

**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, 2017**

**Comprehensive Annual
Financial Report**

of the

SPARTA TOWNSHIP SCHOOL DISTRICT

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**SPARTA TOWNSHIP SCHOOL DISTRICT
Board of Education**

INTRODUCTORY SECTION
(UNAUDITED)

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

October 13, 2017

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, 2017, 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 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.

1) REPORTING ENTITY AND ITS SERVICES:

As of June 30, 2017, Sparta Schools enrolled 3,252 students at five schools compared to 3,292 students as of June 30, 2016, which is a decrease of 40 students, or 1.22%. The detail of the June 30, 2017 enrollment is as follows: High School 1,095; Middle School 801; Helen Morgan School 470; Alpine School 664; and Mohawk Avenue School 222.

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 2016-2017 school year were as follows:

- 1:1 Chromebook Laptop Initiative at the High School and Middle School
- Helen Morgan Library Renovation

High School

- Media Resource Center is now Learner Active Technology Infused Setting
- New Stem Lab

Middle School

- New digital sign
- 5 refillable water stations
- Exterior landscape improvements
- New ELA program for 6th grade

Mohawk Avenue School

- Wonder Workshop (grant provided by SEF)
- Monthly Character Education Assemblies
- Mohawk Makes a Difference Program
- Multisensory Reading Training continued for third grade staff
- Two field trips: Liberty Science Center and Waterloo Village
- After-school remediation program in Reading, Writing, Math

3) MAJOR INITIATIVES:

Helen Morgan School

- Implementation of new Mathematics program, Envision 2.0
- Creation of HMS Lego Robotics Teams
- The return of the HMS Memorial Day Assembly
- Field Trips to Sterling Mines, Buehler Space Center, Quiet Valley Historical Farm and Camp of the Lake YMCA

Special Services

OOD Placements

- Hiring in-house Staff rather than contracting (Transition Coordinator, Behaviorist, OT Service provider)
- Program Development (data collection in the ABA setting)
- Providing students with authentic learning opportunities (CBI, Structured Learning Experiences, Job Sampling)
- All these efforts support the department's goal of offering robust programs that are attractive to local public schools for tuition-in opportunities as well as returning students to district.

Student Supplies

- Utilize technology to engage learners in the classroom as well as technology for special programs.

Professional Development

- Teachers in Level I Wilson/OG certification and other literacy supports (i.e. Visualizing and Verbalizing), autism class data/curriculum (Catalyst). All in an effort to attract tuition in and bring students back to district.

Transportation

- Expansion of community based instruction, structured learning, and job sampling.

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, 2017.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT:

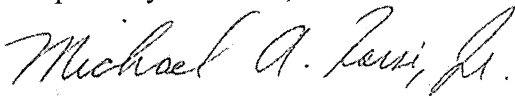
The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk management fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-~~2013~~.

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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.

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

Respectfully submitted,

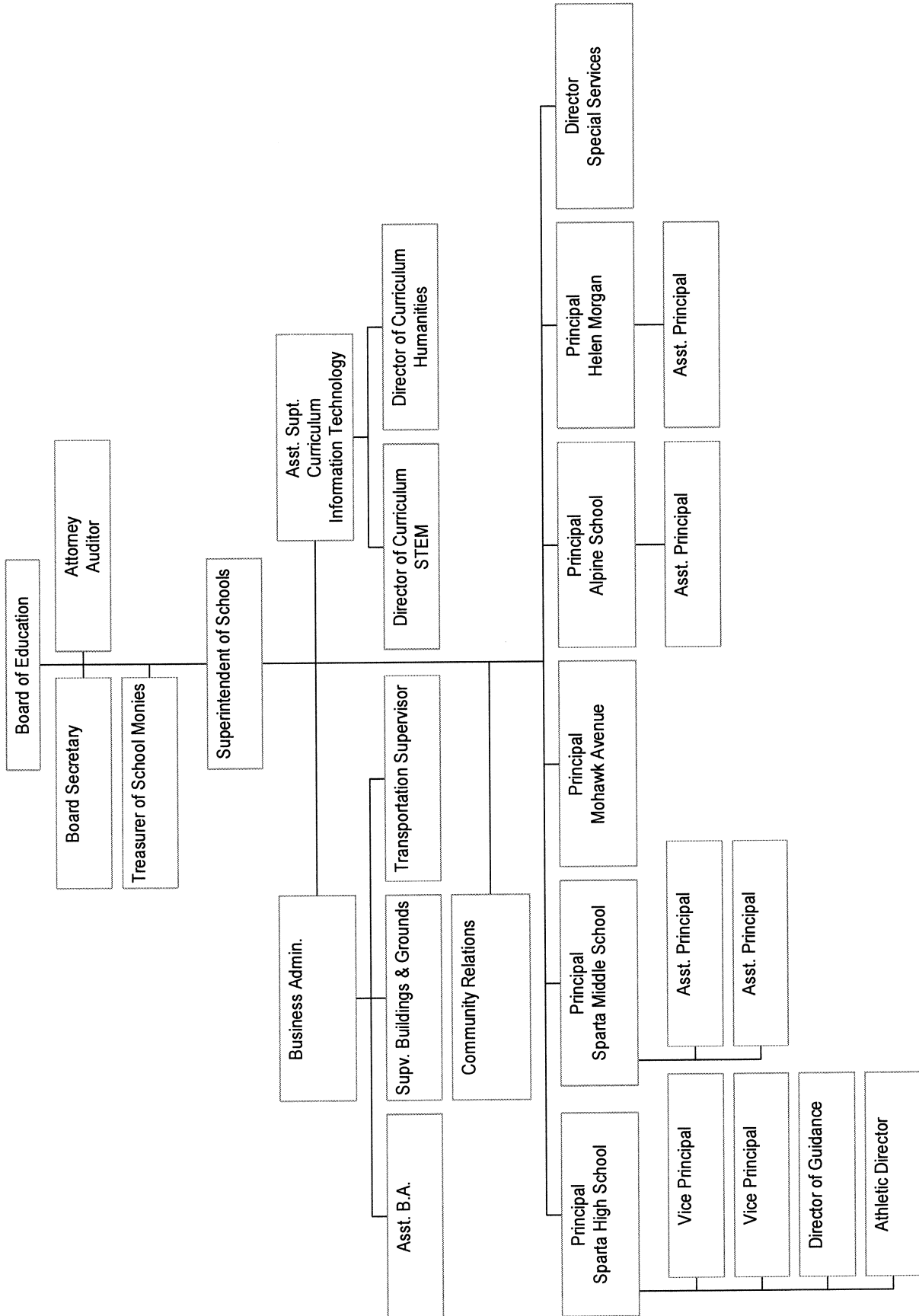


Dr. Michael Rossi
Superintendent



Pamela Hinman
School Business Administrator/Board Secretary

Sparta Township School District



**SPARTA TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kelly Anne McEvoy, President	2019
Jack Surdoval, Vice President	2018
Kylen Anderson	2017
Kimberly Bragg	2019
Melva Cummings	2017
Linda Curcio	2018
May Abdo-Matkiwsky	2017
Michael McGovern	2019
Karen Scott	2018

<u>Other Officers</u>	<u>Title</u>
Dr. Michael Rossi	Superintendent of Schools (from 12/1/2016)
Dennis Tobin	Superintendent of Schools (to 11/30/2016)
Pamela Hinman	School Business Administrator/Board Secretary (from 7/1/2017)
Anthony J. Mistretta	Interim School Business Administrator/Board Secretary (from 1/1/2017 to 6/30/2017)
Barbara A. Decker	School Business Administrator/Board Secretary (to 12/31/2016)
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

Gianforcaro Architects, Engineers & Planners
Chester, 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sparta Township School District, in the County of Sussex, as of June 30, 2017, 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 pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-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 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 October 13, 2017 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

October 13, 2017
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017. 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 2016/2017 school year are as follows:

- The District's net position decreased \$771,237 during the year.
- Overall revenue was \$89,165,647.
- Overall expenditures were \$89,936,884.

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, 2017
(UNAUDITED)**

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

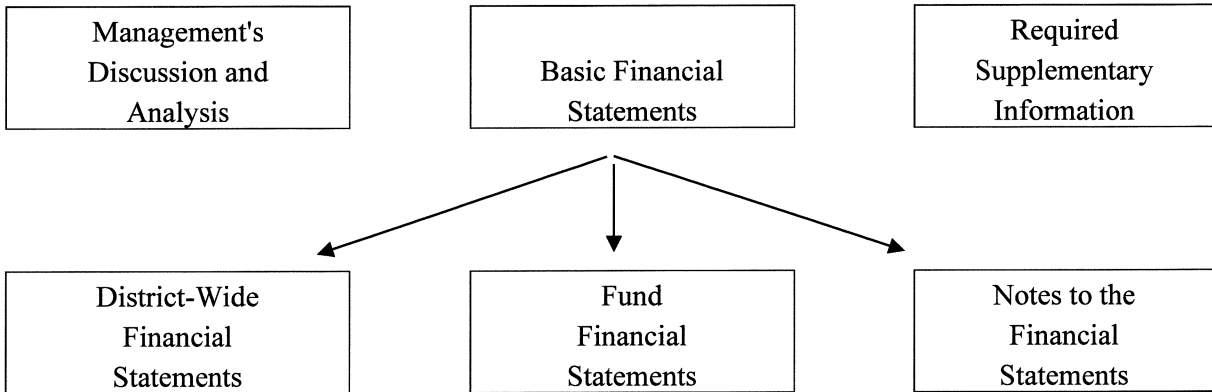


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, 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, 2017
(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 \$(6,505,684) on June 30, 2017, \$771,237 or 13.45% 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
	2016/17	2015/16*	2016/17	2015/16*	2016/17	2015/16*	
Current & Other Assets	\$ 8,875,840	\$ 6,989,810	\$ 105,904	\$ 125,975	\$ 8,981,744	\$ 7,115,785	26.22%
Capital Assets, Net	73,274,860	76,621,406	264,319	293,342	73,539,179	76,914,748	-4.39%
Total Assets	82,150,700	83,611,216	370,223	419,317	82,520,923	84,030,533	-1.80%
Deferred Outflows of Resources	11,033,483	6,134,996			11,033,483	6,134,996	79.84%
Other Liabilities	2,218,348	2,565,660	25,601	72,592	2,243,949	2,638,252	-14.95%
Long-Term Liabilities	97,816,141	92,984,438			97,816,141	92,984,438	5.20%
Total Liabilities	100,034,489	95,550,098	25,601	72,592	100,060,090	95,622,690	4.64%
Deferred Inflows of Resources		277,286				277,286	-100.00%
Net Position/(Deficit)							
Net Investment in Capital							
Assets	10,732,742	12,953,122	264,319	293,342	10,997,061	13,246,464	-16.98%
Restricted	6,992,480	4,318,653			6,992,480	4,318,653	61.91%
Unrestricted/(Deficit)	(24,575,528)	(23,352,947)	80,303	53,383	(24,495,225)	(23,299,564)	-5.13%
Total Net Position	\$ (6,850,306)	\$ (6,081,172)	\$ 344,622	\$ 346,725	\$ (6,505,684)	\$ (5,734,447)	-13.45%

* Restated

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Changes in Net Position. The District's combined net position decreased by \$771,237 or 13.45%. Net position from Governmental activities decreased \$769,134 and net position from Business-type activities decreased \$2,103. (See Figure A-4). Net investment in capital assets decreased by \$2,249,403 due to \$3,847,681 in depreciation (\$3,814,350 from Governmental activities and \$33,331 from Business-type activities), new capital leases of \$1,967,993 and the amortization of \$136,606 of the deferred amount on refunding offset by \$3,230,765 maturities of in long term liabilities (bonds and capital leases) and \$472,112 in capital additions (\$467,804 from Governmental activities and \$4,308 from Business-type activities). Restricted net position increased by \$2,673,827 due to a net increase of \$2,687,816 in capital reserve and a \$1 increase in debt service offset by a decrease in restricted capital projects of \$13,990. Unrestricted net position decreased by \$1,195,661 primarily due to an increase in net pension liability of \$6,530,669 offset by an increase in the changes in pension assumptions of \$3,073,192, an increase in the net difference between projected and actual pension investment earnings of \$1,183,919, amortized bond premiums of \$440,277 and unexpended budget appropriations.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
Revenue:							
Program Revenue:							
Charges for Services			\$ 744,113	\$ 743,090	\$ 744,113	\$ 743,090	0.14%
Operating Grants & Contributions	\$27,768,329	\$21,978,507	156,477	135,530	27,924,806	22,114,037	26.28%
General Revenue:							
Property Taxes	59,747,949	58,054,309			59,747,949	58,054,309	2.92%
Federal and State Unrestricted Aid	575,191	631,919			575,191	631,919	-8.98%
Other	173,588	210,441		256	173,588	210,697	-17.61%
Total Revenue	88,265,057	80,875,176	900,590	878,876	89,165,647	81,754,052	9.07%
Expenses:							
Instruction	49,606,057	43,008,108			49,606,057	43,008,108	15.34%
Pupil/Instruction Services	14,094,680	12,619,911			14,094,680	12,619,911	11.69%
Administrative/Business	8,223,462	8,133,308			8,223,462	8,133,308	1.11%
Operations/Maintenance	6,886,289	6,833,619			6,886,289	6,833,619	0.77%
Transportation	4,819,551	4,705,065			4,819,551	4,705,065	2.43%
Other	5,404,152	5,639,180	902,693	891,526	6,306,845	6,530,706	-3.43%
Total Expenses	89,034,191	80,939,191	902,693	891,526	89,936,884	81,830,717	9.91%
Other Item				7,030		7,030	-100.00%
(Decrease) in Net Position	\$ (769,134)	\$ (64,015)	\$ (2,103)	\$ (5,620)	\$ (771,237)	\$ (69,635)	

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Revenue Sources. The District's total revenue for the 2016/2017 school year was \$89,165,647 (See Figure A-5). Property taxes represented most of the District's revenue, with local taxes accounting for \$59,747,949 of the total, or 67.01 percent. Another 31.97 percent came from state and federal aid for specific programs and the remaining 1.02 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 2017 and 2016**

Sources of Income	2017	Percentage	2016	Percentage
Operating Grants and Contributions	\$ 27,924,806	31.32%	\$ 22,114,037	27.05%
Property Taxes	59,747,949	67.01%	58,054,309	71.01%
Federal and State Unrestricted Aid	575,191	0.65%	631,919	0.77%
Charges for Services	744,113	0.83%	743,090	0.91%
Other	173,588	0.19%	210,697	0.26%
	<u>\$ 89,165,647</u>	<u>100.00%</u>	<u>\$ 81,754,052</u>	<u>100.00%</u>

The total cost of all programs and services was \$89,936,884. A significant portion of the District's expenses relate to providing instruction, support and transportation to students (76.19 percent). (See Figure A-6). The remaining 23.81 percent of the District's expenses were for administrative and business costs which constitute 9.14 percent of total costs, plant operations and maintenance costs which represent 7.66 percent of total expenses, and other expenses which constitute 7.01 percent of total expenses and include payments to charter schools, unallocated depreciation, interest on long-term liabilities and the operations of the food service enterprise fund.

