	3,265,000
02/15/2029	4.000%	3,240,000
02/15/2030	5.000%	3,165,000
02/15/2031	5.000%	3,120,000
02/15/2032	5.000%	3,130,000
02/15/2033	5.000%	3,135,000
02/15/2034	5.000%	3,140,000
02/15/2035	5.000%	3,145,000
02/15/2036	5.000%	3,165,000
		<u>54,355,000</u>
<b>Total Bonds Payable</b>		<u><u>\$ 69,050,000</u></u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,910,000	\$ 3,011,563	\$ 5,921,563
2017	2,875,000	2,914,181	5,789,181
2018	2,930,000	2,813,831	5,743,831
2019	3,060,000	2,687,319	5,747,319
2020	3,130,000	2,554,094	5,684,094
2021-2025	17,875,000	10,592,257	28,467,257
2026-2030	17,435,000	6,873,003	24,308,003
2031-2035	15,670,000	3,144,750	18,814,750
2036	3,165,000	158,250	3,323,250
	<u>\$ 69,050,000</u>	<u>\$ 34,749,248</u>	<u>\$ 103,799,248</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District has entered into capital leases for buses, bleachers, musical equipment and technology equipment totaling \$1,170,705. 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, 2015.

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 249,464
2017	249,464
2018	<u>87,326</u>
Total minimum lease payments	586,254
Less: Amount representing interest	<u>(12,258)</u>
 Present value of net minimum lease payments	 <u><u>\$ 573,996</u></u>

The current portion of capital leases payable is \$242,587, and the long-term portion of capital leases payable is \$331,409 at June 30, 2015.

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. The current portion of compensated absences liability is \$17,458 and the long-term portion of compensated absences liability is \$736,724 at June 30, 2015.

There was no liability for compensated absences payable in the District's Enterprise Funds at June 30, 2015.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$0- and the long-term portion is \$14,074,660. See Note 10 for further information on the PERS.

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, 2015 were \$22,860. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2016	<u>\$ 10,618</u>
Total Future Minimum Lease Payments	<u><u>\$ 10,618</u></u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$2,156,597, \$1,849,111 and \$1,679,399 for 2015, 2014 and 2013, 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) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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

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

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$619,725 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$14,074,660 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.075%, which was an increase of 0.007% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$942,817. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 442,583	
Changes in Proportion	1,183,954	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ 838,773
	<u>\$ 1,626,537</u>	<u>\$ 838,773</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (128,336)
2016	(128,336)
2017	(128,336)
2018	(128,336)
2019	81,357
Thereafter	35,797
	<u>\$ (396,190)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1%	Current	1%
	Decrease (4.39%)	Discount Rate (5.39%)	Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 17,706,402	\$ 14,074,660	\$ 11,024,922

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$1,358,486 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,666,830.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$142,481,277. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.267%, which was an increase of 0.037% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	142,481,277
Total	\$ 142,481,277

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$7,666,830 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	\$ 543,418,268

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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

For DCRP, the District recognized pension expense of \$12,446 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$22,629 for the fiscal year ended June 30, 2015.

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance July 1, 2014	\$ 550,000
Increased by:	
Deposit by Board Resolution (June 2015)	125,000
Decreased by:	
Budget Withdrawals	<u>(300,000)</u>
Ending Balance June 30, 2015	<u>\$ 375,000</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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, 2015 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2014 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 33,508,569
Net Position	\$ 5,114,269
Total Revenue	\$ 33,869,258
Total Expenses	\$ 37,253,827
Change in Net Position	\$ (3,384,569)
Member's Dividends	\$ -0-

Financial Statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services  
51 Everett Drive  
Suite B-40  
West Windsor, NJ 08550

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (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 ("IBNR") 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 a loss reserve for any potential unreported losses which have taken place but in which the District has not received notices or reports of losses. Loss reserves (in the form of "IBNR") which have been estimated by the claims administrator, are as follows:

	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Year Ended</u> <u>June 30, 2015</u>
Premium Stabilization Reserve with Horizon - Beginning of Year	\$ 1,375,412	\$ 806,890
Accrued Liability for Health Benefit Claims with Horizon - Beginning of Year	749,909	837,175
Total Temporary Investments with Insurance Company - Beginning of Year	<u>2,125,321</u>	<u>1,644,065</u>
Interest Earnings	13,915	9,521
Paid Premiums	8,160,574	8,154,962
Prescription Refund	(132,992)	
Paid Claims	(6,936,487)	(6,919,393)
Administrative Costs	<u>(1,586,266)</u>	<u>(1,962,947)</u>
Premium Stabilization Reserve - End of Year	806,890	89,033
Accrued Liability for Health Benefit Claims with Horizon - End of Year	<u>837,175</u>	<u>837,175</u>
Total Temporary Investments with Insurance Company - End of Year	<u>\$ 1,644,065</u>	<u>\$ 926,208</u>

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, 2015  
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ 49,329	\$ 94,070	\$ 104,468
2013-2014	-0-	59,069	142,563	149,209
2012-2013	-0-	44,893	82,026	232,703

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, 2015, there were encumbrances as detailed below in the Governmental Funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
<u>\$ 231,916</u>	<u>\$ 23,963</u>	<u>\$ 255,879</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. The \$23,963 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.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Continued)

NOTE 15. 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.

NOTE 16. 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<br>Equitable<br>Fidelity Group<br>First Investors<br>Kemper | Security First/Holden Co.<br>Variable Annuity Life Insurance Co.<br>Siscor<br>Siracusa<br>Metropolitan Life Insurance Co. |
|---|---|

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as at June 30, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 5,399	
Capital Projects Fund		\$ 5,399
	\$ 5,399	\$ 5,399

The interfund between the General Fund and the Capital Projects Fund represents interest earned which has not yet been transferred to the General Fund.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 18. ACCOUNTS PAYABLE

At June 30, 2015, accounts payable consisted of the following:

	Governmental Activities		
	General Fund	Special Revenue Fund	Total Governmental Activities
Vendors	\$ 254,500	\$ 176,365	\$ 430,865
	\$ 254,500	\$ 176,365	\$ 430,865

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 78,645,466	\$ 12,965,685	\$ 91,611,151
Total Liabilities	81,201,506	12,965,685	94,167,191
Net Position:			
Unrestricted/(Deficit)	33,884	(12,965,685)	(12,931,801)
Total Net Position	9,095,947	(12,965,685)	(3,869,738)

SCHEDULE OF REQUIRED  
SUPPLEMENTARY INFORMATION

SPARTA TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.0678405914%	0.0751741682%
District's Proportionate Share of the Net Pension Liability	\$ 12,965,685	\$ 14,074,660
District's Covered Employee Payroll	\$ 5,084,021	\$ 5,370,633
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	255.03%	262.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.72%	52.08%

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

SPARTA TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 511,165	\$ 619,725
Contributions in Relation to the Contractually Required Contribution	<u>(511,165)</u>	<u>(619,725)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 5,084,021	\$ 5,370,633
Contributions as a Percentage of Covered Employee Payroll	10.05%	11.54%

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

SPARTA TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's Proportion of the Net Pension Liability Attributable to the District	0.2298537031%	0.2665855069%
State's Proportionate Share of Attributable to the District	\$ 116,166,254	\$ 142,481,277
District's Covered Employee Payroll	\$ 25,292,572	\$ 25,734,948
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	459.29%	553.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.76%	33.64%

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

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

SUPPLEMENTARY SCHEDULES

BUDGETARY COMPARISON SCHEDULES  
(UNAUDITED)

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 52,416,339		\$ 52,416,339	\$ 52,416,339	
Tuition from Individuals	100,000		100,000	78,840	\$ (21,160)
Tuition - Other LEA's	15,000		15,000	18,753	3,753
Interest on Capital Reserve	1,000		1,000	854	(146)
Unrestricted Miscellaneous	100,000		100,000	121,571	21,571
Total - Local Sources	<u>52,632,339</u>		<u>52,632,339</u>	<u>52,636,357</u>	<u>4,018</u>
State Sources:					
Transportation Aid	1,105,532		1,105,532	1,105,532	
Special Education Aid	2,030,137		2,030,137	2,030,137	
Equalization Aid	2,488,733		2,488,733	2,488,733	
Security Aid	252,688		252,688	252,688	
Extraordinary Aid	300,000		300,000	230,438	(69,562)
PARCC Readiness Aid	33,030		33,030	33,030	
Per Pupil Growth Aid	33,030		33,030	33,030	
Non-Public Transportation Aid				13,003	13,003
Reimbursed TPAF FICA Contributions (Non-budgeted)				1,895,498	1,895,498
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,358,486	1,358,486
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,156,597	2,156,597
Total State Sources	<u>6,243,150</u>		<u>6,243,150</u>	<u>11,597,172</u>	<u>5,354,022</u>
TOTAL REVENUES	<u>58,875,489</u>		<u>58,875,489</u>	<u>64,233,529</u>	<u>5,358,040</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 194,156	\$ 140	\$ 194,296	\$ 190,837	\$ 3,459
Kindergarten - Salaries of Teachers	271,082	1,060	272,142	272,141	1
Grades 1-5 - Salaries of Teachers	4,953,480	28,448	4,981,928	4,981,830	98
Grades 6-8 - Salaries of Teachers	5,012,427	(11,445)	5,000,982	4,978,361	22,621
Grades 9-12 - Salaries of Teachers	6,687,974	(98,195)	6,589,779	6,571,891	17,888
Regular Programs - Home Instruction:					
Other Salaries for Instruction	75,932	(41,531)	34,401	28,780	5,621
Purchased Professional - Educational Services	45,000	11,067	56,067	46,192	9,875
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	35,000		35,000	28,872	6,128
Purchased Professional - Educational Services	1,450		1,450	350	1,100
Purchased Technical Services	124,300	(124,125)	175		175
Other Purchased Services (400-500 series)	54,420	128,412	182,832	137,585	45,247
General Supplies	926,071	(227,399)	698,672	620,508	78,164
Textbooks	44,690	(6,623)	38,067	30,451	7,616
Other Objects	1,723		1,723	925	798
Total Regular Programs - Instruction	<u>18,427,705</u>	<u>(340,191)</u>	<u>18,087,514</u>	<u>17,888,723</u>	<u>198,791</u>
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	161,226	(102,758)	58,468	58,468	
Other Salaries for Instruction	14,422	345	14,767	14,767	
General Supplies		2,750	2,750	2,750	
Total Behavioral Disabilities	<u>175,648</u>	<u>(99,663)</u>	<u>75,985</u>	<u>75,985</u>	

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 61,783	\$ 131,846	\$ 193,629	\$ 193,629	
Other Salaries for Instruction	44,019	(29,097)	14,922	14,922	
Other Purchased Services		520	520	220	\$ 300
General Supplies		383	383	383	
Total Multiple Disabilities	<u>105,802</u>	<u>103,652</u>	<u>209,454</u>	<u>209,154</u>	<u>300</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	285,521	4,301	289,822	289,822	
Other Salaries for Instruction	161,301	(40,300)	121,001	121,001	
General Supplies	1,037	220	1,257	733	524
Total Learning and/or Language Disabilities	<u>447,859</u>	<u>(35,779)</u>	<u>412,080</u>	<u>411,556</u>	<u>524</u>
Resource Room/Resource Center:					
Salaries of Teachers	2,847,434	(75,106)	2,772,328	2,772,328	
Other Salaries for Instruction	775,012	(65,669)	709,343	707,090	2,253
Other Purchased Services	50	4,780	4,830	4,819	11
General Supplies	7,661	12,380	20,041	19,911	130
Total Resource Room/Resource Center	<u>3,630,157</u>	<u>(123,615)</u>	<u>3,506,542</u>	<u>3,504,148</u>	<u>2,394</u>
Autism:					
General Supplies	1,110	(836)	274	274	
Total Autism	<u>1,110</u>	<u>(836)</u>	<u>274</u>	<u>274</u>	

