

**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, 2018**

**Comprehensive Annual
Financial Report**

of the

SPARTA TOWNSHIP SCHOOL DISTRICT

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**SPARTA TOWNSHIP SCHOOL DISTRICT
Board of Education**

SPARTA TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

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

January 18, 2019

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, 2018, 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, 2018, Sparta Schools enrolled 3,258 students at five schools compared to 3,252 students as of June 30, 2017, which is an increase of 6 students, or 0.18%.

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:

Alpine School

- Curriculum
 - Dyslexia professional development for all staff
 - School-Wide Writing professional development training for all K-2 staff
 - Multi-Sensory Reading training for one staff member
 - Before School Remediation Program servicing approximately 30 students
 - Before School Fast For Word Program servicing approximately 30 students
 - Summer Brain Camp for "at risk" students entering First & Second grades
 - Measures of Academic Progress (MAP) online assessment
 - Library books purchased to replenish current library books in circulation
- Technology
 - Installation of Brightlink Projectors and white boards to replace old SMART Boards
 - 1:1 Initiative K-2. All classes had a classroom set of computers
- Facilities
 - Horns and strobes programed to work with panic button system
 - Vestibule constructed
 - Faculty room keypad installed

Helen Morgan School

- Transition to Standards Based Report Cards in Grade 4
- Implementation of new Schoolwide Reading program
- Elementary World Language program

3) MAJOR INITIATIVES

Helen Morgan School

- HMS LEGO Robotics
- -3-D Printing in the Media Center
- -In-School One to One Chromebook (all students have own classroom Chromebook)

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

Middle School

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

- Curriculum
 - School-Wide Writing professional development training for Grade 6 Staff
 - Initial Multi-Sensory Reading class Grades 6 & 7
 - Measures of Academic Progress (MAP) online assessment
 - Literacy Training 6-8 social studies Teachers
 - Writing class for Grades 6 & 7

- Technology
 - Wireless connectivity for classroom Brightlink Projectors
 - 1:1 Initiative
 - Faculty PD - Google Apps/Extensions, Brightlinks, Chromebooks, SAMR, GoGuardian

- Facilities
 - Horns and strobes programed to work with the panic button system
 - Vestibule constructed
 - Trees trimmed, removed, and planting beds refurbished

- Students
 - Vaping Presentation
 - Challenge Day - Grade 8 (Character Education)
 - Kyle Scheele Presenter - Making the World a Better Place
 - Altitude Program - Grade 8

3) MAJOR INITIATIVES:

Special Services

- Tech and Teach
- Using Technology to Engage Students
- Professional Development

Student Supplies

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

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award programs, as well as to determine that the District has complied with major applicable laws, regulations, contracts, and grants.

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2018.

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:

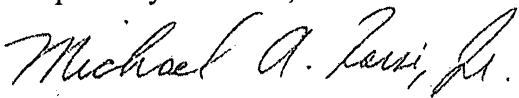
The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). 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-20.

9) OTHER INFORMATION:

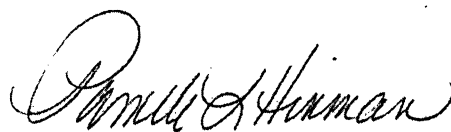
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit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

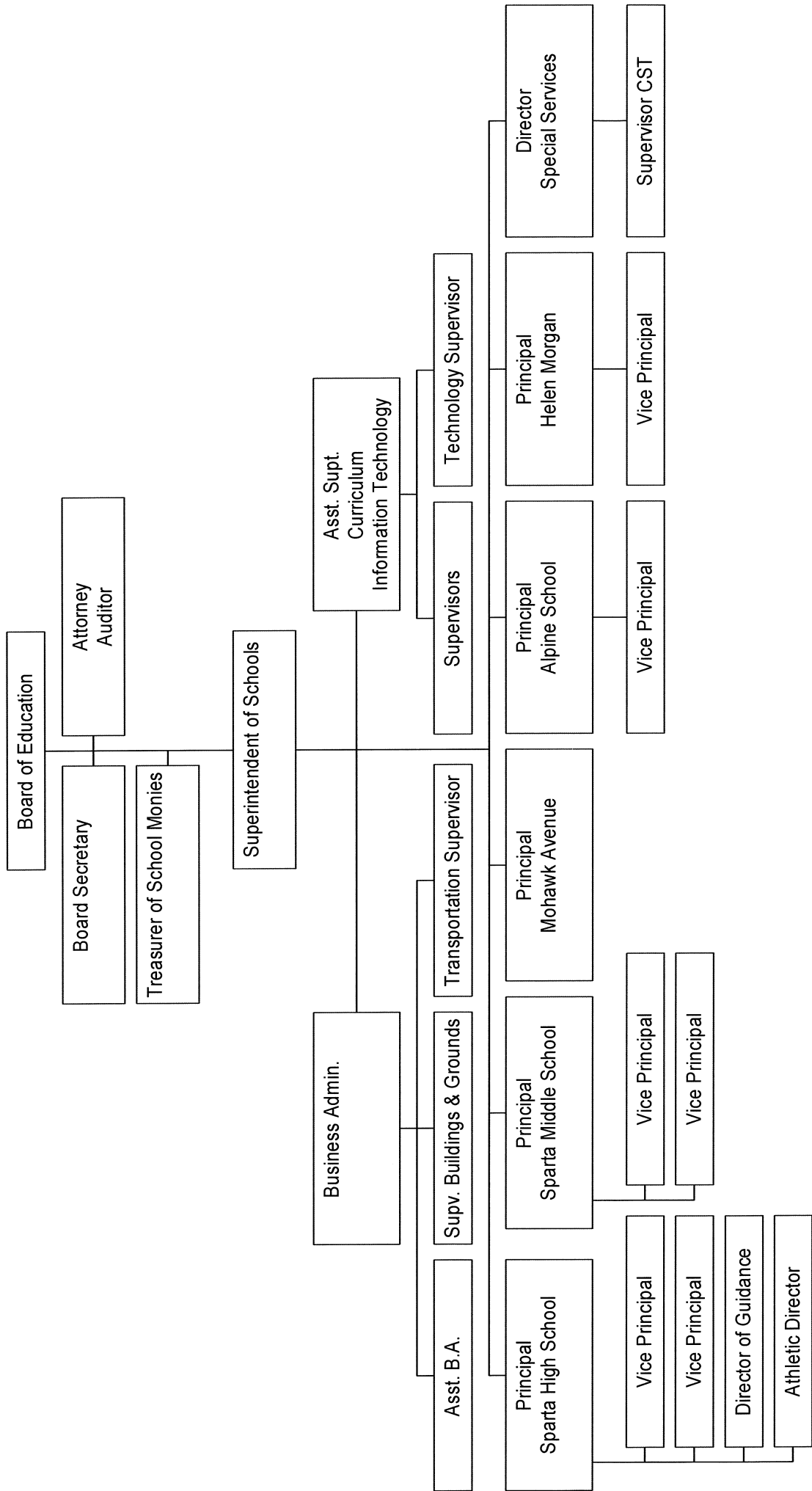


Dr. Michael Rossi
Superintendent



Pamela Hinman
School Business Administrator/Board Secretary

Sparta Township School District



**SPARTA TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kelly Anne McEvoy, President	2019
Jack Surdoval, Vice President	2018
Kylen Anderson	2020
Kimberly Bragg	2019
Jennifer Hamilton	2018
Joanne Hoover	2020
Michael McGovern	2019
Karen Scott	2018
Jason Ventresca	2020

<u>Other Officers</u>	<u>Title</u>
Dr. Michael Rossi	Superintendent of Schools
Pamela Hinman	School Business Administrator/Board Secretary
Daniel R. John Ed. D.	Assistant Superintendent of Curriculum and Staff Development (to 6/22/18)
Kristine Demay	Assistant Business Administrator
Kerry A. Keane	Treasurer

**SPARTA TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

ARCHITECTS

CP Engineers
Sparta, NJ

Parette Somjen Architects, LLC
Rockaway, 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

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-5 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.

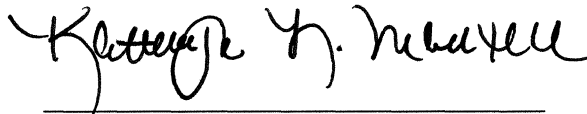
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 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

January 18, 2019
Mount Arlington, New Jersey



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, 2018
(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, 2018. 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.

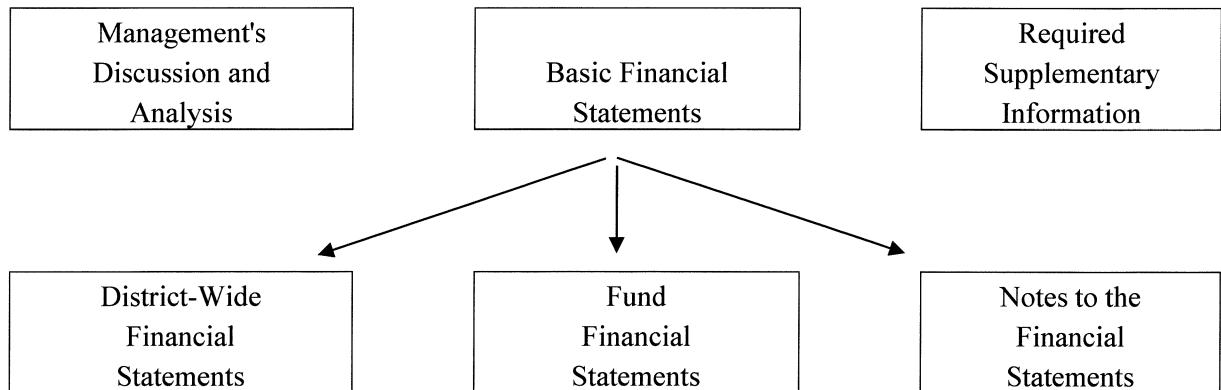
Overview of the Financial Statements

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.

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



**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

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.

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	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 year end; 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, 2018
(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, 2018
(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 (\$3,583,165) on June 30, 2018, \$2,922,519 or 44.92% more than the year before. (See Figure A-3). Net position from governmental activities increased by \$2,906,297 and net position from business-type activities increased by \$16,222.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Current & Other Assets	\$11,157,695	\$ 8,875,840	\$ 208,731	\$ 105,904	\$11,366,426	\$ 8,981,744	
Capital Assets, Net	71,108,914	73,274,860	246,002	264,319	71,354,916	73,539,179	
Total Assets	<u>82,266,609</u>	<u>82,150,700</u>	<u>454,733</u>	<u>370,223</u>	<u>82,721,342</u>	<u>82,520,923</u>	0.24%
Deferred Outflows of Resources	<u>8,293,087</u>	<u>11,033,483</u>			<u>8,293,087</u>	<u>11,033,483</u>	-24.84%
Other Liabilities	2,628,305	2,218,348	93,889	25,601	2,722,194	2,243,949	
Long-Term Liabilities	<u>87,382,061</u>	<u>97,816,141</u>			<u>87,382,061</u>	<u>97,816,141</u>	
Total Liabilities	<u>90,010,366</u>	<u>100,034,489</u>	<u>93,889</u>	<u>25,601</u>	<u>90,104,255</u>	<u>100,060,090</u>	-9.95%
Deferred Inflows of Resources	<u>4,493,339</u>				<u>4,493,339</u>		100.00%
Net Position/(Deficit)							
Net Investment in Capital Assets							
Assets	12,462,718	10,732,742	246,002	264,319	12,708,720	10,997,061	
Restricted	9,272,742	6,992,480			9,272,742	6,992,480	
Unrestricted/(Deficit)	<u>(25,679,469)</u>	<u>(24,575,528)</u>	<u>114,842</u>	<u>80,303</u>	<u>(25,564,627)</u>	<u>(24,495,225)</u>	
Total Net Position	<u>\$ (3,944,009)</u>	<u>\$ (6,850,306)</u>	<u>\$ 360,844</u>	<u>\$ 344,622</u>	<u>\$ (3,583,165)</u>	<u>\$ (6,505,684)</u>	44.92%

Net Investment in Capital Assets increased \$1,711,659 due to reductions in bond and lease debt and capital additions offset by annual depreciation. Restricted net position increased \$2,280,262 primarily due to the increase in the Capital Reserve account. Unrestricted net position decreased \$1,069,402 largely due to reductions in year-end encumbrances and fund balance used to support the operating budget.

