

**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, 2016**

**Comprehensive Annual
Financial Report**

of the

SPARTA TOWNSHIP SCHOOL DISTRICT

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**SPARTA TOWNSHIP SCHOOL DISTRICT
Board of Education**

SPARTA TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

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

November 1, 2016

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, 2016, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 1, 2016

1) REPORTING ENTITY AND ITS SERVICES:

As of June 30, 2016, Sparta Schools enrolled 3,292 students at five schools compared to 3,328 students as of June 30, 2015, which is a decrease of 36 students, or 1.00%. The detail of the June 30, 2016 enrollment is as follows: High School 1,122; Middle School 799; Helen Morgan School 494; Alpine School 631; and Mohawk Avenue School 225.

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 a 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 School District 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 year's budget to reduce the tax burden on the community.

3) MAJOR INITIATIVES:

Major instructional initiatives completed during the 2015-2016 school year were as follows:

Alpine Elementary School:

- Curriculum
 - Dyslexia professional development for all staff
 - Continuation of Balanced Literacy professional development workshops
 - Multi-Sensory Reading training for 10 staff members
 - Assemblies
 - One per grade level - curriculum related
 - Two field trips per grade level to supplement the curriculum. (Parent Funded)
 - Before School Remediation Program servicing approximately 60 students
 - Before School Fast ForWord Program servicing approximately 30 students
 - ESY Program
- Continuation of collecting student data through "Google Apps for Education"
- Technology
 - Various computer programs to support the curriculum
 - Installation of one Brightlink Projector and white boards to replace old SMART Boards

Mohawk Avenue School:

- Bi-monthly Character Education Assemblies
- Continued Multisensory Reading Training for grade 3 staff
- Field trips to Liberty Science Center and Waterloo Village
- After-school remediation program in Reading, Writing and Math
- Weekly lunches with principal for all students

The Honorable President and Members of
the Board of Education
Sparta Township School District
Page 3
November 1, 2016

3) MAJOR INITIATIVES:

Helen Morgan School:

- Flooring Renovation in Annex Classrooms
- New Fencing installed around playground
- Explorations after-school activity program
- 4th Grade trips to Sterling Mines
- 5th Grade Trips to Buehler Space Center and Quiet Valley Historical Farm
- Common SGO assessments
- 12 Sphero robots
- STEM room with chromebooks, electronic circuits
- Hands-on Foss Science Kits for each grade level

Middle School:

- 2 New Electives – American Dream & Explore Our World
- Academic Assistance Period
- Landscaping - Outside Gymnasium
- Altitude Program - Grade 8 Youth Empowerment Program
- Summer Reading Program
- Partnership with the Sparta Historical Society/Mull House for student educational programs
- Additional Sound Fields and Bright Link Projectors
- Youth Programs provided by the Center for Prevention and Counseling
- Stair Chair for wheel chair egress

High School:

- Adopted new curriculum for AP Government
- Began the first Biomedical Engineering STEM academy
- Wrote curriculum for 2016-2017 STEM track: Engineering
- Revised existing 9-12 science curriculum to meet new state standards
- Wrote and adopted new courses in: Linguistics, Theatre and Drama, Musical Theatre, and Introduction to Algebra
- Installation of additional Britelink interactive projectors and document cameras into classrooms
- Began the move to the google platform by starting sites and google classrooms for all staff
- Adopted a new program for freshman orientation
- Initiated the school breathalyzer protocol for school dances, purchased 3 breathalyzers
- School-wide programs:
- Motivational Speaker Dr. Michael Fowlin spoke with our students regarding bullying
- Guidance department ran ‘Choices’ a weekly drug and alcohol counseling group. The group consisted of 8 students that are currently struggling with drug and alcohol issues. We also partnered with the Center for Prevention and counseling to run both Boys Circle and Girls Circle

The Honorable President and Members of
the Board of Education
Sparta Township School District
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November 1, 2016

3) MAJOR INITIATIVES:

High School (Cont'd):

- Yahya Bakkar came to our school during week of respect to discuss bullying and the negative effects that it has on our students.
- Our guidance department partnered with the Center for Prevention to administer a PRIDE survey to our students. Approximately 600 students participated in the PRIDE survey, which asked them detailed questions about their relationships towards drugs and alcohol
- 944 Students participated in our SHS Student Stress Survey. The survey measured the levels of stress that our students are experiencing, and questioned the different ways we handle stress
- Our SHS students participated in Winter Safe Stock through their health and PE classes. Students participated in the Fatal Vision Station. The station had students wear glasses that simulated what it feels like to be intoxicated.
- SHS partnered with Center for Prevention to host Hidden in Plain Sight at the high school. This exhibit and presentation is centered around a teenager's bedroom that is displayed to allow parents, grandparents, caregivers, teachers and other adults an opportunity to explore a teenager's bedroom to see and identify drug paraphernalia, hiding places and other signs that may indicate alcohol or other drug use by a teen.
- Gabe Hurley came to Sparta to speak with our high school seniors. Gabe works to help teenagers understand the dangers of distracted driving, the consequences of their choices, and how one small choice can change someone else's life forever.

Staff PD:

- Teachers received First Step for Staff Cards
- Staff received mental health stress bags in celebration of mental health awareness month.

Technology:

- Gmail implementation. 1.5 month migration of entire email server to google.
- Chromebook Implementation. 8 pilot classrooms.
- PARCC Testing took place simultaneously
- Improved network monitoring. Switch, Server and UPS monitoring.
- Wireless upgrades for AES, HMS, MAS, SMS and SHS.
- Active Directory auto sync with Genesis. Student accounts auto generated nightly based on Genesis.
- Active Directory auto sync with Google. All google account synchronized nightly with active directory. This cuts down on admin work tremendously.
- First cooperative education student working with IT Department.
- Transfinder (transportation software) sync with Genesis finalized and working.
- MyK12 integration/sync with Genesis.
- Updated SAN storage to allow more virtual server space as well as faster storage.
- Added virtual server to server farm for more virtual server space.

The Honorable President and Members of
the Board of Education
Sparta Township School District
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November 1, 2016

3) MAJOR INITIATIVES:

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.

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 Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either 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, 2016.

The Honorable President and Members of
 the Board of Education
 Sparta Township School District
 Page 6
 November 1, 2016

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) OTHER INFORMATION:

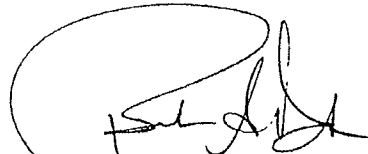
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information 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.

8) 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,



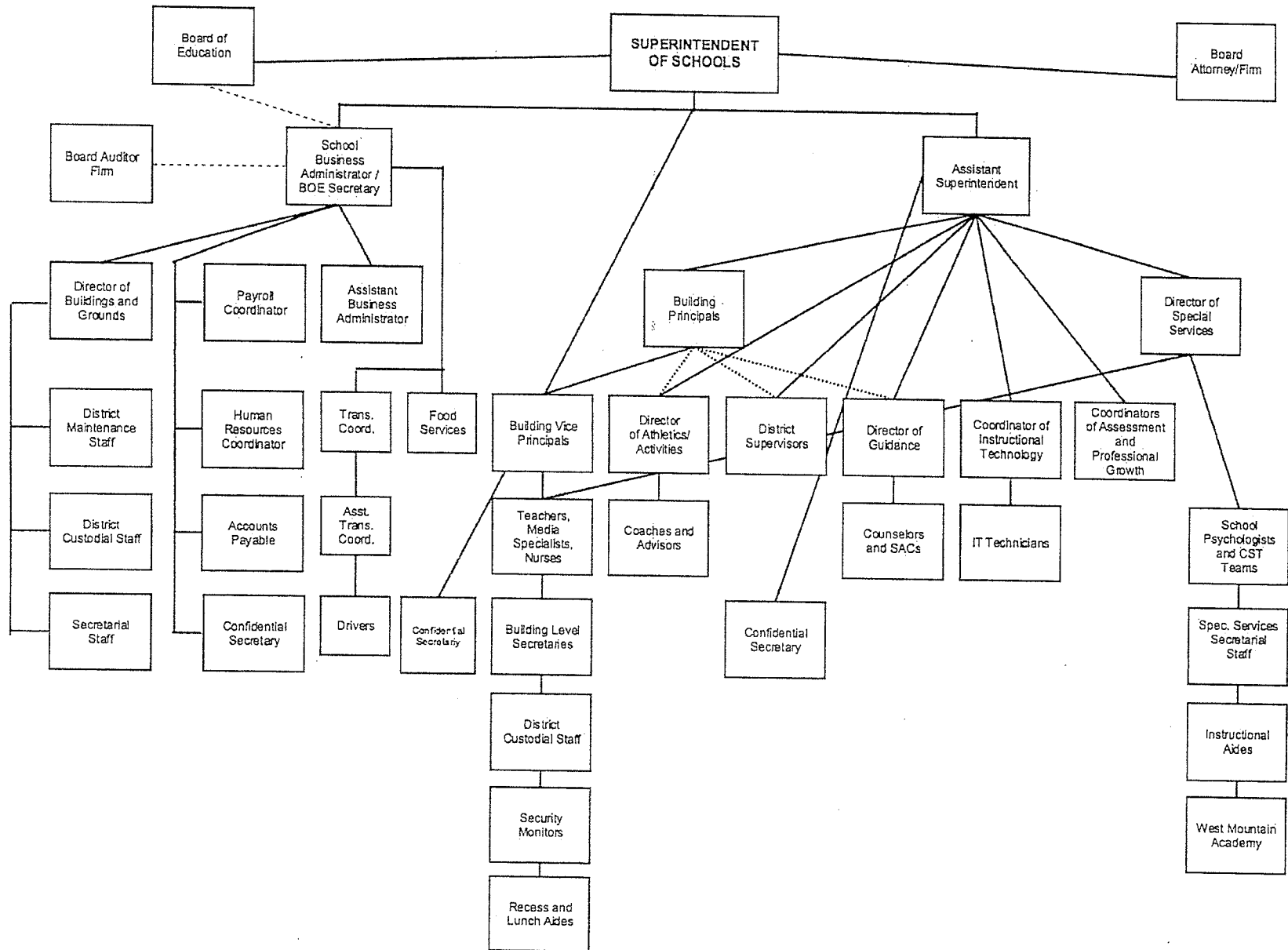
Dennis Tobin
 Superintendent



Barbara A. Decker
 School Business Administrator/Board Secretary

SPARTA TOWNSHIP SCHOOL DISTRICT

ORGANIZATIONAL CHART



**SPARTA TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of EducationTerm Expires

Karen Scott, President	2018
Douglas McKernan, Vice President	2017
Kylen Anderson	2017
Brenda Beebe	2016
Melva Cummings	2017
Linda Curcio	2018
Kelly McEvoy	2016
J. Todd Muth	2016
Jack Sudoval	2018

Other OfficersTitle

Dennis Tobin	Superintendent of Schools
Barbara A. Decker	Business Administrator/Board Secretary
Daniel R. Johnson Ed. D.	Assistant Superintendent of Curriculum and Staff Development
Kristine Demay	Assistant Business Administrator
Kerry A. Keane	Treasurer

**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, NJ 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

OFFICIAL DEPOSITORY

Lakeland Bank
Sparta, NJ

FINANCIAL SECTION



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, 2016, 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
Page 2

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, 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 and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

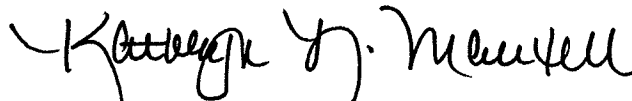
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



NISIVOCCIA, LLP

November 1, 2016
Mount Arlington, New Jersey



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, 2016
(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, 2016. 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 2015/2016 school year are as follows:

- The District's net position decreased \$69,635 during the year.
- Overall revenue was \$81,754,052.
- Overall expenditures were \$81,830,717.

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, 2016
(UNAUDITED)**

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

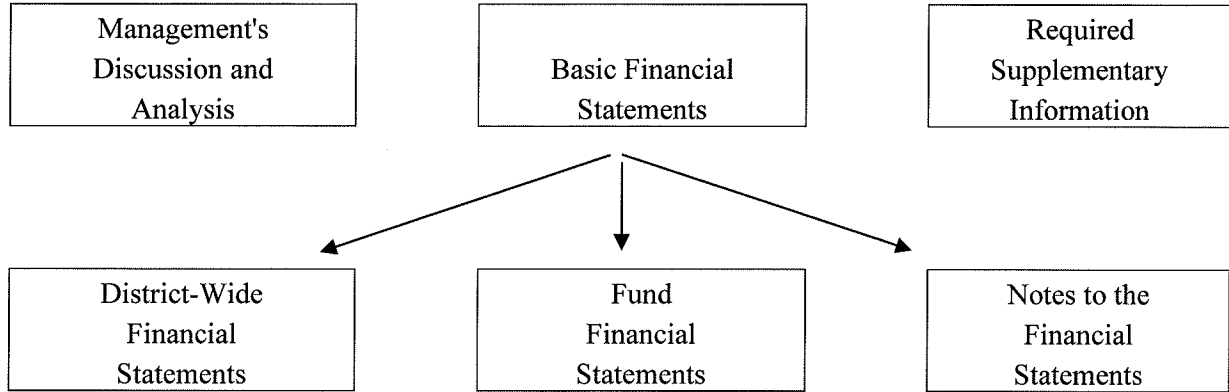


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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, 2016
(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 \$(5,595,064) on June 30, 2016, \$69,635 or 1.26% 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
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Current & Other Assets	\$ 6,989,810	\$ 6,419,346	\$ 125,975	\$ 173,075	\$ 7,115,785	\$ 6,592,421	7.94%
Capital Assets, Net	76,827,982	80,314,572	226,149	269,323	77,054,131	80,583,895	-4.38%
Total Assets	83,817,792	86,733,918	352,124	442,398	84,169,916	87,176,316	-3.45%
Deferred Outflows of Resources	6,134,996	4,405,689			6,134,996	4,405,689	39.25%
Long-Term Debt	84,318,016	84,452,838			84,318,016	84,452,838	-0.16%
Other Liabilities	11,232,082	11,658,577	72,592	157,246	11,304,674	11,815,823	-4.33%
Total Liabilities	95,550,098	96,111,415	72,592	157,246	95,622,690	96,268,661	-0.67%
Deferred Inflows of Resources	277,286	838,773			277,286	838,773	100.00%
Net Position/(Deficit)							
Net Investment in Capital							
Assets	10,517,153	10,690,576	226,149	269,323	10,743,302	10,959,899	-1.98%
Restricted	4,318,653	4,133,114			4,318,653	4,133,114	4.49%
Unrestricted/(Deficit)	(20,710,402)	(20,634,271)	53,383	15,829	(20,657,019)	(20,618,442)	-0.19%
Total Net Position	\$ (5,874,596)	\$ (5,810,581)	\$ 279,532	\$ 285,152	\$ (5,595,064)	\$ (5,525,429)	-1.26%

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Changes in Net Position. The District's combined net position decreased by \$69,635 or 1.26%. Net position from Governmental activities decreased \$64,015 and net position from Business-type activities decreased \$5,620. (See Figure A-4).