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 214,474	\$ (81,089)	\$ 133,385	\$ 133,385	
Other Salaries for Instruction	194,430	(25,481)	168,949	168,786	\$ 163
General Supplies	11,800	(2,802)	8,998	8,998	
Total Preschool Disabilities - Part-Time	<u>420,704</u>	<u>(109,372)</u>	<u>311,332</u>	<u>311,169</u>	<u>163</u>
Home Instruction:					
Salaries of Teachers		70,560	70,560	70,560	
Purchased Professional - Educational Services		3,493	3,493	979	2,514
Total Home Instruction		<u>74,053</u>	<u>74,053</u>	<u>71,539</u>	<u>2,514</u>
Total Special Education - Instruction	<u>4,781,280</u>	<u>(191,560)</u>	<u>4,589,720</u>	<u>4,583,825</u>	<u>5,895</u>
Bilingual Education - Instruction:					
Salaries of Teachers	99,598	10,000	109,598	109,576	22
Other Purchased Services		1,050	1,050	821	229
Total Bilingual Education - Instruction	<u>99,598</u>	<u>11,050</u>	<u>110,648</u>	<u>110,397</u>	<u>251</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	255,756		255,756	241,445	14,311
Purchased Services (300-500 series)	9,175		9,175	5,932	3,243
Supplies and Materials	6,900		6,900	4,640	2,260
Transfer to Cover Deficit	36,580		36,580	36,580	
Total School-Sponsored Cocurricular Activities - Instruction	<u>308,411</u>		<u>308,411</u>	<u>288,597</u>	<u>19,814</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 503,840		\$ 503,840	\$ 485,255	\$ 18,585
Purchased Services (300-500 series)	63,655	\$ 2,164	65,819	64,813	1,006
Supplies and Materials	59,143	3,000	62,143	56,744	5,399
Other Objects	4,940	1,120	6,060	5,790	270
Transfer to Cover Deficit	72,257	(1,120)	71,137	71,137	
Total School-Sponsored Cocurricular Athletics - Instruction	<u>703,835</u>	<u>5,164</u>	<u>708,999</u>	<u>683,739</u>	<u>25,260</u>
At Risk Programs:					
Salaries	579,888	49,205	629,093	628,988	105
Supplies and Materials	3,670	150	3,820	3,677	143
Total At Risk Programs	<u>583,558</u>	<u>49,355</u>	<u>632,913</u>	<u>632,665</u>	<u>248</u>
Other Instructional Programs - Instruction:					
Salaries	148,131	500	148,631	148,631	
Purchased Services (300-500 series)	325	9	334	109	225
Supplies and Materials	1,397	(2)	1,395	1,235	160
Total Other Instructional Programs - Instruction	<u>149,853</u>	<u>507</u>	<u>150,360</u>	<u>149,975</u>	<u>385</u>
Total Instruction	<u>25,054,240</u>	<u>(465,675)</u>	<u>24,588,565</u>	<u>24,337,921</u>	<u>250,644</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	738,690	36,213	774,903	769,862	5,041
Tuition to County Vocational School District - Regular	68,130	(24,135)	43,995	43,995	
Tuition to County Vocational School District - Special		22,880	22,880	22,260	620
Tuition to Private Schools for the Disabled - Within the State	1,256,169	103,158	1,359,327	1,354,902	4,425
Tuition to Private Schools for the Disabled - Outside the State	250,644	(108,411)	142,233	136,233	6,000
Tuition - State Facilities	32,306		32,306	32,306	
Total Undistributed Expenditures - Instruction	<u>2,345,939</u>	<u>29,705</u>	<u>2,375,644</u>	<u>2,359,558</u>	<u>16,086</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 429,765	\$ 3,191	\$ 432,956	\$ 432,956	
Purchased Professional and Technical Services	7,870	1,081	8,951	8,569	\$ 382
Other Purchased Services (400-500 series)	2,785	(439)	2,346	2,308	38
Supplies and Materials	21,116	149	21,265	19,960	1,305
Other Objects	1,104	(392)	712	712	
Total Health Services	<u>462,640</u>	<u>3,590</u>	<u>466,230</u>	<u>464,505</u>	<u>1,725</u>
Speech, OT, PT and Other Related Services:					
Salaries	410,397		410,397	410,397	
Purchased Professional-Educational Services	575,924	(743)	575,181	443,375	131,806
Supplies and Materials	38,640	(27,049)	11,591	8,873	2,718
Speech, OT, PT, and Other Related Services	<u>1,024,961</u>	<u>(27,792)</u>	<u>997,169</u>	<u>862,645</u>	<u>134,524</u>
Other Support Services - Students - Extraordinary					
Salaries	30,513	305,243	335,756	323,297	12,459
Purchased Professional-Educational Services		10,800	10,800	7,761	3,039
Supplies and Materials		7,000	7,000	6,485	515
Other Objects		1,500	1,500	1,500	
Total Other Support Services - Students - Extraordinary	<u>30,513</u>	<u>324,543</u>	<u>355,056</u>	<u>339,043</u>	<u>16,013</u>
Guidance:					
Salaries of Other Professional Staff	858,936	(5,475)	853,461	853,424	37
Salaries of Secretarial and Clerical Assistants	168,284	(4,680)	163,604	163,603	1
Purchased Professional-Educational Services		750	750	750	
Other Purchased Professional and Technical Services	13,300		13,300	348	12,952
Other Purchased Services (400-500 series)	9,485	(750)	8,735	3,857	4,878
Supplies and Materials	41,494	(750)	40,744	20,451	20,293
Other Objects	645		645	367	278
Total Guidance	<u>1,092,144</u>	<u>(10,905)</u>	<u>1,081,239</u>	<u>1,042,800</u>	<u>38,439</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Child Study Team:					
Salaries of Other Professional Staff	\$ 1,320,260	\$ 117,758	\$ 1,438,018	\$ 1,438,018	
Salaries of Secretarial and Clerical Assistants	112,375	850	113,225	113,225	
Purchased Professional - Educational Services	18,650	107,725	126,375	117,081	\$ 9,294
Miscellaneous Purchased Services (400-500 Series)	12,728	(3,980)	8,748	6,226	2,522
Supplies and Materials	19,389	5,518	24,907	21,116	3,791
Other Objects	1,899		1,899	1,623	276
<b>Total Child Study Team</b>	<b>1,485,301</b>	<b>227,871</b>	<b>1,713,172</b>	<b>1,697,289</b>	<b>15,883</b>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	402,572	(1,807)	400,765	400,163	602
Other Salaries	10,000		10,000	8,580	1,420
Other Purchased Prof. and Tech. Services		300	300	300	
Other Purchased Services (400-500)	3,300		3,300	2,834	466
Supplies and Materials	12,500	(1,300)	11,200	3,481	7,719
Other Objects	6,450		6,450	5,045	1,405
<b>Total Improvement of Instructional Services</b>	<b>434,822</b>	<b>(2,807)</b>	<b>432,015</b>	<b>420,403</b>	<b>11,612</b>
Educational Media Services/School Library:					
Salaries	333,737	549,673	883,410	873,716	9,694
Salaries of Technology Coordinators	551,579	(551,579)			
Other Purchased Professional and Technical Services	5,185	(275)	4,910	3,341	1,569
Other Purchased Services (400-500 series)	33,835	2,416	36,251	31,810	4,441
Supplies and Materials	36,204	10,002	46,206	43,101	3,105
Other Objects	250		250	250	
<b>Total Educational Media Services/School Library</b>	<b>960,790</b>	<b>10,237</b>	<b>971,027</b>	<b>951,968</b>	<b>19,059</b>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Salaries	\$ 10,000		\$ 10,000	\$ 1,210	\$ 8,790
Other Purchased Professional and Technical Services		\$ 40,558	40,558	35,535	5,023
Other Purchased Services (400-500 series)	102,605	(38,581)	64,024	27,658	36,366
Supplies and Materials	11,998	(71)	11,927	6,207	5,720
Other Objects	640		640	259	381
<b>Total Instructional Staff Training Services</b>	<b>125,243</b>	<b>1,906</b>	<b>127,149</b>	<b>70,869</b>	<b>56,280</b>
General Administration:					
Salaries	696,055	(10,592)	685,463	680,064	5,399
Legal Services	125,000	75,000	200,000	196,525	3,475
Audit Fees	70,000	56,465	126,465	79,465	47,000
Other Purchased Professional Services	5,000	1,009	6,009	6,009	
Purchased Technical Services	29,030	(5,856)	23,174	22,959	215
Communications/Telephone	119,000	(27,632)	91,368	60,917	30,451
Board of Education Other Purchased Services	7,240	(3,176)	4,064	3,520	544
Other Purchased Services (400-500 series)	32,900	19,372	52,272	51,740	532
General Supplies	13,000	(6,779)	6,221	4,448	1,773
BOE In-house Training/Meeting Supplies	1,000		1,000	658	342
Judgements Against the School District		11,527	11,527	11,527	
Miscellaneous Expenditures	6,575	314	6,889	6,889	
Board of Education Membership Dues and Fees	25,000	1,131	26,131	26,131	
<b>Total General Administration</b>	<b>1,129,800</b>	<b>110,783</b>	<b>1,240,583</b>	<b>1,150,852</b>	<b>89,731</b>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Undistributed Expenditures:					
School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,727,921	\$ (2,969)	\$ 1,724,952	\$ 1,716,828	\$ 8,124
Salaries of Secretarial and Clerical Assistants	771,305	2,969	774,274	763,072	11,202
Other Purchased Services (400-500 series)	51,235	(13,285)	37,950	15,403	22,547
Supplies and Materials	70,400	(3,802)	66,598	54,195	12,403
Other Objects	22,753	(174)	22,579	19,989	2,590
<b>Total School Administration</b>	<b>2,643,614</b>	<b>(17,261)</b>	<b>2,626,353</b>	<b>2,569,487</b>	<b>56,866</b>
Central Services:					
Salaries	517,592	5,572	523,164	523,164	
Purchased Technical Services	10,900	(592)	10,308	10,308	
Other Purchased Services (400-500 series)	19,000	1,033	20,033	19,926	107
Sale/Lease-back Payments	10,664	1,058	11,722	11,722	
Supplies and Materials	28,651	(16,077)	12,574	11,890	684
Micellaneous Expenditures	4,050	6,797	10,847	10,847	
<b>Total Central Services</b>	<b>590,857</b>	<b>(2,209)</b>	<b>588,648</b>	<b>587,857</b>	<b>791</b>
Administrative Information Technology:					
Purchased Technical Services	28,000	(10,299)	17,701	16,700	1,001
Other Purchased Services (400-500 series)	403,477	(7,561)	395,916	297,131	98,785
Supplies and Materials	9,500	8,746	18,246	17,706	540
<b>Total Administrative Information Technology</b>	<b>440,977</b>	<b>(9,114)</b>	<b>431,863</b>	<b>331,537</b>	<b>100,326</b>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Required Maintenance of School Facilities:					
Salaries	\$ 474,607	\$ (10,421)	\$ 464,186	\$ 462,008	\$ 2,178
Cleaning, Repair and Maintenance Services	570,178	(20,275)	549,903	414,419	135,484
General Supplies	181,804	11,275	193,079	89,040	104,039
Other Objects	250	820	1,070	1,045	25
<b>Total Required Maintenance of School Facilities</b>	<b>1,226,839</b>	<b>(18,601)</b>	<b>1,208,238</b>	<b>966,512</b>	<b>241,726</b>
Security:					
Salaries	52,856		52,856	51,374	1,482
Cleaning, Repair, and Maintenance Services	23,000	(23,000)			
General Supplies	48,000	25,065	73,065	73,065	
<b>Total Security</b>	<b>123,856</b>	<b>2,065</b>	<b>125,921</b>	<b>124,439</b>	<b>1,482</b>
Custodial Services:					
Salaries	1,762,871	34,838	1,797,709	1,779,614	18,095
Purchased Professional and Technical Services	6,300		6,300	5,599	701
Cleaning, Repair and Maintenance Services	242,985	7,876	250,861	212,309	38,552
Other Purchased Property Services	180,000	(36)	179,964	179,346	618
Insurance	334,600	7,348	341,948	341,348	600
Miscellaneous Purchased Services	3,800		3,800	1,954	1,846
General Supplies	217,307	27,488	244,795	197,171	47,624
Energy (Electricity)	1,158,120	(40,863)	1,117,257	987,739	129,518
Energy (Natural Gas)	40,000	(3,000)	37,000	25,624	11,376
Energy (Oil)	573,500	(261,000)	312,500	290,997	21,503
<b>Total Custodial Services</b>	<b>4,519,483</b>	<b>(227,349)</b>	<b>4,292,134</b>	<b>4,021,701</b>	<b>270,433</b>
<b>Total Operations &amp; Maintenance of Plant</b>	<b>5,870,178</b>	<b>(243,885)</b>	<b>5,626,293</b>	<b>5,112,652</b>	<b>513,641</b>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 554,770	\$ (108,097)	\$ 446,673	\$ 445,423	\$ 1,250
Between Home and School - Special Education	165,971	121,478	287,449	287,449	
Other Than Between Home and School	65,750	(20,374)	45,376	31,432	13,944
Other Purchased Professional and Technical Services	8,870	1,125	9,995	9,869	126
Cleaning, Repair and Maintenance Services	145,965	(19,725)	126,240	107,469	18,771
Lease Purchase Payments - School Buses	26,443		26,443	26,442	1
Contracted Services:					
Between Home and School - Vendors	1,836,697	(101,550)	1,735,147	1,732,065	3,082
Between Home and School - Joint Agreements	293,806	196,649	490,455	490,455	
Other Than Between Home and School - Vendors	137,398	13,565	150,963	147,903	3,060
Special Education Students - Vendors	25,543	10,900	36,443	30,129	6,314
Special Education Students - Joint Agreements	244,136	(167,649)	76,487	64,339	12,148
Regular Students - ESCs & CTSAs	20,618	7,250	27,868	27,868	
Special Education Students - ESCs & CTSAs	654,243	122,000	776,243	763,958	12,285
Aid in Lieu of Payments - Non-Public Schools	90,000	(20,000)	70,000	67,454	2,546
Miscellaneous Purchased Services - Transportation	7,900	2,000	9,900	2,723	7,177
Supplies and Materials	4,845	47	4,892	4,892	
Transportation Supplies	295,264	(35,047)	260,217	204,356	55,861
Other Objects	1,250		1,250	817	433
Total Student Transportation Services	<u>4,579,469</u>	<u>2,572</u>	<u>4,582,041</u>	<u>4,445,043</u>	<u>136,998</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	680,000	60,040	740,040	740,040	
Other Retirement Contributions - PERS	705,000	(27,605)	677,395	641,104	36,291