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4).

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percent Change</u>
	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2016/17</u>	
Revenue:							
Program Revenue:							
Charges for Services			\$ 694,065	\$ 744,113	\$ 694,065	\$ 744,113	
Operating Grants & Contributions	\$30,825,749	\$27,768,329	149,476	156,477	30,975,225	27,924,806	
General Revenue:							
Property Taxes	60,773,739	59,747,949			60,773,739	59,747,949	
Federal and State Unrestricted Aid	594,728	575,191			594,728	575,191	
Other	256,811	173,588	435		257,246	173,588	
Total Revenue	<u>92,451,027</u>	<u>88,265,057</u>	<u>843,976</u>	<u>900,590</u>	<u>93,295,003</u>	<u>89,165,647</u>	4.63%
Expenses:							
Instruction	49,310,316	49,606,057			49,310,316	49,606,057	
Pupil/Instruction Services	14,947,837	14,094,680			14,947,837	14,094,680	
Administrative/Business	7,976,067	8,223,462			7,976,067	8,223,462	
Operations/Maintenance	7,208,219	6,886,289			7,208,219	6,886,289	
Transportation	4,816,163	4,819,551			4,816,163	4,819,551	
Other	5,286,128	5,404,152	881,323	902,693	6,167,451	6,306,845	
Total Expenses	<u>89,544,730</u>	<u>89,034,191</u>	<u>881,323</u>	<u>902,693</u>	<u>90,426,053</u>	<u>89,936,884</u>	0.54%
Other Item			53,569		53,569		
Increase/(Decrease) in Net Position	<u>\$ 2,906,297</u>	<u>\$ (769,134)</u>	<u>\$ 16,222</u>	<u>\$ (2,103)</u>	<u>\$ 2,922,519</u>	<u>\$ (771,237)</u>	

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased \$2.91 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, 2018
(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-5 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-5
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017/18	2016/17	2017/18	2016/17
Instruction	\$ 49,310,316	\$ 49,606,057	\$ 28,003,465	\$ 30,193,956
Pupil and Instruction Services	14,947,837	14,094,680	10,677,080	10,403,487
Administrative and Business	7,976,067	8,223,462	5,709,921	6,260,487
Operations and Maintenance	7,208,219	6,886,289	5,766,239	5,654,108
Transportation	4,816,163	4,819,551	3,276,148	3,349,672
Other	5,286,128	5,404,152	5,286,128	5,404,152
	<u>\$ 89,544,730</u>	<u>\$ 89,034,191</u>	<u>\$ 58,718,981</u>	<u>\$ 61,265,862</u>

Business-Type Activities

Net position of the District's business-type activities increased by \$16,222 primarily due to food service management guarantee and contribution of \$53,569 offset by a decrease in charges for services and an increase operating expenses. (Refer to Figure A-4).

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Financial Analysis of the District's Funds

The District's General Fund balance increased by \$1,856,559 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 \$2,184,263 or 2.97%. Capital additions were \$1,376,495 (\$1,361,505 from Governmental activities and \$14,990 from Business-type activities) offset by \$3,539,793 in current year depreciation (\$3,506,486 from Governmental activities and \$33,307 from Business-type activities) and net capital deletions of \$20,965 (from Governmental activities). (See Figure A-6). (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Land	\$ 649,333	\$ 649,333			\$ 649,333	\$ 649,333	
Site Improvements	2,262,280	2,267,944			2,262,280	2,267,944	
Buildings and							
Building Improvements	65,297,366	66,860,633			65,297,366	66,860,633	
Machinery & Equipment	2,899,935	3,496,950	\$ 246,002	\$ 264,319	3,145,937	3,761,269	
Total Capital Assets							
(Net of Depreciation)	<u>\$ 71,108,914</u>	<u>\$ 73,274,860</u>	<u>\$ 246,002</u>	<u>\$ 264,319</u>	<u>\$ 71,354,916</u>	<u>\$ 73,539,179</u>	-2.97%

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Capital Assets and Long Term Liabilities

Long-term Liabilities

The District's long-term liabilities decreased \$10,434,080, or 10.67%, from the prior year. At year-end, the District had \$59,765,000 in general obligation bonds, \$17,374,424 in net pension liability, \$1,169,171 in capital leases, \$818,889 in compensated absences payable and \$8,254,577 in unamortized bond issuance premiums (See Figure A-7). (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements).

**Figure A-7
Outstanding Long-Term Liabilities**

	<u>Total School District</u>		<u>Percentage Change</u>
	<u>2017/18</u>	<u>2016/17</u>	
Bonds Payable	\$ 59,765,000	\$ 63,265,000	
Unamortized Bond Issuance Premium	8,254,577	8,226,145	
Net Pension Liability	17,374,424	23,776,865	
Capital Leases	1,169,171	1,783,057	
Other Long-Term Liabilities	<u>818,889</u>	<u>765,074</u>	
Total Long-Term Liabilities Outstanding	<u>\$ 87,382,061</u>	<u>\$ 97,816,141</u>	-10.67%

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.

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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,988,691	\$ 131,362	\$ 3,120,053
Receivables from State Government	464,990	595	465,585
Receivables from Federal Government	331,612	8,100	339,712
Other Receivables	78,491	55,569	134,060
Inventory		13,105	13,105
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	6,382,278		6,382,278
Maintenance Reserve Account	911,633		911,633
Capital Assets, Net			
Site (Land)	649,333		649,333
Depreciable Site Improvements, Building and Building Improvements, & Machinery/Equipment	70,459,581	246,002	70,705,583
Total Assets	<u>82,266,609</u>	<u>454,733</u>	<u>82,721,342</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	2,287,975		2,287,975
Deferred Outflows Related to Pensions	5,149,771		5,149,771
District Contribution Subsequent to the Measurement Date-Pensions	855,341		855,341
Total Deferred Outflows of Resources	<u>8,293,087</u>		<u>8,293,087</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,615,702	59,283	1,674,985
Accrued Interest Payable	902,147		902,147
Payable to Other Governments	92,889		92,889
Unearned Revenue	17,567	34,606	52,173
Noncurrent Liabilities:			
Due Within One Year	4,051,887		4,051,887
Due Beyond one Year	83,330,174		83,330,174
Total Liabilities	<u>90,010,366</u>	<u>93,889</u>	<u>90,104,255</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	4,493,339		4,493,339
Total Deferred Inflows of Resources	<u>4,493,339</u>		<u>4,493,339</u>
NET POSITION/(Deficit)			
Net Investment in Capital Assets	12,462,718	246,002	12,708,720
Restricted for:			
Capital Projects	6,861,108		6,861,108
Debt Service	1		1
Maintenance	911,633		911,633
Excess Surplus	1,500,000		1,500,000
Unrestricted/(Deficit)	<u>(25,679,469)</u>	<u>114,842</u>	<u>(25,564,627)</u>
Total Net Position/(Deficit)	<u>\$ (3,944,009)</u>	<u>\$ 360,844</u>	<u>\$ (3,583,165)</u>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 34,606,214		\$ 14,082,450		\$ (20,523,764)		\$ (20,523,764)
Special Education Instruction	10,914,087		6,339,114		(4,574,973)		(4,574,973)
Other Special Instruction	527,022		272,728		(254,294)		(254,294)
School-Sponsored/Other Instruction	3,262,993		612,560		(2,650,433)		(2,650,433)
Support Services:							
Tuition	2,420,389		432,145		(1,988,244)		(1,988,244)
Student & Instruction Related Services	12,527,448		3,838,611		(8,688,837)		(8,688,837)
General Administration Services	1,381,196		322,422		(1,058,774)		(1,058,774)
School Administration Services	5,121,365		1,639,174		(3,482,191)		(3,482,191)
Central Services	1,021,876		304,549		(717,327)		(717,327)
Administrative Information Technology	451,630				(451,630)		(451,630)
Plant Operations and Maintenance	7,208,219		1,441,981		(5,766,238)		(5,766,238)
Pupil Transportation	4,816,163		1,540,015		(3,276,148)		(3,276,148)
Charter School	254,577				(254,577)		(254,577)
Unallocated Depreciation	2,646,075				(2,646,075)		(2,646,075)
Interest on Long-Term Debt	2,347,551				(2,347,551)		(2,347,551)
Capital Outlay	37,925				(37,925)		(37,925)
Total Governmental Activities	89,544,730		30,825,749		(58,718,981)		(58,718,981)

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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
Business-Type Activities:							
Food Service	\$ 881,323	\$ 694,065	\$ 149,476		\$ (37,782)	\$ (37,782)	\$ (37,782)
Total Business-Type Activities	881,323	694,065	149,476		(37,782)	(37,782)	(37,782)
Total Primary Government	\$ 90,426,053	\$ 694,065	\$ 30,975,225	\$ - 0 -	\$ (58,718,981)	(37,782)	(58,756,763)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					55,624,637		55,624,637
Property Taxes Levied for Debt Service					5,149,102		5,149,102
Federal and State Aid not Restricted					594,728		594,728
Interest and Miscellaneous Income					256,811	435	257,246
Other Item - Food Service Management Contractor Contribution						53,569	53,569
Total General Revenues and Other Items					61,625,278	54,004	61,679,282
Change in Net Position					2,906,297	16,222	2,922,519
Net Position/(Deficit) - Beginning					(6,850,306)	344,622	(6,505,684)
Net Position/(Deficit) - Ending					\$ (3,944,009)	\$ 360,844	\$ (3,583,165)

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, 2018

	<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>Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,509,860		\$ 478,830	\$ 1	\$ 2,988,691
Interfunds Receivable	3,973				3,973
Receivables from State Government	461,780	\$ 3,210			464,990
Receivables from Federal Government		331,612			331,612
Other Receivables	74,485	4,006			78,491
Restricted Cash and Cash Equivalents	7,293,911				7,293,911
Total Assets	<u>\$ 10,344,009</u>	<u>\$ 338,828</u>	<u>\$ 478,830</u>	<u>\$ 1</u>	<u>\$ 11,161,668</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts Payable - Vendors	\$ 535,962	\$ 224,399			\$ 760,361
Interfunds Payable		3,973			3,973
Payable to State Government		92,889			92,889
Unearned Revenue		17,567			17,567
Total Liabilities	<u>535,962</u>	<u>338,828</u>			<u>874,790</u>

Fund Balances:					
Restricted for:					
Capital Reserve Account	6,382,278				6,382,278
Maintenance Reserve Account	911,633				911,633
Excess Surplus -					
For Subsequent Year's Expenditures	750,000				750,000
Excess Surplus	750,000				750,000
Capital Projects Fund			\$ 478,830		478,830
Debt Service Fund				\$ 1	1

SPARTA TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

LIABILITIES AND FUND BALANCES

Fund Balances:

Assigned:

Year-end Encumbrances

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Year-end Encumbrances	\$ 267,440				\$ 267,440
Unassigned	746,696				746,696
Total Fund Balances	9,808,047		\$ 478,830	\$ 1	10,286,878
Total Liabilities and Fund Balances	\$ 10,344,009	\$ 338,828	\$ 478,830	\$ 1	\$ 11,161,668

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

Total Fund Balances - Governmental Funds (Above) \$ 10,286,878

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. 71,108,914

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 Deferred Outflows

Change in Deferred Inflows

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.