Net investment in capital assets decreased by \$216,597 due to \$3,935,950 in depreciation (\$3,892,776 from Governmental activities and \$43,174 from Business-type activities) offset by a \$3,313,167 net reduction in debt (bonds and capital leases) and \$406,186 in net capital additions. Restricted net position increased by \$185,539 due to a net increase of \$792,196 in capital reserve and a \$150,000 increase in maintenance reserve offset by a decrease in restricted capital projects of \$756,657. Unrestricted net position decreased \$38,577 due to an increase in net pension liability offset by unexpended budget appropriations.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Revenue:							
Program Revenue:							
Charges for Services			\$ 743,090	\$ 702,817	\$ 743,090	\$ 702,817	5.73%
Operating Grants & Contributions	\$ 21,978,507	\$ 19,615,528	135,530	115,540	22,114,037	19,731,068	12.08%
Capital Grants & Contributions		229,910				229,910	-100.00%
General Revenue:							
Property Taxes	58,054,309	57,090,539			58,054,309	57,090,539	1.69%
Federal and State Unrestricted Aid	631,919	614,990			631,919	614,990	2.75%
Other	210,441	222,915	256	215	210,697	223,130	-5.57%
Total Revenue	80,875,176	77,773,882	878,876	818,572	81,754,052	78,592,454	4.02%
Expenses:							
Instruction	43,008,108	41,577,104			43,008,108	41,577,104	3.44%
Pupil/Instruction Service:	12,619,911	11,883,202			12,619,911	11,883,202	6.20%
Administrative/Business	8,133,308	7,401,269			8,133,308	7,401,269	9.89%
Operations/Maintenance	6,833,619	6,767,680			6,833,619	6,767,680	0.97%
Transportation	4,705,065	4,992,244			4,705,065	4,992,244	-5.75%
Other	5,639,180	7,093,226	891,526	955,855	6,530,706	8,049,081	-18.86%
Total Expenses	80,939,191	79,714,725	891,526	955,855	81,830,717	80,670,580	1.44%
Special Items			7,030	6,164	7,030	6,164	14.05%
Increase/(Decrease) in Net Position	\$ (64,015)	\$ (1,940,843)	\$ (5,620)	\$ (131,119)	\$ (69,635)	\$ (2,071,962)	96.64%

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Revenue Sources. The District's total revenue for the 2015/2016 school year was \$81,754,052 (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$58,054,309 of the total, or 71.01 percent. Another 27.82 percent came from state and federal aid for specific programs and the remaining 1.17 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 2016 and 2015**

Sources of Income	2016	Percentage	2015	Percentage
Grants and Contributions	\$ 22,114,037	27.05%	\$ 19,960,978	25.40%
Property Taxes	58,054,309	71.01%	57,090,539	72.64%
Federal and State Unrestricted Aid	631,919	0.77%	614,990	0.78%
Charges for Services	743,090	0.91%	702,817	0.90%
Other	210,697	0.26%	223,130	0.28%
	<u>\$ 81,754,052</u>	<u>100.00%</u>	<u>\$ 78,592,454</u>	<u>100.00%</u>

The total cost of all programs and services was \$81,830,717. A significant portion of the District's expenses relate to providing instruction, support and transportation to students (73.73 percent). (See Figure A-6). The remaining 26.27 percent of the District's expenses were for administrative and business costs which constitute 9.94 percent of total costs, plant operations and maintenance costs which represent 8.35 percent of total expenses, and other expenses which constitute 7.98 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 2016 and 2015**

Expense Category	2016	Percentage	2015	Percentage
Instruction	\$ 43,008,108	52.56%	\$ 41,577,104	51.54%
Pupil and Instruction Services	12,619,911	15.42%	11,883,202	14.73%
Administrative and Business	8,133,308	9.94%	7,401,269	9.17%
Operations and Maintenance	6,833,619	8.35%	6,767,680	8.39%
Transportation	4,705,065	5.75%	4,992,244	6.19%
Other	6,530,706	7.98%	8,049,081	9.98%
	<u>\$ 81,830,717</u>	<u>100.00%</u>	<u>\$ 80,670,580</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District decreased \$.23 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.

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Governmental Activities

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.

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2015/16	2014/15	2015/16	2014/15
Instruction	\$ 43,008,108	\$ 41,577,104	\$ 27,469,326	\$ 27,421,659
Pupil and Instruction Services	12,619,911	11,883,202	10,182,473	9,801,174
Administrative and Business	8,133,308	7,401,269	6,404,287	6,167,015
Operations and Maintenance	6,833,619	6,767,680	5,934,976	5,769,364
Transportation	4,705,065	4,992,244	3,330,442	3,616,849
Other	5,639,180	7,093,226	5,639,180	7,093,226
	<u>\$ 80,939,191</u>	<u>\$ 79,714,725</u>	<u>\$ 58,960,684</u>	<u>\$ 59,869,287</u>

- The cost of all governmental activities this year was \$80,939,191.
- The federal and state governments subsidized certain programs with \$21,978,507 in grants and contributions.
- Most of the District's costs were financed by \$58,054,309 in District taxes.
- A portion of governmental activities was financed with \$631,919 in state and federal aid for general and specific programs.
- The remaining \$210,441 came from miscellaneous revenue.

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Business-Type Activities

Net position of the District's business-type activities decreased by \$5,620 – net investment in capital assets decreased \$43,174 due to depreciation of capital assets and unrestricted net position increased \$37,554 due to a reduction in expenses. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's General Fund balance increased by \$1,119,124 due primarily to the appropriation of prior year excess surplus and the Capital Projects Fund balance decreased \$756,657 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 continues to have 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.

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 expenditures that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions are noted below:

- Replacement of three (3) copiers for use at Helen Morgan, Alpine and Middle School
- Upgrade electric at Helen Morgan annex wing to accommodate dehumidifiers
- Helen Morgan annex wing abatement and removal of carpets and installed VCT flooring
- Renovate restroom shared by Rooms 31 and 32 at Helen Morgan
- Replace muffin monster at sewer plant located at Sparta Middle School
- Install new steel doors in auditorium and cafeteria at Mohawk Avenue School (security upgrade)
- Purchased mason dump truck for Building and Grounds Department
- Purchased field liner machine and 24' trailer for Building and Grounds Department
- Purchased two (2) floor scrubber machines for Sparta High School and Sparta Middle School
- Purchased two (2) 24 passenger buses for Transportation Department
- Purchased scraper system to assist with snow removal for Transportation Department
- High School music department purchased sousaphone (king tuba)
- Mohawk Avenue School water main replaced (capital project)

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Capital Assets and Debt Administration

Capital Assets

The District's capital assets decreased \$3,529,764 or 4.38%. Capital additions were \$406,186 - all from capital outlay projects from Governmental activities – offset by \$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).

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percent Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Land	\$ 649,333	\$ 649,333			\$ 649,333	\$ 649,333	0.00%
Site Improvements	2,408,076	2,484,357			2,408,076	2,484,357	-3.07%
Buildings and							
Building Improvements	69,165,704	71,388,125			69,165,704	71,388,125	-3.11%
Machinery & Equipment	4,604,869	5,792,757	\$ 226,149	\$ 269,323	4,831,018	6,062,080	-20.31%
Total Capital Assets (Net of Depreciation)	<u>\$ 76,827,982</u>	<u>\$ 80,314,572</u>	<u>\$ 226,149</u>	<u>\$ 269,323</u>	<u>\$ 77,054,131</u>	<u>\$ 80,583,895</u>	-4.38%

Long-term Debt

The District's long-term debt decreased \$134,822, or .161%, from the prior year. At year-end, the District had \$66,140,000 in general obligation bonds, \$17,246,196 in net pension liability, \$170,829 in capital leases and \$760,991 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
	2015/16	2014/15	
General Obligation Bonds (Financed with Property Taxes)	\$ 66,140,000	\$ 69,050,000	-4.2%
Net Pension Liability	17,246,196	14,074,660	22.53%
Capital Leases	170,829	573,996	-70.24%
Other Long-Term Debt	760,991	754,182	0.90%
Total Long-Term Debt Outstanding	<u>\$ 84,318,016</u>	<u>\$ 84,452,838</u>	-0.16%

- The District continued to pay down its debt, retiring \$2,910,000 of serial bonds and \$403,167 of capital leases.
- The District's net pension liability increased by \$3,171,536.
- The District's liability for accumulated sick and vacation time increased by \$6,809.

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

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.

Over the course of the 2015-2016 fiscal year, negotiated settlements were agreed upon with the Sparta Education Association, Sparta Administrators' Association and AFSCME, Council 52, Local 2294 (Bus Drivers and Attendants). The only remaining contract to be settled is with the AFSCME, Council 52, Local 2294 (Custodians, Maintenance and Groundsmen) which expired June 30, 2015.

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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,953,885	\$ 93,996	\$ 4,047,881
Receivables from State Government	458,073	334	458,407
Receivables from Federal Government	159,041	5,176	164,217
Other Receivables	41,210	7,030	48,240
Interfund Receivable	58,765		58,765
Inventory		19,439	19,439
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	1,793,836		1,793,836
Maintenance Reserve Account	525,000		525,000
Capital Assets, Net			
Site (Land)	649,333		649,333
Depreciable Site Improvements, Building and Building Improvements, & Machinery/Equipment	76,178,649	226,149	76,404,798
Total Assets	83,817,792	352,124	84,169,916
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	2,642,545		2,642,545
Charges in Assumptions - Pensions	1,852,104		1,852,104
Charges in Proportion - Pensions	1,228,913		1,228,913
Difference between Expected and Actual Experience - Pensions	411,434		411,434
Total Deferred Outflows of Resources	6,134,996		6,134,996
LIABILITIES			
Current Liabilities:			
Accounts Payable - Vendors	419,497	48,170	467,667
Accrued Interest Payable	1,079,001		1,079,001
Accrued Liability for Health Benefits Claims	845,014		845,014
Unamortized Bond Premium	8,666,422		8,666,422
Payable to Other Governments	208,519		208,519
Unearned Revenue	13,629	24,422	38,051
Noncurrent Liabilities:			
Due Within One Year	2,959,784		2,959,784
Due Beyond one Year	81,358,232		81,358,232
Total Liabilities	95,550,098	72,592	95,622,690
DEFERRED INFLOWS OF RESOURCES:			
Investment Gains - Pensions	277,286		277,286
Total Deferred Inflows of Resources	277,286		277,286
NET POSITION/(Deficit)			
Net Investment in Capital Assets	10,517,153	226,149	10,743,302
Restricted for:			
Capital Projects	2,293,651		2,293,651
Debt Service	2		2
Other Purposes	2,025,000		2,025,000
Unrestricted/(Deficit)	(20,710,402)	53,383	(20,657,019)
Total Net Position/(Deficit)	\$ (5,874,596)	\$ 279,532	\$ (5,595,064)

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, 2016

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	\$ 30,790,085		\$ 9,949,796		\$ (20,840,289)		\$ (20,840,289)
Special Education Instruction	8,724,631		4,986,624		(3,738,007)		(3,738,007)
Other Special Instruction	627,416		205,511		(421,905)		(421,905)
School-Sponsored/Other Instruction	2,865,976		396,851		(2,469,125)		(2,469,125)
Support Services:							
Tuition	2,684,197		352,033		(2,332,164)		(2,332,164)
Student & Instruction Related Services	9,935,714		2,085,405		(7,850,309)		(7,850,309)
General Administration Services	1,725,193		293,002		(1,432,191)		(1,432,191)
School Administration Services	4,414,086		1,001,650		(3,412,436)		(3,412,436)
Central Services	954,126		204,556		(749,570)		(749,570)
Administrative Information Technology	1,039,903		229,813		(810,090)		(810,090)
Plant Operations and Maintenance	6,833,619		898,643		(5,934,976)		(5,934,976)
Pupil Transportation	4,705,065		1,374,623		(3,330,442)		(3,330,442)
Charter School	373,175				(373,175)		(373,175)
Unallocated Depreciation	2,570,248				(2,570,248)		(2,570,248)
Interest on Long-Term Debt	2,695,757				(2,695,757)		(2,695,757)
Total Governmental Activities	80,939,191		21,978,507		(58,960,684)		(58,960,684)

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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	\$ 891,526	\$ 743,090	\$ 135,530			\$ (12,906)	\$ (12,906)
Total Business-Type Activities	891,526	743,090	135,530			(12,906)	(12,906)
Total Primary Government	\$ 81,830,717	\$ 743,090	\$ 22,114,037	\$ - 0 -	\$ (58,960,684)	(12,906)	(58,973,590)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					53,464,665		53,464,665
Property Taxes Levied for Debt Service					4,589,644		4,589,644
Federal and State Aid not Restricted					631,919		631,919
Interest and Miscellaneous Income					210,441	256	210,697
Special Item - Food Service Management Contractor Contribution						7,030	7,030
Total General Revenues and Special Items					58,896,669	7,286	58,903,955
Change in Net Position					(64,015)	(5,620)	(69,635)
Net Position - Beginning					(5,810,581)	285,152	(5,525,429)
Net Position - Ending					\$ (5,874,596)	\$ 279,532	\$ (5,595,064)

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, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,493,336	\$ 117,405	\$ 513,804	\$ 2	\$ 4,124,547
Interfunds Receivable	65,759				65,759
Receivables from State Government	445,290	12,783			458,073
Receivables from Federal Government		159,041			159,041
Other Receivables	37,547	3,663			41,210
Restricted Cash and Cash Equivalents	2,148,174				2,148,174
Total Assets	<u>\$ 6,190,106</u>	<u>\$ 292,892</u>	<u>\$ 513,804</u>	<u>\$ 2</u>	<u>\$ 6,996,804</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendor	\$ 341,758	\$ 70,744	\$ 6,995		\$ 419,497
Interfunds Payable			6,994		6,994
Accrued Liability for Health Benefits Claims	845,014				845,014
Payable to State Government		208,519			208,519
Unearned Revenue		13,629			13,629
Total Liabilities	<u>1,186,772</u>	<u>292,892</u>	<u>13,989</u>		<u>1,493,653</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,793,836				1,793,836
Maintenance Reserve Account	525,000				525,000
Excess Surplus -					
For Subsequent Year's Expenditures	750,000				750,000
Excess Surplus	750,000				750,000
Capital Projects Fund			499,815		499,815
Debt Service Fund				\$ 2	2

SPARTA TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

LIABILITIES AND FUND BALANCES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Assigned:					
Year-end Encumbrances	\$ 546,237				\$ 546,237
Unassigned	638,261				638,261
Total Fund Balances	5,003,334		\$ 499,815	\$ 2	5,503,151
Total Liabilities and Fund Balances	\$ 6,190,106	\$ 292,892	\$ 513,804	\$ 2	\$ 6,996,804

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

Total Fund Balances - Governmental Funds (Above)	\$ 5,503,151
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The costs are not reported in the Funds. The cost of the assets is \$116,969,334 and the accumulated depreciation is \$40,141,352.	76,827,982
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	1,852,104
Change in Proportions - Pensions	1,228,913
Difference Between Expected and Actual Pension Experience	411,434
Investment Gains - Pensions	(277,286)
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.	(84,318,016)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,079,001)
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 \$635,046.	(8,666,422)
Deferred interest costs are not reported as expenditures in the governmental funds in the year of the expenditure.	2,642,545
Net Position/(Deficit) of Governmental Activities (Exhibit A-1)	\$ (5,874,596)