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Unallocated Benefits - Employee Benefits: (Cont'd)					
Unemployment Compensation	\$ 75,000	\$ (33,653)	\$ 41,347	\$ 1,289	\$ 40,058
Workmen's Compensation	369,578		369,578	366,574	3,004
Health Benefits	8,164,385	(300,904)	7,863,481	7,856,975	6,506
Tuition Reimbursement	180,000		180,000	179,104	896
Other Employee Benefits	831,700	157,904	989,604	977,808	11,796
Total Unallocated Benefits	<u>11,005,663</u>	<u>(144,218)</u>	<u>10,861,445</u>	<u>10,762,894</u>	<u>98,551</u>
Reimbursed TPAF FICA Contributions (Non-budgeted)				1,895,498	(1,895,498)
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,358,486	(1,358,486)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,156,597	(2,156,597)
Total Personal Services - Employee Benefits	<u>11,005,663</u>	<u>(144,218)</u>	<u>10,861,445</u>	<u>16,173,475</u>	<u>(5,312,030)</u>
Total Undistributed Expenditures	<u>34,222,911</u>	<u>253,016</u>	<u>34,475,927</u>	<u>38,579,983</u>	<u>(4,104,056)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>59,277,151</u>	<u>(212,659)</u>	<u>59,064,492</u>	<u>62,917,904</u>	<u>(3,853,412)</u>
CAPITAL OUTLAY:					
Equipment:					
Grades 6-8	3,550		3,550	3,550	
Grades 9-12	10,100	3,120	13,220	12,789	431
Undistributed Expenditures:					
School Administration		2,227	2,227	2,227	
Central Services	50,000	4,277	54,277	54,277	
Administrative Information Technology	30,000	(120)	29,880	20,839	9,041
Required Maintenance for School Facilities	57,000	(18,623)	38,377	16,030	22,347

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed Expenditures:					
Security		\$ 9,777	\$ 9,777	\$ 9,777	
Student Transportation	\$ 5,000	(5,000)			
Custodial Services	79,360	20,106	99,466	99,466	
School Buses - Regular Education	190,190	(7,220)	182,970	182,970	
Undistributed Expenditures - Non-Inst. Services		7,500	7,500		\$ 7,500
<b>Total Equipment</b>	<b>425,200</b>	<b>16,044</b>	<b>441,244</b>	<b>401,925</b>	<b>39,319</b>
Facilities Acquisition and Construction Services:					
Land Improvements	580,000	248,657	828,657	766,970	61,687
Lease Purchase Agreements - Principal	84,314	201,458	285,772	285,772	
Assessment for Debt Service on SDA Funding	14,763		14,763	14,763	
<b>Total Facilities Acquisition and Construction Services</b>	<b>679,077</b>	<b>450,115</b>	<b>1,129,192</b>	<b>1,067,505</b>	<b>61,687</b>
Assets Acquired Under Capital Leases (non-budgeted)					
Regular Programs - Undistributed Instruction				524,618	(524,618)
Assets Acquired Under Capital Leases (non-budgeted)				524,618	(524,618)
<b>TOTAL CAPITAL OUTLAY</b>	<b>1,104,277</b>	<b>466,159</b>	<b>1,570,436</b>	<b>1,994,048</b>	<b>(423,612)</b>
Transfer of Funds to Charter Schools	375,944		375,944	233,906	142,038
<b>TOTAL EXPENDITURES</b>	<b>60,757,372</b>	<b>253,500</b>	<b>61,010,872</b>	<b>65,145,858</b>	<b>(4,134,986)</b>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,881,883)	\$ (253,500)	\$ (2,135,383)	\$ (912,329)	\$ 1,223,054
Other Financing Sources (Uses):					
Capital Leases (Non-Budgeted)				524,618	524,618
Transfer from Capital Projects Fund - Interest				2,897	2,897
Total Other Financing Sources (Uses)				<u>527,515</u>	<u>527,515</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,881,883)	(253,500)	(2,135,383)	(384,814)	1,750,569
Fund Balance, July 1	<u>4,690,586</u>		<u>4,690,586</u>	<u>4,690,586</u>	
Fund Balance, June 30	<u>\$ 2,808,703</u>	<u>\$ (253,500)</u>	<u>\$ 2,555,203</u>	<u>\$ 4,305,772</u>	<u>\$ 1,750,569</u>
Analysis of Balance:					
Restricted for:					
Capital Reserve Account				\$ 1,001,640	
Maintenance Reserve Account				375,000	
Excess Surplus				750,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000	
Assigned:					
Year-end Encumbrances				231,916	
Unassigned				<u>1,197,216</u>	
Fund Balance per Governmental Funds (Budgetary Basis)				4,305,772	
Less: June state aid payments not recognized on a GAAP basis				<u>(588,878)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,716,894</u>	

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources		\$ 69,235	\$ 69,235	\$ 59,398	\$ (9,837)
State Sources	\$ 495,000	184,098	679,098	530,799	(148,299)
Federal Sources	810,000	556,507	1,366,507	1,078,878	(287,629)
<b>Total Revenues</b>	<b>1,305,000</b>	<b>809,840</b>	<b>2,114,840</b>	<b>1,669,075</b>	<b>(445,765)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers		67,885	67,885	54,146	13,739
Purchased Professional and Technical Services	885,000	(724,131)	160,869	126,275	34,594
Other Purchased Services		4,859	4,859	4,839	20
Tuition		400,259	400,259	400,249	10
General Supplies	50,000	162,698	212,698	191,728	20,970
Textbooks	80,000	18,740	98,740	92,332	6,408
Other Objects		8,490	8,490	6,528	1,962
<b>Total Instruction</b>	<b>1,015,000</b>	<b>(61,200)</b>	<b>953,800</b>	<b>876,097</b>	<b>77,703</b>
Support Services:					
Salaries of Program Directors		10,000	10,000	9,993	7
Personal Services—Employee Benefits		346	346		346
Purchased Professional/Educational Services		710,931	710,931	467,506	243,425
Purchased Technical Services		9,923	9,923		9,923
Tuition	290,000	74,724	364,724	260,115	104,609
Other Purchased Services		15,083	15,083	11,868	3,215
Supplies and Materials		49,533	49,533	43,496	6,037
Other Objects		500	500		500
<b>Total Support Services</b>	<b>290,000</b>	<b>871,040</b>	<b>1,161,040</b>	<b>792,978</b>	<b>368,062</b>
<b>Total Expenditures</b>	<b>1,305,000</b>	<b>809,840</b>	<b>2,114,840</b>	<b>1,669,075</b>	<b>445,765</b>
<b>Excess/(Deficiency) of Revenue Over/(Under) Expenditures</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>

SPARTA TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 64,233,529	\$ 1,669,075
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.		43,578
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	586,239	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(588,878)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 64,230,890</u>	<u>\$ 1,712,653</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 65,145,858	\$ 1,669,075
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.		<u>43,578</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 65,145,858</u>	<u>\$ 1,712,653</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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, 2015 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, 2015

	No Child Left Behind			
	Title I	Title II A	Carryover Title II A	Title III
REVENUE:				
State Sources				
Federal Sources	\$ 59,286	\$ 51,511	\$ 8,547	\$ 12,718
Local Sources				
Total Revenue	<u>\$ 59,286</u>	<u>\$ 51,511</u>	<u>\$ 8,547</u>	<u>\$ 12,718</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	\$ 51,716			
Purchased Professional/Technical Services				
Other Purchased Services				
Tuition				
General Supplies	7,570	\$ 11,075	\$ 649	\$ 12,718
Textbooks				
Other Objects				
Total Instruction	<u>59,286</u>	<u>11,075</u>	<u>649</u>	<u>12,718</u>
Support Services:				
Salaries of Program Directors		4,595	5,398	
Purchased Professional/Educational Services		29,834		
Tuition				
Other Purchased Services		2,907	2,500	
Supplies and Materials		3,100		
Total Support Services		<u>40,436</u>	<u>7,898</u>	
Total Expenditures	<u>\$ 59,286</u>	<u>\$ 51,511</u>	<u>\$ 8,547</u>	<u>\$ 12,718</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015