Bond premiums are reported as revenue in the Governmental Funds in the year of receipt.

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

Net Position/(Deficit) of Governmental Activities (Exhibit A-1)

\$ (3,944,009)

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, 2018

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 55,624,637			\$ 5,149,102	\$ 60,773,739
Miscellaneous	364,678	\$ 124,420	\$ 1,219		490,317
Total - Local Sources	55,989,315	124,420	1,219	5,149,102	61,264,056
State Sources	14,673,842	669,386		594,728	15,937,956
Federal Sources		1,017,528			1,017,528
Total Revenues	70,663,157	1,811,334	1,219	5,743,830	78,219,540
EXPENDITURES:					
Current:					
Instruction:					
Regular Education Instruction	18,046,598	510,362			18,556,960
Special Education Instruction	5,372,214	866,527			6,238,741
Other Special Instruction	69,686				69,686
School-Sponsored/Other Instruction	2,356,085				2,356,085
Support Services and Undistributed Costs:					
Tuition	1,988,244	432,145			2,420,389
Student & Instruction Related Services	6,842,423				6,842,423
General Administration Services	896,532				896,532
School Administration Services	2,677,988				2,677,988
Central Services	558,563				558,563
Administrative Information Technology	370,917				370,917
Plant Operations and Maintenance	4,970,295				4,970,295
Pupil Transportation	4,130,652				4,130,652
Unallocated Benefits	18,410,833				18,410,833

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Capital Outlay	\$ 1,862,210	\$ 2,300	\$ 6,995		\$ 1,871,505
Charter School	254,577				254,577
Debt Service:					
Principal				\$ 2,930,000	2,930,000
Interest and Other Charges				2,813,832	2,813,832
Total Expenditures	<u>68,807,817</u>	<u>\$ 1,811,334</u>	<u>6,995</u>	<u>5,743,832</u>	<u>76,369,978</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,855,340		(5,776)	(2)	1,849,562
OTHER FINANCING SOURCES/(USES):					
School Refunding Bonds Issued				7,830,000	7,830,000
School Bonds Defeased				(8,400,000)	(8,400,000)
Bond Premium				830,426	830,426
Bond Issuance Costs				(108,863)	(108,863)
Deferred Amount on Bond Refunding				(151,563)	(151,563)
Transfers In	1,219				1,219
Transfers Out			(1,219)		(1,219)
Total Other Financing Sources/(Uses)	<u>1,219</u>		<u>(1,219)</u>		
Net Change in Fund Balances	1,856,559		(6,995)	(2)	1,849,562
Fund Balance - July 1	7,951,488		485,825	3	8,437,316
Fund Balance - June 30	<u>\$ 9,808,047</u>	<u>\$ - 0 -</u>	<u>\$ 478,830</u>	<u>\$ 1</u>	<u>\$ 10,286,878</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, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,849,562

Amounts reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation and deletion of capital assets exceeded capital outlays in the current period:

Depreciation Expense	\$ (3,506,486)
Deletion of Capital Assets, Net of Accumulated Depreciation	(20,965)
Capital Outlays	<u>1,361,505</u>
	(2,165,946)

Repayment of debt service principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

2,930,000

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

613,886

In the Statement of Activities, interest on long-term debt is accrued regardless of when it is due. In the Governmental Funds, interest is reported when due.

142,677

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

School Bonds Issued	(7,830,000)
School Bonds Defeased	8,400,000
Deferred Amount on School Bond Refunding	151,563
School Bond Premium	<u>(830,426)</u>
	(108,863)

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, 2018

<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> <ul style="list-style-type: none"> Change in Net Pension Liability Change in Deferred Outflow Change in Deferred Inflow <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>\$ (369,527)</p> <p>801,994</p> <p>6,402,441</p> <p>(2,642,773)</p> <p>(4,493,339)</p> <p style="border-top: 1px solid black;">(53,815)</p> <p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 2,906,297</p>
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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, 2018

	Business-Type Activities - Enterprise Funds
	Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 131,362
Accounts Receivable - State	595
Accounts Receivable - Federal	8,100
Accounts Receivable - Other	55,569
Inventories	13,105
Total Current Assets	208,731
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	1,151,813
Less: Accumulated Depreciation	(905,811)
Total Non-Current Assets	246,002
Total Assets	454,733
LIABILITIES:	
Accounts Payable - Vendors	59,283
Unearned Revenue - Prepaid Sales	30,650
Unearned Revenue - Donated Commodities	3,956
Total Liabilities	93,889
NET POSITION:	
Investment in Capital Assets	246,002
Unrestricted	114,842
Total Net Position	\$ 360,844

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, 2018

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 361,648
Daily Sales - Non-Reimbursable Programs	300,249
Special Events	32,168
	<hr/>
Total Operating Revenue	694,065
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable	178,234
Cost of Sales - Non-Reimbursable	101,612
Salaries and Benefits	347,335
Purchased Services	25,418
Management Fee	73,130
Resident Director Fee	53,560
Supplies and Materials	58,235
Other	10,492
Depreciation Expense	33,307
	<hr/>
Total Operating Expenses	881,323
	<hr/>
Operating Loss	(187,258)
	<hr/>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	6,629
Federal Sources:	
School Breakfast Program	3,300
National School Lunch Program	88,945
Food Distribution Program	50,602
Local Sources:	
Interest Income	435
	<hr/>
Total Non-Operating Revenue	149,911
	<hr/>
Change in Net Position Before Other Item	(37,347)
	<hr/>
Other Item: Food Service Management Contractor Contribution	53,569
	<hr/>
Change in Net Position after Other Item	16,222
	<hr/>
Net Position - Beginning of Year	344,622
	<hr/>
Net Position - End of Year	\$ 360,844
	<hr/> <hr/>

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, 2018

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 647,501
Payments to Employees	(347,335)
Payments to Suppliers	(388,588)
Net Cash Used for Operating Activities	(88,422)
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(14,990)
Net Cash Used for Capital and Related Financing Activities	(14,990)
Cash Flows from Noncapital Financing Activities:	
State Sources	6,444
Federal Sources	90,705
Net Cash Provided by Noncapital and Related Financing Activities	97,149
Cash Flows from Investing Activities:	
Interest Revenue	435
Net Cash Provided by Investing Activities	435
Net Increase in Cash and Cash Equivalents	(5,828)
Cash and Cash Equivalents, July 1	83,621
Cash and Cash Equivalents, June 30	\$ 77,793
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (187,258)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	33,307
Federal Food Distribution Program	50,602
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(55,569)
(Increase)/Decrease in Inventory	2,208
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	6,989
Increase/(Decrease) in Unearned Revenue - Donated Commodities	2,016
Increase/(Decrease) in Accounts Payable	59,283
Net Cash Used for Operating Activities	\$ (88,422)

Non-Cash Investing, Capital and Financing Activities:

The District had \$1,940 in USDA donated commodities at June 30, 2017, received commodities valued at \$52,618, used commodities valued at \$50,602, and had \$3,956 in commodities at June 30, 2018.

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:				
Cash and Cash Equivalents	\$ 580,616	\$ 59,979	\$ 209,866	\$ 21,377
Total Assets	580,616	59,979	209,866	21,377
LIABILITIES:				
Payroll Deductions and Withholdings	367,533			
Due to Student Groups	213,083			
Total Liabilities	580,616			
NET POSITION:				
Held in Trust for:				
Scholarship Awards		59,979		
Unemployment Claims			209,866	
Flexible Spending Claims				21,377
Total Net Position	\$ - 0 -	\$ 59,979	\$ 209,866	\$ 21,377

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, 2018

	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Employee		\$ 54,975	\$ 51,232
Total Contributions		54,975	51,232
Investment Earnings:			
Interest	\$ 32	521	42
Net Investment Earnings	32	521	42
Total Additions	32	55,496	51,274
DEDUCTIONS:			
Scholarship Awards	5,000		
Unemployment Claims		50,266	
Flexible Spending Claims			51,731
Total Deductions	5,000	50,266	51,731
Change in Net Position	(4,968)	5,230	(457)
Net Position- July 1	64,947	204,636	21,834
Net Position - June 30	<u>\$ 59,979</u>	<u>\$ 209,866</u>	<u>\$ 21,377</u>

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, 2018

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, 2018
(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, 2018

(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, 2018

(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, 2018 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	\$ 70,662,104	\$ 1,769,824
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.		
Current Year Encumbrances		(15,313)
Prior Year Encumbrances		56,823
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	592,432	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	<u>(591,379)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 70,663,157</u>	<u>\$ 1,811,334</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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	\$ 68,807,817	\$ 1,769,824
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.		
Current Year Encumbrances		(15,313)
Prior Year Encumbrances		56,823
Total Expenditures as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 68,807,817	\$ 1,811,334

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, 2018
(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, 2018.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

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 acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

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

	Estimated Useful Life
Buildings 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, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by (GASB 16). 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

N. Compensated Absences: (Cont'd)

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.

P. Fund Balance Appropriated:

General Fund: Of the \$9,808,047 General Fund balance at June 30, 2018, \$267,440 is assigned for year-end encumbrances; \$6,382,278 is restricted in the capital reserve account; \$911,633 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, 2020; \$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, 2019; and \$746,696 is unassigned on the GAAP basis (which is \$591,379 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 \$478,830 Capital Projects Fund balance at June 30, 2018 is restricted.

Debt Service Fund: The Debt Service Fund balance at June 30, 2018 of \$1 is restricted.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$591,379 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).

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$25,679,469 and overall deficit in net position of \$3,944,009 in its governmental activities, which is primarily due to the net pension liability and an unamortized bond premium offset by changes in pension assumptions and changes in proportion in pensions. These deficits do not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

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, 2018 for the deferred amount on the refunding of debt and for pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2018 for pensions.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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

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, 2018.