**Figure A-6
Expenses for Fiscal Year 2017 and 2016**

Expense Category	2017	Percentage	2016	Percentage
Instruction	\$ 49,606,057	55.16%	\$ 43,008,108	52.56%
Pupil and Instruction Services	14,094,680	15.67%	12,619,911	15.42%
Administrative and Business	8,223,462	9.14%	8,133,308	9.94%
Operations and Maintenance	6,886,289	7.66%	6,833,619	8.35%
Transportation	4,819,551	5.36%	4,705,065	5.75%
Other	6,306,845	7.01%	6,530,706	7.98%
	<u>\$ 89,936,884</u>	<u>100.00%</u>	<u>\$ 81,830,717</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District decreased \$.77 million during the course of the year. Maintaining existing programs with increasing regular pupil enrollment and outside placements and special services for disabled pupils places great demands on the District's resources. During the past few 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 enrollment, special education programs, energy and insurance.

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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.
- Completion of the solar project at the Sparta Middle School.

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**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>
Instruction	\$ 49,606,057	\$ 43,008,108	\$ 30,193,956	\$ 27,469,326
Pupil and Instruction Services	14,094,680	12,619,911	10,403,487	10,182,473
Administrative and Business	8,223,462	8,133,308	6,260,487	6,404,287
Operations and Maintenance	6,886,289	6,833,619	5,654,108	5,934,976
Transportation	4,819,551	4,705,065	3,349,672	3,330,442
Other	5,404,152	5,639,180	5,404,152	5,639,180
	<u>\$ 89,034,191</u>	<u>\$ 80,939,191</u>	<u>\$ 61,265,862</u>	<u>\$ 58,960,684</u>

- The cost of all governmental activities this year was \$89,034,191.
- The federal and state governments subsidized certain programs with \$27,768,329 in grants and contributions.
- Most of the District's costs were financed by \$59,747,949 in District taxes.
- A portion of governmental activities was financed with \$575,191 in unrestricted state and federal aid for general and specific programs.
- The remaining \$173,588 came from miscellaneous revenue.

Business-Type Activities

Net position of the District's business-type activities decreased by \$2,103 – investment in capital assets decreased \$29,023 due to depreciation of capital assets of \$33,331 offset by additions of \$4,308 and unrestricted net position increased \$26,920 primarily due to an increase in meals and related grants and contributions. (Refer to Figure A-4).

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Financial Analysis of the District's Funds

The District's General Fund balance increased by \$2,948,154 on the GAAP basis due primarily to unexpended budget appropriations. 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 unassigned General Fund 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 annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Assets and Long Term Liabilities

Capital Assets

The District's capital assets decreased \$3,375,569 or 4.39%. Capital additions were \$472,112 (\$467,804 from Governmental activities and \$4,308 from Business-type activities) offset by \$3,847,681 in current year depreciation (\$3,814,350 from Governmental activities and \$33,331 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
	2016/17	2015/16*	2016/17	2015/16*	2016/17	2015/16*	
Land	\$ 649,333	\$ 649,333			\$ 649,333	\$ 649,333	0.00%
Site Improvements	2,267,944	2,427,260			2,267,944	2,427,260	-6.56%
Buildings and							
Building Improvements	66,860,633	69,094,108			66,860,633	69,094,108	-3.23%
Machinery & Equipment	3,496,950	4,450,705	\$ 264,319	\$ 293,342	3,761,269	4,744,047	-20.72%
Total Capital Assets							
(Net of Depreciation)	<u>\$ 73,274,860</u>	<u>\$ 76,621,406</u>	<u>\$ 264,319</u>	<u>\$ 293,342</u>	<u>\$ 73,539,179</u>	<u>\$ 76,914,748</u>	-4.39%

* Restated

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Capital Assets and Long Term Liabilities

Long-term Liabilities

The District's long-term liabilities increased \$4,831,703, or 5.20%, from the prior year. At year-end, the District had \$63,265,000 in general obligation bonds, \$23,776,865 in net pension liability, \$1,783,057 in capital leases, \$765,074 in compensated absences payable and \$8,226,145 in unamortized bond issuance premiums (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 Liabilities**

	Total School District		Percentage Change
	2016/17	2015/16	
Bonds Payable	\$ 63,265,000	\$ 66,140,000	-4.3%
Unamortized Bond Issuance Premium	8,226,145	8,666,422	-5.08%
Net Pension Liability	23,776,865	17,246,196	37.87%
Capital Leases	1,783,057	170,829	943.77%
Other Long-Term Liabilities	<u>765,074</u>	<u>760,991</u>	0.54%
Total Long-Term Liabilities Outstanding	<u><u>\$ 97,816,141</u></u>	<u><u>\$ 92,984,438</u></u>	5.20%

- The District continued to pay down its bonded debt, retiring \$2,875,000 of serial bonds.
- The District entered into \$1,967,993 of capital leases in the current fiscal year and paid down \$355,765 in capital lease principal.
- The District's net pension liability increased by \$6,530,669.
- The District's liability for accumulated sick and vacation time increased by \$4,083.
- The District amortized \$440,277 in bond issuance premium.

Factors Bearing on the District's Future

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

The only remaining contract to be settled is with the AFSCME, Council 52, Local 2294 (Bus Drivers) which expired June 30, 2017.

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Factors Bearing on the District's Future

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,209,868	\$ 83,621	\$ 3,293,489
Receivables from State Government	456,530	410	456,940
Receivables from Federal Government	153,038	6,560	159,598
Other Receivables	49,752		49,752
Inventory		15,313	15,313
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	4,481,652		4,481,652
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	72,625,527	264,319	72,889,846
Total Assets	82,150,700	370,223	82,520,923
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	2,505,939		2,505,939
Changes in Assumptions - Pensions	4,925,296		4,925,296
Changes in Proportion - Pensions	1,518,437		1,518,437
Difference between Expected and Actual Experience - Pensions	442,178		442,178
Net Difference between Projected and Actual Investment Earnings - Pensions	906,633		906,633
District Contribution Subsequent to the Measurement Date-Pensions	735,000		735,000
Total Deferred Outflows of Resources	11,033,483		11,033,483
LIABILITIES			
Current Liabilities:			
Accounts Payable	994,687		994,687
Accrued Interest Payable	1,044,824		1,044,824
Payable to Other Governments	104,461		104,461
Unearned Revenue	74,376	25,601	99,977
Noncurrent Liabilities:			
Due Within One Year	3,991,301		3,991,301
Due Beyond one Year	93,824,840		93,824,840
Total Liabilities	100,034,489	25,601	100,060,090
NET POSITION/(Deficit)			
Net Investment in Capital Assets	10,732,742	264,319	10,997,061
Restricted for:			
Capital Projects	4,967,477		4,967,477
Debt Service	3		3
Maintenance	525,000		525,000
Excess Surplus	1,500,000		1,500,000
Unrestricted/(Deficit)	(24,575,528)	80,303	(24,495,225)
Total Net Position/(Deficit)	\$ (6,850,306)	\$ 344,622	\$ (6,505,684)

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, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 35,691,558		\$ 12,635,133		\$ (23,056,425)		\$ (23,056,425)
Special Education Instruction	10,300,417		6,010,116		(4,290,301)		(4,290,301)
Other Special Instruction	553,048		236,242		(316,806)		(316,806)
School-Sponsored/Other Instruction	3,061,034		530,610		(2,530,424)		(2,530,424)
Support Services:							
Tuition	2,655,176		366,120		(2,289,056)		(2,289,056)
Student & Instruction Related Services	11,439,504		3,325,073		(8,114,431)		(8,114,431)
General Administration Services	1,658,805		279,288		(1,379,517)		(1,379,517)
School Administration Services	4,984,996		1,419,881		(3,565,115)		(3,565,115)
Central Services	1,002,881		263,806		(739,075)		(739,075)
Administrative Information Technology	576,780				(576,780)		(576,780)
Plant Operations and Maintenance	6,886,289		1,232,181		(5,654,108)		(5,654,108)
Pupil Transportation	4,819,551		1,469,879		(3,349,672)		(3,349,672)
Charter School	174,152				(174,152)		(174,152)
Unallocated Depreciation	2,638,904				(2,638,904)		(2,638,904)
Interest on Long-Term Debt	2,591,096				(2,591,096)		(2,591,096)
Total Governmental Activities	89,034,191		27,768,329		(61,265,862)		(61,265,862)

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	\$ 902,693	\$ 744,113	\$ 156,477		\$ (2,103)	\$ (2,103)	
Total Business-Type Activities	902,693	744,113	156,477		(2,103)	(2,103)	
Total Primary Government	\$ 89,936,884	\$ 744,113	\$ 27,924,806	\$ - 0 -	\$ (61,265,862)	(61,267,965)	

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes, Net	54,533,958	54,533,958
Property Taxes Levied for Debt Service	5,213,991	5,213,991
Federal and State Aid not Restricted	575,191	575,191
Interest and Miscellaneous Income	173,588	173,588
Total General Revenues	60,496,728	60,496,728
Change in Net Position	(769,134)	(771,237)
Net Position/(Deficit) - Beginning - Restated	(6,081,172)	346,725
Net Position/(Deficit) - Ending	\$ (6,850,306)	\$ 344,622

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, 2017

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,625,946	\$ 90,099	\$ 493,820	\$ 3	\$ 3,209,868
Interfunds Receivable	1,000				1,000
Receivables from State Government	448,549	7,981			456,530
Receivables from Federal Government		153,038			153,038
Other Receivables	49,565	187			49,752
Restricted Cash and Cash Equivalents	5,006,652				5,006,652
Total Assets	<u>\$ 8,131,712</u>	<u>\$ 251,305</u>	<u>\$ 493,820</u>	<u>\$ 3</u>	<u>\$ 8,876,840</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts Payable - Vendors	\$ 172,308	\$ 80,384	\$ 6,995		\$ 259,687
Interfunds Payable			1,000		1,000
Payable to State Government		104,461			104,461
Unearned Revenue	7,916	66,460			74,376
Total Liabilities	<u>180,224</u>	<u>251,305</u>	<u>7,995</u>		<u>439,524</u>

Fund Balances:					
Restricted for:					
Capital Reserve Account	4,481,652				4,481,652
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			485,825		485,825
Debt Service Fund				\$ 3	3

SPARTA TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

LIABILITIES AND FUND BALANCES

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Assigned:					
Year-end Encumbrances	\$ 725,863				\$ 725,863
Unassigned	718,973				718,973
Total Fund Balances	7,951,488		\$ 485,825	3	8,437,316
Total Liabilities and Fund Balances	\$ 8,131,712	\$ 251,305	\$ 493,820	\$ 3	\$ 8,876,840

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

Total Fund Balances - Governmental Funds (Above) \$ 8,437,316

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 \$117,330,678 and the accumulated depreciation is \$44,055,818. 73,274,860

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	4,925,296
Change in Proportions - Pensions	1,518,437
Difference Between Expected and Actual Pension Experience	442,178
Net Difference Between Projected and Actual Investment Earnings - Pensions	906,633

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.

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (89,589,996)

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 \$1,075,323. (8,226,145)

Deferred amount on the refunding is not reported as expenditures in the governmental funds in the year of the expenditure. 2,505,939

Net Position/(Deficit) of Governmental Activities (Exhibit A-1) \$ (6,850,306)

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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 54,533,958			\$ 5,213,991	\$ 59,747,949
Miscellaneous	257,488	\$ 157,059	\$ 1,000		415,547
Total - Local Sources	54,791,446	157,059	1,000	5,213,991	60,163,496
State Sources	13,542,352	598,156		575,191	14,715,699
Federal Sources		1,071,800			1,071,800
Total Revenues	68,333,798	1,827,015	1,000	5,789,182	75,950,995
EXPENDITURES:					
Current:					
Instruction:					
Regular Education Instruction	17,748,520	510,450			18,258,970
Special Education Instruction	4,991,563	947,810			5,939,373
Other Special Instruction	80,320				80,320
School-Sponsored/Other Instruction	2,204,766				2,204,766
Support Services and Undistributed Costs:					
Tuition	2,289,056	366,120			2,655,176
Student & Instruction Related Services	6,063,175				6,063,175
General Administration Services	1,206,367				1,206,367
School Administration Services	2,678,743				2,678,743
Central Services	559,098				559,098
Administrative Information Technology	343,051				343,051
Plant Operations and Maintenance	4,838,195				4,838,195
Pupil Transportation	4,176,448				4,176,448
Unallocated Benefits	17,308,938				17,308,938

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 2,692,245	\$ 2,635	\$ 13,990		\$ 2,708,870
Charter School	174,152				174,152
Debt Service:					
Principal				\$ 2,875,000	2,875,000
Interest and Other Charges				2,914,181	2,914,181
Total Expenditures	<u>67,354,637</u>	<u>\$ 1,827,015</u>	<u>13,990</u>	<u>5,789,181</u>	<u>74,984,823</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	979,161		(12,990)	1	966,172
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-Budgeted)	1,967,993				1,967,993
Transfers In	1,000				1,000
Transfers Out			(1,000)		(1,000)
Total Other Financing Sources/(Uses)	<u>1,968,993</u>		<u>(1,000)</u>		<u>1,967,993</u>
Net Change in Fund Balances	2,948,154		(13,990)	1	2,934,165
Fund Balance - July 1	5,003,334		499,815	2	5,503,151
Fund Balance - June 30	<u>\$ 7,951,488</u>	<u>\$ - 0 -</u>	<u>\$ 485,825</u>	<u>\$ 3</u>	<u>\$ 8,437,316</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, 2017