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, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 53,464,665			\$ 4,589,644	\$ 58,054,309
Miscellaneous	208,536	\$ 102,844	\$ 1,905		313,285
Total - Local Sources	53,673,201	102,844	1,905	4,589,644	58,367,594
State Sources	12,653,219	533,266		631,919	13,818,404
Federal Sources		1,035,572			1,035,572
Total Revenues	66,326,420	1,671,682	1,905	5,221,563	73,221,570
EXPENDITURES:					
Current:					
Instruction:					
Regular Education Instruction	17,895,444	479,507			18,374,951
Special Education Instruction	4,654,295	840,142			5,494,437
Other Special Instruction	128,871				128,871
School-Sponsored/Other Instruction	2,163,204				2,163,204
Support Services and Undistributed Costs:					
Tuition	2,332,164	352,033			2,684,197
Student & Instruction Related Services	6,243,081				6,243,081
General Administration Services	1,205,045				1,205,045
School Administration Services	2,603,901				2,603,901
Central Services	586,055				586,055
Administrative Information Technology	300,981				300,981
Plant Operations and Maintenance	5,109,466				5,109,466
Pupil Transportation	4,187,130				4,187,130
Unallocated Benefits	16,497,138				16,497,138

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:					
Capital Outlay	\$ 658,850		\$ 159,742		\$ 818,592
Charter School	373,175				373,175
Debt Service:					
Principal				\$ 2,910,000	2,910,000
Interest and Other Charges				3,011,563	3,011,563
Total Expenditures	<u>64,938,800</u>	<u>\$ 1,671,682</u>	<u>159,742</u>	<u>5,921,563</u>	<u>72,691,787</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,387,620		(157,837)	(700,000)	529,783
OTHER FINANCING SOURCES/(USES):					
Transfers In	1,905		103,085	700,000	804,990
Transfers Out	(103,085)		(701,905)		(804,990)
Total Other Financing Sources/(Uses)	<u>(101,180)</u>		<u>(598,820)</u>	<u>700,000</u>	
Net Change in Fund Balances	1,286,440		(756,657)		529,783
Fund Balance - July 1	<u>3,716,894</u>		<u>1,256,472</u>	<u>2</u>	<u>4,973,368</u>
Fund Balance - June 30	<u>\$ 5,003,334</u>	<u>\$ - 0 -</u>	<u>\$ 499,815</u>	<u>\$ 2</u>	<u>\$ 5,503,151</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, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 529,783
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	406,186	
		(3,486,590)
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.		
		2,910,000
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		403,167
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.		
		26,899

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, 2016

The governmental funds report the effect of deferred interest costs relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)	\$ (136,607)
The governmental funds report the effect of bond premiums relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (+)	440,277
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	(3,171,536)
Deferred Outflows:	
Changes in Assumptions	1,409,521
Changes in Proportion	44,959
Difference between Expected and Actual Experience	411,434
Deferred Inflows:	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	561,487
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 (+).	(6,809)
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ (64,015)</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, 2016

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 93,996
Accounts Receivable - State	334
Accounts Receivable - Federal	5,176
Accounts Receivable - Other	7,030
Inventories	<u>19,439</u>
Total Current Assets	<u>125,975</u>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	1,037,557
Less: Accumulated Depreciation	<u>(811,408)</u>
Total Non-Current Assets	<u>226,149</u>
Total Assets	<u>352,124</u>
LIABILITIES:	
Accounts Payable - Vendors	48,170
Prepaid Sales	19,822
Unearned Revenue	<u>4,600</u>
Total Liabilities	<u>72,592</u>
NET POSITION:	
Net Investment in Capital Assets	226,149
Unrestricted	<u>53,383</u>
Total Net Position	<u>\$ 279,532</u>

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, 2016

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 366,041
Daily Sales - Non-Reimbursable Programs	350,772
Special Events	<u>26,277</u>
Total Operating Revenue	<u>743,090</u>
Operating Expenses:	
Cost of Sales - Reimbursable	178,575
Cost of Sales - Non-Reimbursable	120,359
Salaries and Benefits	327,399
Purchased Services	63,226
Management Fee	71,710
Resident Director Fee	52,520
Supplies and Materials	34,563
Depreciation Expense	<u>43,174</u>
Total Operating Expenses	<u>891,526</u>
Operating Loss	<u>(148,436)</u>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	6,276
Federal Sources:	
School Breakfast Program	2,267
National School Lunch Program	87,978
Food Distribution Program	39,009
Local Sources:	
Interest Income	<u>256</u>
Total Non-Operating Revenue	<u>135,786</u>
Change in Net Position before Special Items	(12,650)
Special Items:	
Food Service Management Contractor Contribution	<u>7,030</u>
Change in Net Position after Special Items	(5,620)
Net Position - Beginning of Year	<u>285,152</u>
Net Position - End of Year	<u><u>\$ 279,532</u></u>

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, 2016

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 747,009
Payments to Employees	(327,399)
Payments to Suppliers	(571,671)
Net Cash Used for Operating Activities	<u>(152,061)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	7,038
Federal Sources	100,543
Received from Food Service Contractor	30,057
Net Cash Provided by Noncapital and Related Financing Activities	<u>137,638</u>
Cash Flows from Investing Activities:	
Interest Revenue	256
Net Cash Provided by Investing Activities	<u>256</u>
Net Decrease in Cash and Cash Equivalents	(14,167)
Cash and Cash Equivalents, July 1	<u>108,163</u>
Cash and Cash Equivalents, June 30	<u>\$ 93,996</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (148,436)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	43,174
Federal Food Distribution Program	39,009
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(1,154)
(Increase)/Decrease in Prepaid Sales	3,919
(Increase)/Decrease in Unearned Revenue	(2,136)
(Increase)/Decrease in Accounts Payable	(86,437)
Net Cash Used for Operating Activities	<u>\$ (152,061)</u>

Non-Cash Investing, Capital and Financing Activities:

The District had \$6,736 in USDA donated commodities at June 30, 2015, received commodities valued at \$36,873, used commodities valued at \$39,009, and had \$4,600 in commodities at June 30, 2016.

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, 2016

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:				
Cash and Cash Equivalents	\$ 689,868	\$ 69,912	\$ 178,456	\$ 17,132
Total Assets	689,868	69,912	178,456	17,132
LIABILITIES:				
Interfund Payable	58,765			
Payroll Deductions and Withholdings	290,455			
Due to Student Groups	340,648			
Total Liabilities	689,868			
NET POSITION:				
Held in Trust for:				
Scholarship Awards		69,912		
Unemployment Claims			178,456	
Flexible Spending Claims				17,132
Total Net Position	\$ - 0 -	\$ 69,912	\$ 178,456	\$ 17,132

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, 2016

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, 2016
 (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, 2016
(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, 2016
(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, 2016 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	\$ 66,328,483	\$ 1,664,028
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.		7,654
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	588,878	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	<u>(590,941)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 66,326,420</u>	<u>\$ 1,671,682</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 64,938,800	\$ 1,664,028
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.		<u>7,654</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 64,938,800</u>	<u>\$ 1,671,682</u>

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, 2016

(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, 2016.

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, 2016
(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, 2016.

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, 2016
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$5,003,334 General Fund balance at June 30, 2016, \$546,237 is assigned for year-end encumbrances; \$1,793,836 is restricted in the capital reserve account; \$525,000 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, 2018; \$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, 2017; and \$638,261 is unassigned on the GAAP basis (which is \$590,941 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 \$499,815 Capital Projects Fund balance at June 30, 2016 is restricted.

Debt Service Fund: The Debt Service Fund balance at June 30, 2016 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 \$590,941 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 \$20,710,402 and overall deficit in net position of \$5,874,596 in its governmental activities due to accrued interest payable of \$1,079,001, \$760,991 of compensated absences payable, an unamortized bond premium of \$8,666,422, investment gains in pensions of \$277,286 and net pension liability of \$17,246,196; net of \$546,237 fund balance assigned for encumbrances, deferred interest of \$2,642,545, changes in pension assumptions of \$1,852,104, changes in proportion in pensions of \$1,228,913, difference between expected and actual pension experience of \$411,434 and \$638,261 of unassigned fund balance. 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, 2016
(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, 2016 for the Deferred Amount on Refunding and changes in assumptions and in proportion in pension and the difference between expected and actual pension experience.

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, 2016 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, 2016.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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 \$546,237 for year-end encumbrances in the General Fund at June 30, 2016.

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, 2016
(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 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, 2016
(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, 2016, 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	\$ 3,990,919	\$ 1,793,836	\$ 525,000	\$ 6,309,755
Temporary Deposits with Insurance Company	1,012,330			1,012,330
Total	<u>\$ 5,003,249</u>	<u>\$ 1,793,836</u>	<u>\$ 525,000</u>	<u>\$ 7,322,085</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$7,322,085 and the bank balances were \$8,128,442. 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, 2016
(Continued)

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred \$241,463 to capital outlay line items for facilities acquisition and construction services which required County Superintendent approval. The District also transferred \$79,497 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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance July 1, 2015		\$ 1,001,640
Increased by:		
Interest Earnings	\$ 1,169	
Deposit by Board Resolution (June 2016)	855,938	
		857,107
		1,858,747
Decreased by:		
Budgeted Withdrawal from Capital Reserve		(64,911)
Ending Balance June 30, 2016		\$ 1,793,836

The balance in the capital reserve account at June 30, 2016 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, 2016
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 649,333			\$ 649,333
Total Capital Assets Not Being Depreciated	<u>649,333</u>			<u>649,333</u>
Capital Assets Being Depreciated:				
Site Improvements	4,336,550	\$ 66,235		4,402,785
Buildings and Building Improvements	95,207,963	159,742		95,367,705
Machinery and Equipment	16,550,684	180,209	\$ (181,382)	16,549,511
Total Capital Assets Being Depreciated	<u>116,095,197</u>	<u>406,186</u>	<u>(181,382)</u>	<u>116,320,001</u>
Governmental Activities Capital Assets	<u>116,744,530</u>	<u>406,186</u>	<u>(181,382)</u>	<u>116,969,334</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,852,193)	(142,516)		(1,994,709)
Buildings and Building Improvements	(23,819,838)	(2,382,163)		(26,202,001)
Machinery and Equipment	(10,757,927)	(1,368,097)	181,382	(11,944,642)
	<u>(36,429,958)</u>	<u>(3,892,776)</u>	<u>181,382</u>	<u>(40,141,352)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 80,314,572</u>	<u>\$ (3,486,590)</u>	<u>\$ - 0 -</u>	<u>\$ 76,827,982</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,037,557			\$ 1,037,557
Less Accumulated Depreciation	(768,234)	\$ (43,174)		(811,408)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 269,323</u>	<u>\$ (43,174)</u>	<u>\$ - 0 -</u>	<u>\$ 226,149</u>
Total Governmental and Business-Type Activities				
Capital Assets, Net of Depreciation	<u>\$ 80,583,895</u>	<u>\$ (3,529,764)</u>	<u>\$ - 0 -</u>	<u>\$ 77,054,131</u>

Capital acquisitions consisted of \$406,186 of equipment purchases and building improvements. 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, 2016
(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	<u>2,570,248</u>
	<u>\$ 3,892,776</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>6/30/2016</u>
Serial Bonds Payable	\$ 69,050,000		\$ 2,910,000	\$ 66,140,000
Net Pension Liability	14,074,660	\$ 3,171,536		17,246,196
Compensated Absences Payable	754,182	6,809		760,991
Capital Leases Payable	<u>573,996</u>		<u>403,167</u>	<u>170,829</u>
	<u>\$ 84,452,838</u>	<u>\$ 3,178,345</u>	<u>\$ 3,313,167</u>	<u>\$ 84,318,016</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated 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, 2016
 (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, 2016 as follows:

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
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>11,785,000</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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>
Total Bonds Payable		<u>\$ 66,140,000</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>
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	3,355,000	2,423,669	5,778,669
2022-2026	18,360,000	9,852,444	28,212,444
2027-2031	16,715,000	6,130,897	22,845,897
2032-2036	15,715,000	2,361,250	18,076,250
	<u>\$ 66,140,000</u>	<u>\$ 31,737,685</u>	<u>\$ 97,877,685</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District has entered into capital leases for 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, 2016.

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 87,326
2018	87,326
Total minimum lease payments	174,652
Less: Amount representing interest	(3,823)
Present value of net minimum lease payments	<u>\$ 170,829</u>

The current portion of capital leases payable is \$84,784, and the long-term portion of capital leases payable is \$86,045 at June 30, 2016.

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 \$-0- and the long-term portion of compensated absences liability is \$760,991 at June 30, 2016.

There was no liability for compensated absences payable in the District's Enterprise Funds at June 30, 2016.

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, 2016 is \$-0- and the long-term portion is \$17,246,196. 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 2021. Total operating lease payments made during the year ended June 30, 2016 were \$40,916. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 34,615
2018	34,615
2019	34,615
2020	34,615
2021	32,315
Total Future Minimum Lease Payments	<u>\$ 170,775</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$2,433,344, \$2,156,597 and \$1,849,111 for 2016, 2015 and 2014, 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.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 \$660,509 for fiscal year 2016.

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 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2016, the District reported a liability of \$17,246,196 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.077%, which was an increase of 0.002% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$1,426,002. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	\$ 369,169	
Changes in Assumptions - 2015	1,482,935	
Changes in Proportion - 2014	966,314	
Changes in Proportion - 2015	262,599	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014		642,914
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015		(365,628)
Difference Between Expected and Actual Experience - 2015	<u>411,434</u>	
	<u>\$ 3,492,451</u>	<u>\$ 277,286</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 361,598
2017	361,598
2018	361,598
2019	575,903
2020	325,556
	<u>\$ 1,986,253</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
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) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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 3.80% as of June 30, 2015 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 actuarially determined contributions. Based on those assumptions, the 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 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, 2016
(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, 2015 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, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 21,434,912	\$ 17,246,196	\$ 13,734,407
<u>Pension plan Fiduciary Net Position</u>			

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.

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, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing 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 2015, 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 2016, the State of New Jersey contributed \$2,043,583 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$9,697,189.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st 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, 2016, the State's proportionate share of the net pension liability associated with the District was \$158,816,692. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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, 2015, the District's proportion was 0.267%, which was a decrease of 0.016% from its proportion measured as of June 30, 2014.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>158,816,692</u>
Total	<u>\$ 158,816,692</u>

For the fiscal year ended June 30, 2015, the State recognized pension expense on behalf of the District in the amount of \$9,697,189 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		<u>(770,568,242)</u>
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

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

Fiscal Year Ending June 30,	Total
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. 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%

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, 2014 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 (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 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, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 188,747,702	\$ 158,816,692	\$ 133,029,335

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, 2016
(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 \$12,272 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$23,274 for the fiscal year ended June 30, 2016.