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 \$267,440 for year-end encumbrances in the General Fund at June 30, 2018.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

Deposits:

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the District to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) 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
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

- (8) Agreements for the repurchase of fully collateralized securities if:
- (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.
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, 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	<u>\$ 3,991,891</u>	<u>\$ 6,382,278</u>	<u>\$ 911,633</u>	<u>\$ 11,285,802</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$11,285,802 and the bank balances were \$12,160,150.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred \$253,532 to capital outlay line items for facilities acquisition and construction services which required County Superintendent approval. The District also transferred \$14,613 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance July 1, 2017		\$ 4,481,652
Increased by:		
Interest Earnings	\$ 9,636	
Deposit by Board Resolution (June 2018)	2,000,000	
		2,009,636
		6,491,288
Decreased by:		
Withdrawals from Capital Reserve by Board Resolution		(109,010)
Ending Balance June 30, 2018		\$ 6,382,278

The balance in the capital reserve account at June 30, 2018 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, 2018
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 649,333			\$ 649,333
Total Capital Assets Not Being Depreciated	649,333			649,333
Capital Assets Being Depreciated:				
Site Improvements	4,475,680	\$ 178,870		4,654,550
Buildings and Building Improvements	95,519,845	887,074		96,406,919
Machinery and Equipment	16,685,820	295,561	\$ (447,029)	16,534,352
Total Capital Assets Being Depreciated	116,681,345	1,361,505	(447,029)	117,595,821
Governmental Activities Capital Assets	117,330,678	1,361,505	(447,029)	118,245,154
Less Accumulated Depreciation for:				
Site Improvements	(2,207,736)	(184,534)		(2,392,270)
Buildings and Building Improvements	(28,659,212)	(2,450,341)		(31,109,553)
Machinery and Equipment	(13,188,870)	(871,611)	426,064	(13,634,417)
	(44,055,818)	(3,506,486)	426,064	(47,136,240)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 73,274,860</u>	<u>\$ (2,144,981)</u>	<u>\$ (20,965)</u>	<u>\$ 71,108,914</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,136,823	\$ 14,900		\$ 1,151,723
Less Accumulated Depreciation	(872,504)	(33,307)		(905,811)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 264,319</u>	<u>\$ (18,407)</u>	<u>\$ - 0 -</u>	<u>\$ 245,912</u>
Total Governmental and Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 73,539,179</u>	<u>\$ (2,163,388)</u>	<u>\$ (20,965)</u>	<u>\$ 71,354,826</u>

Capital acquisitions consisted of \$1,376,495 of equipment purchases (\$1,361,505 from Governmental Funds and \$14,990 from the Food Service Enterprise Fund) and site and building improvements. Current year depreciation was \$3,539,793 (\$3,506,486 from Governmental Funds and \$33,307 from the Food Service Enterprise Fund). Net capital deletions were \$20,965 (from Governmental Funds).

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 445,504
Special Education Instruction	5,549
Other Special Instruction	53,556
General Administration	6,486
School Administrative Services	9,956
Central Services	16,421
Administration Information Technology	80,713
Operations and Maintenance of Plant	130,015
Student Transportation	112,211
Unallocated	<u>2,646,075</u>
 Total Current Year Depreciation	 <u><u>\$ 3,506,486</u></u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Balance 6/30/2017	Increased	Decreased	Balance 6/30/2018
Serial Bonds Payable	\$ 63,265,000	\$ 7,830,000	\$ 11,330,000	\$ 59,765,000
Unamortized Bond Issuance Premium	8,226,145	830,427	801,995	8,254,577
Net Pension Liability	23,776,865		6,402,441	17,374,424
Compensated Absences Payable	765,074	117,565	63,750	818,889
Capital Leases Payable	<u>1,783,057</u>		<u>613,886</u>	<u>1,169,171</u>
	<u><u>\$ 97,816,141</u></u>	<u><u>\$ 8,777,992</u></u>	<u><u>\$ 19,212,072</u></u>	<u><u>\$ 87,382,061</u></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 \$504,722 and is separated from the long-term liability balance of \$7,749,855.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

B. Bonds Payable: (Cont'd)

On July 1, 2008, the District issued \$19,830,000 of refunding bonds with interest rates ranging from 3.25% to 5.00% to refund \$19,830,000 of the \$22,705,000 of school bonds dated March 1, 1999 with rates ranging from 4.20% to 5.00%. The refunding bonds will mature on September 1, 2008 through September 1, 2026 and constitute a current refunding.

The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who paid the debt service requirements of the refunded bonds on September 1, 2008 and redeemed the refunded bonds, at a redemption price equal to 100% of par, on September 1, 2008, which was the first optional redemption date. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

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 18, 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 paid the debt service requirements of the refunded bonds on February 15, 2017 and redeemed the refunded bonds, at a redemption price equal to 100% of par, on February 15, 2017, 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 \$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.

On June 6, 2018, the District issued \$7,830,000 of refunding bonds with interest rates ranging from 3.00% to 5.00% to refund \$8,400,000 of the \$19,830,000 of school refunding bonds dated July 1, 2018 with rates ranging from 3.00% to 5.00%. The refunding bonds will mature on September 1, 2018 through September 1, 2026 and constitute a current refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who will pay the debt service requirements of the refunded bonds on September 1, 2018 and redeem the refunded bonds, at a redemption price equal to 100% of par, on September 1, 2018, 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 \$708,797 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$648,571, or 7.72% net present value savings.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2018 as follows:

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

Due Date	Interest Rate	Principal Amount
09/01/2018	5.000%	\$ 1,120,000

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

Due Date	Interest Rate	Principal Amount
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
		50,815,000

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Bonds Payable: (Cont'd)

\$7,830,000 School Refunding Bonds Dated 6/6/2018

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
09/01/18	3.000%	\$ 40,000
09/01/19	3.250%	545,000
09/01/19	4.000%	500,000
09/01/20	3.250%	520,000
09/01/20	4.000%	500,000
09/01/21	3.250%	500,000
09/01/21	5.000%	500,000
09/01/22	5.000%	980,000
09/01/23	5.000%	965,000
09/01/24	5.000%	945,000
09/01/25	5.000%	930,000
09/01/26	4.250%	400,000
09/01/26	5.000%	505,000
		<u>7,830,000</u>
Total Bonds Payable		<u>\$ 59,765,000</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>
2019	\$ 3,100,000	\$ 2,567,694	\$ 5,667,694
2020	3,070,000	2,535,081	5,605,081
2021	3,285,000	2,416,775	5,701,775
2022	3,270,000	2,264,450	5,534,450
2023	3,505,000	2,105,825	5,610,825
2024-2028	18,295,000	8,288,450	26,583,450
2029-2033	15,790,000	4,686,350	20,476,350
2034-2036	9,450,000	946,250	10,396,250
	<u>\$ 59,765,000</u>	<u>\$ 25,810,875</u>	<u>\$ 85,575,875</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

C. Bonds Authorized But Not Issued:

As of June 30, 2018, 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 \$1,286,052 has been liquidated as of June 30, 2018. 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, 2018.

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 402,548
2020	402,548
2021	402,548
Total minimum lease payments	1,207,644
Less: Amount representing interest	(38,473)
Present value of net minimum lease payments	<u>\$ 1,169,171</u>

The current portion of capital leases payable is \$383,415, and the long-term portion of capital leases payable is \$785,756 at June 30, 2018.

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 \$63,750 and the long-term portion of compensated absences liability is \$755,139 at June 30, 2018.

There was no liability for compensated absences payable in the District's Enterprise Funds at June 30, 2018.

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, 2018 is \$-0- and the long-term portion is \$17,374,424. See Note 9 for further information on the PERS.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018 were \$34,615. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 34,615
2020	34,615
2021	<u>32,315</u>
Total Future Minimum Lease Payments	<u>\$ 101,545</u>

NOTE 9. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees’ Retirement System (PERS)

Plan Description

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (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 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 member 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 \$715,762 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. 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, 2018, the District reported a liability of \$17,374,424 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.0746%, which was a decrease of 0.0056% from its proportion measured as of June 30, 2016.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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)

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$1,435,214. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 197,094	
	2015	5.72	830,215	
	2016	5.57	2,473,039	
	2017	5.48		\$ (3,487,515)
			<u>3,500,348</u>	<u>(3,487,515)</u>
Difference Between Expected and Actual Experience	2015	5.72	230,339	
	2016	5.57	75,050	
	2017	5.48	103,718	
			<u>409,107</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(208,196)	
	2015	5.00	177,603	
	2016	5.00	744,668	
	2017	5.00	(595,767)	
			<u>118,308</u>	
Changes in Proportion	2014	6.44	531,036	
	2015	5.72	151,325	
	2016	5.57	439,647	
	2017	5.48		(1,005,824)
			<u>1,122,008</u>	<u>(1,005,824)</u>
District Contribution Subsequent to Measurement Date	2017	1.00	855,341	
			<u>\$ 6,005,112</u>	<u>\$ (4,493,339)</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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
2018	\$ 409,011
2019	617,207
2020	373,996
2021	(497,416)
2022	(362,550)
	\$ 540,248

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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, 2016 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, 2018

(Continued)

NOTE 9. 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2018
(Continued)

NOTE 9. 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, 2017 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, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 21,554,152	\$ 17,374,424	\$ 13,892,192

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.nj.gov/treasury/pensions/financial-reports.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, 2018

(Continued)

NOTE 9. 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 2018, the State's pension contribution was less than the actuarial 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 2018, the State of New Jersey contributed \$3,722,309 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$11,930,438.

The employee contribution rate was 7.34% effective July 1, 2017. 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, 2018, the State's proportionate share of the net pension liability associated with the District was \$172,218,678. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.255%, which was an increase of 0.0002% from its proportion measured as of June 30, 2016.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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>172,218,678</u>
Total	<u>\$ 172,218,678</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$11,930,438 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 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	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				<u>13,378,255,364</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
				<u>441,116,389</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
				<u>341,507,504</u>
			<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>\$ 2,360,639,596</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, 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, 2018
(Continued)

NOTE 9. 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, 2017 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, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 204,601,192	\$ 172,218,678	\$ 145,541,823

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, 2018
 (Continued)

NOTE 9. 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 \$8,710 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$15,916 for the fiscal year ended June 30, 2018.

NOTE 10. 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance July 1, 2017	\$	525,000
Increased by:		
Deposit by Board Resolution (June 2018)		426,411
		951,411
Decreased by:		
Withdrawals from Maintenance Reserve by Board Resolution		(39,778)
		911,633
Ending Balance June 30, 2018	\$	911,633

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. 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, 2018 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2017 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 41,637,320
Net Position	\$ 9,463,015
Total Revenue	\$ 41,896,275
Total Expenses	\$ 41,231,917
Change in Net Position	\$ 664,358
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, 2018
(Continued)

NOTE 11. 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:

Fiscal Year	District Contributions	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2017-2018		\$ 55,496	\$ 50,266	\$ 209,866
2016-2017	\$ 50,000	53,528	77,348	204,636
2015-2016	75,000	51,832	52,844	178,456

NOTE 12. 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, 2018, there were encumbrances as detailed below in the Governmental Funds.