<p>The governmental funds report the effect of deferred amount on the refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)</p> <p>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. (+)</p> <p>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:</p>	<p>\$ (136,606)</p> <p>440,277</p>
<p>Change in Net Pension Liability</p> <p>Deferred Outflows:</p> <p>Changes in Assumptions</p> <p>Changes in Proportion</p> <p>Difference between Expected and Actual Experience</p> <p>Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments</p>	<p>(6,530,669)</p> <p>3,073,192</p> <p>289,524</p> <p>30,744</p> <p>1,183,919</p>
<p>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 (+).</p> <p>Change in Net Position of Governmental Activities (Exhibit A-2)</p>	<p>(4,083)</p> <hr style="border: 1px solid black;"/> <p><u>\$ (769,134)</u></p>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 83,621
Accounts Receivable - State	410
Accounts Receivable - Federal	6,560
Inventories	<u>15,313</u>
Total Current Assets	<u>105,904</u>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	1,136,823
Less: Accumulated Depreciation	<u>(872,504)</u>
Total Non-Current Assets	<u>264,319</u>
Total Assets	<u>370,223</u>
LIABILITIES:	
Unearned Revenue - Prepaid Sales	23,661
Unearned Revenue - Donated Commodities	<u>1,940</u>
Total Liabilities	<u>25,601</u>
NET POSITION:	
Investment in Capital Assets	264,319
Unrestricted	<u>80,303</u>
Total Net Position	<u><u>\$ 344,622</u></u>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 443,212
Daily Sales - Non-Reimbursable Programs	277,189
Special Events	23,712
	744,113
Total Operating Revenue	
Operating Expenses:	
Cost of Sales - Reimbursable	215,829
Cost of Sales - Non-Reimbursable	134,982
Salaries and Benefits	329,369
Purchased Services	30,567
Management Fee	72,065
Resident Director Fee	52,780
Supplies and Materials	33,770
Depreciation Expense	33,331
	902,693
Total Operating Expenses	
Operating Loss	(158,580)
Non-Operating Revenue:	
State Sources:	
School Lunch Program	5,831
Federal Sources:	
School Breakfast Program	4,454
National School Lunch Program	90,938
Food Distribution Program	54,917
Local Sources:	
Interest Income	337
	156,477
Total Non-Operating Revenue	
Change in Net Postion	(2,103)
Net Position - Beginning of Year (Restated)	346,725
Net Position - End of Year	\$ 344,622

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 745,292
Payments to Employees	(329,369)
Payments to Suppliers	(529,120)
Net Cash Used for Operating Activities	<u>(113,197)</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(4,308)
Net Cash Used for Capital and Related Financing Activities	<u>(4,308)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	5,755
Federal Sources	94,008
Received from Food Service Contractor	7,030
Net Cash Provided by Noncapital and Related Financing Activities	<u>106,793</u>
Cash Flows from Investing Activities:	
Interest Revenue	337
Net Cash Provided by Investing Activities	<u>337</u>
Net Decrease in Cash and Cash Equivalents	(10,375)
Cash and Cash Equivalents, July 1	<u>93,996</u>
Cash and Cash Equivalents, June 30	<u>\$ 83,621</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (158,580)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	33,331
Federal Food Distribution Program	54,917
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	4,126
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	3,839
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(2,660)
Increase/(Decrease) in Accounts Payable	(48,170)
Net Cash Used for Operating Activities	<u>\$ (113,197)</u>

Non-Cash Investing, Capital and Financing Activities:

The District had \$4,600 in USDA donated commodities at June 30, 2016, received commodities valued at \$52,257, used commodities valued at \$54,917, and had \$1,940 in commodities at June 30, 2017.

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2017

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:				
Cash and Cash Equivalents	\$ 587,286	\$ 64,947	\$ 204,636	\$ 21,834
Total Assets	<u>587,286</u>	<u>64,947</u>	<u>204,636</u>	<u>21,834</u>
LIABILITIES:				
Payroll Deductions and Withholdings	315,887			
Due to Student Groups	271,399			
Total Liabilities	<u>587,286</u>			
NET POSITION:				
Held in Trust for:				
Scholarship Awards		64,947		
Unemployment Claims			204,636	
Flexible Spending Claims				21,834
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 64,947</u>	<u>\$ 204,636</u>	<u>\$ 21,834</u>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Employee		\$ 103,195	\$ 44,117
Total Contributions		103,195	44,117
Investment Earnings:			
Interest	\$ 35	333	26
Net Investment Earnings	35	333	26
Total Additions	35	103,528	44,143
DEDUCTIONS:			
Scholarship Awards	5,000		
Unemployment Claims		77,348	
Flexible Spending Claims			39,441
Total Deductions	5,000	77,348	39,441
Change in Net Position	(4,965)	26,180	4,702
Net Position- July 1	69,912	178,456	17,132
Net Position - June 30	\$ 64,947	\$ 204,636	\$ 21,834

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, 2017

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.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall 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, 2017
(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, 2017
(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, 2017

(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, 2017 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	\$ 68,335,289	\$ 1,871,283
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.		(44,268)
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	590,941	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	<u>(592,432)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 68,333,798</u>	<u>\$ 1,827,015</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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	\$ 67,354,637	\$ 1,871,283
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.		(44,268)
Total Expenditures as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 67,354,637	\$ 1,827,015

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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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.

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, 2017.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

K. Capital Assets: (Cont'd)

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 and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

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 governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements 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, 2017.

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, 2017
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$7,951,488 General Fund balance at June 30, 2017, \$725,863 is assigned for year-end encumbrances; \$4,481,652 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, 2019; \$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, 2018; and \$718,973 is unassigned on the GAAP basis (which is \$592,432 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 \$485,825 Capital Projects Fund balance at June 30, 2017 is restricted.

Debt Service Fund: The Debt Service Fund balance at June 30, 2017 of \$3 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 \$592,432 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 \$24,575,528 and overall deficit in net position of \$6,850,306 in its governmental activities, which is primarily due to the net pension liability of \$23,776,865 and an unamortized bond premium of \$8,226,144; offset by changes in pension assumptions of \$4,925,296 and changes in proportion in pensions of \$1,518,437. These deficits do 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, 2017
(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 deferred outflows of resources at June 30, 2017 for the deferred amount on the refunding of debt, changes in assumptions and in proportion in pensions, the difference between expected and actual pension experience, the net difference between projected and actual investment earnings on pension plan investments and the District contribution subsequent to the measurement date related to pension.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had no deferred inflows of resources at June 30, 2017.

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, 2017.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 \$725,863 for year-end encumbrances in the General Fund at June 30, 2017.

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, 2017
(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.

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 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.

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

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, 2017
(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 Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (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 section 1 of P.L. 1970, c.236 (C.17-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

		Restricted		
Cash and Cash Equivalents	Capital Reserve Account	Maintenance Reserve Account	Total	
Checking and Savings Accounts	\$ 4,172,192	\$ 4,481,652	\$ 525,000	\$ 9,178,844

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$9,178,844 and the bank balances were \$10,398,245.

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District transferred \$46,442 to capital outlay line items for facilities acquisition and construction services which required County Superintendent approval. The District also transferred \$226,788 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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance July 1, 2016		\$ 1,793,836
Increased by:		
Interest Earnings	\$ 3,078	
Deposit by Board Resolution (June 2017)	2,964,538	
		2,967,616
		4,761,452
Decreased by:		
Budgeted Withdrawal from Capital Reserve		(279,800)
Ending Balance June 30, 2017		\$ 4,481,652

The balance in the capital reserve account at June 30, 2017 does not exceed the local support costs of uncompleted Capital projects in the District's approved LRFP. The withdrawal from the capital reserve was 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, 2017
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	(Restated) Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 649,333			\$ 649,333
Total Capital Assets Not Being Depreciated	<u>649,333</u>			<u>649,333</u>
Capital Assets Being Depreciated:				
Site Improvements	4,447,655	\$ 28,025		4,475,680
Buildings and Building Improvements	95,329,043	190,802		95,519,845
Machinery and Equipment	16,549,511	248,977	\$ (112,668)	16,685,820
Total Capital Assets Being Depreciated	<u>116,326,209</u>	<u>467,804</u>	<u>(112,668)</u>	<u>116,681,345</u>
Governmental Activities Capital Assets	<u>116,975,542</u>	<u>467,804</u>	<u>(112,668)</u>	<u>117,330,678</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,020,395)	(187,341)		(2,207,736)
Buildings and Building Improvements	(26,234,935)	(2,424,277)		(28,659,212)
Machinery and Equipment	(12,098,806)	(1,202,732)	112,668	(13,188,870)
	<u>(40,354,136)</u>	<u>(3,814,350)</u>	<u>112,668</u>	<u>(44,055,818)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 76,621,406</u>	<u>\$ (3,346,546)</u>	<u>\$ - 0 -</u>	<u>\$ 73,274,860</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,132,515	\$ 4,308		\$ 1,136,823
Less Accumulated Depreciation	(839,173)	(33,331)		(872,504)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 293,342</u>	<u>\$ (29,023)</u>	<u>\$ - 0 -</u>	<u>\$ 264,319</u>
Total Governmental and Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 76,914,748</u>	<u>\$ (3,375,569)</u>	<u>\$ - 0 -</u>	<u>\$ 73,539,179</u>

Capital acquisitions consisted of \$472,112 of equipment purchases (\$467,804 from Governmental Funds and \$4,308 from the Food Service Enterprise Fund) and site and building improvements. Current year depreciation was \$3,847,681 (\$3,814,350 from Governmental Funds and \$33,331 from the Food Service Enterprise Fund).

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 557,051
Special Education Instruction	4,086
Other Special Instruction	90,720
General Administration	6,883
School Administrative Services	12,427
Central Services	17,044
Administration Information Technology	233,729
Operations and Maintenance of Plant	152,051
Student Transportation	101,455
Unallocated	<u>2,638,904</u>
	<u><u>\$ 3,814,350</u></u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Balance 6/30/2016	Increased	Decreased	Balance 6/30/2017
Serial Bonds Payable	\$ 66,140,000		\$ 2,875,000	\$ 63,265,000
Unamortized Bond Issuance Premium	8,666,422		440,277	8,226,145
Net Pension Liability	17,246,196	\$ 6,530,669		23,776,865
Compensated Absences Payable	760,991	92,385	88,302	765,074
Capital Leases Payable	170,829	1,967,993	355,765	1,783,057
	<u>\$ 92,984,438</u>	<u>\$ 8,591,047</u>	<u>\$ 3,759,344</u>	<u>\$ 97,816,141</u>

A. Unamortized Bond Issuance Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$440,277 and is separated from the long-term liability balance of \$7,785,868.

B. 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Bonds Payable: (Cont'd)

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.

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, 2017 as follows:

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
09/01/2017	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>10,645,000</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. 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>
02/15/2018	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>52,620,000</u>
Total Bonds Payable		<u>\$ 63,265,000</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>
2018	\$ 2,930,000	\$ 2,813,832	\$ 5,743,832
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	3,345,000	2,327,119	5,672,119
2023-2027	18,940,000	9,024,671	27,964,671
2028-2032	15,920,000	5,417,300	21,337,300
2033-2036	12,585,000	1,575,500	14,160,500
	<u>\$ 63,265,000</u>	<u>\$ 28,823,504</u>	<u>\$ 92,088,504</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

C. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had no bonds authorized but not issued.

D. Capital Leases Payable:

The District has entered into capital leases for bleachers, musical equipment and technology equipment totaling \$2,455,223 of which \$672,166 has been liquidated as of June 30, 2017. 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, 2017.

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 625,567
2019	402,307
2020	402,307
2021	402,307
Total minimum lease payments	1,832,488
Less: Amount representing interest	(49,431)
Present value of net minimum lease payments	<u>\$ 1,783,057</u>

The current portion of capital leases payable is \$613,936, and the long-term portion of capital leases payable is \$1,169,121 at June 30, 2017.

E. 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 \$7,088 and the long-term portion of compensated absences liability is \$757,986 at June 30, 2017.

There was no liability for compensated absences payable in the District's Enterprise Funds at June 30, 2017.

F. 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, 2017 is \$-0- and the long-term portion is \$23,776,865. See Note 10 for further information on the PERS.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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, 2017 were \$34,615. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 34,615
2019	34,615
2020	34,615
2021	32,315
Total Future Minimum Lease Payments	<u>\$ 136,160</u>

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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 publicly 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 \$2,393,913, \$2,433,344 and \$2,156,597 for 2017, 2016 and 2015, 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).

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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.

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 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a 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. 43:15A 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 \$730,259 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. 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, 2017

(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, 2017, the District reported a liability of \$23,776,865 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.0803%, which was an increase of 0.0035% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$2,666,452. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 298,880	
	2015	5.72	1,221,290	
	2016	5.57	3,405,126	
			<u>4,925,296</u>	
Difference Between Expected and Actual Experience	2015	5.72	338,842	
	2016	5.57	103,336	
			<u>442,178</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(447,876)	
	2015	5.00	286,548	
	2016	5.00	1,067,961	
			<u>906,633</u>	
Changes in Proportion	2014	6.44	748,675	
	2015	5.72	206,960	
	2016	5.57	562,802	
			<u>1,518,437</u>	
District Contribution Subsequent to the Measurement Date	2016	1.00	<u>735,000</u>	
			<u>\$ 8,527,544</u>	<u>\$ -0-</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 1,412,558
2018	1,412,558
2019	1,636,496
2020	1,374,896
2021	437,599
	\$ 6,274,107

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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, 2017

(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 (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2017
(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, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 29,135,773	\$ 23,776,865	\$ 19,352,622

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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, 2017
(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 2016, 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 2017, the State of New Jersey contributed \$2,772,603 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$15,086,666.

The employee contribution rate was 7.20% effective July 1, 2016. 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, 2017, the State's proportionate share of the net pension liability associated with the District was \$200,791,218. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.255%, which was an increase of 0.004% from its proportion measured as of June 30, 2015.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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>200,791,218</u>
Total	\$	<u>200,791,218</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$15,086,666 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	<u>Year of</u>	<u>Amortization</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Deferral</u>	<u>Period</u>	<u>Outflows of</u>	<u>Inflows of</u>
		<u>in Years</u>	<u>Resources</u>	<u>Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	<u>9,522,623,964</u>	
				<u>15,702,750,875</u>
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		<u>118,421,979</u>
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	<u>1,727,420,767</u>	
			<u>1,434,728,663</u>	
			<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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)

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
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, 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, 2017
(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, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 239,789,586	\$ 200,791,218	\$ 168,944,017

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, 2017
(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 \$13,629 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$24,985 for the fiscal year ended June 30, 2017.