REVENUE:	IDEA Part B			Perkins Grant	Perkins Reserve Grant
	Preschool	Basic	Carryover Basic		
State Sources					
Federal Sources	\$ 23,036	\$ 838,282	\$ 40,369	\$ 11,461	\$ 33,668
Local Sources					
<b>Total Revenue</b>	<b>\$ 23,036</b>	<b>\$ 838,282</b>	<b>\$ 40,369</b>	<b>\$ 11,461</b>	<b>\$ 33,668</b>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services				\$ 183	
Other Purchased Services					\$ 2,980
Tuition	\$ 23,036	\$ 377,213			
General Supplies		31,554	\$ 9	5,997	14,787
Textbooks					
Other Objects				1,400	5,128
<b>Total Instruction</b>	<b>23,036</b>	<b>408,767</b>	<b>9</b>	<b>7,580</b>	<b>22,895</b>
Support Services:					
Salaries of Program Directors					
Purchased Professional/Educational Services		397,618	38,584		1,470
Tuition					
Other Purchased Services				3,881	2,580
Supplies and Materials		31,897	1,776		6,723
<b>Total Support Services</b>		<b>429,515</b>	<b>40,360</b>	<b>3,881</b>	<b>10,773</b>
<b>Total Expenditures</b>	<b>\$ 23,036</b>	<b>\$ 838,282</b>	<b>\$ 40,369</b>	<b>\$ 11,461</b>	<b>\$ 33,668</b>

SPARTA TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015

	Chapter 192 (Auxiliary Services)		Chapter 193 (Handicapped Services)		
	Compensatory Education	Home Instruction	Corrective Speech	Supplemental Instruction	Examination & Classification
REVENUE:					
State Sources	\$ 72,738	\$ 3,074	\$ 29,421	\$ 49,358	\$ 108,598
Federal Sources					
Local Sources					
Total Revenue	<u>\$ 72,738</u>	<u>\$ 3,074</u>	<u>\$ 29,421</u>	<u>\$ 49,358</u>	<u>\$ 108,598</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		\$ 2,430			
Purchased Professional/Technical Services		644			
Other Purchased Services					
Tuition					
General Supplies					
Textbooks					
Other Objects					
Total Instruction		<u>3,074</u>			
Support Services:					
Salaries of Program Directors					
Purchased Professional/Educational Services					
Tuition	\$ 72,738		\$ 29,421	\$ 49,358	\$ 108,598
Other Purchased Services					
Supplies and Materials					
Total Support Services	<u>72,738</u>		<u>29,421</u>	<u>49,358</u>	<u>108,598</u>
Total Expenditures	<u>\$ 72,738</u>	<u>\$ 3,074</u>	<u>\$ 29,421</u>	<u>\$ 49,358</u>	<u>\$ 108,598</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015

REVENUE:	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Local Grants	Totals June 30, 2015
State Sources	\$ 92,332	\$ 125,448	\$ 49,830		\$ 530,799
Federal Sources					1,078,878
Local Sources				\$ 59,398	59,398
<b>Total Revenue</b>	<b>\$ 92,332</b>	<b>\$ 125,448</b>	<b>\$ 49,830</b>	<b>\$ 59,398</b>	<b>\$ 1,669,075</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers					\$ 54,146
Purchased Professional/Technical Services		\$ 125,448			126,275
Other Purchased Services				\$ 1,859	4,839
Tuition					400,249
General Supplies			\$ 49,830	57,539	191,728
Textbooks	\$ 92,332				92,332
Other Objects					6,528
<b>Total Instruction</b>	<b>92,332</b>	<b>125,448</b>	<b>49,830</b>	<b>59,398</b>	<b>876,097</b>
<b>Support Services:</b>					
Salaries of Program Directors					\$ 9,993
Purchased Professional/Educational Services					467,506
Tuition					260,115
Other Purchased Services					11,868
Supplies and Materials					43,496
<b>Total Support Services</b>					<b>792,978</b>
<b>Total Expenditures</b>	<b>\$ 92,332</b>	<b>\$ 125,448</b>	<b>\$ 49,830</b>	<b>\$ 59,398</b>	<b>\$ 1,669,075</b>

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, 2015

Revenue:		
State Sources - SDA Grant	\$	229,910
Interest Earned		2,897
		<hr/>
Total Revenue		232,807
		<hr/>
Expenditures and Other Financing Uses:		
Site Improvements		6,995
Construction Services		574,782
Miscellaneous Expenditures		17,171
Operating Transfer Out - Debt Service Fund - Unexpended Balance		700,000
Transfer to General Fund - Interest		2,897
		<hr/>
Total Expenditures and Other Financing Uses		1,301,845
		<hr/>
Deficit of Expenditures and Other Financing Uses Under Revenue		(1,069,038)
Fund Balance - July 1		2,325,510
		<hr/>
Fund Balance - June 30	\$	1,256,472
		<hr/> <hr/>
<u>Recapitulation:</u>		
Restricted	\$	1,256,472
		<hr/> <hr/>

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, 2015

	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	<u>71,513,000</u>		<u>71,513,000</u>	<u>71,513,000</u>
Expenditures:				
Purchased Professional and Technical Services	6,155,939		6,155,939	6,035,680
Site Improvements	1,022,792	\$ 6,995	1,029,787	3,750,000
Construction Services	57,677,866		57,677,866	56,389,140
Miscellaneous Expenditures	1,958,805	17,171	1,975,976	4,736,180
Equipment Purchases	2,716,960		2,716,960	602,000
Total Expenditures	<u>69,532,362</u>	<u>24,166</u>	<u>69,556,528</u>	<u>71,513,000</u>
Other Financing Uses:				
Operating Transfer Out - Debt Service Fund		(700,000)	(700,000)	
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 1,980,638</u>	<u>\$ (724,166)</u>	<u>\$ 1,256,472</u>	<u>\$ - 0 -</u>

**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:	February 2015

SPARTA TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS  
SECURITY EQUIPMENT AT VARIOUS SCHOOLS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 229,910	\$ 229,910	\$ 229,910
Transfer from Capital Outlay	\$ 344,872		344,872	344,872
Total Revenue and Other Financing Sources	344,872	229,910	574,782	574,782
Expenditures:				
Facilities Acquisition and Construction Services		574,782	574,782	574,782
Total Expenditures		574,782	574,782	574,782
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	\$ 344,872	\$ (344,872)	\$ - 0 -	\$ - 0 -

## Additional project information:

Project Number	SP4960-070-14-1003; SP4960-060-14-1002; SP4960-057-14-1001; SP4960-300-14-1004; SP4960-050-14-1005
Grant Date	12/4/2013
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 574,782
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original target completion date	2/28/2015

PROPRIETARY FUNDS

Exhibit G-1

SPARTA TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2015

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 108,163
Accounts Receivable - State	1,096
Accounts Receivable - Federal	15,474
Accounts Receivable - Vendor	30,057
Inventories	18,285

Total Current Assets	<u>173,075</u>
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## Non-Current Assets:

Capital Assets	1,037,557
Less: Accumulated Depreciation	<u>(768,234)</u>

Total Non-Current Assets	<u>269,323</u>
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Total Assets	<u>442,398</u>
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## LIABILITIES:

Accounts Payable - Vendors	134,607
Prepaid Sales	15,903
Unearned Revenue	<u>6,736</u>

Total Liabilities	<u>157,246</u>
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## NET POSITION:

Net Investment in Capital Assets	269,323
Unrestricted	<u>15,829</u>

Total Net Position	<u><u>\$ 285,152</u></u>
--------------------	--------------------------

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, 2015

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 329,661
Daily Sales - Non-Reimbursable Programs	322,715
Special Events	50,441
	<hr/>
Total Operating Revenue	702,817
	<hr/>
Operating Expenses:	
Cost of Sales	279,694
Salaries and Benefits	328,498
Purchased Services	100,578
Management Fee	71,000
Resident Director Fee	52,000
Supplies and Materials	80,911
Depreciation Expense	43,174
	<hr/>
Total Operating Expenses	955,855
	<hr/>
Operating Loss	(253,038)
	<hr/>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	5,884
Federal Sources:	
School Breakfast Program	300
National School Lunch Program	79,020
Food Distribution Program	30,336
Local Sources:	
Interest Revenue	215
	<hr/>
Total Non-Operating Revenue	115,755
	<hr/>
Change in Net Position before Special Items	(137,283)
	<hr/>
Special Items:	
Capital Asset Deletions	(23,893)
Food Service Management Contractor Contribution	30,057
	<hr/>
Change in Net Position after Special Items	(131,119)
	<hr/>
Net Position - Beginning of Year	416,271
	<hr/>
Net Position - End of Year	\$ 285,152
	<hr/> <hr/>

Exhibit G-3

SPARTA TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 718,720
Payments to Employees	(328,498)
Payments to Suppliers	(470,698)
	<hr/>
Net Cash Used for Operating Activities	(80,476)
Cash Flows Used for Capital Financing Activities:	
Acquisition of Equipment	(12,552)
	<hr/>
Net Cash Used for Capital Financing Activities	(12,552)
Cash Flows from Noncapital and Related Financing Activities:	
State Sources	5,860
Federal Sources	79,092
	<hr/>
Net Cash Provided by Noncapital and Related Financing Activities	84,952
Cash Flows from Investing Activities:	
Interest Revenue	215
	<hr/>
Net Cash Provided by Investing Activities	215
Net Decrease in Cash and Cash Equivalents	(7,861)
Cash and Cash Equivalents, July 1	116,024
	<hr/>
Cash and Cash Equivalents, June 30	\$ 108,163
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (253,038)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	43,174
Food Distribution Program	30,336
Changes in Assets and Liabilities:	
(Increase) in Inventory	(7,892)
Increase in Prepaid Sales	15,903
Increase in Unearned Revenue	4,785
Increase in Accounts Payable	86,256
	<hr/>
Net Cash Used for Operating Activities	\$ (80,476)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District had \$1,951 in USDA donated commodities at June 30, 2014, received commodities valued at \$35,121, used commodities valued at \$30,336, and had \$6,736 in commodities at June 30, 2015.

FIDUCIARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Agency</u>			Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
	Student Activity	Payroll	Total			
ASSETS:						
Cash and Cash Equivalents	\$ 302,682	\$ 387,024	\$ 689,706	\$ 79,873	\$ 104,468	\$ 15,638
Total Assets	<u>302,682</u>	<u>387,024</u>	<u>689,706</u>	<u>79,873</u>	<u>104,468</u>	<u>15,638</u>
LIABILITIES:						
Payroll Deductions and Withholdings		387,024	387,024			
Due to Student Groups	302,682		302,682			
Total Liabilities	<u>302,682</u>	<u>387,024</u>	<u>689,706</u>			
NET POSITION:						
Held in Trust for:						
Scholarship Awards				79,873		
Unemployment Claims					104,468	
Flexible Spending Claims						15,638
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 79,873</u>	<u>\$ 104,468</u>	<u>\$ 15,638</u>

Exhibit H-2

SPARTA TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDING JUNE 30, 2015

	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
<b>ADDITIONS:</b>			
Contributions:			
Employee		\$ 49,086	\$ 31,488
Total Contributions		49,086	31,488
Investment Earnings:			
Interest	\$ 40	243	
Net Investment Earnings	40	243	
Total Additions	40	49,329	31,488
<b>DEDUCTIONS:</b>			
Unemployment Claims		94,070	
Flexible Spending Claims			28,703
Total Deductions		94,070	28,703
Change in Net Position	40	(44,741)	2,785
Net Position - July 1	79,833	149,209	12,853
Net Position - June 30	\$ 79,873	\$ 104,468	\$ 15,638

SPARTA TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 273,394	\$ 728,436	\$ 699,148	\$ 302,682
Total Assets	\$ 273,394	\$ 728,436	\$ 699,148	\$ 302,682
 <b>LIABILITIES:</b>				
Due to Student Groups	\$ 273,394	\$ 728,436	\$ 699,148	\$ 302,682
Total Liabilities	\$ 273,394	\$ 728,436	\$ 699,148	\$ 302,682