General Fund	Special Revenue Fund	Total Governmental Activities
\$ 267,440	\$ 15,313	\$ 282,753

On the District’s Governmental Funds Balance Sheet as of June 30, 2018, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances in the Special Revenue Fund of \$15,313 are not recognized on the GAAP basis and are reflected as a reduction in grants receivables or an increase in unearned revenue.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 13. 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 14. 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 15. DEFERRED COMPENSATION

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

TD Bank Equitable Fidelity Group First Investors Kemper	Security First/Holden Co. Variable Annuity Life Insurance Co. Siscor Siracusa Metropolitan Life Insurance Co.
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Equitable Life Insurance is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as at June 30, 2018:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 3,973	
Special Revenue Fund		\$ 3,973
	\$ 3,973	\$ 3,973

The interfund between the General Fund and the Special Revenue Fund represents a cash deficit due to Federal and State receivables in the Special Revenue Fund.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. ACCOUNTS PAYABLE

Accounts payable as of June 30, 2018 consisted of the following:

	<u>Governmental Activities</u>			<u>Business- Type Activities Proprietary Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>District Contri- bution Subsequent to the Measure- ment Date</u>	
Vendors	\$ 535,962	\$ 224,399		\$ 760,361
State of New Jersey			\$ 855,341	\$ 855,341
	<u>\$ 535,962</u>	<u>\$ 224,399</u>	<u>\$ 855,341</u>	<u>\$ 1,615,702</u>
				<u>\$ 59,283</u>

NOTE 18. 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 \$166,593 from five payment in lieu of taxes (“PILOT”) agreements. The taxes which would have been paid on these properties for 2017 without the abatement would have been \$444,074 of which \$281,029 would have been for the local school tax.

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$ 53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
	Total OPEB Liability Attributable to the District	\$ 150,247,010	\$ 126,569,401
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
	Total OPEB Liability Attributable to the District	\$ 163,571,372	\$ 136,534,619

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 104,091,097	\$ 126,569,401	\$ 156,420,324
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 112,030,456	\$ 136,534,619	\$ 169,294,349

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$7,873,773 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

SCHEDULE OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's Proportion of the Net Pension Liability	0.0751741682%	0.0768273311%	0.0802807819%	0.0746375296%
District's Proportionate Share of the Net Pension Liability	\$ 14,074,660	\$ 17,246,196	\$ 23,776,865	\$ 17,374,424
District's Covered Employee Payroll	\$ 5,084,021	\$ 5,370,633	\$ 5,137,929	\$ 5,235,245
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	2.768411067	321.12%	462.77%	331.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%

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 FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 619,725	\$ 660,509	\$ 730,259	\$ 715,762
Contributions in Relation to the Contractually Required Contribution	(619,725)	(660,509)	(730,259)	(715,762)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 5,044,230	\$ 5,084,021	\$ 5,370,633	\$ 5,137,929
Contributions as a Percentage of Covered Employee Payroll	12.29%	12.99%	13.60%	13.93%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's Proportion of the Net Pension Liability Attributable to the District	0.2665855069%	0.2512752554%	0.2552440455%	0.2554278667%
State's Proportionate Share - Net Pension Liability Attributable to the District	\$ 142,481,277	\$ 158,816,692	\$ 200,791,218	\$ 172,218,678
District's Covered Employee Payroll	\$ 25,292,572	\$ 25,734,948	\$ 25,904,648	\$ 27,078,583
State's Proportionate Share - Net Pension Liability Attributable to the District as a Percentage of its Covered Employee Payroll	563.33%	617.12%	775.12%	636.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%

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 FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 7,666,830	\$ 9,697,189	\$ 15,086,666	\$ 11,930,438
Contributions in relation to the Contractually Required Contribution	<u>(1,358,486)</u>	<u>(2,043,583)</u>	<u>(2,772,603)</u>	<u>(3,722,309)</u>
Contribution Deficiency/(Excess)	<u>\$ 6,308,344</u>	<u>\$ 7,653,606</u>	<u>\$ 12,314,063</u>	<u>\$ 8,208,129</u>
District's Covered Employee Payroll	\$ 25,292,572	\$ 25,734,948	\$ 25,904,648	\$ 27,078,583
Contributions as a percentage of Covered Employee Payroll	5.37%	7.94%	10.70%	13.75%

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 CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 55,624,637		\$ 55,624,637	\$ 55,624,637	
Tuition from Individuals	30,000		30,000	109,086	\$ 79,086
Tuition - Other LEA's				82,646	82,646
Interest on Capital Reserve	1,000		1,000	9,636	8,636
Unrestricted Miscellaneous	100,000		100,000	163,310	63,310
Total - Local Sources	55,755,637		55,755,637	55,989,315	233,678
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	235,751		235,751	316,007	80,256
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				47,901	47,901
State Reimbursement Lead Testing				19,496	19,496
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,462,502	2,462,502
TPAF On-Behalf Pension Contributions (Non-Budgeted)				3,722,309	3,722,309
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				90,331	90,331
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,364	5,364
TPAF Social Security (Reimbursed - Non-Budgeted)				2,031,405	2,031,405
Total State Sources	6,213,225		6,213,225	14,672,789	8,459,564
TOTAL REVENUES	61,968,862		61,968,862	70,662,104	8,693,242

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 131,030	\$ (17,137)	\$ 113,893	\$ 113,891	\$ 2
Kindergarten - Salaries of Teachers	749,510	(18,654)	730,856	728,932	1,924
Grades 1-5 - Salaries of Teachers	5,099,735	(369,540)	4,730,195	4,719,756	10,439
Grades 6-8 - Salaries of Teachers	4,805,543	(98,382)	4,707,161	4,695,389	11,772
Grades 9-12 - Salaries of Teachers	6,811,995	(90,861)	6,721,134	6,719,687	1,447
Regular Programs - Home Instruction:					
Other Salaries for Instruction	45,000	(25,304)	19,696	17,808	1,888
Purchased Professional - Educational Services	25,000	15,304	40,304	36,745	3,559
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	20,000	68,668	88,668	87,614	1,054
Purchased Professional - Educational Services	5,750	204,275	210,025	204,658	5,367
Other Purchased Services (400-500 series)	154,299	(8,649)	145,650	118,991	26,659
General Supplies	751,826	(57,077)	694,749	516,680	178,069
Textbooks	92,059	(1,711)	90,348	85,562	4,786
Other Objects	1,620	400	2,020	885	1,135
Total Regular Programs - Instruction	18,693,367	(398,668)	18,294,699	18,046,598	248,101
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	67,499	(1,195)	66,304	66,304	
Other Salaries for Instruction	15,945	124	16,069	15,875	194
General Supplies	800		800	112	688
Total Behavioral Disabilities	84,244	(1,071)	83,173	82,291	882
Multiple Disabilities:					
Salaries of Teachers	226,412	85,447	311,859	311,858	1
Other Salaries for Instruction	115,752	47,892	163,644	162,594	1,050
Other Purchased Services	4,043	3,342	7,385	7,385	
General Supplies	5,601	(1,941)	3,660	2,725	935
Total Multiple Disabilities	351,808	134,740	486,548	484,562	1,986

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 423,248	\$ 32,446	\$ 455,694	\$ 454,478	\$ 1,216
Other Salaries for Instruction	228,691	(64,800)	163,891	162,322	1,569
Other Purchased Services	5,483	(4,261)	1,222	725	497
General Supplies	5,530	3,521	9,051	6,527	2,524
Total Learning and/or Language Disabilities	<u>662,952</u>	<u>(33,094)</u>	<u>629,858</u>	<u>624,052</u>	<u>5,806</u>
Resource Room/Resource Center:					
Salaries of Teachers	2,995,712	(52,298)	2,943,414	2,941,884	1,530
Other Salaries for Instruction	690,150	65,924	756,074	754,069	2,005
Purchased Professional - Educational Services		57,909	57,909	57,903	6
Other Purchased Services	25,945	(723)	25,222	22,125	3,097
General Supplies	9,138	(200)	8,938	6,032	2,906
Total Resource Room/Resource Center	<u>3,720,945</u>	<u>70,612</u>	<u>3,791,557</u>	<u>3,782,013</u>	<u>9,544</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	64,275	321	64,596	64,596	
Other Salaries for Instruction	37,030	(17,744)	19,286	18,971	315
General Supplies	1,331	(403)	928	858	70
Total Preschool Disabilities - Part-Time	<u>102,636</u>	<u>(17,826)</u>	<u>84,810</u>	<u>84,425</u>	<u>385</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	70,844	33,820	104,664	104,569	95
Other Salaries for Instruction	101,391	39,686	141,077	140,257	820
General Supplies	201	91	292	292	
Total Preschool Disabilities - Full-Time	<u>172,436</u>	<u>73,597</u>	<u>246,033</u>	<u>245,118</u>	<u>915</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Home Instruction:					
Salaries of Teachers	\$ 45,000	\$ (9,440)	\$ 35,560	\$ 29,011	\$ 6,549
Purchased Professional - Educational Services	21,025	22,495	43,520	40,742	2,778
Total Home Instruction	66,025	13,055	79,080	69,753	9,327
Total Special Education - Instruction	5,161,046	240,013	5,401,059	5,372,214	28,845
Bilingual Education - Instruction:					
Salaries of Teachers	66,290	1,890	68,180	68,180	
General Supplies	150	1,360	1,510	1,506	4
Total Bilingual Education - Instruction	66,440	3,250	69,690	69,686	4
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	235,985		235,985	225,913	10,072
Purchased Services (300-500 series)	6,150	4,096	10,246	5,770	4,476
Supplies and Materials	23,555	(11,649)	11,906	7,533	4,373
Other Objects		9,390	9,390	6,428	2,962
Transfer to Cover Deficit					
Total School-Sponsored Cocurricular Activities - Instruction	265,690	1,837	267,527	245,644	21,883
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	532,851	(20,823)	512,028	508,753	3,275
Purchased Services (300-500 series)	149,081	23,385	172,466	171,024	1,442
Supplies and Materials	63,065	(8,676)	54,389	54,389	
Other Objects	25,700	9,589	35,289	33,069	2,220
Total School-Sponsored Cocurricular Athletics - Instruction	770,697	3,475	774,172	767,235	6,937

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
At Risk Programs:					
Salaries	\$ 987,773	\$ 78,835	\$ 1,066,608	\$ 1,061,532	\$ 5,076
Other Purchased Services (400-500 series)	14,458	7,798	22,256	21,850	406
Supplies and Materials	3,298	1,013	4,311	2,538	1,773
Total At Risk Programs	1,005,529	87,646	1,093,175	1,085,920	7,255
Other Instructional Programs - Instruction:					
Salaries	250,620	4,360	254,980	254,489	491
Purchased Services (300-500 series)	630	(408)	222	109	113
Supplies and Materials	1,671	494	2,165	2,160	5
Other Objects		528	528	528	
Total Other Instructional Programs - Instruction	252,921	4,974	257,895	257,286	609
Total Instruction	26,215,690	(57,473)	26,158,217	25,844,583	313,634
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular		31,552	31,552	31,339	213
Tuition to Other LEAs Within the State - Special	662,157	(132,400)	529,757	524,204	5,553
Tuition to County Vocational School District - Regular	141,252	(71,406)	69,846	69,766	80
Tuition to County Vocational School District - Special	27,000	40,404	67,404	55,714	11,690
Tuition to Private Schools for the Disabled - Within the State	1,466,127	(131,791)	1,334,336	1,307,221	27,115
Total Undistributed Expenditures - Instruction	2,296,536	(263,641)	2,032,895	1,988,244	44,651
Health Services:					
Salaries	482,865	(9,772)	473,093	449,523	23,570
Purchased Professional and Technical Services	15,678	1,120	16,798	10,097	6,701
Other Purchased Services (400-500 series)	2,045	765	2,810	2,119	691
Supplies and Materials	10,773	6,171	16,944	13,640	3,304
Other Objects	360	100	460	425	35
Total Health Services	511,721	(1,616)	510,105	475,804	34,301