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance July 1, 2016	\$ 525,000
Ending Balance June 30, 2017	\$ 525,000

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2016 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 38,579,014
Net Position	\$ 9,463,015
Total Revenue	\$ 41,445,355
Total Expenses	\$ 39,153,730
Change in Net Position	\$ 2,291,625
Members' Dividends	\$ -0-

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

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

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.

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>
2016-2017	\$ 50,000	\$ 53,528	\$ 77,348	\$ 204,636
2015-2016	75,000	51,832	52,844	178,456
2014-2015	-0-	49,329	94,070	104,468

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, 2017, 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>
<u>\$ 725,863</u>	<u>\$ 56,823</u>	<u>\$ 9,413</u>	<u>\$ 792,099</u>

On the District’s Governmental Funds Balance Sheet as of June 30, 2017, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances in the Special Revenue Fund of \$56,823 are not recognized on the GAAP basis and are reflected as a reduction in grants receivables or an increase in unearned revenue. Encumbrances in the Capital Projects Fund of \$9,413 is included in the \$485,825 restricted fund balance on a GAAP basis at June 30, 2017.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. 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.

Equitable Life Insurance is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 17. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as at June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 1,000	
Capital Projects Fund		\$ 1,000
	\$ 1,000	\$ 1,000

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment to the District Wide Financial Statements to record corrections per the updated appraisal report provided as of June 30, 2016.

	Balance 6/30/16 as Previously Reported	Retroactive Adjustments	Balance 6/30/2016 as Restated
<u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
Assets:			
Capital Assets:			
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	\$ 76,178,649	\$ (206,576)	\$ 75,972,073
Total Assets - Governmental Activities	83,817,792	(206,576)	83,611,216
Net Position/(Deficit):			
Net Investments in Capital Assets	13,159,698	(206,576)	12,953,122
Total Net Position/(Deficit) - Governmental Activities	(5,874,596)	(206,576)	(6,081,172)
<u>Business-Type Activities:</u>			
Non-Current Assets:			
Capital Assets:			
Machinery and Equipment	1,037,557	94,958	1,132,515
Accumulated Depreciation	(811,408)	(27,765)	(839,173)
Total Assets	352,124	67,193	419,317
Net Position:			
Net Investment in Capital Assets	226,149	67,193	293,342
Total Net Position	279,532	67,193	346,725

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 19. ACCOUNTS PAYABLE

The following accounts payable existed on the various balance sheets as of June 30, 2017:

	Governmental Activities				
General Fund	Special Revenue Fund	Capital Projects Fund	District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	
Vendors	\$ 172,308	\$ 80,384	\$ 6,995		\$ 259,687
State of New Jersey				\$ 735,000	735,000
	\$ 172,308	\$ 80,384	\$ 6,995	\$ 735,000	\$ 994,687

NOTE 20. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Sparta recognized revenue in the amount of \$169,265 from five payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2016 without the abatement would have been \$524,804 of which \$331,800 would have been for the local school tax.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's Proportion of the Net Pension Liability	0.0751741682%	0.0768273311%	0.0802807819%
District's Proportionate Share of the Net Pension Liability	\$ 14,074,660	\$ 17,246,196	\$ 23,776,865
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	2.768411067	321.12%	462.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%

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,		
	2015	2016	2017
Contractually Required Contribution	\$ 619,725	\$ 660,509	\$ 730,259
Contributions in Relation to the Contractually Required Contribution	<u>(619,725)</u>	<u>(660,509)</u>	<u>(730,259)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 5,044,230	\$ 5,084,021	\$ 5,370,633
Contributions as a Percentage of Covered Employee Payroll	12.29%	12.99%	13.60%

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 STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's Proportion of the Net Pension Liability Attributable to the District	0.2665855069%	0.2512752554%	0.2552440455%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 142,481,277	\$ 158,816,692	\$ 200,791,218
District's Covered Employee Payroll	\$ 25,292,572	\$ 25,734,948	\$ 25,904,648
State's Proportionate Share of the Net Pension Liability Attributable to the District as a Percentage of its Covered Employee Payroll	563.33%	617.12%	775.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%

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 STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	\$ 7,666,830	\$ 9,697,189	\$ 15,086,666
Contributions in relation to the Contractually Required Contribution	<u>(1,358,486)</u>	<u>(2,043,583)</u>	<u>(2,772,603)</u>
Contribution Deficiency/(Excess)	<u>\$ 6,308,344</u>	<u>\$ 7,653,606</u>	<u>\$ 12,314,063</u>
District's Covered Employee Payroll	\$ 25,734,948	\$ 25,904,648	\$ 27,078,583
Contributions as a percentage of Covered Employee Payroll	5.28%	7.89%	10.24%

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, 2017

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 54,533,958		\$ 54,533,958	\$ 54,533,958	\$ 54,900
Tuition from Individuals	30,000		30,000	84,900	3,667
Tuition - Other LEA's	1,000		1,000	3,078	2,078
Interest on Capital Reserve	100,000		100,000	165,843	65,843
Unrestricted Miscellaneous					
Total - Local Sources	54,664,958		54,664,958	54,791,446	126,488
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	205,000		205,000	323,645	118,645
PARCC Readiness Aid	33,030		33,030	33,030	
Per Pupil Growth Aid	33,030		33,030	33,030	
Professional Learning Community Aid	31,980		31,980	31,980	
Host District Support Aid	2,344		2,344	2,344	
Non-Public Transportation Aid				29,296	29,296
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,393,913	2,393,913
TPAF On-Behalf Pension Contributions (Non-Budgeted)				2,772,603	2,772,603
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				100,458	100,458
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,296	5,296
TPAF Social Security (Reimbursed - Non-Budgeted)				1,941,158	1,941,158
Total State Sources	6,182,474		6,182,474	13,543,843	7,361,369
Federal Sources:					
Medicaid Assistance Program	15,371		15,371		(15,371)
Total Federal Sources	15,371		15,371		(15,371)
TOTAL REVENUES	60,862,803		60,862,803	68,335,289	7,472,486

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 57,398	\$ 73,531	\$ 130,929	\$ 130,373	\$ 556
Kindergarten - Salaries of Teachers	727,200	(14,170)	713,030	712,840	190
Grades 1-5 - Salaries of Teachers	4,860,067	(119,202)	4,740,865	4,740,865	
Grades 6-8 - Salaries of Teachers	4,720,466	(183,664)	4,536,802	4,536,802	
Grades 9-12 - Salaries of Teachers	6,432,191	110,694	6,542,885	6,542,187	698
Regular Programs - Home Instruction:					
Other Salaries for Instruction	45,000	(7,566)	37,434	22,118	15,316
Purchased Professional - Educational Services	25,000	(6,500)	18,500	11,287	7,213
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	20,000	23,000	43,000	38,936	4,064
Purchased Professional - Educational Services	2,750		2,750	1,325	1,425
Other Purchased Services (400-500 series)	169,432	(190)	169,242	128,881	40,361
General Supplies	886,295	(51,392)	834,903	767,163	67,740
Textbooks	152,701	(31,135)	121,566	115,196	6,370
Other Objects	1,449		1,449	547	902
Total Regular Programs - Instruction	18,099,949	(206,594)	17,893,355	17,748,520	144,835
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	61,249	3,610	64,859	64,859	
Other Salaries for Instruction	15,470	130	15,600	15,597	3
General Supplies	2,500		2,500	684	1,816
Total Behavioral Disabilities	79,219	3,740	82,959	81,140	1,819

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 221,590	\$ (2,654)	\$ 218,936	\$ 218,918	\$ 18
Other Salaries for Instruction	18,299	94,822	113,121	113,051	70
Other Purchased Services	220		220	220	
General Supplies	1,955	609	2,564	2,564	
Total Multiple Disabilities	242,064	92,777	334,841	334,753	88
Learning and/or Language Disabilities:					
Salaries of Teachers	348,913	58,878	407,791	407,790	1
Other Salaries for Instruction	160,611	66,564	227,175	227,175	
Other Purchased Services	3,000		3,000	2,601	399
General Supplies	9,548	(5,997)	3,551	1,002	2,549
Total Learning and/or Language Disabilities	522,072	119,445	641,517	638,568	2,949
Resource Room/Resource Center:					
Salaries of Teachers	2,829,280	27,912	2,857,192	2,857,192	
Other Salaries for Instruction	706,081	(52,663)	653,418	652,076	1,342
Other Purchased Services	29,473	4,586	34,059	30,374	3,685
General Supplies	7,565	422	7,987	6,278	1,709
Total Resource Room/Resource Center	3,572,399	(19,743)	3,552,656	3,545,920	6,736

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 61,998	\$ 13,432	\$ 75,430	\$ 75,016	\$ 414
Other Salaries for Instruction	34,719	1,500	36,219	36,054	165
General Supplies	150		150	150	
Total Preschool Disabilities - Part-Time	96,867	14,932	111,799	111,220	579
Preschool Disabilities - Full-Time:					
Salaries of Teachers	166,295	(94,978)	71,317	69,643	1,674
Other Salaries for Instruction	101,408	13,368	114,776	114,776	
General Supplies	918	500	1,418	945	473
Total Preschool Disabilities - Full-Time	268,621	(81,110)	187,511	185,364	2,147
Home Instruction:					
Salaries of Teachers	45,000	26,480	71,480	71,480	
Purchased Professional - Educational Services	25,000	4,205	29,205	23,118	6,087
Total Home Instruction	70,000	30,685	100,685	94,598	6,087
Total Special Education - Instruction	4,851,242	160,726	5,011,968	4,991,563	20,405
Bilingual Education - Instruction:					
Salaries of Teachers	104,335	(23,791)	80,544	79,852	692
Other Purchased Services	1,600	(600)	1,000		1,000
General Supplies	150	600	750	468	282
Total Bilingual Education - Instruction	106,085	(23,791)	82,294	80,320	1,974

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 263,388	\$ (6,350)	\$ 257,038	\$ 222,171	\$ 34,867
Purchased Services (300-500 series)	8,675	1,500	10,175	4,908	5,267
Supplies and Materials	3,750	(1,353)	2,397	2,342	55
Other Objects		4,213	4,213	3,688	525
Transfer to Cover Deficit	30,275	(24,360)	5,915	5,048	867
Total School-Sponsored Cocurricular Activities - Instruction	306,088	(26,350)	279,738	238,157	41,581
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	498,970	16,815	515,785	511,766	4,019
Purchased Services (300-500 series)	105,545	30,045	135,590	133,316	2,274
Supplies and Materials	40,167	26,672	66,839	62,933	3,906
Other Objects	5,190	26,559	31,749	31,151	598
Transfer to Cover Deficit	69,936	(69,936)			
Total School-Sponsored Cocurricular Athletics - Instruction	719,808	30,155	749,963	739,166	10,797
At Risk Programs:					
Salaries	968,918	28,761	997,679	964,790	32,889
Other Purchased Services (400-500 series)	13,825		13,825	13,500	325
Supplies and Materials	4,345	1,000	5,345	5,234	111
Total At Risk Programs	987,088	29,761	1,016,849	983,524	33,325
Other Instructional Programs - Instruction:					
Salaries	155,176	88,910	244,086	242,705	1,381
Purchased Services (300-500 series)	335		335		335
Supplies and Materials	1,640	(428)	1,212	786	426
Other Objects		428	428	428	
Total Other Instructional Programs - Instruction	157,151	88,910	246,061	243,919	2,142

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Total Instruction	\$ 25,227,411	\$ 52,817	\$ 25,280,228	\$ 25,025,169	\$ 255,059
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	870,638	(62,200)	808,438	737,010	71,428
Tuition to County Vocational School District - Regular	66,402	30,556	96,958	96,886	72
Tuition to County Vocational School District - Special	44,982	31,644	76,626	73,806	2,820
Tuition to Private Schools for the Disabled - Within the State	1,461,933	(10,630)	1,451,303	1,381,354	69,949
Total Undistributed Expenditures - Instruction	2,443,955	(10,630)	2,433,325	2,289,056	144,269
Health Services:					
Salaries	473,728	6,999	480,727	480,673	54
Purchased Professional and Technical Services	9,160	878	10,038	9,035	1,003
Other Purchased Services (400-500 series)	2,580	(303)	2,277	1,838	439
Supplies and Materials	17,907	(6,313)	11,594	9,595	1,999
Other Objects	675	149	824	573	251
Total Health Services	504,050	1,410	505,460	501,714	3,746
Speech, OT, PT and Other Related Services:					
Salaries	659,699	(3,155)	656,544	641,784	14,760
Purchased Professional-Educational Services	350,069		350,069	249,991	100,078
Supplies and Materials	28,987		28,987	7,982	21,005
Speech, OT, PT, and Other Related Services	1,038,755	(3,155)	1,035,600	899,757	135,843