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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance July 1, 2015	\$ 375,000
Increased by:	
Deposit by Board Resolution (June 2016)	<u>150,000</u>
Ending Balance June 30, 2016	<u><u>\$ 525,000</u></u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2016 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2015 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 35,565,090
Net Position	\$ 7,171,390
Total Revenue	\$ 38,073,207
Total Expenses	\$ 36,335,763
Change in Net Position	\$ 1,737,444
Members' Dividends	\$ -0-

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

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

The District maintains its medical and prescription health care insurance coverage with Horizon Blue Cross Blue Shield ("Horizon"). During the fiscal year, the insurance plan was a traditionally funded, fully participating plan whereby the District participated in any margins or losses generated by its claims experience. Horizon held reserves for the District's estimated liability for incurred but not reported claims which were 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 accrued loss reserves for any potential unreported losses which have taken place but in which the District has not received notices or reports of losses. Loss reserves (in the form of "IBNR") which have been estimated by the claims administrator, are as follows:

	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>
Premium Stabilization Reserve with Horizon - Beginning of Year	\$ 89,033	\$ 806,890
Accrued Liability for Health Benefit Claims with Horizon - Beginning of Year	837,175	837,175
Total Temporary Investments with Insurance Company - Beginning of Year	<u>926,208</u>	<u>1,644,065</u>
Interest Earnings	1,391	9,521
Paid Premiums	8,526,109	8,154,962
Paid Claims	(7,031,046)	(6,919,393)
Administrative Costs	<u>(1,410,332)</u>	<u>(1,962,947)</u>
Premium Stabilization Reserve - End of Year	167,316	89,033
Accrued Liability for Health Benefit Claims with Horizon - End of Year	<u>845,014</u>	<u>837,175</u>
Total Temporary Investments with Insurance Company - End of Year	<u>\$ 1,012,330</u>	<u>\$ 926,208</u>

Effective July 1, 2016, the District moved from its fully participating premium plan to a traditional premium plan and no longer participates in any margins or losses generated by its claims experience or bears any liability for claims.

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, 2016
(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>
2015-2016	\$ 75,000	\$ 51,832	\$ 52,844	\$ 178,456
2014-2015	-0-	49,329	94,070	104,468
2013-2014	-0-	59,069	142,563	149,209

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, 2016, there were encumbrances as detailed below in the Governmental Funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Activities</u>
\$ 546,237	\$ 16,309	\$ 23,403	\$ 585,949

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. The \$16,309 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, 2016
(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	Security First/Holden Co.
Equitable	Variable Annuity Life Insurance Co.
Fidelity Group	Siscor
First Investors	Siracusa
Kemper	Metropolitan Life Insurance Co.

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 65,759	
Capital Projects Fund		\$ 6,994
Fiduciary Funds		58,765
	<u>\$ 65,759</u>	<u>\$ 65,759</u>

The interfund between the General Fund and the Capital Projects Fund represents interest earned which has not yet been transferred to the General Fund. The interfund between the General Fund and the Fiduciary Funds represents employee health benefit contributions which has not yet been transferred to the General Fund.

SUPPLEMENTARY SCHEDULES

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

	Fiscal Year Ending June 30,		
	2014	2015	2016
District's Proportion of the Net Pension Liability	0.0678405914%	0.0751741682%	0.0768273311%
District's Proportionate Share of the Net Pension Liability	\$ 12,965,685	\$ 14,074,660	\$ 17,246,196
District's Covered Employee Payroll	\$ 5,084,021	\$ 5,370,633	\$ 5,137,929
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	255.03%	262.07%	335.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.72%	52.08%	47.93%

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 THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
Contractually Required Contribution	\$ 511,165	\$ 619,725	\$ 660,509
Contributions in Relation to the Contractually Required Contribution	<u>(511,165)</u>	<u>(619,725)</u>	<u>(660,509)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 5,084,021	\$ 5,370,633	\$ 5,137,929
Contributions as a Percentage of Covered Employee Payroll	10.05%	11.54%	12.86%

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 THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2014	2015	2016
State's Proportion of the Net Pension Liability Attributable to the District	0.2298537031%	0.2665855069%	0.2512752554%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 116,166,254	\$ 142,481,277	\$ 158,816,692
District's Covered Employee Payroll	\$ 25,292,572	\$ 25,734,948	\$ 25,904,648
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	459.29%	553.65%	613.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.76%	33.64%	28.71%

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, 2016

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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	\$ 53,464,665		\$ 53,464,665	\$ 53,464,665	
Tuition from Individuals	30,000		30,000	57,000	\$ 27,000
Tuition - Other LEA's	40,500		40,500	11,817	(28,683)
Interest on Capital Reserve	1,000		1,000	1,169	169
Unrestricted Miscellaneous	100,000		100,000	138,550	38,550
Total - Local Sources	53,636,165		53,636,165	53,673,201	37,036
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	250,000		250,000	288,822	38,822
PARCC Readiness Aid	33,030		33,030	33,030	
Per Pupil Growth Aid	33,030		33,030	33,030	
Non-Public Transportation Aid				18,928	18,928
Reimbursed TPAF FICA Contributions (Non-budgeted)				1,927,455	1,927,455
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,043,583	2,043,583
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,433,344	2,433,344
Total State Sources	6,193,150		6,193,150	12,655,282	6,462,132
TOTAL REVENUES	59,829,315		59,829,315	66,328,483	6,499,168

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 108,010	\$ (45,500)	\$ 62,510	\$ 59,793	\$ 2,717
Kindergarten - Salaries of Teachers	613,456	77,565	691,021	689,910	1,111
Grades 1-5 - Salaries of Teachers	4,941,504	(69,893)	4,871,611	4,871,291	320
Grades 6-8 - Salaries of Teachers	5,013,439	(292,155)	4,721,284	4,716,221	5,063
Grades 9-12 - Salaries of Teachers	6,597,993	(105,130)	6,492,863	6,412,721	80,142
Regular Programs - Home Instruction:					
Other Salaries for Instruction	45,000	(3,000)	42,000	27,827	14,173
Purchased Professional - Educational Services	26,479	23,000	49,479	27,415	22,064
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	40,000	(12,453)	27,547	27,547	
Purchased Professional - Educational Services	14,300	(13,800)	500	350	150
Other Purchased Services (400-500 series)	202,450	(57,216)	145,234	129,938	15,296
General Supplies	956,740	(39,338)	917,402	813,407	103,995
Textbooks	31,925	148,151	180,076	118,197	61,879
Other Objects	1,643	2	1,645	827	818
Total Regular Programs - Instruction	<u>18,592,939</u>	<u>(389,767)</u>	<u>18,203,172</u>	<u>17,895,444</u>	<u>307,728</u>
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	59,637	663	60,300	60,300	
Other Salaries for Instruction	15,063	143	15,206	15,206	
General Supplies	3,121	(1,165)	1,956	353	1,603
Total Behavioral Disabilities	<u>77,821</u>	<u>(359)</u>	<u>77,462</u>	<u>75,859</u>	<u>1,603</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 197,502	\$ 19,966	\$ 217,468	\$ 217,468	
Other Salaries for Instruction	18,623	2,637	21,260	17,906	\$ 3,354
Other Purchased Services	220	55	275	275	
General Supplies	1,000	1,899	2,899	2,694	205
Total Multiple Disabilities	217,345	24,557	241,902	238,343	3,559
Learning and/or Language Disabilities:					
Salaries of Teachers	433,405	(84,490)	348,915	347,958	957
Other Salaries for Instruction	149,672	2,207	151,879	150,019	1,860
Other Purchased Services		252	252	252	
General Supplies	3,952		3,952	1,420	2,532
Total Learning and/or Language Disabilities	587,029	(82,031)	504,998	499,649	5,349
Resource Room/Resource Center:					
Salaries of Teachers	2,768,170	(24,386)	2,743,784	2,740,471	3,313
Other Salaries for Instruction	712,191	(28,397)	683,794	683,794	
Other Purchased Services	24,480	175	24,655	10,950	13,705
General Supplies	19,748	(965)	18,783	7,012	11,771
Total Resource Room/Resource Center	3,524,589	(53,573)	3,471,016	3,442,227	28,789

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Special Education - Instruction:					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 143,561	\$ (86,427)	\$ 57,134	\$ 55,520	\$ 1,614
Other Salaries for Instruction	161,639	(133,154)	28,485	25,506	2,979
General Supplies	1,366	(711)	655	217	438
Total Preschool Disabilities - Part-Time	<u>306,566</u>	<u>(220,292)</u>	<u>86,274</u>	<u>81,243</u>	<u>5,031</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers		171,775	171,775	171,423	352
Other Salaries for Instruction		91,722	91,722	91,722	
General Supplies		711	711	711	
Total Preschool Disabilities - Full-Time		<u>264,208</u>	<u>264,208</u>	<u>263,856</u>	<u>352</u>
Home Instruction:					
Salaries of Teachers	45,000	3,000	48,000	33,295	14,705
Purchased Professional - Educational Services	87,938	(23,000)	64,938	19,823	45,115
Total Home Instruction	<u>132,938</u>	<u>(20,000)</u>	<u>112,938</u>	<u>53,118</u>	<u>59,820</u>
Total Special Education - Instruction	<u>4,846,288</u>	<u>(87,490)</u>	<u>4,758,798</u>	<u>4,654,295</u>	<u>104,503</u>
Bilingual Education - Instruction:					
Salaries of Teachers	101,590	27,240	128,830	128,755	75
Other Purchased Services	1,200	(150)	1,050		1,050
General Supplies		150	150	116	34
Total Bilingual Education - Instruction	<u>102,790</u>	<u>27,240</u>	<u>130,030</u>	<u>128,871</u>	<u>1,159</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 271,000	\$ (8,966)	\$ 262,034	\$ 231,276	\$ 30,758
Purchased Services (300-500 series)	9,175	1,000	10,175	7,669	2,506
Supplies and Materials	7,594	(1,694)	5,900	1,892	4,008
Other Objects					
Transfer to Cover Deficit	36,675		36,675	36,675	
Total School-Sponsored Cocurricular Activities - Instruction	<u>324,444</u>	<u>(9,660)</u>	<u>314,784</u>	<u>277,512</u>	<u>37,272</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	515,838		515,838	495,665	20,173
Purchased Services (300-500 series)	63,655	31,815	95,470	86,129	9,341
Supplies and Materials	58,753	1,169	59,922	57,742	2,180
Other Objects	4,940	870	5,810	5,810	
Transfer to Cover Deficit	80,936		80,936	80,936	
Total School-Sponsored Cocurricular Athletics - Instruction	<u>724,122</u>	<u>33,854</u>	<u>757,976</u>	<u>726,282</u>	<u>31,694</u>
At Risk Programs:					
Salaries	587,702	413,112	1,000,814	1,000,814	
Other Purchased Services (400-500 series)	10,367	(8,199)	2,168	2,168	
Supplies and Materials	12,411	(11,666)	745	745	
Total At Risk Programs	<u>610,480</u>	<u>393,247</u>	<u>1,003,727</u>	<u>1,003,727</u>	
Other Instructional Programs - Instruction:					
Salaries	151,093	4,081	155,174	155,174	
Purchased Services (300-500 series)	325	(100)	225	95	130
Supplies and Materials	1,520	154	1,674	305	1,369
Other Objects		109	109	109	
Total Other Instructional Programs - Instruction	<u>152,938</u>	<u>4,244</u>	<u>157,182</u>	<u>155,683</u>	<u>1,499</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Total Instruction	\$ 25,354,001	\$ (28,332)	\$ 25,325,669	\$ 24,841,814	\$ 483,855
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	823,779	(23,100)	800,679	763,658	37,021
Tuition to County Vocational School District - Regular	45,150	22,785	67,935	67,935	
Tuition to County Vocational School District - Special	26,250	7,815	34,065	34,020	45
Tuition to CSSD and Regular Day Schools					
Tuition to Private Schools for the Disabled - Within the State	1,537,064	40,995	1,578,059	1,466,551	111,508
Tuition to Private Schools for the Disabled - Outside the State	75,000	(40,995)	34,005		34,005
Tuition - State Facilities					
Tuition - Other					
Total Undistributed Expenditures - Instruction	<u>2,507,243</u>	<u>7,500</u>	<u>2,514,743</u>	<u>2,332,164</u>	<u>182,579</u>
Health Services:					
Salaries	437,780	23,418	461,198	461,198	
Purchased Professional and Technical Services	9,620	1,450	11,070	7,977	3,093
Other Purchased Services (400-500 series)	2,330	1,170	3,500	1,958	1,542
Supplies and Materials	15,992	(852)	15,140	14,437	703
Other Objects	1,474	(900)	574	574	
Total Health Services	<u>467,196</u>	<u>24,286</u>	<u>491,482</u>	<u>486,144</u>	<u>5,338</u>
Speech, OT, PT and Other Related Services:					
Salaries	420,071	10,640	430,711	430,517	194
Purchased Professional-Educational Services	571,385	(5,574)	565,811	524,780	41,031
Supplies and Materials	8,376		8,376	7,926	450
Speech, OT, PT, and Other Related Services	<u>999,832</u>	<u>5,066</u>	<u>1,004,898</u>	<u>963,223</u>	<u>41,675</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Other Support Services - Students - Extraordinary Services:					
Salaries	\$ 350,788	\$ 167,489	\$ 518,277	\$ 518,277	
Purchased Professional-Educational Services	101,750	(2,996)	98,754	27,178	\$ 71,576
Supplies and Materials	13,844		13,844	6,324	7,520
Other Objects		157	157	157	
Total Other Support Services - Students - Extraordinary Services	<u>466,382</u>	<u>164,650</u>	<u>631,032</u>	<u>551,936</u>	<u>79,096</u>
Guidance:					
Salaries of Other Professional Staff	892,574	(5,065)	887,509	884,799	2,710
Salaries of Secretarial and Clerical Assistants	160,429		160,429	158,133	2,296
Purchased Professional-Educational Services	8,000	(1,100)	6,900	3,350	3,550
Other Purchased Professional and Technical Services	8,300	(7,300)	1,000	1,000	
Other Purchased Services (400-500 series)	38,840	250	39,090	33,541	5,549
Supplies and Materials	29,645	904	30,549	26,006	4,543
Other Objects	645		645	535	110
Total Guidance	<u>1,138,433</u>	<u>(12,311)</u>	<u>1,126,122</u>	<u>1,107,364</u>	<u>18,758</u>
Salaries of Other Professional Staff	1,539,568	(137,543)	1,402,025	1,400,549	1,476
Salaries of Secretarial and Clerical Assistants	115,402	3,142	118,544	118,544	
Purchased Professional - Educational Services	105,445	(24,498)	80,947	19,043	61,904
Other Purchased Prof. and Tech. Services	14,000	(388)	13,612	13,612	
Other Purchased Services (400-500 series)	11,988	5,349	17,337	12,869	4,468
Supplies and Materials	16,375	(2,295)	14,080	12,360	1,720
Other Objects	1,899	1,319	3,218	3,218	
Total Child Study Team	<u>1,804,677</u>	<u>(154,914)</u>	<u>1,649,763</u>	<u>1,580,195</u>	<u>69,568</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 417,687	\$ 27,634	\$ 445,321	\$ 445,321	
Salaries of Other Professional Staff					
Salaries of Secretarial and Clerical Assistants					
Other Salaries	10,000	(1,830)	8,170	8,170	
Other Purchased Prof. and Tech. Services					
Other Purchased Services (400-500)	3,100	5,409	8,509	8,509	
Supplies and Materials	12,500	4,471	16,971	9,451	\$ 7,520
Other Objects	6,049	2,131	8,180	8,180	
Total Improvement of Instructional Services	449,336	37,815	487,151	479,631	7,520
Educational Media Services/School Library:					
Salaries	341,059	2,458	343,517	339,406	4,111
Salaries of Technology Coordinators	579,988	7,256	587,244	579,563	7,681
Other Purchased Professional and Technical Services	5,040		5,040	3,584	1,456
Other Purchased Services (400-500 series)	33,891	2,059	35,950	30,508	5,442
Supplies and Materials	45,112	(1,190)	43,922	40,707	3,215
Other Objects					
Total Educational Media Services/School Library	1,005,090	10,583	1,015,673	993,768	21,905
Instructional Staff Training Services:					
Other Salaries	10,000		10,000	1,650	8,350
Other Purchased Professional and Technical Services	3,450	34,670	38,120	20,151	17,969
Other Purchased Services (400-500 series)	102,480	(33,671)	68,809	42,480	26,329
Supplies and Materials	9,250	9,292	18,542	16,539	2,003
Other Objects	500		500		500
Total Instructional Staff Training Services	125,680	10,291	135,971	80,820	55,151