Exhibit H-4

SPARTA TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
High School	\$ 189,425	\$ 451,459	\$ 444,496	\$ 196,388
Middle School	54,765	90,465	72,815	72,415
Helen Morgan School	8,522	36,823	36,460	8,885
Alpine School	6,161	18,520	12,091	12,590
Mohawk Avenue School	3,458	13,503	15,842	1,119
High School Athletics	11,063	117,666	117,444	11,285
Total All Schools	<u>\$ 273,394</u>	<u>\$ 728,436</u>	<u>\$ 699,148</u>	<u>\$ 302,682</u>

Exhibit H-5

SPARTA TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 344,289	\$ 38,934,256	\$ 38,891,521	\$ 387,024
Total Assets	<u>\$ 344,289</u>	<u>\$ 38,934,256</u>	<u>\$ 38,891,521</u>	<u>\$ 387,024</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 344,289	\$ 38,934,256	\$ 38,891,521	\$ 387,024
Total Liabilities	<u>\$ 344,289</u>	<u>\$ 38,934,256</u>	<u>\$ 38,891,521</u>	<u>\$ 387,024</u>

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, 2015		Interest Rate	Balance June 30, 2014	Issued	Matured/Defeased	Balance June 30, 2015			
			Date	Amount								
School Refunding Bonds	7/1/2008	\$ 19,830,000	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%					\$ 14,125,000	\$ 1,180,000	\$ 12,945,000
			School Bonds	12/5/2006	71,513,000					02/15/16	1,750,000	4.250%
School Refunding Bonds	2/18/2015	\$ 54,355,000	02/15/17	1,735,000	3.000%							
			02/15/18	1,805,000	4.000%							
			02/15/19	1,940,000	4.000%							
			02/15/20	2,025,000	4.000%							
			02/15/21	2,265,000	5.000%							

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2014	Issued	Matured/ Defeased	Balance June 30, 2015
			Date	Amount					
School Refunding Bonds	2/18/2015	\$ 54,355,000	02/15/22	\$ 2,270,000	5.000%				
			02/15/23	2,525,000	5.000%				
			02/15/24	2,785,000	2.500%				
			02/15/25	2,730,000	3.000%				
			02/15/26	2,830,000	5.000%				
			02/15/27	2,940,000	4.000%				
			02/15/28	3,265,000	4.000%				
			02/15/29	3,240,000	4.000%				
			02/15/30	3,165,000	5.000%				
			02/15/31	3,120,000	5.000%				
			02/15/32	3,130,000	5.000%				
			02/15/33	3,135,000	5.000%				
			02/15/34	3,140,000	5.000%				
			02/15/35	3,145,000	5.000%				
			02/15/36	3,165,000	5.000%				
						\$ 77,588,000	\$ 54,355,000	\$ 62,893,000	\$ 69,050,000
						Bonds Matured		\$ 2,680,000	
						Bonds Defeased		60,213,000	
								\$ 62,893,000	

Exhibit I-2

SPARTA TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2015</u>
Buses	3.20%	\$ 158,857	\$ 25,623		\$ 25,623	
Musical Instruments	7.24%	8,730	6,732		1,511	\$ 5,221
Bleachers	1.37%	478,500	329,929		80,772	249,157
Technology Equipment	0.97%	524,618		\$ 524,618	205,000	319,618
			<u>\$ 362,284</u>	<u>\$ 524,618</u>	<u>\$ 312,906</u>	<u>\$ 573,996</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 4,674,200		\$ 4,674,200	\$ 4,674,200	
State Sources:					
Debt Service State Aid Support	614,990		614,990	614,990	
Total Revenues	<u>5,289,190</u>		<u>5,289,190</u>	<u>5,289,190</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	3,309,191		3,309,191	3,309,190	\$ 1
Redemption of Principal	2,680,000		2,680,000	2,680,000	
Total Expenditures	<u>5,989,191</u>		<u>5,989,191</u>	<u>5,989,190</u>	<u>1</u>
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures	(700,001)		(700,001)	(700,000)	1
Other Financing Sources/(Uses):					
School Refunding Bonds Issued				54,355,000	54,355,000
School Bonds Defeased				(60,213,000)	(60,213,000)
Bond Premium				8,661,508	8,661,508
Bond Issuance Costs				(311,028)	(311,028)
Deferred Bond Interest				(2,492,480)	(2,492,480)
Transfer from Capital Projects Fund	700,000		700,000	700,000	
Total Other Financing Sources/(Uses)	<u>700,000</u>		<u>700,000</u>	<u>700,000</u>	
Excess (Deficiency) of Revenue & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(1)		(1)		1
Fund Balance, July 1	<u>2</u>		<u>2</u>	<u>2</u>	<u>1</u>
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ - 0 -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>
Recapitulation of Fund Balance:					
Restricted				<u>\$ 2</u>	

STATISTICAL SECTION  
(UNAUDITED)

**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.

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

June 30,

	2006	2007	2008	2009	2010	2011	2012	2013	(Restated) 2014	2015
<b>Governmental Activities:</b>										
Net Investment in Capital										
Assets										
Restricted	\$ 2,671,908	\$ 4,186,882	\$ 5,487,294	\$ 5,091,240	\$ 3,650,409	\$ 1,433,522	\$ 782,202	\$ 3,506,132	\$ 3,971,598	\$ 10,690,576
Unrestricted/(Deficit)	4,736,543	8,772,291	6,464,397	4,755,153	2,962,744	3,888,991	6,407,574	5,105,753	5,090,465	4,133,114
Total Governmental Activities	<u>927,259</u>	<u>(863,744)</u>	<u>(269,381)</u>	<u>(1,104,007)</u>	<u>(1,265,948)</u>	<u>1,280,798</u>	<u>1,375,235</u>	<u>322,387</u>	<u>(12,931,801)</u>	<u>(20,634,271)</u>
Total Governmental Activities	<u>\$ 8,335,710</u>	<u>\$ 12,095,429</u>	<u>\$ 11,682,310</u>	<u>\$ 8,742,386</u>	<u>\$ 5,347,205</u>	<u>\$ 6,603,311</u>	<u>\$ 8,565,011</u>	<u>\$ 8,934,272</u>	<u>\$ (3,869,738)</u>	<u>\$ (5,810,581)</u>
<b>Business-Type Activities:</b>										
Net Investment in Capital										
Assets										
Unrestricted/(Deficit)	\$ 111,946	\$ 106,840	\$ 89,787	\$ 72,847	\$ 443,742	\$ 443,742	\$ 412,509	\$ 361,826	\$ 323,838	\$ 269,323
Total Business-Type Activities	<u>60,500</u>	<u>114,107</u>	<u>149,492</u>	<u>189,456</u>	<u>150,266</u>	<u>153,290</u>	<u>136,870</u>	<u>102,064</u>	<u>92,433</u>	<u>15,829</u>
Total Business-Type Activities	<u>\$ 172,446</u>	<u>\$ 220,947</u>	<u>\$ 239,279</u>	<u>\$ 262,303</u>	<u>\$ 594,008</u>	<u>\$ 597,032</u>	<u>\$ 549,379</u>	<u>\$ 463,890</u>	<u>\$ 416,271</u>	<u>\$ 285,152</u>
<b>District-Wide:</b>										
Net Investment in Capital										
Assets										
Restricted	\$ 2,783,854	\$ 4,293,722	\$ 5,577,081	\$ 5,164,087	\$ 4,094,151	\$ 1,877,264	\$ 1,194,711	\$ 3,867,958	\$ 4,295,436	\$ 10,959,899
Unrestricted/(Deficit)	4,736,543	8,772,291	6,464,397	4,755,153	2,962,744	3,888,991	6,407,574	5,105,753	5,090,465	4,133,114
Total District-Wide Net Position	<u>987,759</u>	<u>(749,637)</u>	<u>(119,889)</u>	<u>(914,551)</u>	<u>(1,115,682)</u>	<u>1,434,088</u>	<u>1,512,105</u>	<u>424,451</u>	<u>(12,839,368)</u>	<u>(20,618,442)</u>
Total District-Wide Net Position	<u>\$ 8,508,156</u>	<u>\$ 12,316,376</u>	<u>\$ 11,921,589</u>	<u>\$ 9,004,689</u>	<u>\$ 5,941,213</u>	<u>\$ 7,200,343</u>	<u>\$ 9,114,390</u>	<u>\$ 9,398,162</u>	<u>\$ (3,453,467)</u>	<u>\$ (5,525,429)</u>