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Other Support Services - Students - Extraordinary Services:					
Salaries	\$ 526,555	\$ (73,972)	\$ 452,583	\$ 429,551	\$ 23,032
Purchased Professional-Educational Services	122,840	(26,300)	96,540		96,540
Supplies and Materials	13,360		13,360	8,463	4,897
Other Objects		300	300	278	22
Total Other Support Services - Students - Extraordinary Services	<u>662,755</u>	<u>(99,972)</u>	<u>562,783</u>	<u>438,292</u>	<u>124,491</u>
Guidance:					
Salaries of Other Professional Staff	815,713	(37,402)	778,311	776,144	2,167
Salaries of Secretarial and Clerical Assistants	148,533	(28,930)	119,603	119,337	266
Purchased Professional-Educational Services	8,000	(210)	7,790	2,500	5,290
Other Purchased Professional and Technical Services	6,800	(2,659)	4,141	1,334	2,807
Other Purchased Services (400-500 series)	33,320	2,869	36,189	34,961	1,228
Supplies and Materials	30,561	(6,321)	24,240	22,213	2,027
Other Objects	395	82	477	464	13
Total Guidance	<u>1,043,322</u>	<u>(72,571)</u>	<u>970,751</u>	<u>956,953</u>	<u>13,798</u>
Child Study Team:					
Salaries of Other Professional Staff	1,453,088	(65,151)	1,387,937	1,340,376	47,561
Salaries of Secretarial and Clerical Assistants	118,400	4,536	122,936	122,890	46
Other Salaries		1,000	1,000	752	248
Purchased Professional - Educational Services	120,330	(60,201)	60,129	22,500	37,629
Other Purchased Prof. and Tech. Services	15,000		15,000	14,056	944
Other Purchased Services (400-500 series)	13,367	10,840	24,207	16,752	7,455
Supplies and Materials	30,774	(4,235)	26,539	17,769	8,770
Other Objects	3,772		3,772	2,388	1,384
Total Child Study Team	<u>1,754,731</u>	<u>(113,211)</u>	<u>1,641,520</u>	<u>1,537,483</u>	<u>104,037</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures:					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 77,520		\$ 77,520	\$ 77,520	
Salaries of Other Professional Staff	395,097	17,395	412,492	412,486	\$ 6
Salaries of Secretarial and Clerical Assistants	52,847	144	52,991	52,991	
Other Salaries	11,000	(100)	10,900	5,250	5,650
Other Purchased Services (400-500)	9,435	(2,308)	7,127	6,978	149
Supplies and Materials	15,496	3,148	18,644	18,596	48
Other Objects	6,610	2,869	9,479	9,450	29
Total Improvement of Instructional Services	<u>568,005</u>	<u>21,148</u>	<u>589,153</u>	<u>583,271</u>	<u>5,882</u>
Educational Media Services/School Library:					
Salaries	289,889	64,364	354,253	354,253	
Salaries of Technology Coordinators	594,613	6,421	601,034	601,034	
Unused Vacation Pay to Term/Retired Staff		3,224	3,224	3,224	
Other Purchased Professional and Technical Services	5,040	(4,900)	140	50	90
Other Purchased Services (400-500 series)	32,460	(585)	31,875	31,807	68
Supplies and Materials	42,572	45,543	88,115	42,088	46,027
Total Educational Media Services/School Library	<u>964,574</u>	<u>114,067</u>	<u>1,078,641</u>	<u>1,032,456</u>	<u>46,185</u>
Instructional Staff Training Services:					
Other Salaries	9,000		9,000	4,634	4,366
Other Purchased Professional and Technical Services	67,350	30,900	98,250	62,755	35,495
Other Purchased Services (400-500 series)	137,760	(41,150)	96,610	39,610	57,000
Supplies and Materials	10,441	1,136	11,577	6,250	5,327
Other Objects	300		300		300
Total Instructional Staff Training Services	<u>224,851</u>	<u>(9,114)</u>	<u>215,737</u>	<u>113,249</u>	<u>102,488</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
General Administration:					
Salaries	\$ 574,006	\$ (65,384)	\$ 508,622	\$ 507,819	\$ 803
Unused Vacation Pay to Term/Retired Staff		14,173	14,173	14,173	
Legal Services	184,500	(31,250)	153,250	127,143	26,107
Audit Fees	126,000	(730)	125,270	62,350	62,920
Other Purchased Professional Services	7,500	(5,000)	2,500	2,445	55
Purchased Technical Services	1,300	230	1,530	1,530	
Communications/Telephone	111,200	(28,363)	82,837	56,138	26,699
Board of Education Other Purchased Services	5,055	(1,500)	3,555	2,076	1,479
Miscellaneous Purchased Services (400-500 series)	43,850	21,633	65,483	49,859	15,624
General Supplies	8,250	(552)	7,698	4,943	2,755
BOE In-house Training/Meeting Supplies	1,000		1,000	678	322
Judgements Against the School District		338,060	338,060	338,060	
Miscellaneous Expenditures	4,075	10,107	14,182	14,182	
Board of Education Membership Dues and Fees	25,000	76	25,076	24,971	105
Total General Administration	<u>1,091,736</u>	<u>251,500</u>	<u>1,343,236</u>	<u>1,206,367</u>	<u>136,869</u>
School Administration:					
Salaries of Principals/Assistant Principals	1,399,805	(7,159)	1,392,646	1,392,644	2
Salaries of Other Professional Staff	409,453	100,508	509,961	474,742	35,219
Salaries of Secretarial and Clerical Assistants	731,421	(11,659)	719,762	714,335	5,427
Unused Vacation Pay to Term/Retired Staff		11,467	11,467	11,467	
Other Purchased Services (400-500 series)	28,270	1,199	29,469	13,390	16,079
Supplies and Materials	83,307	(16,491)	66,816	56,841	9,975
Other Objects	20,958	(4,100)	16,858	15,324	1,534
Total School Administration	<u>2,673,214</u>	<u>73,765</u>	<u>2,746,979</u>	<u>2,678,743</u>	<u>68,236</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 485,805	\$ (6,136)	\$ 479,669	\$ 479,669	
Unused Vacation Pay to Term/Retired Staff		7,881	7,881	7,881	
Purchased Technical Services	12,100	5,228	17,328	17,328	
Other Purchased Services (400-500 series)	17,565	3,351	20,916	20,495	\$ 421
Sale/Lease-back Payments	4,600		4,600	4,600	
Supplies and Materials	24,575	(5,142)	19,433	19,181	252
Interest on Lease Purchase Agreements	7,751	(1,558)	6,193	6,193	
Miscellaneous Expenditures	2,719	1,100	3,819	3,751	68
Total Central Services	555,115	4,724	559,839	559,098	741
Administrative Information Technology:					
Purchased Technical Services	33,000	(7,937)	25,063	4,032	21,031
Other Purchased Services (400-500 series)	316,400	893	317,293	300,165	17,128
Supplies and Materials	45,000		45,000	38,854	6,146
Total Administrative Information Technology	394,400	(7,044)	387,356	343,051	44,305
Required Maintenance of School Facilities:					
Salaries	274,746	91,343	366,089	361,085	5,004
Unused Vacation Pay to Term/Retired Staff		1,292	1,292	1,245	47
Cleaning, Repair and Maintenance Services	261,596	85,284	346,880	305,027	41,853
General Supplies	139,039	(14,789)	124,250	108,836	15,414
Other Objects	1,450	1,737	3,187	2,912	275
Total Required Maintenance of School Facilities	676,831	164,867	841,698	779,105	62,593
Security:					
Salaries	54,880	(4,887)	49,993	49,529	464
Purchased Professional and Technical Services		150	150	150	
Cleaning, Repair, and Maintenance Services		625	625	625	
General Supplies	64,226	(24,051)	40,175	38,656	1,519
Total Security	119,106	(28,163)	90,943	88,960	1,983

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Salaries	\$ 221,924	\$ 5,000	\$ 226,924	\$ 224,663	\$ 2,261
Cleaning, Repair, and Maintenance Services	8,000	5,630	13,630	12,902	728
General Supplies	33,346	17,232	50,578	48,818	1,760
Total Care and Upkeep of Grounds	263,270	27,862	291,132	286,383	4,749
Custodial Services:					
Salaries	1,725,909	(103,344)	1,622,565	1,605,156	17,409
Unused Vacation Pay to Term/Retired Staff		10,346	10,346	10,346	
Purchased Professional and Technical Services	12,725		12,725	7,050	5,675
Cleaning, Repair and Maintenance Services	200,270	(6,356)	193,914	147,446	46,468
Other Purchased Property Services	180,000	(24,600)	155,400	136,607	18,793
Insurance	385,350	(6,549)	378,801	366,347	12,454
Miscellaneous Purchased Services	1,600	2,130	3,730	3,163	567
General Supplies	170,633	8,448	179,081	159,507	19,574
Energy (Electricity)	1,109,500	(4,500)	1,105,000	901,628	203,372
Energy (Natural Gas)	32,000		32,000	21,040	10,960
Energy (Oil)	504,000	(99,437)	404,563	325,457	79,106
Total Custodial Services	4,321,987	(223,862)	4,098,125	3,683,747	414,378
Total Operations & Maintenance of Plant	5,381,194	(59,296)	5,321,898	4,838,195	483,703

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 445,872	\$ (82,850)	\$ 363,022	\$ 340,742	\$ 22,280
Between Home and School - Special Education	222,590	36,325	258,915	235,561	23,354
Other Than Between Home and School	58,500	(25)	58,475	32,262	26,213
Other Purchased Professional and Technical Services	17,700		17,700	15,434	2,266
Cleaning, Repair and Maintenance Services	145,000	(20,000)	125,000	93,291	31,709
Contracted Services:					
Between Home and School - Vendors	1,548,237	193,794	1,742,031	1,732,318	9,713
Between Home and School - Joint Agreements	758,915	(77,559)	681,356	676,751	4,605
Other Than Between Home and School - Vendors	151,000	(42,925)	108,075	103,604	4,471
Special Education Students - Vendors	8,645	2,116	10,761	10,761	
Special Education Students - Joint Agreements	46,930	(34,076)	12,854	11,083	1,771
Regular Students - ESCs & CTSA's	13,833		13,833	11,327	2,506
Special Education Students - ESCs & CTSA's	745,035	(12,982)	732,053	713,776	18,277
Aid in Lieu of Payments - Non-Public Schools	75,000	(14,512)	60,488	43,641	16,847
Miscellaneous Purchased Services - Transportation		12,396	12,396	12,362	34
General Supplies	6,954		6,954	3,598	3,356
Transportation Supplies	220,000	(68,000)	152,000	139,737	12,263
Other Objects	1,100		1,100	200	900
Total Student Transportation Services	4,465,311	(108,298)	4,357,013	4,176,448	180,565
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	773,500	(10,117)	763,383	644,866	118,517
Other Retirement Contributions - PERS	690,000	40,259	730,259	730,259	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Unallocated Benefits - Employee Benefits: (Cont'd)					
Unemployment Compensation	\$ 50,000		\$ 50,000	\$ 50,000	
Workmen's Compensation	408,585	3,283	411,868	411,868	
Health Benefits	8,560,119	(57,783)	8,502,336	7,429,786	\$ 1,072,550
Tuition Reimbursement	180,000	145,000	325,000	324,432	568
Other Employee Benefits	1,310,339	(440,642)	869,697	415,996	453,701
Unused Sick Payment to Terminated/Retired Staff	135,000		135,000	88,303	46,697
Total Unallocated Benefits	12,107,543	(320,000)	11,787,543	10,095,510	1,692,033
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,393,913	(2,393,913)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				2,772,603	(2,772,603)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				100,458	(100,458)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,296	(5,296)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,941,158	(1,941,158)
				7,213,428	(7,213,428)
Total Personal Services - Employee Benefits	12,107,543	(320,000)	11,787,543	17,308,938	(5,521,395)
Total Undistributed Expenditures	35,873,511	(336,677)	35,536,834	39,463,071	(3,926,237)
TOTAL GENERAL CURRENT EXPENSE	61,100,922	(283,860)	60,817,062	64,488,240	(3,671,178)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	5,063		5,063	5,063	
Grades 6-8		4,350	4,350	4,350	
Grades 9-12	50,238	33,818	84,056	31,239	52,817
School - Sponsored and Other Instructional Program		1,500	1,500	1,500	
Undistributed Expenditures:					
Support Services - Related & Extra.		15,748	15,748	15,748	
Support Services - Inst. Staff		4,236	4,236	3,986	250
General Administration		37,369	37,369		37,369
School Administration		8,049	8,049		8,049
Central Services		3,024	3,024	3,024	
Required Maintenance for School Facilities	23,100	2,441	25,541	25,541	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
Custodial Services	\$ 41,229	\$	\$ 41,229	\$ 41,229	
Care and Upkeep of Grounds		13,122	13,122	4,741	8,381
School Buses - Regular Education	53,715	98,823	152,538	53,715	98,823
School Buses - Special Education	53,715		53,715	53,715	
Non-Inst. Services		4,308	4,308	4,308	
Total Equipment	227,060	226,788	453,848	248,159	205,689
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services		52,430	52,430	40,946	11,484
Other Purchased Professional and Technical Services		34,000	34,000	5,928	28,072
Construction Services	86,640	114,961	201,601	86,360	115,241
Supplies & Materials	14,200	668	14,868	14,868	
Land and Improvements	9,575	17,200	26,775	9,575	17,200
Lease Purchase Agreements - Principal	379,490	(163,476)	216,014	215,070	944
Infrastructure	265,600	(9,341)	256,259	88,583	167,676
Assessment for Debt Service on SDA Funding	14,763		14,763	14,763	
Total Facilities Acquisition and Construction Services	770,268	46,442	816,710	476,093	340,617
Assets Acquired Under Capital Leases (non-budgeted)				1,967,993	(1,967,993)
Regular Programs - Undistributed Instruction				1,967,993	(1,967,993)
Assets Acquired Under Capital Leases (non-budgeted)					
TOTAL CAPITAL OUTLAY	997,328	273,230	1,270,558	2,692,245	(1,421,687)
Transfer of Funds to Charter Schools	339,590	10,630	350,220	174,152	176,068
TOTAL EXPENDITURES	62,437,840		62,437,840	67,354,637	(4,916,797)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,575,037)		(1,575,037)	980,652	2,555,689

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources (Uses):					
Capital Leases (Non-Budgeted)				\$ 1,967,993	\$ 1,967,993
Transfer from Capital Projects Fund - Interest				1,000	1,000
Total Other Financing Sources (Uses)				1,968,993	1,968,993
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,575,037)		\$ (1,575,037)	2,949,645	4,524,682
Fund Balance, July 1	5,594,275		5,594,275	5,594,275	
Fund Balance, June 30	\$ 4,019,238	\$ -0-	\$ 4,019,238	\$ 8,543,920	\$ 4,524,682
Analysis of Balance:					
Restricted for:					
Capital Reserve Account				\$ 4,481,652	
Maintenance Reserve Account				525,000	
Excess Surplus				750,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000	
Assigned:					
Year-end Encumbrances				725,863	
Unassigned				1,311,405	
Fund Balance per Governmental Funds (Budgetary Basis)				8,543,920	
Less: June state aid payments not recognized on a GAAP basis				(592,432)	
Fund Balance per Governmental Funds (GAAP)				\$ 7,951,488	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 177,503	\$ 177,503	\$ 155,566	\$ (21,937)
State Sources	\$ 545,420	194,417	739,837	641,839	(97,998)
Federal Sources	847,152	653,003	1,500,155	1,073,878	(426,277)
Total Revenues	1,392,572	1,024,923	2,417,495	1,871,283	(546,212)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		94,628	94,628	60,280	34,348
Purchased Professional/Technical Services	260,639	(104,109)	156,530	150,179	6,351
Other Purchased Services	621,200	(198,248)	422,952	412,000	10,952
General Supplies	115,008	251,491	366,499	269,976	96,523
Textbooks	73,225	27,743	100,968	98,705	2,263
Total Instruction	1,070,072	71,505	1,141,577	991,140	150,437
Support Services:					
Salaries of Program Directors		15,705	15,705	11,800	3,905
Personal Services—Employee Benefits		723	723	259	464
Purchased Professional/Educational Services		706,386	706,386	481,792	224,594
Tuition	322,500	29,309	351,809	256,672	95,137
Other Purchased Services		38,622	38,622	6,927	31,695
Travel		11,946	11,946	7,034	4,912
Supplies and Materials		148,092	148,092	115,659	32,433
Total Support Services	322,500	950,783	1,273,283	880,143	393,140
Equipment					
Instructional Equipment		2,635	2,635		2,635
Total Equipment		2,635	2,635		2,635
Total Expenditures	1,392,572	1,024,923	2,417,495	1,871,283	546,212
Excess of Revenue Over 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, 2017
(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"	\$ 68,335,289	\$ 1,871,283
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.		(44,268)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	590,941	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(592,432)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 \$ 68,333,798	 \$ 1,827,015
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 67,354,637	\$ 1,871,283
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.		(44,268)
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 67,354,637	 \$ 1,827,015