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Undistributed Expenditures:					
General Administration:					
Salaries	\$ 718,487	\$ 20,448	\$ 738,935	\$ 738,919	\$ 16
Legal Services	150,000	83,020	233,020	221,989	11,031
Audit Fees	117,000	11,000	128,000	65,413	62,587
Architectural/Engineering Services					
Architectural/Engineering Services					
Other Purchased Professional Services	5,000	(1,964)	3,036	3,036	
Purchased Technical Services	11,415	(705)	10,710	10,710	
Communications/Telephone	106,000	(27,580)	78,420	78,178	242
Board of Education Other Purchased Services	16,300	(14,000)	2,300	584	1,716
Miscellaneous Purchased Services (400-500 series)	43,175	(17,740)	25,435	21,026	4,409
General Supplies	12,500	(3,260)	9,240	5,143	4,097
BOE In-house Training/Meeting Supplies	1,000	(410)	590	270	320
Judgements Against the School District		10,000	10,000	10,000	
Miscellaneous Expenditures	6,595	18,490	25,085	25,081	4
Board of Education Membership Dues and Fees	25,000	(304)	24,696	24,696	
Total General Administration	<u>1,212,472</u>	<u>76,995</u>	<u>1,289,467</u>	<u>1,205,045</u>	<u>84,422</u>
Salaries of Principals/Assistant Principals	1,376,419	4,435	1,380,854	1,380,854	
Salaries of Other Professional Staff	395,551	1,942	397,493	397,493	
Salaries of Secretarial and Clerical Assistants	749,515	(831)	748,684	747,702	982
Other Purchased Services (400-500 series)	28,000	(7,892)	20,108	13,327	6,781
Supplies and Materials	71,780	(133)	71,647	44,817	26,830
Other Objects	22,271	(1,034)	21,237	19,708	1,529
Total School Administration	<u>2,643,536</u>	<u>(3,513)</u>	<u>2,640,023</u>	<u>2,603,901</u>	<u>36,122</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 526,616	\$ (10,746)	\$ 515,870	\$ 515,868	\$ 2
Purchased Technical Services	11,000	6,420	17,420	17,420	
Other Purchased Services (400-500 series)	22,102	745	22,847	22,844	3
Sale/Lease-back Payments	7,200	(1,318)	5,882	5,882	
Supplies and Materials	20,000	(3,105)	16,895	12,320	4,575
Interest on Lease Purchase Agreements	6,502	1,519	8,021	8,021	
Miscellaneous Expenditures	3,925	(225)	3,700	3,700	
Total Central Services	<u>597,345</u>	<u>(6,710)</u>	<u>590,635</u>	<u>586,055</u>	<u>4,580</u>
Administrative Information Technology:					
Salaries					
Purchased Technical Services	19,200	(3,539)	15,661	475	15,186
Other Purchased Services (400-500 series)	290,000	(1,558)	288,442	272,478	15,964
Supplies and Materials	44,500	(13,536)	30,964	28,028	2,936
Total Administrative Information Technology	<u>353,700</u>	<u>(18,633)</u>	<u>335,067</u>	<u>300,981</u>	<u>34,086</u>
Total Required Maintenance of School Facilities					
Salaries	364,197	(52,139)	312,058	312,013	45
Cleaning, Repair and Maintenance Services	279,477	5,895	285,372	264,780	20,592
General Supplies	144,860	(38,960)	105,900	82,219	23,681
Other Objects	1,350	(261)	1,089	145	944
Total Required Maintenance of School Facilities	<u>789,884</u>	<u>(85,465)</u>	<u>704,419</u>	<u>659,157</u>	<u>45,262</u>
Security:					
Salaries	53,913		53,913	50,786	3,127
Cleaning, Repair, and Maintenance Services	5,000	500	5,500	500	5,000
General Supplies	23,000	5,243	28,243	18,154	10,089
Total Security	<u>81,913</u>	<u>5,743</u>	<u>87,656</u>	<u>69,440</u>	<u>18,216</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Salaries	\$ 150,265	\$ 58,842	\$ 209,107	\$ 205,583	\$ 3,524
Cleaning, Repair, and Maintenance Services		10,725	10,725	9,011	1,714
General Supplies		40,298	40,298	35,338	4,960
Total Care and Upkeep of Grounds	<u>150,265</u>	<u>109,865</u>	<u>260,130</u>	<u>249,932</u>	<u>10,198</u>
Custodial Services:					
Salaries	1,760,871	(2,736)	1,758,135	1,696,778	61,357
Unused Vac Pay to Term/ Retired Staff					
Purchased Professional and Technical Services	6,300	6,625	12,925	12,925	
Cleaning, Repair and Maintenance Services	244,985	445,664	690,649	636,398	54,251
Rental of Land and Buildings Other Than Lease					
Other Purchased Property Services	180,000	(46,279)	133,721	133,721	
Insurance	342,600	21,748	364,348	364,248	100
Miscellaneous Purchased Services	4,300	6,527	10,827	9,827	1,000
General Supplies	241,188	(63,108)	178,080	166,180	11,900
Energy (Electricity)	1,109,500	(194,288)	915,212	913,472	1,740
Energy (Natural Gas)	30,000	(19,267)	10,733	10,733	
Energy (Oil)	513,500	(326,198)	187,302	186,655	647
Other Objects					
Total Custodial Services	<u>4,433,244</u>	<u>(171,312)</u>	<u>4,261,932</u>	<u>4,130,937</u>	<u>130,995</u>
Total Operations & Maintenance of Plant	<u>5,455,306</u>	<u>(141,169)</u>	<u>5,314,137</u>	<u>5,109,466</u>	<u>204,671</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original	Budget	Final		Variance
CURRENT EXPENSE:	Budget	Transfers	Budget	Actual	Final to Actual
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 457,729	\$ (51,156)	\$ 406,573	\$ 373,959	\$ 32,614
Between Home and School - Special Education	270,325	(36,781)	233,544	233,544	
Other Than Between Home and School	48,000	(387)	47,613	24,344	23,269
Other Purchased Professional and Technical Services	20,000	(5,551)	14,449	13,631	818
Cleaning, Repair and Maintenance Services	145,000	(25,000)	120,000	114,548	5,452
Contracted Services:					
Between Home and School - Vendors	1,501,621	20,880	1,522,501	1,522,476	25
Between Home and School - Joint Agreements	450,000	296,225	746,225	746,225	
Other Than Between Home and School - Vendors	153,000	(2,999)	150,001	137,352	12,649
Special Education Students - Vendors	25,000	(15,795)	9,205	9,139	66
Special Education Students - Joint Agreements	140,000	(93,044)	46,956	46,956	
Regular Students - ESCs & CTSA's	30,000	(21,979)	8,021	7,411	610
Special Education Students - ESCs & CTSA's	670,000	127,681	797,681	797,681	
Aid in Lieu of Payments - Non-Public Schools	95,000	(39,150)	55,850	54,764	1,086
Miscellaneous Purchased Services - Transportation	7,500	(5,500)	2,000	632	1,368
Supplies and Materials	4,000	53	4,053	2,099	1,954
Transportation Supplies	280,000	(152,675)	127,325	101,949	25,376
Other Objects	1,000		1,000	420	580
Total Student Transportation Services	<u>4,298,175</u>	<u>(5,178)</u>	<u>4,292,997</u>	<u>4,187,130</u>	<u>105,867</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	729,000	8,783	737,783	722,695	15,088
Other Retirement Contributions - PERS	650,000	10,509	660,509	660,509	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original	Budget	Final		Variance
CURRENT EXPENSE:	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Unallocated Benefits - Employee Benefits: (Cont'd)					
Unemployment Compensation	\$ 75,000		\$ 75,000	\$ 75,000	
Workmen's Compensation	385,074	\$ (2,750)	382,324	382,097	\$ 227
Health Benefits	7,757,777	(482,655)	7,275,122	6,870,988	404,134
Tuition Reimbursement	180,000	66,727	246,727	246,727	
Other Employee Benefits	1,081,540	68,676	1,150,216	1,051,508	98,708
Unused Sick Payment to Terminated/Retired Staff	65,000	19,217	84,217	83,232	985
Total Unallocated Benefits	<u>10,923,391</u>	<u>(311,493)</u>	<u>10,611,898</u>	<u>10,092,756</u>	<u>519,142</u>
Reimbursed TPAF FICA Contributions (Non-budgeted)				1,927,455	(1,927,455)
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,043,583	(2,043,583)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,433,344	(2,433,344)
Total Personal Services - Employee Benefits	<u>10,923,391</u>	<u>(311,493)</u>	<u>10,611,898</u>	<u>16,497,138</u>	<u>(5,885,240)</u>
Total Undistributed Expenditures	<u>34,447,794</u>	<u>(316,735)</u>	<u>34,131,059</u>	<u>39,064,961</u>	<u>(4,933,902)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>59,801,795</u>	<u>(345,067)</u>	<u>59,456,728</u>	<u>63,906,775</u>	<u>(4,450,047)</u>
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		5,063	5,063		5,063
Grades 9-12	8,100	(750)	7,350	5,249	2,101
Undistributed Expenditures:					
Central Services	30,000	(15,218)	14,782	14,782	
Administrative Information Technology	44,041	13,536	57,577	52,982	4,595
Required Maintenance for School Facilities	11,400	47,620	59,020	35,920	23,100

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
Custodial Services	\$ 60,000	\$ 8,948	\$ 68,948	\$ 27,718	\$ 41,230
Care and Upkeep of Grounds		10,700	10,700	10,598	102
Security	10,000		10,000		10,000
Student Transportation	42,500	(16,400)	26,100	26,100	
School Buses - Regular Education	100,000	(34,827)	65,173		65,173
School Buses - Special Education		53,715	53,715		53,715
Non-Inst. Services		7,110	7,110	6,860	250
Total Equipment	<u>306,041</u>	<u>79,497</u>	<u>385,538</u>	<u>180,209</u>	<u>205,329</u>
Facilities Acquisition and Construction Services:					
Construction Services	18,000	87,920	105,920	17,805	88,115
Land and Improvements	54,635	3,370	58,005	48,430	9,575
Lease Purchase Agreements - Principal	247,470	150,173	397,643	397,643	
Assessment for Debt Service on SDA Funding	14,763		14,763	14,763	
Total Facilities Acquisition and Construction Services	<u>334,868</u>	<u>241,463</u>	<u>576,331</u>	<u>478,641</u>	<u>97,690</u>
TOTAL CAPITAL OUTLAY	<u>640,909</u>	<u>320,960</u>	<u>961,869</u>	<u>658,850</u>	<u>303,019</u>
Transfer of Funds to Charter Schools	<u>390,527</u>	<u>(14,067)</u>	<u>376,460</u>	<u>373,175</u>	<u>3,285</u>
TOTAL EXPENDITURES	<u>60,833,231</u>	<u>(38,174)</u>	<u>60,795,057</u>	<u>64,938,800</u>	<u>(4,143,743)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,003,916)	38,174	(965,742)	1,389,683	2,355,425

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund - Capital Reserve	\$ (100,000)		\$ (100,000)	\$ (64,911)	\$ 35,089
Transfer to Capital Projects Fund - Capital Outlay		\$ (38,174)	(38,174)	(38,174)	
Transfer from Capital Projects Fund - Interest				1,905	1,905
Total Other Financing Sources (Uses)	(100,000)	(38,174)	(138,174)	(101,180)	36,994
 Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	 (1,103,916)		 (1,103,916)	 1,288,503	 2,392,419
 Fund Balance, July 1	 4,305,772		 4,305,772	 4,305,772	
 Fund Balance, June 30	 \$ 3,201,856	\$ - 0 -	\$ 3,201,856	\$ 5,594,275	\$ 2,392,419
 Analysis of Balance:					
Restricted for:					
Capital Reserve Account				\$ 1,793,836	
Maintenance Reserve Account				525,000	
Excess Surplus				750,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000	
Assigned:					
Year-end Encumbrances				546,237	
Unassigned				1,229,202	
Fund Balance per Governmental Funds (Budgetary Basis)				5,594,275	
Less: June state aid payments not recognized on a GAAP basis				(590,941)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,003,334	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 114,955	\$ 114,955	\$ 105,977	\$ (8,978)
State Sources	\$ 628,203	95,411	723,614	534,784	(188,830)
Federal Sources	810,000	644,168	1,454,168	1,023,267	(430,901)
Total Revenues	1,438,203	854,534	2,292,737	1,664,028	(628,709)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		77,214	77,214	75,496	1,718
Other Salaries for Instruction		145,440	145,440	119,992	25,448
Purchased Professional and Technical Services	1,438,203	(1,434,977)	3,226		3,226
Other Purchased Services		487,303	487,303	486,763	540
General Supplies		263,195	263,195	198,303	64,892
Textbooks		91,532	91,532	90,599	933
Other Objects		1,750	1,750		1,750
Total Instruction	1,438,203	(368,543)	1,069,660	971,153	98,507
Support Services:					
Salaries of Program Directors		13,050	13,050	5,995	7,055
Personal Services—Employee Benefits		513	513	490	23
Purchased Professional/Educational Services		663,976	663,976	368,987	294,989
Purchased Technical Services		943	943		943
Tuition		401,865	401,865	231,121	170,744
Other Purchased Services		24,200	24,200	6,234	17,966
Travel		8,579	8,579	8,572	7
Supplies and Materials		98,383	98,383	63,521	34,862
Total Support Services		1,211,509	1,211,509	684,920	526,589
Equipment					
Instructional Equipment		11,568	11,568	7,955	3,613
Total Equipment		11,568	11,568	7,955	3,613
Total Expenditures	1,438,203	854,534	2,292,737	1,664,028	628,709
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 66,328,483	\$ 1,664,028
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.		7,654
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	588,878	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(590,941)	
	<u>\$ 66,326,420</u>	<u>\$ 1,671,682</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 64,938,800	\$ 1,664,028
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.		7,654
	<u>\$ 64,938,800</u>	<u>\$ 1,671,682</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(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, 2016 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, 2016