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular Instruction	\$ 23,069,466	\$ 23,558,983	\$ 26,151,409	\$ 26,725,548	\$ 27,386,665	\$ 25,359,192	\$ 26,982,553	\$ 28,006,864	\$ 27,536,321	\$ 30,414,029
Special Education Instruction	3,903,630	5,574,291	6,812,260	6,850,626	7,015,035	5,953,024	6,763,534	6,528,485	7,191,422	8,112,234
Other Special Instruction	529,512	447,146	460,361	490,576	494,090	561,390	797,952	883,938	1,078,212	316,459
Other Instruction	1,214,821	1,358,457	1,411,752	1,581,864	1,514,648	1,022,344	1,275,633	1,372,354	1,512,164	2,734,382
<b>Total Instruction</b>	<b>28,717,429</b>	<b>30,938,877</b>	<b>34,835,782</b>	<b>35,648,614</b>	<b>36,410,438</b>	<b>32,895,950</b>	<b>35,819,672</b>	<b>36,791,641</b>	<b>37,318,119</b>	<b>41,577,104</b>
<b>Support Services:</b>										
Tuition	1,102,934	1,343,510	1,281,820	1,864,626	1,627,956	2,755,755	2,126,153	2,383,876	2,321,241	2,759,807
Student & Instruction Related Services	6,617,468	6,267,362	6,618,981	7,057,116	6,758,388	5,748,715	6,677,779	7,943,604	7,157,913	9,123,395
General Administration Services	2,244,610	972,811	872,823	829,283	956,084	1,084,014	1,118,511	788,934	1,477,500	1,609,895
School Administration Services	2,693,231	3,019,131	2,928,104	3,156,636	3,384,553	3,045,232	3,269,642	3,511,073	3,683,113	4,192,941
Central Services		492,988	528,708	555,179	621,730	660,262	696,640	699,048	724,795	934,943
Administrative Information Technology		297,561	439,191	461,334	316,874	402,242	551,213	443,112	913,338	663,490
Plant Operations and Maintenance	4,317,449	4,645,539	5,183,376	5,322,156	5,417,939	5,835,195	5,869,743	5,057,783	5,098,475	6,767,680
Pupil Transportation	3,132,328	3,483,496	3,386,358	3,672,252	3,805,525	3,452,216	3,450,381	3,706,312	4,459,335	4,992,244
Charter Schools	29,174	50,745	52,376	51,108	95,083	107,620	297,638	447,707	428,077	233,906
Interest On Long-Term Debt	1,091,455	1,973,317	4,855,550	3,079,095	3,887,676	3,682,611	2,438,639	3,499,317	3,389,406	4,289,072
Unallocated Depreciation	755,227	775,995	766,914	754,972	887,613	2,316,481	2,925,681	2,522,108	2,570,248	2,570,248
Capital Outlay		29,224				10,218				
<b>Total Governmental Activities Expenses</b>	<b>50,701,305</b>	<b>54,290,556</b>	<b>61,749,983</b>	<b>62,452,371</b>	<b>64,169,859</b>	<b>61,996,511</b>	<b>65,241,692</b>	<b>67,794,515</b>	<b>69,541,560</b>	<b>79,714,725</b>
<b>Business-Type Activities:</b>										
Food Service	987,226	951,011	976,591	935,202	910,762	927,009	961,677	886,791	860,552	955,855
<b>Total Business-Type Activities Expenses</b>	<b>987,226</b>	<b>951,011</b>	<b>976,591</b>	<b>935,202</b>	<b>910,762</b>	<b>927,009</b>	<b>961,677</b>	<b>886,791</b>	<b>860,552</b>	<b>955,855</b>
<b>Total District Expenses</b>	<b>51,688,531</b>	<b>55,241,567</b>	<b>62,726,574</b>	<b>63,387,573</b>	<b>65,080,621</b>	<b>62,923,520</b>	<b>66,203,369</b>	<b>68,681,306</b>	<b>70,402,112</b>	<b>80,670,580</b>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Program Revenues:</b>										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 35,350									
Pupil Transportation	33,521									
Central & Other Support Services	80,560									
Operating Grants and Contributions	100,195	\$ 13,063,676	\$ 13,763,738	\$ 12,597,460	\$ 13,970,402	\$ 10,849,692	\$ 12,121,256	\$ 12,572,640	\$ 12,606,704	\$ 19,615,528
Capital Grants and Contributions		41,852	108,975	87,932						229,910
<b>Total Governmental Activities</b>	<b>249,626</b>	<b>13,105,528</b>	<b>13,872,713</b>	<b>12,685,392</b>	<b>13,970,402</b>	<b>10,849,692</b>	<b>12,121,256</b>	<b>12,572,640</b>	<b>12,606,704</b>	<b>19,845,438</b>
Business-Type Activities:										
Charges for Services:										
Food Service	847,087	865,799	829,186	802,644	746,697	750,526	769,953	692,588	703,066	702,817
Operating Grants and Contributions	108,005	113,065	140,946	131,768	129,701	119,402	143,511	108,307	110,639	115,540
<b>Total Business Type Activities</b>	<b>955,092</b>	<b>978,864</b>	<b>970,132</b>	<b>934,412</b>	<b>876,398</b>	<b>869,928</b>	<b>913,464</b>	<b>800,895</b>	<b>813,705</b>	<b>818,357</b>
<b>Total District-wide Program Revenues</b>	<b>1,204,718</b>	<b>14,084,392</b>	<b>14,842,845</b>	<b>13,619,804</b>	<b>14,846,800</b>	<b>11,719,620</b>	<b>13,034,720</b>	<b>13,373,535</b>	<b>13,420,409</b>	<b>20,663,795</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	(50,451,679)	(41,185,028)	(47,877,270)	(49,766,979)	(50,199,457)	(51,146,819)	(53,120,436)	(55,221,875)	(56,934,856)	(59,869,287)
Business-Type Activities	(32,134)	27,853	(6,459)	(790)	(34,364)	(57,081)	(48,213)	(85,896)	(46,847)	(137,498)
<b>Total District-Wide Net (Expense)/Revenue</b>	<b>(50,483,813)</b>	<b>(41,157,175)</b>	<b>(47,883,729)</b>	<b>(49,767,769)</b>	<b>(50,233,821)</b>	<b>(51,203,900)</b>	<b>(53,168,649)</b>	<b>(55,307,771)</b>	<b>(56,981,703)</b>	<b>(60,006,785)</b>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 38,988,926	\$ 39,354,680	\$ 40,828,867	\$ 42,269,637	\$ 44,514,252	\$ 48,335,153	\$ 48,733,462	\$ 49,708,131	\$ 50,702,294	\$ 52,416,339
Taxes Levied for Debt Service	1,852,474	1,813,398	2,016,628	5,283,808	4,148,612	4,326,911	5,317,433	5,267,091	5,491,678	4,674,200
Unrestricted Grants and Contributions	12,017,042	665,911	1,468,396	713,974	686,574	803,515	638,505	603,494	627,132	614,990
Interest and Miscellaneous Income	206,371	2,513,296	3,170,210	946,923	314,993	506,545	392,736	190,753	275,427	222,915
Transfers	(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	52,992,137	44,282,967	47,464,151	46,827,055	49,664,431	53,972,124	55,082,136	55,769,469	57,096,531	57,928,444
Business-Type Activities:										
Investment Earnings		694	4,841	3,864	1,944	907	560	407	339	215
Special Item									(1,111)	6,164
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	(772)	6,379
Total District-Wide General Revenues and Other Changes in Net Position	52,986,229	44,303,615	47,488,942	46,850,869	49,666,375	53,973,031	55,082,696	55,769,876	57,095,759	57,934,823
Change in Net Position:										
Governmental Activities	2,540,458	3,097,939	(413,119)	(2,939,924)	(535,026)	2,825,305	1,961,700	547,594	161,675	(1,940,843)
Business-Type Activities	(38,042)	48,501	18,332	23,024	(32,420)	(56,174)	(47,653)	(85,489)	(47,619)	(131,119)
Total District-wide Change in Net Position	\$ 2,502,416	\$ 3,146,440	\$ (394,787)	\$ (2,916,900)	\$ (567,446)	\$ 2,769,131	\$ 1,914,047	\$ 462,105	\$ 114,056	\$ (2,071,962)

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund:</b>										
Reserved	\$ 4,436,485	\$ 6,774,699	\$ 6,464,397	\$ 3,373,169	\$ 2,052,307					
Unreserved	1,690,721	739,042	790,866	556,682	618,455					
Restricted						\$ 3,839,821	\$ 3,719,076	\$ 3,119,978	\$ 3,109,825	\$ 2,876,640
Assigned						2,475,413	1,823,657	1,044,263	403,991	231,916
Unassigned						788,200	744,500	606,546	590,531	608,338
<b>Total General Fund</b>	<b>\$ 6,127,206</b>	<b>\$ 7,513,741</b>	<b>\$ 7,255,263</b>	<b>\$ 3,929,851</b>	<b>\$ 2,670,762</b>	<b>\$ 7,103,434</b>	<b>\$ 6,287,233</b>	<b>\$ 4,770,787</b>	<b>\$ 4,104,347</b>	<b>\$ 3,716,894</b>
<b>Other Governmental Funds:</b>										
Reserved	\$ 298,435	\$ 3,764,610	\$ 47,337,793	\$ 16,265,625	\$ 3,165,485					
Unreserved (Deficit):										
Capital Projects Fund		64,387,999	10,552,059	7,332,094	4,477,088					
Debt Service Fund	1,622	1,997,592	992,623	1,121,399	866,325					
Restricted						\$ 4,788,628	\$ 2,644,386	\$ 1,985,775	\$ 1,980,640	\$ 1,256,474
Committed						44,112	44,112	44,112	344,872	
<b>Total Other Governmental Funds</b>	<b>\$ 300,057</b>	<b>\$ 70,150,201</b>	<b>\$ 58,882,475</b>	<b>\$ 24,719,118</b>	<b>\$ 8,508,898</b>	<b>\$ 4,832,740</b>	<b>\$ 2,688,498</b>	<b>\$ 2,029,887</b>	<b>\$ 2,325,512</b>	<b>\$ 1,256,474</b>
<b>Total Government Funds</b>	<b>\$ 6,427,263</b>	<b>\$ 77,663,942</b>	<b>\$ 66,137,738</b>	<b>\$ 28,648,969</b>	<b>\$ 11,179,660</b>	<b>\$ 11,936,174</b>	<b>\$ 8,975,731</b>	<b>\$ 6,800,674</b>	<b>\$ 6,429,859</b>	<b>\$ 4,973,368</b>

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Tax Levy	\$ 40,841,400	\$ 41,168,078	\$ 42,845,495	\$ 47,553,445	\$ 48,662,864	\$ 52,662,064	\$ 54,050,895	\$ 54,975,222	\$ 56,193,972	\$ 57,090,539
Tuition Charges	35,350		12,200	13,500	21,031	26,650				
Interest Earnings	180,178	442,535	3,101,204	746,100	244,035	46,336				
Transportation Fees	33,521	14,603				89,589				
Shared Services										
Sparta Township	80,560									
Miscellaneous	31,493	2,056,158	112,130	257,046	65,545	423,853	474,922	264,101	374,516	281,326
State Sources	11,265,625	12,701,224	14,064,830	12,306,953	12,266,780	9,909,438	11,414,000	12,001,249	12,201,660	12,984,712
Federal Sources	846,312	1,070,215	1,220,955	1,022,690	2,374,578	1,663,886	1,263,574	1,101,538	933,087	1,108,963
<b>Total Revenue</b>	<b>53,314,439</b>	<b>57,452,813</b>	<b>61,356,814</b>	<b>61,899,734</b>	<b>63,634,833</b>	<b>64,821,816</b>	<b>67,203,391</b>	<b>68,342,110</b>	<b>69,703,235</b>	<b>71,465,540</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular	17,502,880	17,184,732	18,908,145	19,683,498	20,524,451	17,870,334	19,672,667	19,881,269	19,226,460	18,650,137
Special Education	2,922,931	4,395,099	5,319,487	5,293,197	5,572,479	4,242,760	4,762,006	4,852,223	5,095,527	5,134,815
Other Special	392,715	322,682	326,178	354,814	362,734	391,834	509,442	509,056	681,420	110,397
Other	932,199	1,027,595	1,068,045	1,210,416	1,160,351	775,548	929,625	1,021,855	1,097,282	1,754,976
<b>Support Services:</b>										
Tuition	1,102,934	1,343,510	1,281,820	1,864,626	1,627,956	2,755,755	2,126,153	2,383,876	2,321,241	2,759,807
Student & Instruction- Related Services	5,136,988	4,621,702	4,813,219	5,203,923	5,015,503	4,155,382	5,053,625	5,707,123	5,362,002	5,849,522
General Administration	831,152	844,965	733,937	714,221	827,007	919,817	974,761	689,224	1,137,417	1,150,852
School Administration	2,030,426	2,237,081	2,129,097	2,318,691	2,476,185	2,164,359	2,284,969	2,449,551	2,575,766	2,569,487
Central Services	355,651	368,968	386,741	406,792	458,090	455,660	515,781	505,927	516,809	587,857
Administrative Information										
Technology	475,835	227,070	357,283	384,030	280,411	355,377	369,096	283,871	353,070	331,537
Plant Operations/ Maintenance	3,662,461	3,911,726	4,328,145	4,504,535	4,556,958	4,881,087	4,915,682	5,045,851	5,244,821	5,112,652

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

Expenditures:	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Support Services:										
Pupil Transportation	\$ 2,825,544	\$ 3,411,439	\$ 3,323,035	\$ 3,624,264	\$ 3,732,745	\$ 3,306,699	\$ 3,445,356	\$ 3,867,735	\$ 4,108,161	\$ 4,445,043
Unallocated Benefits	10,488,778	11,428,644	12,869,284	12,621,495	12,375,071	12,938,530	14,237,095	15,167,424	15,494,106	16,173,475
Charter Schools	29,174	50,745	52,376	51,108	95,083	107,620	297,638	447,707	428,077	233,906
Capital Outlay	426,363	4,966,594	10,452,210	35,261,118	16,211,309	2,963,773	4,145,610	1,834,460	800,312	2,592,996
Debt Service:										
Principal	920,000	925,000	1,975,000	2,285,000	2,045,000	2,075,000	2,305,000	2,355,000	2,705,000	2,680,000
Interest/Other Charges	1,108,328	1,059,044	4,539,067	3,586,825	3,782,809	3,705,767	3,619,328	3,515,015	3,413,809	3,309,190
<b>Total Expenditures</b>	<b>51,144,359</b>	<b>58,326,596</b>	<b>72,863,069</b>	<b>99,368,553</b>	<b>81,104,142</b>	<b>64,065,302</b>	<b>70,163,834</b>	<b>70,517,167</b>	<b>70,561,280</b>	<b>73,446,649</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	2,170,080	(873,783)	(11,506,255)	(37,468,819)	(17,469,309)	756,514	(2,960,443)	(2,175,057)	(858,045)	(1,981,109)
Other Financing Sources (Uses):										
Capital Leases									487,230	524,618
Bond Proceeds		71,513,000								54,355,000
School Bonds Defeased										(60,213,000)
Premium on Refunding Bonds										8,661,508
Costs of Refunding Bond Issue										(311,028)
Deferred Bond interest										(2,492,480)
Transfers In	338,442	2,038,725	2,708,504	1,022,962	207,265	8,928	6,722	2,263	391,486	702,897
Transfers Out	(411,118)	(2,103,043)	(2,728,454)	(1,042,912)	(207,265)	(8,928)	(6,722)	(2,263)	(391,486)	(702,897)
<b>Total Other Financing Sources (Uses)</b>	<b>(72,676)</b>	<b>71,448,682</b>	<b>(19,950)</b>	<b>(19,950)</b>					<b>487,230</b>	<b>524,618</b>
<b>Net Change In Fund Balance</b>	<b>\$ 2,097,404</b>	<b>\$ 70,574,899</b>	<b>\$ (11,526,205)</b>	<b>\$ (37,488,769)</b>	<b>\$ (17,469,309)</b>	<b>\$ 756,514</b>	<b>\$ (2,960,443)</b>	<b>\$ (2,175,057)</b>	<b>\$ (370,815)</b>	<b>\$ (1,456,491)</b>
Debt Service as a Percentage of Noncapital Expenditures	4.00%	3.72%	10.44%	9.16%	8.98%	9.46%	8.97%	8.55%	8.77%	8.45%