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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, 2017 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). 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, 2017

	No Child Left Behind			Local Grants
REVENUE:	Title I	Title II A	Title III	Local Grants
State Sources				
Federal Sources	\$ 54,412	\$ 51,238	\$ 1,133	
Local Sources				\$ 155,566
Total Revenue	\$ 54,412	\$ 51,238	\$ 1,133	\$ 155,566
EXPENDITURES:				
Instruction:				
Salaries of Teachers	\$ 48,914			
Purchased Professional/Technical Services				
Other Purchased Services				
General Supplies	2,561		1,133	\$ 155,566
Textbooks				
Total Instruction	51,475		1,133	155,566
Support Services:				
Salaries of Program Directors	2,435	\$ 9,365		
Personal Services - Employee Benefits		34,114		
Purchased Professional/Educational Services				
Tuition				
Other Purchased Services		4,788		
Travel				
Supplies and Materials	502	2,971		
Total Support Services	2,937	51,238		
Total Expenditures	\$ 54,412	\$ 51,238	\$ 1,133	\$ 155,566

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017

	IDEA Part B			
REVENUE:	Preschool	Basic	Perkins Grant	Perkins Reserve Grant
State Sources				
Federal Sources	\$ 16,582	\$ 937,890	\$ 3,644	\$ 8,979
Local Sources				
Total Revenue	\$ 16,582	\$ 937,890	\$ 3,644	\$ 8,979
EXPENDITURES:				
Instruction:				
Salaries of Teachers			\$ 3,385	
Purchased Professional/Technical Services				
Other Purchased Services		\$ 412,000		
General Supplies	\$ 16,582	48,822		\$ 1,555
Textbooks				
Total Instruction	16,582	460,822	3,385	1,555
Support Services:				
Salaries of Program Directors				
Personal Services - Employee Benefits			259	
Purchased Professional/Educational Services		447,678		
Tuition				
Other Purchased Services		1,749		390
Travel				7,034
Supplies and Materials		27,641		
Total Support Services		477,068	259	7,424
Total Expenditures	\$ 16,582	\$ 937,890	\$ 3,644	\$ 8,979

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017

	Chapter 192 (Auxiliary Services)		Chapter 193 (Handicapped Services)			Examination & Classification
	Compensatory Education	Home Instruction	Corrective Speech	Supplemental Instruction		
REVENUE:						
State Sources	\$ 87,520	\$ 7,981	\$ 29,156	\$ 61,520	\$ 78,476	
Federal Sources						
Local Sources						
Total Revenue	\$ 87,520	\$ 7,981	\$ 29,156	\$ 61,520	\$ 78,476	
EXPENDITURES:						
Instruction:						
Salaries of Teachers		\$ 7,981				
Purchased Professional/Technical Services						
Other Purchased Services						
General Supplies						
Textbooks						
Total Instruction		7,981				
Support Services:						
Salaries of Program Directors						
Personal Services - Employee Benefits						
Purchased Professional/Educational Services						
Tuition	\$ 87,520		\$ 29,156	\$ 61,520	\$ 78,476	
Other Purchased Services						
Travel						
Supplies and Materials						
Total Support Services	87,520		29,156	61,520	78,476	
Total Expenditures	\$ 87,520	\$ 7,981	\$ 29,156	\$ 61,520	\$ 78,476	

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2017

REVENUE:	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Totals June 30, 2017
State Sources	\$ 98,705	\$ 150,179	\$ 43,757	\$ 84,545	\$ 641,839
Federal Sources					1,073,878
Local Sources					155,566
Total Revenue	\$ 98,705	\$ 150,179	\$ 43,757	\$ 84,545	\$ 1,871,283
EXPENDITURES:					
Instruction:					
Salaries of Teachers					\$ 60,280
Purchased Professional/Technical Services		\$ 150,179			150,179
Other Purchased Services					412,000
General Supplies			\$ 43,757		269,976
Textbooks	\$ 98,705				98,705
Total Instruction	98,705	150,179	43,757		991,140
Support Services:					
Salaries of Program Directors					11,800
Personal Services - Employee Benefits					259
Purchased Professional/Educational Services					481,792
Tuition					256,672
Other Purchased Services					6,927
Travel					7,034
Supplies and Materials				\$ 84,545	115,659
Total Support Services				84,545	880,143
Total Expenditures	\$ 98,705	\$ 150,179	\$ 43,757	\$ 84,545	\$ 1,871,283

CAPITAL PROJECTS FUND

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, 2017

Revenue and Other Financing Sources:	
Interest Earned	\$ 1,000
Total Revenue and Other Financing Sources	<u>1,000</u>
Expenditures and Other Financing Uses:	
Site Improvements	13,990
Transfer to General Fund - Interest	<u>1,000</u>
Total Expenditures and Other Financing Uses	<u>14,990</u>
Deficit of Revenue and Other Financing Sources	
Under Expenditures and Other Financing Sources	(13,990)
Fund Balance - July 1	<u>499,815</u>
Fund Balance - June 30	<u>\$ 485,825</u>
<u>Recapitulation:</u>	
Restricted	<u>\$ 485,825</u>

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, 2017

	Prior Periods	Current Year	Total	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	1,050,772	\$ 13,990	1,064,762	3,750,000
Construction Services	57,677,866		57,677,866	56,389,140
Miscellaneous Expenditures	2,011,648		2,011,648	4,736,180
Equipment Purchases	2,716,960		2,716,960	602,000
Total Expenditures	69,613,185	13,990	69,627,175	71,513,000
Other Financing Uses:				
Transfer Out - Debt Service Fund	(1,400,000)		(1,400,000)	
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 499,815	\$ (13,990)	\$ 485,825	\$ - 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:	97.36%
Original Target Completion Date:	December 2010
Revised Target Completion Date:	December 2017

PROPRIETARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 83,621
Accounts Receivable - State	410
Accounts Receivable - Federal	6,560
Inventories	15,313

Total Current Assets	<u>105,904</u>
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Non-Current Assets:

Capital Assets	1,136,823
Less: Accumulated Depreciation	<u>(872,504)</u>

Total Non-Current Assets	<u>264,319</u>
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Total Assets	<u>370,223</u>
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LIABILITIES:

Unearned Revenue - Prepaid Sales	23,661
Unearned Revenue - Donated Commodities	<u>1,940</u>

Total Liabilities	<u>25,601</u>
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NET POSITION:

Investment in Capital Assets	264,319
Unrestricted	<u>80,303</u>

Total Net Position	<u><u>\$ 344,622</u></u>
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SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 443,212
Daily Sales - Non-Reimbursable Programs	277,189
Special Events	23,712
	<hr/>
Total Operating Revenue	744,113
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable	215,829
Cost of Sales - Non-Reimbursable	134,982
Salaries and Benefits	329,369
Purchased Services	30,567
Management Fee	72,065
Resident Director Fee	52,780
Supplies and Materials	33,770
Depreciation Expense	33,331
	<hr/>
Total Operating Expenses	902,693
	<hr/>
Operating Loss	(158,580)
	<hr/>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	5,831
Federal Sources:	
School Breakfast Program	4,454
National School Lunch Program	90,938
Food Distribution Program	54,917
Local Sources:	
Interest Revenue	337
	<hr/>
Total Non-Operating Revenue	156,477
	<hr/>
Change in Net Position	(2,103)
	<hr/>
Net Position - Beginning of Year (Restated)	346,725
	<hr/>
Net Position - End of Year	\$ 344,622
	<hr/> <hr/>

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 745,292
Payments to Employees	(329,369)
Payments to Suppliers	(529,120)
	<hr/>
Net Cash Used for Operating Activities	(113,197)
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(4,308)
	<hr/>
Net Cash Used for Capital Financing Activities	(4,308)
Cash Flows from Noncapital and Related Financing Activities:	
State Sources	5,755
Federal Sources	94,008
Received from Food Service Contractor	7,030
	<hr/>
Net Cash Provided by Noncapital and Related Financing Activities	106,793
Cash Flows from Investing Activities:	
Interest Revenue	337
	<hr/>
Net Cash Provided by Investing Activities	337
Net Decrease in Cash and Cash Equivalents	(10,375)
Cash and Cash Equivalents, July 1	93,996
	<hr/>
Cash and Cash Equivalents, June 30	\$ 83,621
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (158,580)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	33,331
Food Distribution Program	54,917
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	4,126
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	3,839
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(2,660)
Increase/(Decrease) in Accounts Payable	(48,170)
	<hr/>
Net Cash Used for Operating Activities	\$ (113,197)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District had \$4,600 in USDA donated commodities at June 30, 2016, received commodities valued at \$52,257, used commodities valued at \$54,917, and had \$1,940 in commodities at June 30, 2017.

FIDUCIARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Agency</u>					
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:						
Cash and Cash Equivalents	\$ 271,399	\$ 315,887	\$ 587,286	\$ 64,947	\$ 204,636	\$ 21,834
Total Assets	271,399	315,887	587,286	64,947	204,636	21,834
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups	271,399	315,887	315,887			
Total Liabilities	271,399	315,887	587,286			
NET POSITION:						
Held in Trust for:						
Scholarship Awards				64,947		
Unemployment Claims					204,636	
Flexible Spending Claims						21,834
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 64,947	\$ 204,636	\$ 21,834

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDING JUNE 30, 2017

	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Employee		\$ 103,195	\$ 44,117
Total Contributions		<u>103,195</u>	<u>44,117</u>
Investment Earnings:			
Interest	\$ 35	333	26
Net Investment Earnings	<u>35</u>	<u>333</u>	<u>26</u>
Total Additions	<u>35</u>	<u>103,528</u>	<u>44,143</u>
DEDUCTIONS:			
Scholarship Payments	5,000		
Unemployment Claims		77,348	
Flexible Spending Claims			39,441
Total Deductions	<u>5,000</u>	<u>77,348</u>	<u>39,441</u>
Change in Net Position	(4,965)	26,180	4,702
Net Position - July 1	<u>69,912</u>	<u>178,456</u>	<u>17,132</u>
Net Position - June 30	<u>\$ 64,947</u>	<u>\$ 204,636</u>	<u>\$ 21,834</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 340,648	\$ 665,896	\$ 735,145	\$ 271,399
Total Assets	<u>\$ 340,648</u>	<u>\$ 665,896</u>	<u>\$ 735,145</u>	<u>\$ 271,399</u>
 LIABILITIES:				
Due to Student Groups	\$ 340,648	\$ 665,896	\$ 735,145	\$ 271,399
Total Liabilities	<u>\$ 340,648</u>	<u>\$ 665,896</u>	<u>\$ 735,145</u>	<u>\$ 271,399</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
High School	\$ 211,874	\$ 512,934	\$ 555,556	\$ 169,252
Middle School	93,657	79,218	92,200	80,675
Helen Morgan School	5,474	38,938	37,497	6,915
Alpine School	10,259	17,698	20,078	7,879
Mohawk Avenue School	826	16,598	16,494	930
High School Athletics	18,558	510	13,320	5,748
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	<u>\$ 340,648</u>	<u>\$ 665,896</u>	<u>\$ 735,145</u>	<u>\$ 271,399</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 349,220	\$ 39,870,356	\$ 39,903,689	\$ 315,887
Total Assets	<u>\$ 349,220</u>	<u>\$ 39,870,356</u>	<u>\$ 39,903,689</u>	<u>\$ 315,887</u>
 LIABILITIES:				
Interfund Payable	\$ 58,765		\$ 58,765	
Payroll Deductions and Withholdings	290,455	\$ 39,870,356	39,844,924	\$ 315,887
Total Liabilities	<u>\$ 349,220</u>	<u>\$ 39,870,356</u>	<u>\$ 39,903,689</u>	<u>\$ 315,887</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, 2016	Matured	Balance June 30, 2017
			Outstanding		Amount	Balance June 30, 2016				
			Date	June 30, 2017						
School Refunding Bonds	7/1/2008	\$ 19,830,000	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%	\$ 11,785,000	\$ 1,140,000	\$ 10,645,000	
School Refunding Bonds	2/18/2015	54,355,000	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%				
			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%				

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, 2016	Matured	Balance June 30, 2017
			Outstanding					
			Date	Amount				
School Refunding Bonds	2/18/2015	\$ 54,355,000	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%	\$ 54,355,000	\$ 1,735,000	\$ 52,620,000
						\$ 66,140,000	\$ 2,875,000	\$ 63,265,000

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance 6/30/2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance 6/30/2017</u>
Musical Instruments	7.24%	\$ 8,730	\$ 3,601		\$ 1,738	\$ 1,863
Bleachers	1.37%	478,500	167,228		83,047	84,181
Technology Equipment	1.47%	404,943		\$ 404,943	270,980	133,963
Technology Equipment	1.61%	1,563,050		1,563,050		1,563,050
			<u>\$ 170,829</u>	<u>\$ 1,967,993</u>	<u>\$ 355,765</u>	<u>\$ 1,783,057</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,213,991		\$ 5,213,991	\$ 5,213,991	
State Sources:					
Debt Service State Aid Support	575,191		575,191	575,191	
Total Revenues	<u>5,789,182</u>		<u>5,789,182</u>	<u>5,789,182</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	2,914,182		2,914,182	2,914,181	\$ 1
Redemption of Principal	2,875,000		2,875,000	2,875,000	
Total Expenditures	<u>5,789,182</u>		<u>5,789,182</u>	<u>5,789,181</u>	<u>1</u>
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures				1	1
Fund Balance, July 1	2		2	2	
Fund Balance, June 30	<u>2</u>	<u>- 0 -</u>	<u>2</u>	<u>\$ 3</u>	<u>\$ 1</u>
Recapitulation of Fund Balance:					
Restricted				<u>\$ 3</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

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.