REVENUE:	No Child Left Behind			Local Grants
	Title I	Title II A	Title III	
State Sources				
Federal Sources	\$ 74,957	\$ 63,439	\$ 4,647	
Local Sources				\$ 105,977
Total Revenue	\$ 74,957	\$ 63,439	\$ 4,647	\$ 105,977
EXPENDITURES:				
Instruction:				
Salaries of Teachers	\$ 56,313			
Purchased Professional/Technical Services			\$ 489	
Other Purchased Services	2,886			\$ 599
General Supplies	11,859		4,158	105,378
Textbooks				
Total Instruction	71,058		4,647	105,977
Support Services:				
Salaries of Program Directors		\$ 5,995		
Personal Services - Employee Benefits				
Purchased Professional/Educational Services		48,928		
Tuition				
Other Purchased Services	3,899	1,910		
Travel				
Supplies and Materials		6,606		
Total Support Services	3,899	63,439		
Equipment:				
Instructional Equipment				
Total Equipment				
Total Expenditures	\$ 74,957	\$ 63,439	\$ 4,647	\$ 105,977

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016

REVENUE:	IDEA Part B		Perkins Grant	Perkins Reserve Grant
	Preschool	Basic		
State Sources				
Federal Sources	\$ 26,453	\$ 819,056	\$ 6,356	\$ 28,359
Local Sources				
Total Revenue	<u>\$ 26,453</u>	<u>\$ 819,056</u>	<u>\$ 6,356</u>	<u>\$ 28,359</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			\$ 1,455	\$ 4,945
Purchased Professional/Technical Services				
Other Purchased Services	\$ 26,453	\$ 456,825		
General Supplies		19,800		16,194
Textbooks				
Total Instruction	<u>26,453</u>	<u>476,625</u>	<u>1,455</u>	<u>21,139</u>
Support Services:				
Salaries of Program Directors				
Personal Services - Employee Benefits			112	378
Purchased Professional/Educational Services		320,059		
Tuition				
Other Purchased Services			425	
Travel			1,730	6,842
Supplies and Materials		17,051		
Total Support Services		<u>337,110</u>	<u>2,267</u>	<u>7,220</u>
Equipment:				
Instructional Equipment		5,321	2,634	
Total Equipment		<u>5,321</u>	<u>2,634</u>	
Total Expenditures	<u>\$ 26,453</u>	<u>\$ 819,056</u>	<u>\$ 6,356</u>	<u>\$ 28,359</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Chapter 192 (Auxiliary Services)		Chapter 193 (Handicapped Services)		
	Compensatory Education	Home Instruction	Corrective Speech	Supplemental Instruction	Examination & Classification
REVENUE:					
State Sources	\$ 77,494	\$ 12,783	\$ 19,144	\$ 53,015	\$ 81,468
Federal Sources					
Local Sources					
Total Revenue	<u>\$ 77,494</u>	<u>\$ 12,783</u>	<u>\$ 19,144</u>	<u>\$ 53,015</u>	<u>\$ 81,468</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		\$ 12,783			
Purchased Professional/Technical Services					
Other Purchased Services					
General Supplies					
Textbooks					
Total Instruction		<u>12,783</u>			
Support Services:					
Salaries of Program Directors					
Personal Services - Employee Benefits					
Purchased Professional/Educational Services					
Tuition	\$ 77,494		\$ 19,144	\$ 53,015	\$ 81,468
Other Purchased Services					
Travel					
Supplies and Materials					
Total Support Services	<u>77,494</u>		<u>19,144</u>	<u>53,015</u>	<u>81,468</u>
Equipment:					
Instructional Equipment					
Total Equipment					
Total Expenditures	<u>\$ 77,494</u>	<u>\$ 12,783</u>	<u>\$ 19,144</u>	<u>\$ 53,015</u>	<u>\$ 81,468</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016

REVENUE:	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Totals June 30, 2016
State Sources	\$ 90,599	\$ 119,503	\$ 40,914	\$ 39,864	\$ 534,784
Federal Sources					1,023,267
Local Sources					105,977
Total Revenue	\$ 90,599	\$ 119,503	\$ 40,914	\$ 39,864	\$ 1,664,028
EXPENDITURES:					
Instruction:					
Salaries of Teachers					\$ 75,496
Purchased Professional/Technical Services		\$ 119,503			119,992
Other Purchased Services					486,763
General Supplies			\$ 40,914		198,303
Textbooks	\$ 90,599				90,599
Total Instruction	90,599	119,503	40,914		971,153
Support Services:					
Salaries of Program Directors					5,995
Personal Services - Employee Benefits					490
Purchased Professional/Educational Services					368,987
Tuition					231,121
Other Purchased Services					6,234
Travel					8,572
Supplies and Materials				\$ 39,864	63,521
Total Support Services				39,864	684,920
Equipment:					
Instructional Equipment					7,955
Total Equipment					7,955
Total Expenditures	\$ 90,599	\$ 119,503	\$ 40,914	\$ 39,864	\$ 1,664,028

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, 2016

Revenue and Other Financing Sources:	
Interest Earned	\$ 1,905
Transfer from Capital Outlay	38,174
Transfer from/Capital Reserves	64,911
	<hr/>
Total Revenue and Other Financing Sources	104,990
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	8,139
Site Improvements	20,985
Construction Services	94,946
Miscellaneous Expenditures	35,672
Operating Transfer Out - Debt Service Fund - Unexpended Balance	700,000
Transfer to General Fund - Interest and Other Financing Sources:	1,905
	<hr/>
Total Expenditures and Other Financing Uses	861,647
	<hr/>
Deficit of Expenditures and Other Financing Uses Under Revenue and Other Financing Sources	(756,657)
	<hr/>
Fund Balance - July 1	1,256,472
	<hr/>
Fund Balance - June 30	\$ 499,815
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted	\$ 499,815
	<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, 2016

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds and Transfers	\$ 71,513,000		\$ 71,513,000	\$ 71,513,000
Total Revenues and Other Financing Sources	71,513,000		71,513,000	71,513,000
Expenditures:				
Purchased Professional and Technical Services	6,155,939		6,155,939	6,035,680
Site Improvements	1,029,787	\$ 20,985	1,050,772	3,750,000
Construction Services	57,677,866		57,677,866	56,389,140
Miscellaneous Expenditures	1,975,976	35,672	2,011,648	4,736,180
Equipment Purchases	2,716,960		2,716,960	602,000
Total Expenditures	69,556,528	56,657	69,613,185	71,513,000
Other Financing Uses:				
Operating Transfer Out - Debt Service Fund	(700,000)	(700,000)	(1,400,000)	
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 1,256,472	\$ (756,657)	\$ 499,815	\$ - 0 -

Additional Project Information:

Project Number:	N/A
Grant Date:	N/A
Bond Authorization Date:	December 2006
Bonds Authorized:	\$ 71,513,000
Bonds Issued:	\$ 71,513,000
Original Authorized Cost:	\$ 71,513,000
Revised Authorized Cost:	\$ 71,513,000
Percentage Increase over Original Authorized Cost:	0%
Percentage Completion:	100.00%
Original Target Completion Date:	December 2010
Revised Target Completion Date:	February 2015

SPARTA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
MOHAWK AVENUE SCHOOL WATERMAIN CONNECTION PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 64,911	\$ 64,911	\$ 64,911
Transfer from Capital Outlay		38,174	38,174	38,174
Total Revenue and Other Financing Sources		<u>103,085</u>	<u>103,085</u>	<u>103,085</u>
Expenditures:				
Purchased Professional and Technical Services		8,139	8,139	8,139
Construction Services		94,946	94,946	94,946
Total Expenditures		<u>103,085</u>	<u>103,085</u>	<u>103,085</u>
Excess/(Deficit) of Revenue and Other Financing Sources over/(under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 108,174
Revised Authorized Cost	\$ 103,085
Percentage Completion	100.00%
Original target completion date	February 2016

PROPRIETARY FUNDS

Exhibit G-1

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 93,996
Accounts Receivable - State	334
Accounts Receivable - Federal	5,176
Accounts Receivable - Other	7,030
Inventories	19,439

Total Current Assets	<u>125,975</u>
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Non-Current Assets:

Capital Assets	1,037,557
Less: Accumulated Depreciation	<u>(811,408)</u>

Total Non-Current Assets	<u>226,149</u>
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Total Assets	<u>352,124</u>
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LIABILITIES:

Accounts Payable - Vendors	48,170
Prepaid Sales	19,822
Unearned Revenue	<u>4,600</u>

Total Liabilities	<u>72,592</u>
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NET POSITION:

Net Investment in Capital Assets	226,149
Unrestricted	<u>53,383</u>

Total Net Position	<u><u>\$ 279,532</u></u>
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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, 2016

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 366,041
Daily Sales - Non-Reimbursable Programs	350,772
Special Events	26,277
	<hr/>
Total Operating Revenue	743,090
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable	178,575
Cost of Sales - Non-Reimbursable	120,359
Salaries and Benefits	327,399
Purchased Services	63,226
Management Fee	71,710
Resident Director Fee	52,520
Supplies and Materials	34,563
Depreciation Expense	43,174
	<hr/>
Total Operating Expenses	891,526
	<hr/>
Operating Loss	(148,436)
	<hr/>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	6,276
Federal Sources:	
School Breakfast Program	2,267
National School Lunch Program	87,978
Food Distribution Program	39,009
Local Sources:	
Interest Revenue	256
	<hr/>
Total Non-Operating Revenue	135,786
	<hr/>
Change in Net Position before Special Items	(12,650)
	<hr/>
Special Items:	
Food Service Management Contractor Contribution	7,030
	<hr/>
Change in Net Position after Special Items	(5,620)
	<hr/>
Net Position - Beginning of Year	285,152
	<hr/>
Net Position - End of Year	\$ 279,532
	<hr/> <hr/>

Exhibit G-3

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 747,009
Payments to Employees	(327,399)
Payments to Suppliers	(571,671)
	<hr/>
Net Cash Used for Operating Activities	(152,061)
Cash Flows from Noncapital and Related Financing Activities:	
State Sources	7,038
Federal Sources	100,543
Received from Food Service Contractor	30,057
	<hr/>
Net Cash Provided by Noncapital and Related Financing Activities	137,638
Cash Flows from Investing Activities:	
Interest Revenue	256
	<hr/>
Net Cash Provided by Investing Activities	256
Net Decrease in Cash and Cash Equivalents	(14,167)
Cash and Cash Equivalents, July 1	108,163
	<hr/>
Cash and Cash Equivalents, June 30	\$ 93,996
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (148,436)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	43,174
Food Distribution Program	39,009
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(1,154)
(Increase)/Decrease in Prepaid Sales	3,919
(Increase)/Decrease in Unearned Revenue	(2,136)
(Increase)/Decrease in Accounts Payable	(86,437)
	<hr/>
Net Cash Used for Operating Activities	\$ (152,061)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District had \$6,736 in USDA donated commodities at June 30, 2015, received commodities valued at \$36,873, used commodities valued at \$39,009, and had \$4,600 in commodities at June 30, 2016.

FIDUCIARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Agency</u>			Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>			
ASSETS:						
Cash and Cash Equivalents	\$ 340,648	\$ 349,220	\$ 689,868	\$ 69,912	\$ 178,456	\$ 17,132
Total Assets	<u>340,648</u>	<u>349,220</u>	<u>689,868</u>	<u>69,912</u>	<u>178,456</u>	<u>17,132</u>
LIABILITIES:						
Interfund Payable		58,765	58,765			
Payroll Deductions and Withholdings		290,455	290,455			
Due to Student Groups	<u>340,648</u>		<u>340,648</u>			
Total Liabilities	<u>340,648</u>	<u>349,220</u>	<u>689,868</u>			
NET POSITION:						
Held in Trust for:						
Scholarship Awards				69,912		
Unemployment Claims					178,456	
Flexible Spending Claims						<u>17,132</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 69,912</u>	<u>\$ 178,456</u>	<u>\$ 17,132</u>

Exhibit H-2

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>
ADDITIONS:			
Contributions:			
Employee		\$ 126,640	\$ 35,048
Total Contributions		<u>126,640</u>	<u>35,048</u>
Investment Earnings:			
Interest	\$ 39	192	
Net Investment Earnings	<u>39</u>	<u>192</u>	
Total Additions	<u>39</u>	<u>126,832</u>	<u>35,048</u>
DEDUCTIONS:			
Scholarship Payments	10,000		
Unemployment Claims		52,844	
Flexible Spending Claims			33,554
Total Deductions	<u>10,000</u>	<u>52,844</u>	<u>33,554</u>
Change in Net Position	(9,961)	73,988	1,494
Net Position - July 1	<u>79,873</u>	<u>104,468</u>	<u>15,638</u>
Net Position - June 30	<u>\$ 69,912</u>	<u>\$ 178,456</u>	<u>\$ 17,132</u>

Exhibit H-3

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 302,682	\$ 755,104	\$ 717,138	\$ 340,648
Total Assets	<u>\$ 302,682</u>	<u>\$ 755,104</u>	<u>\$ 717,138</u>	<u>\$ 340,648</u>
LIABILITIES:				
Due to Student Groups	\$ 302,682	\$ 755,104	\$ 717,138	\$ 340,648
Total Liabilities	<u>\$ 302,682</u>	<u>\$ 755,104</u>	<u>\$ 717,138</u>	<u>\$ 340,648</u>

Exhibit H-4

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
High School	\$ 196,388	\$ 493,052	\$ 477,566	\$ 211,874
Middle School	72,415	93,940	72,698	93,657
Helen Morgan School	8,885	33,080	36,491	5,474
Alpine School	12,590	20,081	22,412	10,259
Mohawk Avenue School	1,119	17,103	17,396	826
High School Athletics	11,285	97,848	90,575	18,558
	<u>\$ 302,682</u>	<u>\$ 755,104</u>	<u>\$ 717,138</u>	<u>\$ 340,648</u>
Total All Schools	<u>\$ 302,682</u>	<u>\$ 755,104</u>	<u>\$ 717,138</u>	<u>\$ 340,648</u>

Exhibit H-5

SPARTA TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 387,024	\$ 39,469,249	\$ 39,507,053	\$ 349,220
Total Assets	<u>\$ 387,024</u>	<u>\$ 39,469,249</u>	<u>\$ 39,507,053</u>	<u>\$ 349,220</u>
LIABILITIES:				
Interfund Payable		\$ 58,765		\$ 58,765
Payroll Deductions and Withholdings	\$ 387,024	39,410,484	\$ 39,507,053	290,455
Total Liabilities	<u>\$ 387,024</u>	<u>\$ 39,469,249</u>	<u>\$ 39,507,053</u>	<u>\$ 349,220</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016					
			Date	Outstanding June 30, 2016 Amount									
School Refunding Bonds	7/1/2008	\$ 19,830,000	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%								
											\$ 12,945,000	\$ 1,160,000	\$ 11,785,000
			School Bonds	12/5/2006	71,513,000							1,750,000	1,750,000
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			Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016
			Outstanding June 30, 2016						
			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%				
						\$ 69,050,000	\$ 2,910,000	\$ 66,140,000	

