

SPARTA TOWNSHIP SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016

SPARTA TOWNSHIP SCHOOL DISTRICT  
COUNTY OF SUSSEX  
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE  
FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
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The Honorable President and Members  
 of the Board of Education  
 Sparta Township School District  
 County of Sussex, NJ

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Sparta Township School District in the County of Sussex for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 1, 2016.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated November 1, 2016, on the financial statements of the Board.

We will review the status of the comments and recommendation during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the suggestions and recommendation.

This report is intended for the information of the Sparta Township School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

*Nisivoccia, LLP*

November 1, 2016  
 Mount Arlington, New Jersey

NISIVOCCIA, LLP

*Kathryn L. Mantell*

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

SPARTA TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Kerry A. Keane	Treasurer	\$ 500,000
Barbara Decker	Business Administrator/Board Secretary	500,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6:20-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account. Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator and the Superintendent.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

SPARTA TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Classification of General and Administrative Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:23-2.2(g) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23A-24. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted herein.

No Child Left Behind (N.C.L.B.)

The N.C.L.B. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II and Title III of the No Child Left Behind Act.

The study of compliance for the N.C.L.B. grants did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

Finding:

A review was completed by the State of New Jersey Department of Education, Office of Fiscal Accountability and Compliance (the "State") to verify the enrollment of students under the Chapter 192/193 Programs for Nonpublic School Students for fiscal year 2013-2014. The District implemented a state approved corrective action plan.

SPARTA TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2015. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made . . . ."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law . . . ."

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$18,800.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

SPARTA TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or the appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

Additionally, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records.

*Finding:*

We noted a few instances at the Mohawk Avenue School where vouchers containing all required approval signatures were not prepared for payments and invoices were not being obtained for all cash disbursements. Also, there were a few instances at the High School, High School Athletics, Middle School and Helen Morgan School, where a signature certifying the receipt of goods or services was not obtained on vouchers for certain payments and certain invoices were dated before the purchase order date at the Helen Morgan School and High School Athletics. Finally, deposits were not always made on a timely basis at the High School.

SPARTA TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Student Body Activities (Cont'd)

Recommendation:

It is recommended that the Mohawk Avenue School prepares a voucher with all required approval signatures for each payment, all cash disbursements for the Mohawk Avenue School are supported by an invoice or bill. The High School, High School Athletics, Middle School and Helen Morgan School obtain a signature certifying receipt of goods or services on vouchers prior to the release of each payment. The Helen Morgan School and High School Athletics prepare a voucher prior to all purchases and deposits to the High School account are consistently made on a timely basis.

Management's Response:

The District will ensure that vouchers containing all required approval signatures are prepared for each payment from the Mohawk Schools, all cash disbursements for the Mohawk Avenue School are supported by an invoice or bill. A signature certifying receipt of goods or services is obtained on vouchers for each payment from the High School, High School Athletics, Middle School and Helen Morgan School, prior to payment. A voucher is prepared prior to all purchases for the Helen Morgan School and High School Athletics and deposits to the High School account are consistently made on a timely basis.

Application for State School Aid

Our audit procedures included a test of enrollments and related services reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual students. We also performed a review of the District procedures related to its completion. The information reported on the A.S.S.A. was compared to the District work papers without exception. The information included on the work papers was verified on a test basis with one exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2015-16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the transfer of local funds from the General Fund and from the Capital Reserve Account, and awarding of contracts for eligible facilities construction. No exceptions were noted.



SPARTA TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel amount for the year and to account separately that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred.

Our review of the travel policies and records revealed that the District is in compliance with the travel regulations.

Management Suggestions

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board (“GASB”) statement which will have a significant impact on the District will be GASB#75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the fiscal year ending June 30, 2018. This standard replaces GASB#45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB#68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information (“PII”), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the District consider options to test and protect the District from cyber-crime.

Deferred Compensation Plans

The District has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the District. The District should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the District’s fiduciary responsibilities.

Capital Asset Inventory

The District engaged a fixed asset appraisal company during the fiscal year to update its capital asset inventory. The updated inventory report reflects unexplained changes in the District’s capital assets and values. We suggest that the School Business Administrator continue to resolve these issues with the appraisal company.