Exhibit

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,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
									(Restated)	
Governmental Activities:										
Net Investment in Capital										
Assets										
Restricted	\$ 5,487,294	\$ 5,091,240	\$ 3,650,409	\$ 1,433,522	\$ 782,202	\$ 3,506,132	\$ 3,971,598	\$ 10,690,576	\$ 12,953,122	\$ 10,732,742
Unrestricted/(Deficit)	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	6,992,480
	(269,381)	(1,104,007)	(1,265,948)	1,280,798	1,375,235	322,387	(12,931,801)	(20,634,271)	(23,352,947)	(24,575,528)
Total Governmental Activities/(Deficit)	\$ 111,682,310	\$ 8,742,386	\$ 5,347,205	\$ 6,603,311	\$ 8,565,011	\$ 8,934,272	\$ (3,869,738)	\$ (5,810,581)	\$ (6,081,172)	\$ (6,850,306)
Business-Type Activities:										
Investment in Capital										
Assets										
Unrestricted/(Deficit)	\$ 89,787	\$ 72,847	\$ 443,742	\$ 443,742	\$ 412,509	\$ 361,826	\$ 323,838	\$ 269,323	\$ 293,342	\$ 264,319
Total Business-Type Activities	149,492	189,456	150,266	153,290	136,870	102,064	92,433	15,829	53,383	80,303
	\$ 239,279	\$ 262,303	\$ 594,008	\$ 597,032	\$ 549,379	\$ 463,890	\$ 416,271	\$ 285,152	\$ 346,725	\$ 344,622
District-Wide/(Deficit):										
Net Investment in Capital										
Assets										
Restricted	\$ 5,577,081	\$ 5,164,087	\$ 4,094,151	\$ 1,877,264	\$ 1,194,711	\$ 3,867,958	\$ 4,295,436	\$ 10,959,899	\$ 13,246,464	\$ 10,997,061
Unrestricted/(Deficit)	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	6,992,480
	(119,889)	(914,551)	(1,115,682)	1,434,088	1,512,105	424,451	(12,839,368)	(20,618,442)	(23,299,564)	(24,495,225)
Total District-Wide Net Position/(Deficit)	\$ 11,921,589	\$ 9,004,689	\$ 5,941,213	\$ 7,200,343	\$ 9,114,390	\$ 9,398,162	\$ (3,453,467)	\$ (5,525,429)	\$ (5,734,447)	\$ (6,505,684)

Source: Sparta Township School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 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	\$ 35,691,558
Special Education Instruction	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	10,300,417
Other Special Instruction	460,361	490,576	494,090	561,390	797,952	883,938	1,078,212	316,459	627,416	553,048
Other Instruction	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	3,061,034
Total Instruction	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	49,606,057
Support Services:										
Tuition	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	2,655,176
Student & Instruction Related Services	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	11,439,504
General Administration Services	872,823	829,283	956,084	1,084,014	1,118,511	788,934	1,477,500	1,609,895	1,725,193	1,658,805
School Administration Services	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	4,984,996
Central Services	528,708	555,179	621,730	660,262	696,640	699,048	724,795	934,943	954,126	1,002,881
Administrative Information Technology	439,191	461,334	316,874	402,242	551,213	443,112	913,338	663,490	1,039,903	576,780
Plant Operations and Maintenance	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	6,886,289
Pupil Transportation	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	4,819,551
Charter Schools	52,376	51,108	95,083	107,620	297,638	447,707	428,077	233,906	373,175	174,152
Interest On Long-Term Debt	4,855,550	3,079,095	3,887,676	3,692,829	2,438,639	3,499,317	3,389,406	4,289,072	2,695,757	2,591,096
Unallocated Depreciation	766,914	754,972	887,613	2,316,481	2,925,681	2,522,108	2,570,248	2,570,248	2,570,248	2,638,904
Total Governmental Activities Expenses	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	89,034,191
Business-Type Activities:										
Food Service	976,591	935,202	910,762	927,009	961,677	886,791	860,552	955,855	891,526	902,693
Total Business-Type Activities Expenses	976,591	935,202	910,762	927,009	961,677	886,791	860,552	955,855	891,526	902,693
Total District Expenses	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	89,936,884

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 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	\$ 27,768,329
Capital Grants and Contributions	108,975	87,932						229,910		
Total Governmental Activities	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	27,768,329
Business-Type Activities:										
Charges for Services:										
Food Service	829,186	802,644	746,697	750,526	769,953	692,588	703,066	702,817	743,090	744,113
Operating Grants and Contributions	140,946	131,768	129,701	119,402	143,511	108,307	110,639	115,540	135,530	156,477
Total Business Type Activities	970,132	934,412	876,398	869,928	913,464	800,895	813,705	818,357	878,620	900,590
Total District-wide Program Revenues	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	28,668,919
Net (Expense)/Revenue:										
Governmental Activities	(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)	(61,265,862)
Business-Type Activities	(6,459)	(790)	(34,364)	(57,081)	(48,213)	(85,896)	(46,847)	(137,498)	(12,906)	(2,103)
Total District-Wide Net (Expense)/Revenue	(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)	(61,267,965)

SPARTA TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 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	\$ 54,533,958
Taxes Levied for Debt Service	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	5,213,991
Unrestricted Grants and Contributions	1,468,396	713,974	686,574	803,515	638,505	603,494	627,132	614,990	631,919	575,191
Interest and Miscellaneous Income	3,170,210	946,923	314,993	506,545	392,736	190,753	275,427	222,915	210,441	173,588
Transfers	(19,950)	(19,950)								
Capital Asset Appraisal Adjustment		(2,367,337)								
Total Governmental Activities General	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	60,496,728
Revenues & Other Changes in Net Position										
Business-Type Activities:										
Investment Earnings	4,841	3,864	1,944	907	560	407	339	215	256	
Other Item							(1,111)	6,164	7,030	
Transfers	19,950	19,950								
Total Business-Type Activities General	24,791	23,814	1,944	907	560	407	(772)	6,379	7,286	
Revenues & Other Changes in Net Position										
Total District-Wide General Revenues	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	60,496,728
and Other Changes in Net Position										
Change in Net Position:										
Governmental Activities	(413,119)	(2,939,924)	(535,026)	2,825,305	1,961,700	547,594	161,675	(1,940,843)	(64,015)	(769,134)
Business-Type Activities	18,332	23,024	(32,420)	(56,174)	(47,653)	(85,489)	(47,619)	(131,119)	(5,620)	(2,103)
Total District-wide Change in Net Position	\$ (394,787)	\$ (2,916,900)	\$ (567,446)	\$ 2,769,131	\$ 1,914,047	\$ 462,105	\$ 114,056	\$ (2,071,962)	\$ (69,635)	\$ (771,237)

Source: Sparta Township School District Financial Reports.

SPARTA TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED
(Modified Accrual Basis of Accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 6,464,397	\$ 3,373,169	\$ 2,052,307							
Unreserved	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	\$ 6,506,652
Assigned				2,475,413	1,823,657	1,044,263	403,991	231,916	546,237	725,863
Unassigned				788,200	744,500	606,546	590,531	608,338	638,261	718,973
Total General Fund	\$ 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	\$ 7,951,488
Other Governmental Funds:										
Reserved	\$ 47,337,793	\$ 16,265,625	\$ 3,165,485							
Unreserved (Deficit):										
Capital Projects Fund	10,552,059	7,332,094	4,477,088							
Debt Service Fund	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	\$ 485,828
Committed				44,112	44,112	44,112	344,872			
Total Other Governmental Funds	\$ 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	\$ 485,828
Total Government Funds	\$ 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	\$ 8,437,316

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 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	\$ 59,747,949
Tuition Charges	12,200	13,500	21,031	26,650						
Interest Earnings	3,101,204	746,100	244,035	46,336						
Transportation Fees				89,589						
Miscellaneous	112,130	257,046	65,545	423,853	474,922	264,101	374,516	281,326	313,285	415,547
State Sources	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	14,715,699
Federal Sources	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	1,071,800
Total Revenue	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	75,950,995
Expenditures:										
Instruction:										
Regular	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	18,258,970
Special Education	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	5,939,373
Other Special	326,178	354,814	362,734	391,834	509,442	509,056	681,420	110,397	128,871	80,320
Other	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	2,204,766
Support Services:										
Tuition	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	2,655,176
Student & Instruction-Related Services										
General Administration	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	6,063,175
School Administration	733,937	714,221	827,007	919,817	974,761	689,224	1,137,417	1,150,852	1,205,045	1,206,367
Central Services	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	2,678,743
Administrative Information Technology	386,741	406,792	458,090	455,660	515,781	505,927	516,809	587,857	586,055	559,098
Plant Operations/Maintenance	357,283	384,030	280,411	355,377	369,096	283,871	353,070	331,537	300,981	343,051
	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	4,838,195

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenditures:										
Support Services:										
Pupil Transportation	\$ 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	\$ 4,176,448
Unallocated Benefits	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	17,308,938
Charter Schools	52,376	51,108	95,083	107,620	297,638	447,707	428,077	233,906	373,175	174,152
Capital Outlay	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	2,708,870
Debt Service:										
Principal	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	2,875,000
Interest/Other Charges	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	2,914,181
Total Expenditures	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	74,984,823
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(11,506,255)	(37,468,819)	(17,469,309)	756,514	(2,960,443)	(2,175,057)	(858,045)	(1,981,109)	529,783	966,172
Other Financing Sources (Uses):										
Capital Leases							487,230	524,618		1,967,993
Bond Proceeds								54,355,000		
School Bonds Defeased								(60,213,000)		
Premium on Refunding Bonds								8,661,508		
Costs of Refunding Bond Issue								(311,028)		
Deferred Amount - Refunding								(2,492,480)		
Transfers In	2,708,504	1,022,962	207,265	8,928	6,722	2,263	391,486	702,897	804,990	1,000
Transfers Out	(2,728,454)	(1,042,912)	(207,265)	(8,928)	(6,722)	(2,263)	(391,486)	(702,897)	(804,990)	(1,000)
Total Other Financing Sources (Uses)	(19,950)	(19,950)					487,230	524,618		1,967,993
Net Change In Fund Balances	\$ (11,526,205)	\$ (37,488,769)	\$ (17,469,309)	\$ 756,514	\$ (2,960,443)	\$ (2,175,057)	\$ (370,815)	\$ (1,456,491)	\$ 529,783	\$ 2,934,165
Debt Service as a Percentage of Noncapital Expenditures	10.44%	9.16%	8.98%	9.46%	8.97%	8.55%	8.77%	8.45%	8.24%	8.01%

Source: Sparta Township School District Financial Reports.

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	Athletic/ Co-curricular Fees	Other	Total
2008	\$ 373,567		\$ 16,754		\$ 71,385	\$ 461,706
2009	137,364		60,361		8,830	206,555
2010	36,769		48,782		22,177	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
2017	15,301	88,567			153,620	257,488

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		Farm		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)
	Land		Regular	Qualified												
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			
2016 *	56,577,700	2,585,713,700	30,199,100	839,200	259,597,800	40,849,800	5,922,900	2,979,700,200		2,979,700,200	240,483,900	1.977	3,045,962,744			

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.

* Revaluation/reassessment effective in this year.

Source: Sparta Township Tax Assessor.

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			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Sparta Township	Sussex County	
	Basic Rate ^a	Obligation Debt Service ^b				
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
2016	* 1.804	0.173	1.977	0.619	0.531	3.127

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.

* Revaluation/reassessment effective in this year.

Source: Sparta Township Tax Collector and School Business Administrator.

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

TOWNSHIP OF SPARTA

	2017		2008		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Jersey Investors Growth		\$ 23,109,700	Limecrest Quarry Dev., LLC	\$ 10,547,400	0.448%
Braen Royalty LLC		8,137,900	Sparta Builders, LLC	8,940,000	0.379%
Lake Mohawk Country Club		6,398,100	United Telephone	5,814,667	0.247%
Lake Mohawk Golf Club		6,029,600	Cofrancesco/Grinnell	5,706,900	0.242%
CC Holdings LLC		5,842,200	Newton Memorial Hospital	5,566,200	0.236%
AHS Hospital Crop		5,828,900	Nouvelle Holdings, LLC	5,247,200	0.223%
376 Lafayette JV LLC		5,767,000	Lake Mohawk Golf Club	5,094,000	0.216%
Heller Sparta, LLC		5,616,800	Ashdown Forest Estates, LLC	4,900,000	0.208%
Grinnell/Cofrancesco		5,615,000	Toll Land XXV, LP	4,784,600	0.203%
Serolf Properties LLC		4,711,800	Lake Mohawk Country Club	4,754,000	0.202%
Total		\$ 77,057,000		\$ 61,354,967	2.60%

* Revaluation/reassessment effective in 2016.

Source: Sparta Township Tax Assessor.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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 -
2017	59,747,949	59,747,949	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).

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			
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	6.55%	3,601
2016	66,140,000	170,829	66,310,829	6.32%	3,461
2017	63,265,000	1,783,057	65,048,057	6.20%	3,438

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.

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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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
2017	63,265,000	- 0 -	63,265,000	2.12%	3,344

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
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	\$ 10,679,899	100.00%	\$ 10,679,899
Sussex County General Obligation Debt	111,347,324	18.07%	<u>20,121,982</u>
Subtotal, Overlapping Debt			30,801,881
Sparta School District Direct Debt			<u>63,265,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 94,066,881</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 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	\$ 124,191,997
Net Debt Applicable to Limit	91,358,000	89,073,000	87,028,000	84,953,000	82,648,000	80,293,000	77,588,000	69,050,000	66,140,000	63,265,000
Legal Debt Margin	\$ 43,978,679	\$ 55,118,747	\$ 57,163,747	\$ 60,806,689	\$ 59,287,017	\$ 57,747,110	\$ 54,486,480	\$ 58,869,520	\$ 58,978,602	\$ 60,926,997
Net Debt Applicable to the Limit as a % of Debt Limit	75.45%	67.50%	61.77%	61.77%	58.28%	58.17%	58.75%	53.98%	52.86%	50.94%

Legal Debt Margin Calculation for Fiscal Year 2017

		Equalized Valuation Basis			Sparta Township	
		2014	2015	2016		
Average Equalized Valuation of Taxable Property					\$	3,126,080,375
Debt Limit (4% of average equalization value) ^a					\$	124,191,997
Net Bonded School Debt as of June 30, 2017					\$	63,265,000
Legal Debt Margin					\$	60,926,997

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

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

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

Year	Township Population ^a	Sussex County Per Capita Personal Income ^c	Township Personal Income ^b	Township Unemployment Rate ^d
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	55,497	1,063,267,023	4.30%
2016	18,920	55,497 **	1,050,003,240	3.80%
2017	18,920 *	55,497 **	1,050,003,240 ***	N/A

* - Latest Township population available (2016) was used for calculations purposes.