Exhibit I-2

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2015</u>	<u>Matured</u>	<u>Balance June 30, 2016</u>
Musical Instruments	7.24%	8,730	\$ 5,221	\$ 1,620	\$ 3,601
Bleachers	1.37%	478,500	249,157	81,929	167,228
Technology Equipment	0.97%	524,618	<u>319,618</u>	<u>319,618</u>	<u> </u>
			<u>\$ 573,996</u>	<u>\$ 403,167</u>	<u>\$ 170,829</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 4,589,644		\$ 4,589,644	\$ 4,589,644	
State Sources:					
Debt Service State Aid Support	631,919		631,919	631,919	
Total Revenues	<u>5,221,563</u>		<u>5,221,563</u>	<u>5,221,563</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	3,011,564		3,011,564	3,011,563	\$ 1
Redemption of Principal	2,910,000		2,910,000	2,910,000	
Total Expenditures	<u>5,921,564</u>		<u>5,921,564</u>	<u>5,921,563</u>	<u>1</u>
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures	(700,001)		(700,001)	(700,000)	1
Other Financing Uses:					
Transfer from Capital Projects Fund	700,000		700,000	700,000	
Total Other Financing Uses	<u>700,000</u>		<u>700,000</u>	<u>700,000</u>	
Excess (Deficiency) of Revenue					
Over (Under) Expenditures & Other Financing Uses	(1)		(1)		1
Fund Balance, July 1	<u>2</u>		<u>2</u>	<u>2</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ - 0 -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>
Recapitulation of Fund Balance:					
Restricted				<u>\$ 2</u>	

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital										
Assets	\$ 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	\$ 10,517,153
Restricted	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	4,318,653
Unrestricted/(Deficit)	(863,744)	(269,381)	(1,104,007)	(1,265,948)	1,280,798	1,375,235	322,387	(12,931,801)	(20,634,271)	(20,710,402)
Total Governmental Activities/(Deficit)	\$ 12,095,429	\$ 11,682,310	\$ 8,742,386	\$ 5,347,205	\$ 6,603,311	\$ 8,565,011	\$ 8,934,272	\$ (3,869,738)	\$ (5,810,581)	\$ (5,874,596)
Business-Type Activities:										
Net Investment in Capital										
Assets	\$ 106,840	\$ 89,787	\$ 72,847	\$ 443,742	\$ 443,742	\$ 412,509	\$ 361,826	\$ 323,838	\$ 269,323	\$ 226,149
Unrestricted/(Deficit)	114,107	149,492	189,456	150,266	153,290	136,870	102,064	92,433	15,829	53,383
Total Business-Type Activities	\$ 220,947	\$ 239,279	\$ 262,303	\$ 594,008	\$ 597,032	\$ 549,379	\$ 463,890	\$ 416,271	\$ 285,152	\$ 279,532
District-Wide/(Deficit):										
Net Investment in Capital										
Assets	\$ 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	\$ 10,743,302
Restricted	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	4,318,653
Unrestricted/(Deficit)	(749,637)	(119,889)	(914,551)	(1,115,682)	1,434,088	1,512,105	424,451	(12,839,368)	(20,618,442)	(20,657,019)
Total District-Wide Net Position/(Deficit)	\$ 12,316,376	\$ 11,921,589	\$ 9,004,689	\$ 5,941,213	\$ 7,200,343	\$ 9,114,390	\$ 9,398,162	\$ (3,453,467)	\$ (5,525,429)	\$ (5,595,064)

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 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	\$ 30,790,085
Special Education Instruction	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	8,724,631
Other Special Instruction	447,146	460,361	490,576	494,090	561,390	797,952	883,938	1,078,212	316,459	627,416
Other Instruction	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	2,865,976
Total Instruction	30,938,877	34,835,782	35,648,614	36,410,438	32,895,950	35,819,672	36,791,641	37,318,119	41,577,104	43,008,108
Support Services:										
Tuition	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	2,684,197
Student & Instruction Related Services	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	9,935,714
General Administration Services	972,811	872,823	829,283	956,084	1,084,014	1,118,511	788,934	1,477,500	1,609,895	1,725,193
School Administration Services	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	4,414,086
Central Services	492,988	528,708	555,179	621,730	660,262	696,640	699,048	724,795	934,943	954,126
Administrative Information Technology	297,561	439,191	461,334	316,874	402,242	551,213	443,112	913,338	663,490	1,039,903
Plant Operations and Maintenance	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	6,833,619
Pupil Transportation	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	4,705,065
Charter Schools	50,745	52,376	51,108	95,083	107,620	297,638	447,707	428,077	233,906	373,175
Interest On Long-Term Debt	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	2,695,757
Unallocated Depreciation	775,995	766,914	754,972	887,613	2,316,481	2,925,681	2,522,108	2,570,248	2,570,248	2,570,248
Capital Outlay	29,224				10,218					
Total Governmental Activities Expenses	54,290,556	61,749,983	62,452,371	64,169,859	61,996,511	65,241,692	67,794,515	69,541,560	79,714,725	80,939,191
Business-Type Activities:										
Food Service	951,011	976,591	935,202	910,762	927,009	961,677	886,791	860,552	955,855	891,526
Total Business-Type Activities Expenses	951,011	976,591	935,202	910,762	927,009	961,677	886,791	860,552	955,855	891,526
Total District Expenses	55,241,567	62,726,574	63,387,573	65,080,621	62,923,520	66,203,369	68,681,306	70,402,112	80,670,580	81,830,717

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 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	\$ 21,978,507
Capital Grants and Contributions	41,852	108,975	87,932						229,910	
Total Governmental Activities	13,105,528	13,872,713	12,685,392	13,970,402	10,849,692	12,121,256	12,572,640	12,606,704	19,845,438	21,978,507
Business-Type Activities:										
Charges for Services:										
Food Service	865,799	829,186	802,644	746,697	750,526	769,953	692,588	703,066	702,817	743,090
Operating Grants and Contributions	113,065	140,946	131,768	129,701	119,402	143,511	108,307	110,639	115,540	135,530
Total Business Type Activities	978,864	970,132	934,412	876,398	869,928	913,464	800,895	813,705	818,357	878,620
Total District-wide Program Revenues	14,084,392	14,842,845	13,619,804	14,846,800	11,719,620	13,034,720	13,373,535	13,420,409	20,663,795	22,857,127
Net (Expense)/Revenue:										
Governmental Activities	(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)	(58,960,684)
Business-Type Activities	27,853	(6,459)	(790)	(34,364)	(57,081)	(48,213)	(85,896)	(46,847)	(137,498)	(12,906)
Total District-Wide Net (Expense)/Revenue	(41,157,175)	(47,883,729)	(49,767,769)	(50,233,821)	(51,203,900)	(53,168,649)	(55,307,771)	(56,981,703)	(60,006,785)	(58,973,590)

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 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	\$ 53,464,665
Taxes Levied for Debt Service	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	4,589,644
Unrestricted Grants and Contributions	665,911	1,468,396	713,974	686,574	803,515	638,505	603,494	627,132	614,990	631,919
Interest and Miscellaneous Income	2,513,296	3,170,210	946,923	314,993	506,545	392,736	190,753	275,427	222,915	210,441
Transfers	(64,318)	(19,950)	(19,950)							
Capital Asset Appraisal Adjustment			(2,367,337)							
Total Governmental Activities General Revenues & Other Changes in Net Position	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	58,896,669
Business-Type Activities:										
Investment Earnings	694	4,841	3,864	1,944	907	560	407	339	215	256
Special Item								(1,111)	6,164	7,030
Transfers	19,954	19,950	19,950							
Total Business-Type Activities General Revenues & Other Changes in Net Position	20,648	24,791	23,814	1,944	907	560	407	(772)	6,379	7,286
Total District-Wide General Revenues and Other Changes in Net Position	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	58,903,955
Change in Net Position:										
Governmental Activities	3,097,939	(413,119)	(2,939,924)	(535,026)	2,825,305	1,961,700	547,594	161,675	(1,940,843)	(64,015)
Business-Type Activities	48,501	18,332	23,024	(32,420)	(56,174)	(47,653)	(85,489)	(47,619)	(131,119)	(5,620)
Total District-wide Change in Net Position	\$ 3,146,440	\$ (394,787)	\$ (2,916,900)	\$ (567,446)	\$ 2,769,131	\$ 1,914,047	\$ 462,105	\$ 114,056	\$ (2,071,962)	\$ (69,635)

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 6,774,699	\$ 6,464,397	\$ 3,373,169	\$ 2,052,307						
Unreserved	739,042	790,866	556,682	618,455						
Restricted					\$ 3,839,821	\$ 3,719,076	\$ 3,119,978	\$ 3,109,825	\$ 2,876,640	\$ 3,818,836
Assigned					2,475,413	1,823,657	1,044,263	403,991	231,916	546,237
Unassigned					788,200	744,500	606,546	590,531	608,338	638,261
Total General Fund	\$ 7,513,741	\$ 7,255,263	\$ 3,929,851	\$ 2,670,762	\$ 7,103,434	\$ 6,287,233	\$ 4,770,787	\$ 4,104,347	\$ 3,716,894	\$ 5,003,334
Other Governmental Funds:										
Reserved	\$ 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	1,997,592	992,623	1,121,399	866,325						
Restricted					\$ 4,788,628	\$ 2,644,386	\$ 1,985,775	\$ 1,980,640	\$ 1,256,474	\$ 499,817
Committed					44,112	44,112	44,112	344,872		
Total Other Governmental Funds	\$ 70,150,201	\$ 58,882,475	\$ 24,719,118	\$ 8,508,898	\$ 4,832,740	\$ 2,688,498	\$ 2,029,887	\$ 2,325,512	\$ 1,256,474	\$ 499,817
Total Government Funds	\$ 77,663,942	\$ 66,137,738	\$ 28,648,969	\$ 11,179,660	\$ 11,936,174	\$ 8,975,731	\$ 6,800,674	\$ 6,429,859	\$ 4,973,368	\$ 5,503,151

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 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	\$ 58,054,309
Tuition Charges		12,200	13,500	21,031	26,650					
Interest Earnings	442,535	3,101,204	746,100	244,035	46,336					
Transportation Fees	14,603				89,589					
Miscellaneous	2,056,158	112,130	257,046	65,545	423,853	474,922	264,101	374,516	281,326	313,285
State Sources	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	13,818,404
Federal Sources	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	1,035,572
Total Revenue	57,452,813	61,356,814	61,899,734	63,634,833	64,821,816	67,203,391	68,342,110	69,703,235	71,465,540	73,221,570
Expenditures:										
Instruction:										
Regular	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	18,374,951
Special Education	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	5,494,437
Other Special	322,682	326,178	354,814	362,734	391,834	509,442	509,056	681,420	110,397	128,871
Other	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	2,163,204
Support Services:										
Tuition	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	2,684,197
Student & Instruction- Related Services	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	6,243,081
General Administration	844,965	733,937	714,221	827,007	919,817	974,761	689,224	1,137,417	1,150,852	1,205,045
School Administration	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	2,603,901
Central Services	368,968	386,741	406,792	458,090	455,660	515,781	505,927	516,809	587,857	586,055
Administrative Information Technology	227,070	357,283	384,030	280,411	355,377	369,096	283,871	353,070	331,537	300,981
Plant Operations/ Maintenance	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	5,109,466

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenditures:										
Support Services:										
Pupil Transportation	\$ 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	\$ 4,187,130
Unallocated Benefits	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	16,497,138
Charter Schools	50,745	52,376	51,108	95,083	107,620	297,638	447,707	428,077	233,906	373,175
Capital Outlay	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	818,592
Debt Service:										
Principal	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	2,910,000
Interest/Other Charges	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	3,011,563
Total Expenditures	58,326,596	72,863,069	99,368,553	81,104,142	64,065,302	70,163,834	70,517,167	70,561,280	73,446,649	72,691,787
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(873,783)	(11,506,255)	(37,468,819)	(17,469,309)	756,514	(2,960,443)	(2,175,057)	(858,045)	(1,981,109)	529,783
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	2,038,725	2,708,504	1,022,962	207,265	8,928	6,722	2,263	391,486	702,897	804,990
Transfers Out	(2,103,043)	(2,728,454)	(1,042,912)	(207,265)	(8,928)	(6,722)	(2,263)	(391,486)	(702,897)	(804,990)
Total Other Financing Sources (Uses)	71,448,682	(19,950)	(19,950)					487,230	524,618	
Net Change In Fund Balances	\$ 70,574,899	\$ (11,526,205)	\$ (37,488,769)	\$ (17,469,309)	\$ 756,514	\$ (2,960,443)	\$ (2,175,057)	\$ (370,815)	\$ (1,456,491)	\$ 529,783
Debt Service as a Percentage of Noncapital Expenditures	3.72%	10.44%	9.16%	8.98%	9.46%	8.97%	8.55%	8.77%	8.45%	8.24%

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
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
2016	14,740	68,817				124,979	208,536

Source: Sparta Township School District Financial Reports.

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

Year	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2015	47,935,200	2,038,625,800	21,973,200	762,600	186,852,900	32,594,700	3,588,700	2,332,333,100	5,651,983	2,337,985,083	182,857,300	2.462	3,134,299,119

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

^b Tax rates are per \$100 of assessed value.

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 ^a	General Obligation Debt Service ^b	Total Direct	Sparta Township	Sussex County		
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	
2015	2.267	0.195	2.462	0.771	0.655	3.888	

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

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

^b Rates for Debt Service are based on each year's requirements.

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

TOWNSHIP OF SPARTA

2016			2007		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Jersey Investors Growth	\$ 22,705,400	0.762%	Sparta Builders, LLC	\$ 8,820,000	0.370%
Cofrancesco/Grinnell	9,570,600	0.321%	Cofrancesco/Grinnell	7,328,300	0.311%
Braen Royalty LLC	8,137,900	0.273%	Limecrest Quarry Dev., LLC	6,563,800	0.297%
Lake Mohawk Country Club	7,461,400	0.250%	Newton Memorial Hospital	5,566,200	0.236%
Lake Mohawk Golf Club	6,029,000	0.202%	Toll New Jersey VI, LP	5,200,000	0.221%
AHS Hospital Crop	5,828,900	0.196%	United Telephone	5,142,290	0.218%
Heller Sparta, LLC	5,616,800	0.189%	Lake Mohawk Country Club	4,754,000	0.202%
Serolf Properties LLC	4,711,800	0.158%	Ashdown Forest Estates, LLC	4,100,000	0.174%
Sparta Property Holdings, Inc.	4,456,000	0.150%	Heller Sparta, LLC	3,878,600	0.165%
Levin Properties	4,204,900	0.141%	Terry-Lynn, Inc.	3,754,200	0.159%
Total	\$ 78,722,700	2.642%		\$ 55,107,390	2.35%

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^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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 -
2016	58,054,309	58,054,309	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 ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases			
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	7.63%	4,009
2015	69,050,000	573,996	69,623,996	6.88%	3,601
2016	66,140,000	170,829	66,310,829	6.55%	3,461

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

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

Source: Sparta Township School District Financial Reports.