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Speech, OT, PT and Other Related Services:					
Salaries	\$ 658,827	\$ 7,267	\$ 666,094	\$ 664,957	\$ 1,137
Purchased Professional-Educational Services	556,520	123,478	679,998	589,417	90,581
Supplies and Materials	15,836	469	16,305	3,291	13,014
Speech, OT, PT, and Other Related Services	<u>1,231,183</u>	<u>131,214</u>	<u>1,362,397</u>	<u>1,257,665</u>	<u>104,732</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	438,643	30,120	468,763	463,750	5,013
Purchased Professional-Educational Services	57,840	24,900	82,740	81,135	1,605
Supplies and Materials	13,421	(12,384)	1,037	1,037	
Other Objects		858	858	787	71
Total Other Support Services - Students - Extraordinary Services	<u>509,904</u>	<u>43,494</u>	<u>553,398</u>	<u>546,709</u>	<u>6,689</u>
Guidance:					
Salaries of Other Professional Staff	812,785	70,642	883,427	877,224	6,203
Salaries of Secretarial and Clerical Assistants	122,707	1,475	124,182	124,182	
Purchased Professional-Educational Services	8,000		8,000	3,000	5,000
Other Purchased Professional and Technical Services	2,200	825	3,025	2,200	825
Other Purchased Services (400-500 series)	29,580	2,138	31,718	31,243	475
Supplies and Materials	23,209	5,726	28,935	21,592	7,343
Other Objects		1,079	1,079	644	435
Total Guidance	<u>998,481</u>	<u>81,885</u>	<u>1,080,366</u>	<u>1,060,085</u>	<u>20,281</u>
Child Study Team:					
Salaries of Other Professional Staff	1,369,882	10,832	1,380,714	1,378,260	2,454
Salaries of Secretarial and Clerical Assistants	126,978	1,667	128,645	128,645	
Purchased Professional - Educational Services	24,475	15,733	40,208	33,084	7,124
Other Purchased Prof. and Tech. Services	15,000	(97)	14,903	14,903	
Other Purchased Services (400-500 series)	28,143	(5,436)	22,707	16,190	6,517
Supplies and Materials	7,458		7,458	3,774	3,684

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Undistributed Expenditures:					
Child Study Team:					
Other Objects	\$ 2,617		\$ 2,617	\$ 2,375	\$ 242
Total Child Study Team	1,574,553	22,699	1,597,252	1,577,231	20,021
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	158,141	(3,548)	154,593	154,593	
Salaries of Other Professional Staff	406,512	2,536	409,048	409,048	
Salaries of Secretarial and Clerical Assistants	52,991	1,415	54,406	54,406	
Other Salaries	12,000	2,380	14,380	14,130	250
Unused Vacation Payment to Terminated/Retired Staff		11,556	11,556	11,556	
Other Purchased Services (400-500)	6,900	(469)	6,431	5,718	713
Supplies and Materials	8,714	113	8,827	8,821	6
Other Objects	3,150	5,062	8,212	7,637	575
Total Improvement of Instructional Services	648,408	19,045	667,453	665,909	1,544
Educational Media Services/School Library:					
Salaries	366,961	56,122	423,083	423,083	
Salaries of Technology Coordinators	670,560	(55,960)	614,600	614,600	
Unused Vacation Payment to Terminated/Retired Staff		1,870	1,870	1,870	
Other Purchased Services (400-500 series)	31,785	1,427	33,212	32,881	331
Supplies and Materials	92,423	(4,413)	88,010	83,420	4,590
Total Educational Media Services/School Library	1,161,729	(954)	1,160,775	1,155,854	4,921
Instructional Staff Training Services:					
Other Salaries	9,000	(5,620)	3,380	2,860	520
Other Purchased Professional and Technical Services	42,634	13,830	56,464	52,262	4,202
Other Purchased Services (400-500 series)	109,555	(36,310)	73,245	43,408	29,837
Supplies and Materials	10,000	2,404	12,404	4,467	7,937
Other Objects	250		250	169	81
Total Instructional Staff Training Services	171,439	(25,696)	145,743	103,166	42,577

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
General Administration:					
Salaries	\$ 483,324	\$ 833	\$ 484,157	\$ 484,157	
Unused Vacation Pay to Term/Retired Staff					
Legal Services	175,000	(36,330)	138,670	103,109	\$ 35,561
Audit Fees	128,500	(7,936)	120,564	63,580	56,984
Other Purchased Professional Services	4,000	39,720	43,720	43,720	
Purchased Technical Services	11,500	(10,220)	1,280	250	1,030
Communications/Telephone	88,000	13,315	101,315	98,015	3,300
Board of Education Other Purchased Services	12,000	(7,316)	4,684	4,125	559
Miscellaneous Purchased Services (400-500 series)	22,000	17,571	39,571	38,673	898
General Supplies	8,322	(4,339)	3,983	3,809	174
BOE In-house Training/Meeting Supplies	401	719	1,120	925	195
Judgements Against the School District		20,345	20,345	20,345	
Miscellaneous Expenditures	6,700	4,352	11,052	10,681	371
Board of Education Membership Dues and Fees	27,200	(2,043)	25,157	25,143	14
Total General Administration	966,947	28,671	995,618	896,532	99,086
School Administration:					
Salaries of Principals/Assistant Principals	1,430,520	7,921	1,438,441	1,438,439	2
Salaries of Other Professional Staff	405,592	5,750	411,342	411,092	250
Salaries of Secretarial and Clerical Assistants	742,560	41	742,601	742,292	309
Other Purchased Services (400-500 series)	29,250	(6,797)	22,453	11,897	10,556
Supplies and Materials	75,889	(12,310)	63,579	59,470	4,109
Other Objects	21,545	(4,100)	17,445	14,798	2,647
Total School Administration	2,705,356	(9,495)	2,695,861	2,677,988	17,873

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 498,052	\$ 902	\$ 498,954	\$ 498,954	
Purchased Technical Services	18,000	495	18,495	18,343	\$ 152
Other Purchased Services (400-500 series)	19,265	1,392	20,657	19,495	1,162
Sale/Lease-back Payments	4,600		4,600	4,600	
Supplies and Materials	18,000	(6,321)	11,679	11,447	232
Interest on Lease Purchase Agreements	5,060	(1,371)	3,689	3,118	571
Miscellaneous Expenditures	2,819		2,819	2,606	213
Total Central Services	565,796	(4,903)	560,893	558,563	2,330
Administrative Information Technology:					
Salaries		97,123	97,123	97,123	
Purchased Technical Services	40,500	(40,500)			
Other Purchased Services (400-500 series)	317,700	(44,490)	273,210	250,672	22,538
Supplies and Materials	45,000	(21,878)	23,122	23,122	
Total Administrative Information Technology	403,200	(9,745)	393,455	370,917	22,538
Required Maintenance of School Facilities:					
Salaries	372,144	626	372,770	372,770	
Cleaning, Repair and Maintenance Services	268,074	94,271	362,345	317,993	44,352
Lead Testing of Drinking Water	20,000	(20,000)			
General Supplies	103,000	(15,641)	87,359	82,379	4,980
Other Objects	750		750	225	525
Total Required Maintenance of School Facilities	763,968	59,256	823,224	773,367	49,857
Security:					
Salaries	58,952	(5,089)	53,863	50,390	3,473
Purchased Professional and Technical Services		24,204	24,204	24,204	
Cleaning, Repair, and Maintenance Services	601	(601)			
General Supplies	42,124	(18,514)	23,610	22,700	910
Total Security	101,677		101,677	97,294	4,383

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Salaries	\$ 222,316	\$ 54,255	\$ 276,571	\$ 276,570	\$ 1
Cleaning, Repair, and Maintenance Services	10,000	21,748	31,748	29,373	2,375
General Supplies	40,200	39,604	79,804	70,396	9,408
Other Objects		1,100	1,100	1,100	
Total Care and Upkeep of Grounds	272,516	116,707	389,223	377,439	11,784
Custodial Services:					
Salaries	1,685,533	(55,691)	1,629,842	1,615,208	14,634
Unused Vacation Pay to Term/Retired Staff		15,122	15,122	15,091	31
Purchased Professional and Technical Services	3,700	4,427	8,127	8,127	
Cleaning, Repair and Maintenance Services	188,500	(35,471)	153,029	131,125	21,904
Other Purchased Property Services	140,000	(12,220)	127,780	127,581	199
Insurance	392,525	3,634	396,159	396,159	
Miscellaneous Purchased Services	5,100	(676)	4,424	3,590	834
General Supplies	133,000	14,450	147,450	139,332	8,118
Energy (Electricity)	1,010,500	(104,700)	905,800	888,092	17,708
Energy (Natural Gas)	20,000	13,422	33,422	28,309	5,113
Energy (Oil)	385,500	(15,915)	369,585	369,581	4
Total Custodial Services	3,964,358	(173,618)	3,790,740	3,722,195	68,545
Total Operations & Maintenance of Plant	5,102,519	2,345	5,104,864	4,970,295	134,569
Student Transportation Services:					
Salaries of Non-Instructional Aides					
Salaries for Pupil Transportation:					
Between Home and School - Regular	361,650	41,000	402,650	390,659	11,991
Between Home and School - Special Education	279,943	(30,400)	249,543	249,474	69
Other Than Between Home and School	39,900	4,400	44,300	35,955	8,345
Management Fee - ESC & CTSA Trans. Program					
Other Purchased Professional and Technical Services	15,500		15,500	14,861	639

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Cleaning, Repair and Maintenance Services	\$ 115,000	\$ 52,000	\$ 167,000	\$ 118,818	\$ 48,182
Contracted Services:					
Between Home and School - Vendors	1,833,374	254,543	2,087,917	2,054,621	33,296
Between Home and School - Joint Agreements	719,560	(680,635)	38,925	34,431	4,494
Other Than Between Home and School - Vendors	160,750		160,750	104,088	56,662
Special Education Students - Vendors	12,000	155,824	167,824	113,979	53,845
Special Education Students - Joint Agreements	18,000		18,000	1,198	16,802
Regular Students - ESCs & CTSAAs	15,000	73,132	88,132	85,273	2,859
Special Education Students - ESCs & CTSAAs	768,481	60,712	829,193	719,468	109,725
Aid in Lieu of Payments - Non-Public Schools	58,000	(5,444)	52,556	51,735	821
Miscellaneous Purchased Services - Transportation	700	6,919	7,619	5,619	2,000
General Supplies	5,000		5,000	2,926	2,074
Transportation Supplies	125,000	50,016	175,016	146,978	28,038
Other Objects	525	50	575	569	6
Total Student Transportation Services	4,528,383	(17,883)	4,510,500	4,130,652	379,848
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	750,000	(10,025)	739,975	655,189	84,786
Other Retirement Contributions - PERS	735,000	(19,237)	715,763	715,762	1
Unemployment Compensation	30,000	(30,000)			
Workmen's Compensation	445,514		445,514	398,386	47,128
Health Benefits	9,111,605	(164,999)	8,946,606	7,514,605	1,432,001
Tuition Reimbursement	191,000	102,000	293,000	292,874	126
Unemployment Compensation					
Other Employee Benefits	480,540	(2,000)	478,540	458,356	20,184
Unused Sick Payment to Terminated/Retired Staff	100,000		100,000	63,750	36,250
Total Unallocated Benefits	11,843,659	(124,261)	11,719,398	10,098,922	1,620,476