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
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
2014	11,347	109,657	21,412			130,509	272,925
2015	21,361	97,593				101,064	220,018

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 <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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
2013	54,059,700	2,056,528,300	16,832,900	589,000	186,088,200	32,979,700	4,056,000	2,351,133,800	4,469,184	2,355,602,984	180,303,800	2.360	3,317,008,465
2014	50,916,100	2,039,954,500	19,743,600	722,300	186,099,100	32,594,700	3,588,700	2,333,619,000	4,735,165	2,338,354,165	181,203,100	2.422	3,142,122,505

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.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

## Exhibit J-7

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

Year Ended December 31,	Sparta Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Sparta Township	Sussex County		
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	
2013	2.129	0.231	2.360	0.734	0.651	3.745	
2014	2.224	0.198	2.422	0.752	0.651	3.825	

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.

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for Debt Service are based on each year's requirements.

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

TOWNSHIP OF SPARTA

<u>2015</u>			<u>2006</u>		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Jersey Investors Growth	\$ 13,535,300	0.579%			
Cofrancesco/Grinnell	6,629,400	0.284%			
Braen Royalty LLC	6,069,700	0.260%			
United Tel of NJ % Embarq	5,651,983	0.242%			
Lake Mohawk Country Club	5,514,900	0.236%			
AHS Hospital Crop	4,600,000	0.197%			
Heller Sparta, LLC	3,878,600	0.166%			
Terry-Lynn, Inc	3,574,200	0.153%			
Lake Mohawk Golf Club	3,573,800	0.153%			
Serolf Properties LLC	3,340,900	0.143%			
Total	<u>\$ 56,368,783</u>	<u>2.411%</u>			

INFORMATION NOT AVAILABLE

Source: Sparta Township Tax Assessor.

## Exhibit J-9

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy</u> <sup>a</sup>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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 -
2014	56,193,972	56,193,972	100%	- 0 -
2015	57,090,539	57,090,539	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 (Form A4F).

## 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		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Capital Leases			
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	8.12%	4,203
2013	80,293,000	50,452	80,343,452	7.80%	4,109
2014	77,588,000	362,284	77,950,284	7.61%	4,009
2015	69,050,000	573,996	69,623,996	6.80%	3,601

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

<sup>a</sup>

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			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2014	77,588,000	- 0 -	77,588,000	3.29%	3,990
2015	69,050,000	- 0 -	69,050,000	2.95%	3,572

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

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

<sup>b</sup> Population data can be found in Exhibit J-14. This ratio is calculated using population data for the prior calendar year.

SPARTA TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid With Property Taxes</b>			
Township of Sparta	\$ 11,329,636	100.00%	\$ 11,329,636
Sussex County General Obligation Debt	68,100,067	20.04%	<u>13,649,299</u>
Subtotal, Overlapping Debt			24,978,935
Sparta School District Direct Debt			<u>76,408,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 101,386,935</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of 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.

<sup>a</sup> 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 110,322,196	\$ 123,695,695	\$ 135,336,679	\$ 144,191,747	\$ 144,191,747	\$ 145,759,689	\$ 141,935,017	\$ 138,040,110	\$ 132,074,480	\$ 127,919,520
Net Debt Applicable to Limit	22,745,000	93,333,000	91,358,000	89,073,000	89,073,000	84,953,000	82,648,000	80,293,000	77,588,000	69,050,000
Legal Debt Margin	<u>\$ 87,577,196</u>	<u>\$ 30,362,695</u>	<u>\$ 43,978,679</u>	<u>\$ 55,118,747</u>	<u>\$ 55,118,747</u>	<u>\$ 60,806,689</u>	<u>\$ 59,287,017</u>	<u>\$ 57,747,110</u>	<u>\$ 54,486,480</u>	<u>\$ 58,869,520</u>
Net Debt Applicable to the Limit as a % of Debt Limit	24.14%	20.62%	75.45%	67.50%	61.77%	61.77%	58.28%	58.17%	58.75%	53.98%

Legal Debt Margin Calculation for Fiscal Year 2015	
Equalized Valuation Basis	Sparta Township
2012	\$ 3,311,575,689
2013	3,156,307,961
2014	<u>3,126,080,375</u>
	<u>\$ 9,593,964,025</u>
Average Equalized Valuation of Taxable Property	<u>\$ 3,197,988,008</u>
Debt Limit (4% of average equalization value) <sup>a</sup>	\$ 127,919,520
Net Bonded School Debt as of June 30, 2015	<u>69,050,000</u>
Legal Debt Margin	<u>\$ 58,869,520</u>

<sup>a</sup> 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.

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

Year	Township Population <sup>a</sup>	Sussex County Per Capita Personal Income <sup>c</sup>	Township Personal Income <sup>b</sup>	Township Unemployment Rate <sup>d</sup>
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	52,105	1,018,809,065	6.10%
2013	19,444	52,958	1,029,715,352	6.70%
2014	19,333	52,958 **	1,023,837,014 ***	5.00%
2015	19,333 *	52,958 **	1,023,837,014 ***	N/A

\* - Latest Township population available (2014) was used for calculations purposes.

\*\* - Latest Sussex County per capita personal income available (2013) was used for calculation purposes.

\*\*\* - Latest Township population available (2014) and latest Sussex County per capita personal income available (2013) was used for calculation purposes.

N/A - Information unavailable.

Sources:

<sup>a</sup> - Population information provided by the NJ Department of Labor and Workforce Development.

<sup>b</sup> - Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> - Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> - 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

2014			2005		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	2.66%	Selective Insurance	954	2.41%
Newton Memorial Hospital	1,200	1.59%	Andover Subacute & Rehab Center	906	2.29%
Selective Insurance	900	1.20%	Mountain Creek Resort	815	2.06%
County of Sussex	830	1.10%	County of Sussex	800	2.02%
Mountain Creek Resort	800	1.06%	Newton Memorial Hospital	757	1.91%
Ames Rubber Corp	445	0.59%	Vernon Township Board of Education	711	1.80%
Shop Rite Supermarkets (Ronetco)	301	0.40%	F.O. Phoenix, Inc.	629	1.59%
Andover Subacute and Rehab Center	300	0.40%	Hopatcong Board of Education	600	1.52%
Sussex County Community College	300	0.40%	Wal-Mart	450	1.14%
SCARC, Inc.	287	0.38%	Saint Claire's Hospital	380	0.96%
<b>Total Employment - Sussex County</b>	<b><u>7,363</u></b>	<b><u>9.78%</u></b>	<b>Total Employment - Sussex County</b>	<b><u>7,002</u></b>	<b><u>17.70%</u></b>

Note: The 2014 update is not available; therefore, the most recent information is listed.

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

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Instruction:</b>										
Regular	329.0	329.0	329.0	329.0	329.0	333.0	227.6	276.0	270.0	248.2
Special Education	34.0	39.0	39.0	39.0	39.0	43.0	97.6	52.0	54.0	70.5
<b>Support Services:</b>										
Student & Instruction-Related Services	78.0	81.0	81.0	77.0	71.0	65.0	52.1	54.0	42.0	88.0
General Administrative Services	4.0	4.0	5.0	5.0	5.0	5.0	2.5	5.0	5.0	4.0
School Administrative Services	30.0	30.0	30.0	28.0	32.0	34.0	30.0	21.0	29.0	41.5
Plant Operations and Maintenance	47.0	47.0	47.0	42.0	53.0	33.0	41.0	41.0	41.0	38.0
Pupil Transportation	15.0	15.0	15.0	20.0	20.0	20.0	20.0	20.0	20.0	25.0
Business and Other Support Services	8.0	8.0	8.0	7.0	8.0	8.0	8.5	8.5	8.5	7.0
<b>Total</b>	<u>545.0</u>	<u>553.0</u>	<u>554.0</u>	<u>547.0</u>	<u>557.0</u>	<u>541.0</u>	<u>479.3</u>	<u>477.5</u>	<u>469.5</u>	<u>522.2</u>

Source: Sparta Township School District personnel records.

SPARTA TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percent Change	Teaching Staff <sup>d</sup>	Pupil/Teacher Ratio					Average Daily Enrollment (ADE) <sup>e</sup>	Average Daily Attendance (ADA) <sup>e</sup>	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary			Middle School	Senior High School				
						Helen Morgan	Alpine	Mohawk Avenue						
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%
2014	3,539	63,642,159	17,983	3.73%	304	11	12.2	21.4	10.1	11.2	3,475.1	3,274	-2.74%	94.21%
2015	3,328	64,864,463	19,491	8.38%	319	10.5	12	10.1	9.8	10.2	3,305.7	3,153	-4.87%	95.38%

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

<sup>a</sup> Per annual School Report Card.

<sup>b</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>c</sup> Cost per pupil is the sum of the operating expenditures divided by the enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

<sup>d</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>e</sup> 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.

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

District Building	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Elementary</u>										
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	666	670	646	627	649	739	739	565	530	509
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	813	812	850	798	709	840	840	726	683	631
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	359	312	210	356	312			228	227	221
<u>Middle School</u>										
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	997	997	1,008	985	1,036	937	937	847	816	825
<u>High School</u>										
Square Feet	153,245	153,245	153,245	153,245	153,245	255,127	255,127	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	1,201	1,207	1,223	1,220	1,205	1,192	1,192	1,224	1,207	1,142

Number of Schools at June 30, 2015

- 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
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
2014	78,882	86,770	76,231	181,429	354,969	778,281
2015	115,657	124,192	253,480	133,226	339,957	966,512

\* 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.

SPARTA TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

	Coverage	Deductible
<u>SCHOOL ALLIANCE INSURANCE FUND:</u>		
Building & Personal Property (Fund Aggregate)	\$ 250,000,000	\$ 2,500
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits	5,000,000	
Each Occurance		
General Aggregate (Fund Aggregate)	100,000,000	
Product Completed Operations		
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 (Fund Aggregate)	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 Administrator	500,000	
Student Accident - Bollinger Insurance (Athletes Only)	5,000,000	

Source: Sparta Township School District records.

SINGLE AUDIT SECTION



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

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, 2015, 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 20, 2015.

**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*.

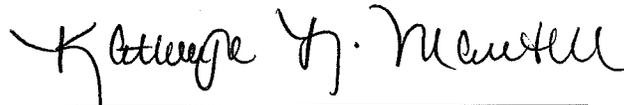
### Purpose of this Report

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

October 23, 2015  
Mount Arlington, New Jersey



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



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
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 Lawrence Business Center  
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 Newton, NJ 07860  
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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's OMB Circulars 04-04 and 15-08

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, 2015. 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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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, 2015.