Exhibit J-11

SPARTA TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2016	66,140,000	- 0 -	66,140,000	2.83%	3,452

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

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

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

Source: Sparta Township School District Financial Reports.

Exhibit J-12

SPARTA TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Sparta	\$ 9,975,000	100.00%	\$ 9,975,000
Sussex County General Obligation Debt	112,567,827	18.33%	<u>20,633,738</u>
Subtotal, Overlapping Debt			30,608,738
Sparta School District Direct Debt			<u>66,713,996</u>
Total Direct And Overlapping Debt			<u><u>\$ 97,322,734</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.

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

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 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	\$ 125,118,602
Net Debt Applicable to Limit	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	66,140,000
Legal Debt Margin	<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>	<u>\$ 58,978,602</u>
Net Debt Applicable to the Limit as a % of Debt Limit	20.62%	75.45%	67.50%	61.77%	61.77%	58.28%	58.17%	58.75%	53.98%	52.86%

Legal Debt Margin Calculation for Fiscal Year 2015	
Equalized Valuation Basis	Sparta Township
2013	\$ 3,156,307,961
2014	3,126,080,375
2015	<u>3,101,506,782</u>
	<u>\$ 9,383,895,118</u>
Average Equalized Valuation of Taxable Property	<u>\$ 3,127,965,039</u>
Debt Limit (4% of average equalization value) ^a	\$ 125,118,602
Net Bonded School Debt as of June 30, 2016	<u>66,140,000</u>
Legal Debt Margin	<u>\$ 58,978,602</u>

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

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

Exhibit J-14

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

Year	Township Population ^a	Sussex County Per Capita Personal Income ^c	Township Personal Income ^b	Township Unemployment Rate ^d
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	52,851	1,021,768,383	5.00%
2015	19,159	52,851 **	1,012,572,309 ***	4.30%
2016	19,159 *	52,851 **	1,012,572,309 ***	N/A

* - Latest Township population available (2015) was used for calculations purposes.

** - Latest Sussex County per capita personal income available (2014) was used for calculation purposes.

*** - Latest Township population available (2015) and latest Sussex County per capita personal income available (2014) was used for calculation purposes.

N/A - Information unavailable.

Sources:

^a - Population information provided by the NJ Department of Labor and Workforce Development.

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

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

^d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

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%
Total Employment - Sussex County	<u>7,363</u>	<u>9.78%</u>	Total Employment - Sussex County	<u>7,002</u>	<u>17.70%</u>

Note: The 2015 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 TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</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>	<u>2016</u>
Instruction:										
Regular	329.0	329.0	329.0	329.0	333.0	227.6	276.0	270.0	248.2	256.6
Special Education	39.0	39.0	39.0	39.0	43.0	97.6	52.0	54.0	70.5	67.0
Support Services:										
Student & Instruction-Related Services	81.0	81.0	77.0	71.0	65.0	52.1	54.0	42.0	88.0	97.1
General Administrative Services	4.0	5.0	5.0	5.0	5.0	2.5	5.0	5.0	4.0	4.0
School Administrative Services	30.0	30.0	28.0	32.0	34.0	30.0	21.0	29.0	41.5	42.1
Plant Operations and Maintenance	47.0	47.0	42.0	53.0	33.0	41.0	41.0	41.0	38.0	38.5
Pupil Transportation	15.0	15.0	20.0	20.0	20.0	20.0	20.0	20.0	25.0	21.7
Business and Other Support Services	8.0	8.0	7.0	8.0	8.0	8.5	8.5	8.5	7.0	7.0
Total	<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>	<u>534.0</u>

Source: Sparta Township School District personnel records.

SPARTA TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percent Change	Teaching Staff ^d	Pupil/Teacher Ratio					Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary			Middle School	Senior High School				
						Helen Morgan	Alpine	Mohawk Avenue						
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%
2016	3,292	65,951,632	20,034	2.79%	323	10.6	11	10.2	9.5	10	3,269.5	3,125	-1.10%	95.58%

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

^a Per annual School Report Card.

^b Operating expenditures equal total expenditures less debt service and capital outlay.

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

^d Teaching staff includes only full-time equivalents of certificated staff.

^e Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

N/A Not Applicable.

Source: Sparta Township School District records.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	670	646	627	649	739	739	565	530	509	494
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	812	850	798	709	840	840	726	683	631	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	312	210	356	312			228	227	221	225
<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	1,008	985	1,036	937	937	847	816	825	799
<u>High School</u>										
Square Feet	153,245	153,245	153,245	153,245	255,127	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	1,207	1,223	1,220	1,205	1,192	1,192	1,224	1,207	1,142	1,122

Number of Schools at June 30, 2016

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
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
2016	69,438	92,225	144,578	124,887	228,029	659,157

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

Source: Sparta Township School District records.

Exhibit J-20

SPARTA TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<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 Occurrence		
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	10,000
Crime Coverage	50,000	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	2,500
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	
Surety Bond - Selective Insurance Company		
Treasurer of School Monies	500,000	
Business Administrator	500,000	
Student Accident - Bollinger Insurance (Athletes Only)	5,000,000	
Athletic Disability	550,000	

Source: Sparta Township School District records.

SINGLE AUDIT SECTION



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

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



NISIVOCCIA, LLP

November 1, 2016
Mount Arlington, New Jersey



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



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Report on Compliance For Each Major Federal and State Program
 and Report on Internal Control Over Compliance

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 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, 2016. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2016.

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

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

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

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

Nisivoccia, LLP

NISIVOCCIA, LLP

November 1, 2016
Mount Arlington, New Jersey

Kathryn L. Mantell

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

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2015			Cash Received	Budgetary Expenditures	Cancelled	Balance June 30, 2016	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Carryover/ (Walkover) Amount				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-4960-16	7/1/15-6/30/16	\$ 1,145,315				\$ 721,592	\$ (819,056)		\$ (97,464)	
Part B, Basic	84.027	IDEA-4960-15	7/1/14-6/30/15	1,066,475	\$ (156,894)		156,894					
Part B, Preschool	84.173	IDEA-4960-16	7/1/15-6/30/16	27,059			26,453	(26,453)				
Part B, Preschool	84.173	IDEA-4960-15	7/1/14-6/30/15	25,640	(23,036)		23,036					
Total Special Education Cluster					(179,930)		927,975	(845,509)			(97,464)	
No Child Left Behind (NCLB):												
Title I	84.010A	NCLB-4960-16	7/1/15-6/30/16	94,433			51,594	(74,957)			(23,363)	
Title I	84.010A	NCLB-4960-15	7/1/14-6/30/15	69,104	(8,706)		8,706					
Title II, Part A	84.367A	NCLB-4960-16	7/1/15-6/30/16	87,790			52,844	(63,439)			(10,595)	
Title II, Part A	84.367A	NCLB-4960-15	7/1/14-6/30/15	77,289	(17,724)		17,724					
Title III	84.365A	NCLB-4960-16	7/1/15-6/30/16	21,611			1,241	(4,647)			(3,406)	
Title III	84.365A	NCLB-4960-15	7/1/14-6/30/15	16,657	(11,858)		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-4960-16	7/1/15-6/30/16	12,828				(6,356)			(6,356)	
Perkins Vocational Education	84.048A	PERK-4960-15	7/1/14-6/30/15	20,727	(11,461)		11,461					
Perkins Vocational Education - Reserve	84.048A	PERK-4960-16	7/1/15-6/30/16	42,326				(28,359)			(28,359)	
Perkins Vocational Education - Reserve	84.048A	PERK-4960-15	7/1/14-6/30/15	38,887	(33,668)		33,668					
Total Special Revenue Fund					(263,347)	3,277	1,117,071	(1,023,267)	(3,277)		(169,543)	

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2015			Cash Received	Budgetary Expenditures	Cancelled	Balance June 30, 2016	
					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	7/1/15-6/30/16	\$ 36,873			\$ 36,873	\$ (32,273)			\$ 4,600	
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	35,121		\$ 6,736		(6,736)				
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	87,978			83,055	(87,978)		\$ (4,923)		
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	79,020	\$ (15,406)		15,406					
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	2,267			2,014	(2,267)		(253)		
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	300	(68)		68					
Child Nutrition Cluster Subtotal					(15,474)	6,736	137,416	(129,254)		(5,176)	4,600	
Total Enterprise Fund and U.S. Department of Agriculture					(15,474)	6,736	137,416	(129,254)		(5,176)	4,600	
Total Federal Awards					\$ (278,821)	\$ 10,013	\$ -0-	\$ 1,254,487	\$ (1,152,521)	\$ (3,277)	\$ (174,719) \$ 4,600	

N/A - Not Applicable

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

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Repay Prior Years' Balances	Balance at June 30, 2016		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	16-495-034-5120-014	7/1/15-6/30/16	\$ 1,105,532			\$ 995,606	\$ (1,105,532)			\$ (109,926)	\$ 1,105,532	
Special Education Aid	16-495-034-5120-011	7/1/15-6/30/16	2,030,137			1,828,276	(2,030,137)			(201,861)	2,030,137	
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	2,488,733			2,241,272	(2,488,733)			(247,461)	2,488,733	
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	252,688			227,563	(252,688)			(25,125)	252,688	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	33,030			29,746	(33,030)			(3,284)	33,030	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	33,030			29,746	(33,030)			(3,284)	33,030	
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	288,822				(288,822)	\$ (288,822)		(288,822)	288,822	
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	18,928				(18,928)	(18,928)		(18,928)	18,928	
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	1,927,455			1,789,915	(1,927,455)	(137,540)		(137,540)	1,927,455	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	1,105,532	\$ (109,542)		109,542					1,105,532	
Special Education Aid	15-495-034-5120-011	7/1/14-6/30/15	2,030,137	(201,155)		201,155					2,030,137	
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	2,488,733	(246,597)		246,597					2,488,733	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	252,688	(25,038)		25,038					252,688	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	33,030	(3,273)		3,273					33,030	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	33,030	(3,273)		3,273					33,030	
Extraordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	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	
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	1,895,498	(94,402)		94,402					1,895,498	
Total General Fund State Aid				(924,423)		8,066,547	(8,178,355)		(445,290)	(1,036,231)	16,258,146	
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	16-100-034-5120-064	7/1/15 - 6/30/16	91,532			91,532	(90,599)		\$ 933		90,599	
Textbook Aid	15-100-034-5120-064	7/1/14 - 6/30/15	97,951		\$ 5,619			\$ (5,619)			92,332	
Nursing Aid	16-100-034-5120-070	7/1/15 - 6/30/16	145,440			145,440	(119,503)		25,937		119,503	
Nursing Aid	15-100-034-5120-070	7/1/14 - 6/30/15	158,969		33,521			(33,521)			125,448	
Technology Initiative Aid	16-100-034-5120-373	7/1/15 - 6/30/16	41,678			41,678	(40,914)		764		40,914	
Technology Initiative Aid	15-100-034-5120-373	7/1/14 - 6/30/15	52,608		2,778			(2,778)			49,830	
Technology Initiative Aid	14-100-034-5120-373	7/1/13 - 6/30/14	33,380		45			(45)			31,581	
Security Aid	N/A	7/1/15 - 6/30/16	40,400			40,400	(39,864)		536		39,864	
New Jersey Nonpublic Auxiliary Services:												
Compensatory Education	16-100-034-5120-067	7/1/15 - 6/30/16	87,987			87,987	(77,494)		10,493		69,626	
Compensatory Education	15-100-034-5120-067	7/1/14 - 6/30/15	73,993		1,255			(1,255)			72,738	
English as a Second Language	16-100-034-5120-067	7/1/15 - 6/30/16	60,393			60,393			60,393			
English as a Second Language	15-100-034-5120-067	7/1/14 - 6/30/15	19,184		19,184			(19,184)				
Home Instruction	16-100-034-5120-067	7/1/15 - 6/30/16	9,446				(12,783)	(12,783)		(12,783)	12,783	
Home Instruction	15-100-034-5120-067	7/1/14 - 6/30/15	3,074	(3,074)		3,074					2,457	

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015			Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2016		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Special Revenue Fund: - Cont'd												
New Jersey Nonpublic Handicapped:												
Supplemental Instruction	16-100-034-5120-066	7/1/15 - 6/30/16	\$ 100,247			\$ 100,247	\$ (53,015)			\$ 47,232		\$ 53,015
Supplemental Instruction	15-100-034-5120-066	7/1/14 - 6/30/15	64,345		\$ 14,987			\$ (14,987)				49,358
Corrective Speech	16-100-034-5120-066	7/1/15 - 6/30/16	43,476			43,476	(19,144)			24,332		19,144
Corrective Speech	15-100-034-5120-066	7/1/14 - 6/30/15	59,195		29,774			(29,774)				29,421
Exam & Classification	16-100-034-5120-066	7/1/15 - 6/30/16	119,367			119,367	(81,468)			37,899		81,468
Exam & Classification	15-100-034-5120-066	7/1/14 - 6/30/15	127,856		19,258			(19,258)				108,958
Total Special Revenue Fund				\$ (3,074)	126,421	733,594	(534,784)	(126,421)	\$ (12,783)	208,519	\$ (12,783)	1,089,039
Debt Service Fund:												
Debt Service State Aid Support	16-100-034-5120-125	7/1/15 - 6/30/16	631,919			631,919	(631,919)					631,919
Total Debt Service Fund						631,919	(631,919)					631,919
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
	4960-060-14-1002	7/1/14-6/30/15	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
	4960-300-14-1004	7/1/14-6/30/15	41,420	(41,420)		41,420						41,420
Total Capital Projects Fund				(229,910)		229,910						229,910
Enterprise Fund:												
State Department of Agriculture:												
State School Lunch	16-100-010-3350-023	7/1/15-6/30/16	6,276			5,942	(6,276)		(334)		(334)	6,276
State School Lunch	15-100-010-3350-023	7/1/14-6/30/15	5,884	(1,096)		1,096						5,884
Total Enterprise Fund				(1,096)		7,038	(6,276)		(334)		(334)	12,160
Total State Awards				\$ (1,158,503)	\$ 126,421	\$ 9,669,008	\$ (9,351,334)	\$ (126,421)	\$ (458,407)	\$ 208,519	\$ (1,049,348)	\$ 18,221,174

N/A - Not Available

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, 2016

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Sparta Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,063) for the general fund and \$7,654 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and the special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions revenue of \$2,043,583 and \$2,433,344, respectively.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Note 4. 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		\$ 12,653,219	\$ 12,653,219
Special Revenue Fund	\$ 1,035,572	533,266	1,568,838
Debt Service Fund		631,919	631,919
Food Service Fund	<u>129,254</u>	<u>5,884</u>	<u>135,138</u>
Total Awards	<u>\$ 1,164,826</u>	<u>\$ 13,824,288</u>	<u>\$ 14,989,114</u>

Note 5. Relationship to Federal and State Financial Reports

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

Note 6. Other

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. 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, 2016.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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*.
- 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 Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- 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	7/1/15-6/30/16	\$1,145,315	\$ 819,056
IDEA Part B Preschool	84.173	7/1/15-6/30/16	27,059	26,453
<u>State Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	\$1,105,532	\$1,105,532
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	1,927,455	1,927,455

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

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Summary of Auditors' Results:

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 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

SPARTA TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no prior year audit findings.