** - Latest Sussex County per capita personal income available (2015) was used for calculation purposes.

*** - Latest Township population available (2016) and latest Sussex County per capita personal income available (2015) 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 - COUNTY OF SUSSEX,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Employer</u>	<u>2016</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Newton Medical Center	1,000-4,999	1.38%-6.91%
County of Sussex	500-999	0.69%-1.38%
Thorlabs	500-999	0.69%-1.38%
Sussex County Community College	250-499	0.35%-0.69%
Newton 213 LLC, C/O Ronetco	100-249	0.14%-0.34%
Bristol Glen	100-249	0.14%-0.34%
Barn Hill Care Center	100-249	0.14%-0.34%
Home Depot	100-249	0.14%-0.34%
Kohls	100-249	0.14%-0.34%
Superior Court of Newton	100-249	0.14%-0.34%
	<u>2,850-8,990</u>	<u>3.94%-12.42%</u>
	<u>2007</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Newton Memorial Hospital	1,109	1.37%
County of Sussex	770	0.95%
Ronetco Supermarkets, Inc. (Shop Rite)	672	0.83%
Sussex County Community College	516	0.64%
Wal-Mart	426	0.53%
Newton Board of Education	266	0.33%
Lakeland Bank	226	0.28%
Kittatinny Regional High School	169	0.21%
Thorlabs	150	0.19%
All Quality Care, Inc.	150	0.19%
	<u>4,454</u>	<u>5.50%</u>
Total Employment	<u>81,045</u>	

Source: County of Sussex

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

<u>Function/Program</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>	<u>2017</u>
Instruction:										
Regular	329.0	329.0	329.0	333.0	227.6	276.0	270.0	248.2	256.6	245.5
Special Education	39.0	39.0	39.0	43.0	97.6	52.0	54.0	70.5	67.0	69.8
Support Services:										
Student & Instruction-Related Services	81.0	77.0	71.0	65.0	52.1	54.0	42.0	88.0	97.1	97.0
General Administrative Services	5.0	5.0	5.0	5.0	2.5	5.0	5.0	4.0	4.0	4.0
School Administrative Services	30.0	28.0	32.0	34.0	30.0	21.0	29.0	41.5	42.1	41.6
Plant Operations and Maintenance	47.0	42.0	53.0	33.0	41.0	41.0	41.0	38.0	38.5	40.0
Pupil Transportation	15.0	20.0	20.0	20.0	20.0	20.0	20.0	25.0	21.7	19.0
Business and Other Support Services	8.0	7.0	8.0	8.0	8.5	8.5	8.5	7.0	7.0	6.0
Total	554.0	547.0	557.0	541.0	479.3	477.5	469.5	522.2	534.0	522.9

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					Senior High School	Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary		Mohawk Avenue	Middle School	Senior High School					
						Helen Morgan	Alpine								
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%	
2017	3,252	66,486,772	20,445	2.05%	315	11.4	11	11.1	9.6	9.8	3,209.0	3,101	-1.85%	96.63%	

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Elementary</u>										
Helen Morgan (1958)	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515
Square Feet	672	672	672	672	672	672	672	672	672	672
Capacity (Students)	646	627	649	739	739	565	530	509	494	470
Enrollment										
Alpine (1964)	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240
Square Feet	805	805	805	805	805	805	805	805	805	805
Capacity (Students)	850	798	709	840	840	726	683	631	631	664
Enrollment										
Mohawk Avenue (1935)	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300
Square Feet	350	350	350	350	350	350	350	350	350	350
Capacity (Students)	210	356	312			228	227	221	225	222
Enrollment										
<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	1,008	985	1,036	937	937	847	816	825	799	801
<u>High School</u>										
Square Feet	153,245	153,245	153,245	255,127	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	1,223	1,220	1,205	1,192	1,192	1,224	1,207	1,142	1,122	1,095

Number of Schools at June 30, 2017

- 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.

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
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
2017	115,486	144,160	69,786	188,817	260,856	779,105

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

Source: Sparta Township School District records.

SPARTA TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
<u>SCHOOL ALLIANCE INSURANCE FUND:</u>		
School Package Policy (Fund Aggregate)	\$ 250,000,000	\$ 2,500
Insurance Fund		
Building & Personal Property		
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

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Nisivoccia, LLP

October 13, 2017
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

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

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 Township 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, 2017. 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 federal and state statutes, regulations and the terms and conditions of its federal and state awards 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.

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

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, 2017.

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

October 13, 2017
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

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

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2016		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Cancelled	Balance June 30, 2017		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Education Passed-Through State Department of Education:													
Special Revenue Fund:													
U.S. Department of Education													
Passed Through State Department of Education:													
Special Education Cluster:													
Individuals with Disabilities Act (IDEA):													
Part B, Basic	84.027	IDEA-4960-17	7/1/16-6/30/17	\$ 1,204,239				\$ 821,106	\$ (937,890)		\$ (116,784)		
Part B, Basic	84.027	IDEA-4960-16	7/1/15-6/30/16	1,145,315	\$ (97,464)			91,916		\$ 5,548			
Part B, Preschool	84.173	IDEA-4960-17	7/1/16-6/30/17	25,425				10,022	(16,582)		(6,560)		
Total Special Education Cluster					(97,464)			923,044	(954,472)	5,548	(123,344)		
No Child Left Behind (NCLB):													
Title I	84.010A	NCLB-4960-17	7/1/16-6/30/17	105,281				49,407	(54,412)		(5,005)		
Title I	84.010A	NCLB-4960-16	7/1/15-6/30/16	94,433	(23,363)			23,364		(1)			
Title II, Part A	84.367A	NCLB-4960-17	7/1/16-6/30/17	82,390				31,463	(51,238)		(19,775)		
Title II, Part A	84.367A	NCLB-4960-16	7/1/15-6/30/16	87,790	(10,595)			10,595					
Title III	84.365A	NCLB-4960-17	7/1/16-6/30/17	13,513					(1,133)		(1,133)		
Title III	84.365A	NCLB-4960-16	7/1/15-6/30/16	21,611	(3,406)			3,407		(1)			
Perkins Vocational Education	84.048A	PERK-4960-17	7/1/16-6/30/17	13,693					(3,644)		(3,644)		
Perkins Vocational Education	84.048A	PERK-4960-16	7/1/15-6/30/16	12,828	(6,356)			6,356					
Perkins Vocational Education - Reserve	84.048A	PERK-4960-17	7/1/16-6/30/17	50,749					(8,979)		(8,979)		
Perkins Vocational Education - Reserve	84.048A	PERK-4960-16	7/1/15-6/30/16	42,326	(28,359)			28,359					
Total Special Revenue Fund					(169,543)			1,075,995	(1,073,878)	5,546	(161,880)		

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2016			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Cancelled	Balance June 30, 2017		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	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	7/1/16-6/30/17	\$ 52,257				\$ 52,257	\$ (50,317)			\$ 1,940		
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	36,873					(4,600)					
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	90,938				84,709	(90,938)			\$ (6,229)		
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	87,978				4,923						
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	4,454				4,123	(4,454)			(331)		
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	2,267				253						
Child Nutrition Cluster Subtotal					(5,176)			146,265	(150,309)			(6,560)	1,940	
Total Enterprise Fund and U.S. Department of Agriculture					(5,176)			146,265	(150,309)			(6,560)	1,940	
Total Federal Awards					\$ (174,719)			\$ 1,222,260	\$ (1,224,187)	\$ 5,546		\$ (168,440)	\$ 1,940	\$ -0-

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, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2017		MEMO	
				Budgetary (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	\$ 1,105,532			\$ 995,962	\$ (1,105,532)		\$ (109,570)	\$ 1,105,532		\$ 1,105,532
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,030,137			1,828,929	(2,030,137)		(201,208)	2,030,137		2,030,137
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	2,488,733			2,242,073	(2,488,733)		(246,660)	2,488,733		2,488,733
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	252,688			227,644	(252,688)		(25,044)	252,688		252,688
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	33,030			29,756	(33,030)		(3,274)	33,030		33,030
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	31,980			28,810	(31,980)		(3,170)	31,980		31,980
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	2,344			2,112	(2,344)		(232)	2,344		2,344
Host District Aid	17-495-034-5120-102	7/1/16-6/30/17	323,645				(323,645)		(323,645)	323,645		323,645
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	29,296				(29,296)		(29,296)	29,296		29,296
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	1,941,158			1,845,550	(1,941,158)		(95,608)	1,941,158		1,941,158
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	2,393,913			2,393,913	(2,393,913)			2,393,913		2,393,913
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	2,772,603			2,772,603	(2,772,603)			2,772,603		2,772,603
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	100,458			100,458	(100,458)			100,458		100,458
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	5,296			5,296	(5,296)			5,296		5,296
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17										
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	1,105,532			109,926				1,105,532		1,105,532
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	2,030,137			201,861				2,030,137		2,030,137
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	2,488,733			247,461				2,488,733		2,488,733
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	252,688			25,125				252,688		252,688
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	33,030			3,284				33,030		33,030
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	33,030			3,284				33,030		33,030
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	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
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	1,927,455			137,540				1,927,455		1,927,455
Total General Fund State Aid				(1,036,231)		13,539,093	(13,543,843)		(448,549)	(1,040,981)		21,722,198
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	17-100-034-5120-064	7/1/16 - 6/30/17	98,968			98,968	(98,705)			\$ 263		98,705
Textbook Aid	16-100-034-5120-064	7/1/15 - 6/30/16	91,532					\$ (933)				90,599
Nursing Aid	17-100-034-5120-070	7/1/16 - 6/30/17	156,150			156,150	(150,179)			5,971		150,179
Nursing Aid	16-100-034-5120-070	7/1/15 - 6/30/16	145,440					(25,937)				119,503
Technology Initiative Aid	17-100-034-5120-373	7/1/16 - 6/30/17	44,642			44,642	(43,757)			885		43,757
Technology Initiative Aid	16-100-034-5120-373	7/1/15 - 6/30/16	41,678					(764)				40,914
Security Aid	17-100-034-5120-509	7/1/16 - 6/30/17	86,750			86,750	(84,545)			2,205		84,545
Security Aid	16-100-034-5120-509	7/1/15 - 6/30/16	40,400					(536)				39,864
New Jersey Nonpublic Auxiliary Services:												
Compensatory Education	17-100-034-5120-067	7/1/16 - 6/30/17	117,350			117,350	(87,520)			29,830		87,520
Compensatory Education	16-100-034-5120-067	7/1/15 - 6/30/16	87,987					(10,493)				77,494

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2017		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Special Revenue Fund:												
English as a Second Language	17-100-034-5120-067	7/1/16 - 6/30/17	\$ 914	\$ 914	\$ 914	\$ 914		\$ (60,393)	\$ 914	\$ 914		
English as a Second Language	16-100-034-5120-067	7/1/15 - 6/30/16	60,393	\$ 60,393								
Home Instruction	17-100-034-5120-067	7/1/16 - 6/30/17	7,981									
Home Instruction	16-100-034-5120-067	7/1/15 - 6/30/16	12,783	\$ (12,783)	12,783				\$ (7,981)		\$ (7,981)	\$ 7,981
New Jersey Nonpublic Handicapped:												
Supplemental Instruction	17-100-034-5120-066	7/1/16 - 6/30/17	69,603		69,603					8,083		61,520
Supplemental Instruction	16-100-034-5120-066	7/1/15 - 6/30/16	100,247	47,232				(47,232)				53,015
Corrective Speech	17-100-034-5120-066	7/1/16 - 6/30/17	44,175		44,175					15,019		29,156
Corrective Speech	16-100-034-5120-066	7/1/15 - 6/30/16	43,476	24,332				(24,332)				19,144
Exam & Classification	17-100-034-5120-066	7/1/16 - 6/30/17	119,767		119,767					41,291		78,476
Exam & Classification	16-100-034-5120-066	7/1/15 - 6/30/16	119,367	37,899				(37,899)				81,468
Total Special Revenue Fund				\$ (12,783)	208,519	751,102	(641,839)	(208,519)	\$ (7,981)	104,461	\$ (7,981)	1,176,623
Debt Service Fund:												
Debt Service State Aid Support	17-495-034-5120-075	7/1/16 - 6/30/17	575,191		575,191							575,191
Total Debt Service Fund					575,191	575,191	(575,191)					575,191
Enterprise Fund:												
State Department of Agriculture:												
State School Lunch	17-100-010-3350-023	7/1/16-6/30/17	5,831		5,421	(5,831)				(410)		5,831
State School Lunch	16-100-010-3350-023	7/1/15-6/30/16	6,276	(334)	334							6,276
Total Enterprise Fund				(334)	5,755	(5,831)				(410)		12,107
Total State Awards Subject to Single Audit Determination				\$ (1,049,348)	\$ 208,519	\$ 14,871,141	\$ (14,766,704)	\$ (208,519)	\$ (456,940)	\$ 104,461	\$ (1,049,372)	#####
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17				(2,393,913)						
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17				(2,772,603)						
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17				(100,458)						
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17				(5,296)						
Subtotal - On-Behalf TPAF Pension System Contributions						(5,272,270)						
Total State Awards Subject to Single Audit Major Program Determination						\$ (9,494,434)						

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, 2017

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, 2017. 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 not 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 (\$1,491) for the general fund and (\$45,761) for the special revenue fund (of which \$1,493 applies to encumbrances of local grants). 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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:

	Federal	State	Total
General Fund		\$ 13,542,352	\$ 13,542,352
Special Revenue Fund	\$ 1,071,800	598,156	1,669,956
Debt Service Fund		575,191	575,191
Food Service Fund	150,309	5,831	156,140
Total Awards	\$ 1,222,109	\$ 14,721,530	\$ 15,943,639

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, 2017.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	7/1/16-6/30/17	\$1,204,239	\$ 937,890
IDEA Part B Preschool	84.173	7/1/16-6/30/17	25,425	16,582

<u>State Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid - Public:				
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$2,030,137	\$2,030,137
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	2,488,733	2,488,733
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	252,688	252,688
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	33,030	33,030
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	33,030	33,030
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	31,980	31,980
Host District Support Aid	17-495-034-5120-102	7/1/16-6/30/17	2,344	2,344

- 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, 2017
(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, 2017

Status of Prior Year Findings:

There were no prior year audit findings.