SPARTA TOWNSHIP SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Management Suggestions (Cont'd)

Independent Contractors vs. Employees

The District should consider reviewing the status of "Independent Contractors" utilized by the District with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding that students be properly reported on the DRTRS report was resolved during the current year. The prior year recommendation regarding the use of vouchers and obtaining signatures certifying receipt of goods in the various student activities accounts was not completely resolved and has been included in the current year findings/recommendations.

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF MEAL COUNT ACTIVITY  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(MEMORANDUM ONLY)

NOT APPLICABLE

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF NET CASH RESOURCES  
FOOD SERVICE FUND  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(MEMORANDUM ONLY)

NOT APPLICABLE

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	2016-2017 Application for State School Aid						Sample for Verification					
	Reported on Revised ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	9		9				9		9			
Half Day Preschool 4 Years Old	12		12				12		12			
Half Day Kindergarten	174		174				174		174			
Grade One	170		170				170		170			
Grade Two	198		198				198		198			
Grade Three	202		202				202		202			
Grade Four	200		200				200		200			
Grade Five	228		228				228		228			
Grade Six	212		212				212		212			
Grade Seven	239		239				239		239			
Grade Eight	219		219				219		219			
Grade Nine	219	1	219	1			219	1	219	1		
Grade Ten	224		224				224		224			
Grade Eleven	242		242				242		242			
Grade Twelve	284	2	284	2			284	2	284	2		
Subtotal	<u>2,832</u>	<u>3</u>	<u>2,832</u>	<u>3</u>			<u>2,832</u>	<u>3</u>	<u>2,832</u>	<u>3</u>		
Special Education:												
Elementary	157		157				15		15			
Middle	129		129				12		12			
High	148	6	148	6			14		14			
Subtotal	<u>434</u>	<u>6</u>	<u>434</u>	<u>6</u>			<u>41</u>	<u>-</u>	<u>41</u>	<u>-</u>		
Totals	<u>3,266</u>	<u>9</u>	<u>3,266</u>	<u>9</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>2,873</u>	<u>3</u>	<u>2,873</u>	<u>3</u>	<u>- 0 -</u>	<u>- 0 -</u>
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	Private Schools for Disabled					Resident Low Income						
	Reported on ASSA as Private Schools	Reported on Workpapers as Private Schools	Errors	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool												
Half Day Kindergarten							5	5		1	1	
Grade One							11	11		1	1	
Grade Two							8	8		1	1	
Grade Three							6	6		1	1	
Grade Four							7	7		1	1	
Grade Five							6	6		1	1	
Grade Six							6	6		1	1	
Grade Seven							6	6		1	1	
Grade Eight							11	11		1	1	
Grade Nine							9	9		1	1	
Grade Ten							10	10		1	1	
Grade Eleven							5	5		1	1	
Grade Twelve							12	12		2	1	(1)
Subtotal							102	102		14	13	(1)
Special Education:												
Elementary School	3	3		1	1		16	16		4	4	
Middle School	8	8		2	2		14	14		4	4	
High School	12.5	12.5		4	4		18.0	18.0		4	4	
Subtotal	23.5	23.5		7	7		48.0	48.0		12	12	
Totals	23.5	23.5	- 0 -	7	7	- 0 -	150	150	- 0 -	26	25	(1)
Percentage Error			0.00%			0.00%			0.00%			-4.00%

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Low Income					Sample Errors
	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	
Full Day Kindergarten	2	2		1	1	
Grade Two	1	1		1	1	
Grade Nine	1	1				
Grade Twelve	1	1				
Subtotal	<u>5</u>	<u>5</u>		<u>2</u>	<u>2</u>	
Special Education:						
High School	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Subtotal	<u>1</u>	<u>1</u>		<u>1</u>	<u>1</u>	
Totals	<u><u>6</u></u>	<u><u>6</u></u>	<u><u>- 0 -</u></u>	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>- 0 -</u></u>
Percentage Error			<u><u>0.00%</u></u>			<u><u>0.00%</u></u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	Resident LEP Not Low Income					
	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Full Day Kindergarten	1	1				
Grade Two	4	4		2	2	
Grade Three	1	1				
Grade Four	1	1		1	1	
Grade Eight	1	1				
Grade Nine	1	1		1	1	
Subtotal	<u>9</u>	<u>9</u>		<u>4</u>	<u>4</u>	
Totals	<u>9</u>	<u>9</u>	<u>- 0 -</u>	<u>4</u>	<u>4</u>	<u>- 0 -</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>