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

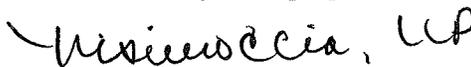
### Report on Internal Control Over Compliance

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 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

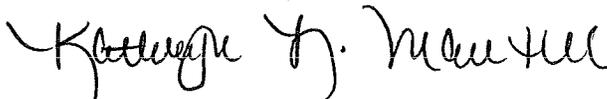
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.



NISIVOCCIA, LLP

October 23, 2015  
Mount Arlington, New Jersey



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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, 2015

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, 2014		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2015	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue
U.S. Department of Education Passed-Through State Department of Education:											
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-4960-15	7/1/14-6/30/15	\$ 1,066,475				\$ 681,388	\$ (838,282)	\$ (156,894)	
Part B, Basic - Carryover	84.027	IDEA-4960-14	7/1/13-6/30/14	943,833	\$ (33,337)			73,706	(40,369)		
Part B, Preschool	84.173	IDEA-4960-15	7/1/14-6/30/15	25,640					(23,036)	(23,036)	
Total Special Education Cluster					(33,337)			755,094	(901,687)	(179,930)	
No Child Left Behind (NCLB):											
Title I	84.010A	NCLB-4960-15	7/1/14-6/30/15	69,104				50,580	(59,286)	(8,706)	
Title I	84.010A	NCLB-4960-14	7/1/13-6/30/14	45,057	(18,629)			18,629			
Title II, Part A	84.367A	NCLB-4960-15	7/1/14-6/30/15	77,289				33,787	(51,511)	(17,724)	
Title II, Part A - Carryover	84.367A	NCLB-4960-14	7/1/13-6/30/14	78,069	(10,897)			19,444	(8,547)		
Title III	84.365A	NCLB-4960-15	7/1/14-6/30/15	16,657				860	(12,718)	(11,858)	
Title III - Carryover	84.365A	NCLB-4960-13	9/1/12-8/31/13	16,192		\$ 3,277					\$ 3,277
Perkins Vocational Education	84.048A	PERK-4960-15	7/1/14-6/30/15	20,727					(11,461)	(11,461)	
Perkins Vocational Education	84.048A	PERK-4960-14	7/1/13-6/30/14	16,956	(1,467)			1,467			
Perkins Vocational Education - Reserve	84.048A	PERK-4960-15	7/1/14-6/30/15	38,887					(33,668)	(33,668)	
Perkins Vocational Education - Reserve	84.048A	PERK-4960-14	7/1/13-6/30/14	32,788	(790)			790			
Total Special Revenue Fund					(65,120)	3,277		880,651	(1,078,878)	(263,347)	3,277

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014			Cash Received	Budgetary Expenditures	Balance June 30, 2015	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Carryover/ (Walkover) Amount			Budgetary Accounts Receivable	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	7/1/13-6/30/14	\$ 25,375		\$ 1,951		\$ (1,951)			
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	35,121			\$ 35,121	(28,385)			\$ 6,736
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	77,379	\$ (15,098)		15,098				
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	79,020			63,614	(79,020)	\$ (15,406)		
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	535	(148)		148				
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	300			232	(300)	(68)		
Child Nutrition Cluster Subtotal					(15,246)	1,951	114,213	(109,656)	(15,474)	6,736	
Total Enterprise Fund and U.S. Department of Agriculture					(15,246)	1,951	114,213	(109,656)	(15,474)	6,736	
Total Federal Awards					\$ (80,366)	\$ 5,228	\$ -0-	\$ 994,864	\$ (1,188,534)	\$ (278,821)	\$ 10,013

N/A - Not Applicable

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014				Repay Prior Years' Balances	Cancellation of Prior Years' Encumbrances	Balance at June 30, 2015		MEMO	
				Budgetary (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures			GAAP (Accounts Receivable)	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education													
General Fund:													
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	\$ 1,105,532			\$ 995,990	\$(1,105,532)					\$(109,542)	\$ 1,105,532
Special Education Aid	15-495-034-5120-011	7/1/14-6/30/15	2,030,137			1,828,982	(2,030,137)					(201,155)	2,030,137
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	2,488,733			2,242,136	(2,488,733)					(246,597)	2,488,733
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	252,688			227,650	(252,688)					(25,038)	252,688
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	33,030			29,757	(33,030)					(3,273)	33,030
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	33,030			29,757	(33,030)					(3,273)	33,030
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	228,140				(228,140)			\$ (228,140)		(228,140)	228,140
Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	13,003				(13,003)			(13,003)		(13,003)	13,003
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	1,895,498			1,801,096	(1,895,498)			(94,402)		(94,402)	1,895,498
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	1,105,532	\$(110,277)		110,277							1,105,532
Special Education Aid	14-495-034-5120-011	7/1/13-6/30/14	2,030,137	(202,506)		202,506							2,030,137
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	2,488,733	(248,251)		248,251							2,488,733
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	252,688	(25,205)		25,205							252,688
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	222,469	(220,171)		222,469	(2,298)						222,469
Nonpublic Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	21,126	(21,126)		21,126							21,126
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	2,017,509	(98,643)		98,643							2,017,509
<b>Total General Fund State Aid</b>				<b>(926,179)</b>		<b>8,083,845</b>	<b>(8,082,089)</b>			<b>(335,545)</b>		<b>(924,423)</b>	<b>16,217,985</b>
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbook Aid	15-100-034-5120-064	7/1/14 - 6/30/15	97,951			97,951	(92,332)				\$ 5,619		92,332
Textbook Aid	14-100-034-5120-064	7/1/13 - 6/30/14	91,546		\$ 1,889			\$ (1,889)					89,657
Nursing Aid	15-100-034-5120-070	7/1/14 - 6/30/15	158,969			158,969	(125,448)				33,521		125,448
Technology Initiative Aid	15-100-034-5120-373	7/1/14 - 6/30/15	52,608			52,608	(49,830)				2,778		49,830
Technology Initiative Aid	14-100-034-5120-373	7/1/13 - 6/30/14	33,380		1,799			(1,799)	\$ 45		45		31,581
New Jersey Nonpublic Auxiliary Services:													
Compensatory Education	15-100-034-5120-067	7/1/14 - 6/30/15	73,993			73,993	(72,738)				1,255		72,738
Compensatory Education	14-100-034-5120-067	7/1/13 - 6/30/14	87,738		16,176			(16,176)					71,562
English as a Second Language	15-100-034-5120-067	7/1/14 - 6/30/15	19,184			19,184					19,184		19,184
English as a Second Language	14-100-034-5120-067	7/1/13 - 6/30/14	30,552		13,321			(13,321)					17,231
Home Instruction	15-100-034-5120-067	7/1/14 - 6/30/15	3,074				(3,074)			(3,074)		(3,074)	3,074
Home Instruction	14-100-034-5120-067	7/1/13 - 6/30/14	2,457	(2,457)		2,457							2,457

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Cancellation of Prior Years' Encumbrances	Balance at June 30, 2015		MEMO	
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Special Revenue Fund: - Cont'd													
New Jersey Nonpublic Handicapped:													
Supplemental Instruction	15-100-034-5120-066	7/1/14 - 6/30/15	\$ 64,345			\$ 64,345	\$ (49,358)				\$ 14,987		\$ 49,358
Supplemental Instruction	14-100-034-5120-066	7/1/13 - 6/30/14	63,139	\$ 22,413				\$ (22,413)					40,726
Corrective Speech	14-100-034-5120-066	7/1/14 - 6/30/15	59,195			59,195	(29,421)				29,774		29,421
Corrective Speech	14-100-034-5120-066	7/1/13 - 6/30/14	51,559		28,826			(28,826)					22,733
Exam & Classification	15-100-034-5120-066	7/1/14 - 6/30/15	127,856			127,856	(108,598)				19,258		108,958
Exam & Classification	14-100-034-5120-066	7/1/13 - 6/30/14	105,410		42,963			(42,963)					62,447
Total Special Revenue Fund				\$ (2,457)	127,387	656,558	(530,799)	(127,387)	\$ 45	\$ (3,074)	126,421	\$ (3,074)	869,553
Debt Service Fund:													
Debt Service State Aid Support	15-100-034-5120-125	7/1/14 - 6/30/15	614,990			614,990	(614,990)						614,990
Total Debt Service Fund						614,990	(614,990)						614,990
Capital Projects Fund:													
New Jersey Schools Development Authority:													
Educational Facilities Capital Financing Act:													
Security Equipment													
at Various Schools	4960-057-14-1001	7/1/14-6/30/15	77,680				(77,680)			(77,680)		(77,680)	77,680
	4960-060-14-1002	7/1/14-6/30/15	53,994				(53,994)			(53,994)		(53,994)	53,994
	4960-070-14-1003	7/1/14-6/30/15	56,816				(56,816)			(56,816)		(56,816)	56,816
	4960-300-14-1004	7/1/14-6/30/15	41,420				(41,420)			(41,420)		(41,420)	41,420
Total Capital Projects Fund							(229,910)			(229,910)		(229,910)	229,910
Enterprise Fund:													
State Department of Agriculture:													
State School Lunch	14-100-010-3350-023	7/1/13-6/30/14	5,559	(1,072)		1,072							5,559
State School Lunch	15-100-010-3350-023	7/1/14-6/30/15	5,884			4,788	(5,884)			(1,096)		(1,096)	5,884
Total Enterprise Fund				(1,072)		5,860	(5,884)			(1,096)		(1,096)	11,443
Total State Awards				\$ (929,708)	\$ 127,387	\$ 9,361,253	\$ (9,463,672)	\$ (127,387)	\$ 45	\$ (569,625)	\$ 126,421	\$ (1,158,503)	\$ 17,943,881

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES 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, 2015

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, 2015. 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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net 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 (\$2,639) for the general fund and \$43,578 for the special revenue fund (of which (\$987) is for local awards and is not included in the table on the next page). 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 \$1,358,486 and \$2,156,597, respectively.

SPARTA TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 11,594,533	\$ 11,594,533
Special Revenue Fund	\$ 1,108,963	545,279	1,654,242
Capital Projects Fund		229,910	229,910
Debt Service Fund		614,990	614,990
Food Service Fund	109,656	5,884	115,540
Total Awards	<u>\$ 1,218,619</u>	<u>\$ 12,990,596</u>	<u>\$ 14,209,215</u>

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 fiscal year ended June 30, 2015. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 6. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District received grants in the amount of \$229,910 in connection with capital projects for security equipment at various schools. During the fiscal year ended June 30, 2015 the District submitted reimbursement requests on these projects and realized revenue on the GAAP basis in the amount of \$229,910. As of June 30, 2015, the District has a \$229,910 receivable on the budgetary basis and a \$229,910 receivable on the GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on the budgetary basis in the year the grant is awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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's OMB Circulars 04-04 and 15-08*.
- 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's OMB Circulars 04-04 and 15-08, *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 federal and state programs for the current fiscal year consisted of the following awards:

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education Cluster:				
IDEA Part B Basic	84.027	7/1/14-6/30/15	\$1,066,475	\$ 838,282
IDEA Part B Basic - Carryover	84.027	7/1/13-6/30/14	943,833	40,369
IDEA Part B Preschool	84.173	7/1/14-6/30/15	25,640	23,036
<u>State Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid - Public:				
Special Education Aid	15-495-034-5120-011	7/1/14-6/30/15	\$2,030,137	\$2,030,137
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	2,488,733	2,488,733
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	252,688	252,688
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	33,030	33,030
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	33,030	33,030
Debt Service Aid	15-100-034-5120-125	7/1/14-6/30/15	614,990	614,990

- 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, 2015  
(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 for both federal and state programs.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 was \$500,000.

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's OMB Circulars 04-04 and 15-08.

SPARTA TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year audit findings.