SPARTA TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2015

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	2,428	2,428		15	15	
Regular - Special Education	371	371		10	10	
Transported - Non Public	341	341		10	10	
AIL - Non Public	44	44		5	5	
Special Nees - Public	48	48		5	5	
Totals	<u>3,232</u>	<u>3,232</u>	<u>- 0 -</u>	<u>45</u>	<u>45</u>	<u>- 0 -</u>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2016

**EXCESS SURPLUS CALCULATION**

**Section 1 - REGULAR DISTRICT**

2015-2016 Total General Fund Expenditures per the CAFR	<u>\$ 64,938,800</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ 38,174</u> (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ 64,911</u> (B1b)	
Decreased by:		
On-Behalf TPAF Pension and Social Security	<u>\$ 6,404,382</u> (B2a)	
Assets Acquired Under Capital Leases	<u>                    </u> (B2b)	
Adjusted 2015-2016 General Fund Expenditures [(B) + (B1's) - (B2's)]	<u>\$ 58,572,592</u> (B3)	
2% of Adjusted 2015-2016 General Fund Expenditures [(B3) times .02]	<u>\$ 1,171,452</u> (B4)	
Enter Greater or (B4) or \$250,000	<u>\$ 1,171,452</u> (B5)	
Increased by: Allowable Adjustments	<u>\$ 57,750</u> (K)	
Maximum Unassigned Fund Balance [(B5) + (K)]		<u>\$ 1,229,202</u> (M)

**Section 2**

Total General Fund - Fund Balances @ 6/30/2016 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 5,594,275</u> (C)	
Decreased by:		
Year-end Encumbrances	<u>\$ 546,237</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$ -0-</u> (C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 750,000</u> (C3)	
Other Restricted Fund Balances	<u>\$ 2,318,836</u> (C4)	
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures	<u>                    </u> (C5)	
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]		<u>\$ 1,979,202</u> (U1)

**Section 3**

Restricted Fund Balance - Excess Surplus [(U1 - (M)) IF NEGATIVE, ENTER \$ - 0 -		<u>\$ 750,000</u> (E)
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SPARTA TOWNSHIP SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

**EXCESS SURPLUS CALCULATION**

**Recapitulation of Excess Surplus as of June 30, 2016**

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 750,000 (C3)
Restricted Excess Surplus [(E)]	<u>\$ 750,000 (E)</u>
Total [(C3) + (E) + (F)]	<u>\$ 1,500,000 (D)</u>

**Detail of Allowable Adjustments**

Impact Aid	\$ -0- (H)
Sale and Lease-Back	<u>\$ -0- (I)</u>
Extraordinary Aid	\$ 38,822 (J1)
Additional Nonpublic School Transportation Aid	<u>\$ 18,928 (J1)</u>
Total Adjustments [(H) + (I) + (J1) + (J2)]	<u>\$ 57,750 (K)</u>

**Detail of Other Restricted Fund Balance**

Statutory Restrictions	\$ -0-
Approved Unspent Separate Proposal	<u>\$ -0-</u>
Sale/Lease-Back Reserve	\$ -0-
Capital Reserve	<u>\$ 1,793,836</u>
Maintenance Reserve	<u>\$ 525,000</u>
Tuition Reserve	<u>\$ -0-</u>
Other State/Governmental Mandated Reserve	<u>\$ -0-</u>
Other Restricted Fund Balance not Noted Above	<u>\$ -0-</u>
Total Other Restricted Fund Balance	<u>\$ 2,318,836 (C4)</u>

SPARTA TOWNSHIP SCHOOL DISTRICT  
SUMMARY OF RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2016

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

The Mohawk Avenue School prepares a voucher with all required approval signatures for each payment and all cash disbursements for the Mohawk Avenue Schools are supported by an invoice or bill. The High School, High School Athletics, Middle School and Helen Morgan School obtain a signature certifying receipt of goods or services on vouchers prior to the release of each payment. The Helen Morgan School and High School Athletics prepare a voucher prior to all purchases and deposits to the High School account are consistently made on a timely basis.

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Status of Prior Year's Findings/Recommendations

The prior year recommendation regarding students being properly reported on the DRTRS report was resolved during the current year. The prior year recommendation regarding the use of vouchers and obtaining signatures certifying receipt of goods in the various student activities accounts was not completely resolved and has been included in the current year findings/recommendations.