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Unallocated Benefits - Employee Benefits: (Cont'd)					
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				\$ 2,462,502	\$ (2,462,502)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				3,722,309	(3,722,309)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				90,331	(90,331)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,364	(5,364)
TPAF Social Security (Reimbursed - Non-Budgeted)				2,031,405	(2,031,405)
				8,311,911	(8,311,911)
Total Personal Services - Employee Benefits	\$ 11,843,659	\$ (124,261)	\$ 11,719,398	18,410,833	(6,691,435)
Total Undistributed Expenditures	35,219,814	(128,841)	35,090,973	40,846,447	(5,755,474)
TOTAL GENERAL CURRENT EXPENSE	61,435,504	(186,314)	61,249,190	66,691,030	(5,441,840)
CAPITAL OUTLAY:					
Equipment:					
Grades 6-8				3,199	
Grades 9-12	108,222	(45,409)	62,813	52,814	9,999
Undistributed Expenditures:					
Support Services - Inst. Staff	250		250	250	
General Administration	37,369	1,727	39,096	38,903	193
School Administration	8,049		8,049	8,049	
Central Services		4,903	4,903	4,903	
Care and Upkeep of Grounds	8,381	22,893	31,274	8,381	22,893
Security		27,300	27,300	27,300	
School Buses - Regular Education	98,823		98,823	98,823	
Total Equipment	261,094	14,613	275,707	242,622	33,085

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 46,484	\$ 159,020	\$ 205,504	\$ 197,698	\$ 7,806
Other Purchased Professional and Technical Services	28,072	(28,072)			
Construction Services	626,241	123,192	749,433	603,803	145,630
Land and Improvements	17,200		17,200	17,200	
Bldgs. Other than Lease Purchase Agreements	619,293	(608)	618,685	618,448	237
Infrastructure	167,676		167,676	167,676	
Assessment for Debt Service on SDA Funding	14,763		14,763	14,763	
Total Facilities Acquisition and Construction Services	1,519,729	253,532	1,773,261	1,619,588	153,673
TOTAL CAPITAL OUTLAY	1,780,823	268,145	2,048,968	1,862,210	186,758
Transfer of Funds to Charter Schools	227,398	27,179	254,577	254,577	
TOTAL EXPENDITURES	63,443,725	109,010	63,552,735	68,807,817	(5,255,082)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,474,863)	(109,010)	(1,583,873)	1,854,287	3,438,160
Other Financing Sources (Uses):					
Transfer from Capital Projects Fund - Interest				1,219	1,219
Total Other Financing Sources (Uses)				1,219	1,219

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,474,863)	\$ (109,010)	\$ (1,583,873)	1,855,506	3,439,379
Fund Balance, July 1	8,543,920		8,543,920	8,543,920	
Fund Balance, June 30	\$ 7,069,057	\$ (109,010)	\$ 6,960,047	\$ 10,399,426	\$ 3,439,379
Analysis of Balance:					
Restricted for:					
Capital Reserve Account				\$ 6,382,278	
Maintenance Reserve Account				911,633	
Excess Surplus				750,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000	
Assigned:					
Year-end Encumbrances				267,440	
Unassigned				1,338,075	
Fund Balance per Governmental Funds (Budgetary Basis)				10,399,426	
Less: June state aid payments not recognized on a GAAP basis				(591,379)	
Fund Balance per Governmental Funds (GAAP)				\$ 9,808,047	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 135,663	\$ 135,663	\$ 121,656	\$ (14,007)
State Sources	\$ 545,420	218,128	763,548	628,669	(134,879)
Federal Sources	847,152	635,060	1,482,212	1,019,499	(462,713)
Total Revenues	1,392,572	988,851	2,381,423	1,769,824	(611,599)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	59,230	10,600	69,830	58,579	11,251
Purchased Professional/Technical Services	260,639	(92,246)	168,393	137,780	30,613
Other Purchased Services	600,000	(89,743)	510,257	504,845	5,412
General Supplies	33,570	341,770	375,340	247,975	127,365
Textbooks	73,225	17,996	91,221	86,993	4,228
Total Instruction	1,026,664	188,377	1,215,041	1,036,172	178,869
Support Services:					
Salaries of Program Directors	43,408	(23,905)	19,503	19,392	111
Salaries of Other Professional Staff		56,446	56,446	55,886	560
Personal Services—Employee Benefits		6,449	6,449	5,520	929
Purchased Professional/Educational Services		530,842	530,842	293,764	237,078
Tuition	322,500	(32,015)	290,485	228,974	61,511
Other Purchased Services		62,977	62,977	15,520	47,457
Travel		15,220	15,220	5,477	9,743
Supplies and Materials		166,224	166,224	99,664	66,560
Total Support Services	365,908	782,238	1,148,146	724,197	423,949
Equipment					
Instructional Equipment		18,236	18,236	9,455	8,781
Total Equipment		18,236	18,236	9,455	8,781
Total Expenditures	1,392,572	988,851	2,381,423	1,769,824	611,599
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, 2018
(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"	\$ 70,662,104	\$ 1,769,824
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.		
Current Year Encumbrances		(15,313)
Prior Year Encumbrances		56,823
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	592,432	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(591,379)	
	\$ 70,663,157	\$ 1,811,334
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 68,807,817	\$ 1,769,824
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.		
Current Year Encumbrances		(15,313)
Prior Year Encumbrances		56,823
	\$ 68,807,817	\$ 1,811,334
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018

	Elementary and Secondary Education Act		
	Title I	Title II A	Local Grants
REVENUE:			
State Sources			
Federal Sources	\$ 94,123	\$ 39,044	
Local Sources			\$ 121,656
Total Revenue	\$ 94,123	\$ 39,044	\$ 121,656
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 52,849		
Purchased Professional/Technical Services			
Other Purchased Services	18,092		\$ 1,618
General Supplies	14,340		120,038
Textbooks			
Total Instruction	85,281		121,656
Support Services:			
Salaries of Program Directors	2,507	\$ 16,885	
Salaries of Other Professional Staff			
Personal Services - Employee Benefits	4,035	1,292	
Purchased Professional/Educational Services		9,941	
Tuition			
Other Purchased Services		9,973	
Travel			
Supplies and Materials		953	
Total Support Services	6,542	39,044	
Equipment:			
Instructional/Non Instructional Equipment	2,300		
Total Equipment	2,300		
Total Expenditures	\$ 94,123	\$ 39,044	\$ 121,656

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018

	IDEA Part B			
	Preschool	Basic	Perkins Grant	Perkins Reserve Grant
REVENUE:				
State Sources				
Federal Sources	\$ 11,893	\$ 855,051	\$ 3,005	\$ 16,383
Local Sources				
Total Revenue	\$ 11,893	\$ 855,051	\$ 3,005	\$ 16,383
EXPENDITURES:				
Instruction:				
Salaries of Teachers		\$ 2,520		
Purchased Professional/Technical Services				\$ 890
Other Purchased Services	\$ 11,893	484,245		7,437
General Supplies		37,044		
Textbooks				
Total Instruction	11,893	521,289	2,520	8,327
Support Services:				
Salaries of Program Directors				
Salaries of Other Professional Staff			193	
Personal Services - Employee Benefits				
Purchased Professional/Educational Services		283,823		
Tuition				
Other Purchased Services		4,781	292	474
Travel				5,477
Supplies and Materials		40,108		
Total Support Services		328,712	485	5,951
Equipment:				
Instructional/Non Instructional Equipment		5,050		2,105
Total Equipment		5,050		2,105
Total Expenditures	\$ 11,893	\$ 855,051	\$ 3,005	\$ 16,383

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018

	Chapter 192 (Auxiliary Services)		Chapter 193 (Handicapped Services)		
	Compensatory Education	Home Instruction	Corrective Speech	Supplemental Instruction	Examination & Classification
REVENUE:					
State Sources	\$ 34,722	\$ 3,210	\$ 30,355	\$ 67,960	\$ 95,937
Federal Sources					
Local Sources					
Total Revenue	\$ 34,722	\$ 3,210	\$ 30,355	\$ 67,960	\$ 95,937
EXPENDITURES:					
Instruction:					
Salaries of Teachers		\$ 3,210			
Purchased Professional/Technical Services					
Other Purchased Services					
General Supplies					
Textbooks					
Total Instruction		3,210			
Support Services:					
Salaries of Program Directors					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional/Educational Services					
Tuition	\$ 34,722		\$ 30,355	\$ 67,960	\$ 95,937
Other Purchased Services					
Travel					
Supplies and Materials					
Total Support Services	34,722		30,355	67,960	95,937
Equipment:					
Instructional/Non Instructional Equipment					
Total Equipment					
Total Expenditures	\$ 34,722	\$ 3,210	\$ 30,355	\$ 67,960	\$ 95,937

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018

REVENUE:	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Totals June 30, 2018
State Sources	\$ 86,993	\$ 137,780	\$ 57,223	\$ 114,489	\$ 628,669
Federal Sources					1,019,499
Local Sources					121,656
Total Revenue	\$ 86,993	\$ 137,780	\$ 57,223	\$ 114,489	\$ 1,769,824
EXPENDITURES:					
Instruction:					
Salaries of Teachers					\$ 58,579
Purchased Professional/Technical Services		\$ 137,780			137,780
Other Purchased Services					504,845
General Supplies			\$ 57,223		247,975
Textbooks	\$ 86,993				86,993
Total Instruction	86,993	137,780	57,223		1,036,172
Support Services:					
Salaries of Program Directors					19,392
Salaries of Other Professional Staff				\$ 55,886	55,886
Personal Services - Employee Benefits					5,520
Purchased Professional/Educational Services					293,764
Tuition					228,974
Other Purchased Services					15,520
Travel					5,477
Supplies and Materials				58,603	99,664
Total Support Services				114,489	724,197
Equipment:					
Instructional/Non Instructional Equipment					9,455
Total Equipment					9,455
Total Expenditures	\$ 86,993	\$ 137,780	\$ 57,223	\$ 114,489	\$ 1,769,824

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, 2018

Revenue and Other Financing Sources:	
Interest Earned	\$ 1,219
	<hr/>
Total Revenue and Other Financing Sources	1,219
	<hr/>
Expenditures and Other Financing Uses:	
Site Improvements	6,995
Transfer to General Fund - Interest	1,219
	<hr/>
Total Expenditures and Other Financing Uses	8,214
	<hr/>
Deficit of Revenue and Other Financing Sources	
Under Expenditures and Other Financing Sources	(6,995)
	<hr/>
Fund Balance - July 1	485,825
	<hr/>
Fund Balance - June 30	\$ 478,830
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted	\$ 478,830
	<hr/> <hr/>

SPARTA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
CONSTRUCTION OF NEW HIGH SCHOOL PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	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	1,064,762	\$ 6,995	1,071,757	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	69,627,175	6,995	69,634,170	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	\$ 485,825	\$ (6,995)	\$ 478,830	\$ - 0 -

Additional Project Information:

Project Number: N/A
 Grant Date: N/A
 Bond Authorization Date: December 2006
 Bonds Authorized: \$ 71,513,000
 Bonds Issued: \$ 71,513,000
 Original Authorized Cost: \$ 71,513,000
 Revised Authorized Cost: \$ 71,513,000
 Percentage Increase over Original Authorized Cost: 0%
 Percentage Completion: 100.00%
 Original Target Completion Date: December 2010
 Revised Target Completion Date: December 2017

PROPRIETARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 131,362
Accounts Receivable - State	595
Accounts Receivable - Federal	8,100
Accounts Receivable - Other	55,569
Inventories	13,105

Total Current Assets	<u>208,731</u>
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Non-Current Assets:

Capital Assets	1,151,813
Less: Accumulated Depreciation	<u>(905,811)</u>

Total Non-Current Assets	<u>246,002</u>
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Total Assets	<u>454,733</u>
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LIABILITIES:

Accounts Payable - Vendors	59,283
Unearned Revenue - Prepaid Sales	30,650
Unearned Revenue - Donated Commodities	<u>3,956</u>

Total Liabilities	<u>93,889</u>
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NET POSITION:

Investment in Capital Assets	246,002
Unrestricted	<u>114,842</u>

Total Net Position	<u><u>\$ 360,844</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, 2018

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 361,648
Daily Sales - Non-Reimbursable Programs	300,249
Special Events	32,168
	<hr/>
Total Operating Revenue	694,065
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable	178,234
Cost of Sales - Non-Reimbursable	101,612
Salaries and Benefits	347,335
Purchased Services	25,418
Management Fee	73,130
Resident Director Fee	53,560
Supplies and Materials	58,235
Other	10,492
Depreciation Expense	33,307
	<hr/>
Total Operating Expenses	881,323
	<hr/>
Operating Loss	(187,258)
	<hr/>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	6,629
Federal Sources:	
School Breakfast Program	3,300
National School Lunch Program	88,945
Food Distribution Program	50,602
Local Sources:	
Interest Revenue	435
	<hr/>
Total Non-Operating Revenue	149,911
	<hr/>
Change in Net Position Before Other Item	(37,347)
	<hr/>
Other Item:	
Food Service Management Contractor Contribution	53,569
	<hr/>
Change in Net Position after Other Item	16,222
	<hr/>
Net Position - Beginning of Year	344,622
	<hr/>
Net Position - End of Year	\$ 360,844
	<hr/> <hr/>

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 647,501
Payments to Employees	(347,335)
Payments to Suppliers	(388,588)
	<hr/>
Net Cash Used for Operating Activities	(88,422)
	<hr/>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(14,990)
	<hr/>
Net Cash Used for Capital Financing Activities	(14,990)
	<hr/>
Cash Flows from Noncapital and Related Financing Activities:	
State Sources	6,444
Federal Sources	90,705
	<hr/>
Net Cash Provided by Noncapital and Related Financing Activities	97,149
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	435
	<hr/>
Net Cash Provided by Investing Activities	435
	<hr/>
Net Increase in Cash and Cash Equivalents	(5,828)
	<hr/>
Cash and Cash Equivalents, July 1	83,621
	<hr/>
Cash and Cash Equivalents, June 30	\$ 77,793
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (187,258)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	33,307
Food Distribution Program	50,602
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(55,569)
(Increase)/Decrease in Inventory	2,208
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	6,989
Increase/(Decrease) in Unearned Revenue - Donated Commodities	2,016
Increase/(Decrease) in Accounts Payable	59,283
	<hr/>
Net Cash Used for Operating Activities	\$ (88,422)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District had \$1,940 in USDA donated commodities at June 30, 2017, received commodities valued at \$52,618, used commodities valued at \$50,602, and had \$3,956 in commodities at June 30, 2018.

FIDUCIARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Agency</u>					
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>	<u>Private Purpose Scholarship Trust</u>		<u>Unemployment Compensation Trust</u>
ASSETS:						
Cash and Cash Equivalents	\$ 213,083	\$ 367,533	\$ 580,616	\$ 59,979	\$ 209,866	\$ 21,377
Total Assets	213,083	367,533	580,616	59,979	209,866	21,377
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups	213,083	367,533	367,533			
Total Liabilities	213,083	367,533	580,616			
NET POSITION:						
Held in Trust for:						
Scholarship Awards				59,979		
Unemployment Claims					209,866	
Flexible Spending Claims						21,377
Total Net Position	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 59,979	\$ 209,866	\$ 21,377

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Employee		\$ 54,975	\$ 51,232
Total Contributions		<u>54,975</u>	<u>51,232</u>
Investment Earnings:			
Interest	\$ 32	521	42
Net Investment Earnings	<u>32</u>	<u>521</u>	<u>42</u>
Total Additions	<u>32</u>	<u>55,496</u>	<u>51,274</u>
DEDUCTIONS:			
Scholarship Payments	5,000		
Unemployment Claims		50,266	
Flexible Spending Claims			51,731
Total Deductions	<u>5,000</u>	<u>50,266</u>	<u>51,731</u>
Change in Net Position	(4,968)	5,230	(457)
Net Position - July 1	<u>64,947</u>	<u>204,636</u>	<u>21,834</u>
Net Position - June 30	<u>\$ 59,979</u>	<u>\$ 209,866</u>	<u>\$ 21,377</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 271,399	\$ 513,680	\$ 571,996	\$ 213,083
Total Assets	<u>\$ 271,399</u>	<u>\$ 513,680</u>	<u>\$ 571,996</u>	<u>\$ 213,083</u>
 LIABILITIES:				
Due to Student Groups	\$ 271,399	\$ 513,680	\$ 571,996	\$ 213,083
Total Liabilities	<u>\$ 271,399</u>	<u>\$ 513,680</u>	<u>\$ 571,996</u>	<u>\$ 213,083</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
High School	\$ 169,252	\$ 373,028	\$ 425,430	\$ 116,850
Middle School	80,675	75,780	78,916	77,539
Helen Morgan School	6,915	33,541	34,803	5,653
Alpine School	7,879	19,977	20,601	7,255
Mohawk Avenue School	930	11,339	12,246	23
High School Athletics	5,748	15		5,763
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Schools	<u>\$ 271,399</u>	<u>\$ 513,680</u>	<u>\$ 571,996</u>	<u>\$ 213,083</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	<u>\$ 315,887</u>	<u>\$ 40,375,877</u>	<u>\$ 40,324,231</u>	<u>\$ 367,533</u>
Total Assets	<u><u>\$ 315,887</u></u>	<u><u>\$ 40,375,877</u></u>	<u><u>\$ 40,324,231</u></u>	<u><u>\$ 367,533</u></u>
LIABILITIES:				
Payroll Deductions and Withholdings	<u>\$ 315,887</u>	<u>\$ 40,375,877</u>	<u>\$ 40,324,231</u>	<u>\$ 367,533</u>
Total Liabilities	<u><u>\$ 315,887</u></u>	<u><u>\$ 40,375,877</u></u>	<u><u>\$ 40,324,231</u></u>	<u><u>\$ 367,533</u></u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds					Matured/Defeased	Balance June 30, 2018
			Outstanding						
			Date	June 30, 2018	Interest Rate	Balance June 30, 2017	Issued		
School Refunding Bonds	7/1/2008	\$ 19,830,000	09/01/18	\$ 1,120,000	5.000%	\$ 10,645,000	\$ 9,525,000	\$ 1,120,000	
School Refunding Bonds	2/18/2015	54,355,000	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%				
			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%	52,620,000	1,805,000	50,815,000				

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2017	Issued	Matured	Balance June 30, 2018
			Date	Amount					
School Refunding Bonds	6/6/2018	\$ 7,830,000	09/01/18	\$ 40,000	3.000%				
			09/01/19	545,000	3.250%				
			09/01/19	500,000	4.000%				
			09/01/20	520,000	3.250%				
			09/01/20	500,000	4.000%				
			09/01/21	500,000	3.250%				
			09/01/21	500,000	5.000%				
			09/01/22	980,000	5.000%				
			09/01/23	965,000	5.000%				
			09/01/24	945,000	5.000%				
			09/01/25	930,000	5.000%				
			09/01/26	400,000	4.250%				
			09/01/26	505,000	5.000%		\$ 7,830,000		\$ 7,830,000
						\$ 63,265,000	\$ 7,830,000	\$ 11,330,000	\$ 59,765,000
						Bonds Matured		\$ 2,930,000	
						Bonds Defeased		8,400,000	
								\$ 11,330,000	

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance 6/30/2017</u>	<u>Matured</u>	<u>Balance 6/30/2018</u>
Musical Instruments	7.24%	\$ 8,730	\$ 1,863	\$ 1,863	
Bleachers	1.37%	478,500	84,181	84,181	
Technology Equipment	1.47%	404,943	133,963	133,963	
Technology Equipment	1.61%	1,563,050	<u>1,563,050</u>	<u>393,879</u>	<u>\$ 1,169,171</u>
			<u>\$ 1,783,057</u>	<u>\$ 613,886</u>	<u>\$ 1,169,171</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,149,102		\$ 5,149,102	\$ 5,149,102	
State Sources:					
Debt Service State Aid Support	594,728		594,728	594,728	
Total Revenues	<u>5,743,830</u>		<u>5,743,830</u>	<u>5,743,830</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	2,813,832		2,813,832	2,813,832	
Redemption of Principal	2,930,000		2,930,000	2,930,000	
Total Expenditures	<u>5,743,832</u>		<u>5,743,832</u>	<u>5,743,832</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(2)		(2)	(2)	
Other Financing Sources (Uses):					
School Refunding Bonds Issued				7,830,000	\$ 7,830,000
School Bonds Defeased				(8,400,000)	(8,400,000)
Bond Premium				830,426	830,426
Bond Issuance Costs				(108,863)	(108,863)
Deferred Amount on Refunding				(151,563)	(151,563)
Total Other Financing Uses					
Excess (Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(2)		(2)	(2)	
Fund Balance, July 1	3		3	3	
Fund Balance, June 30	<u>1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -0-</u>
Recapitulation of Fund Balance:					
Restricted			<u>\$ 1</u>		<u>\$ 1</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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital										
Assets										
Restricted	\$ 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	\$ 12,462,718
Unrestricted/(Deficit)	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	9,272,742
	(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)	(25,679,469)
Total Governmental Activities/(Deficit)	\$ 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)	\$ (3,944,009)
Business-Type Activities:										
Investment in Capital										
Assets										
Restricted	\$ 72,847	\$ 443,742	\$ 443,742	\$ 412,509	\$ 361,826	\$ 323,838	\$ 269,323	\$ 293,342	\$ 264,319	\$ 246,002
Unrestricted/(Deficit)	189,456	150,266	153,290	136,870	102,064	92,433	15,829	53,383	80,303	114,842
Total Business-Type Activities	\$ 262,303	\$ 594,008	\$ 597,032	\$ 549,379	\$ 463,890	\$ 416,271	\$ 285,152	\$ 346,725	\$ 344,622	\$ 360,844
District-Wide/(Deficit):										
Net Investment in Capital										
Assets										
Restricted	\$ 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	\$ 12,708,720
Unrestricted/(Deficit)	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	9,272,742
	(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)	(25,564,627)
Total District-Wide Net Position/(Deficit)	\$ 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)	\$ (3,583,165)

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 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	\$ 34,606,214
Special Education Instruction	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	10,914,087
Other Special Instruction	490,576	494,090	561,390	797,952	883,938	1,078,212	316,459	627,416	553,048	527,022
Other Instruction	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	3,262,993
Total Instruction	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	49,310,316
Support Services:										
Tuition	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	2,420,389
Student & Instruction Related Services	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	12,527,448
General Administration Services	829,283	956,084	1,084,014	1,118,511	788,934	1,477,500	1,609,895	1,725,193	1,658,805	1,381,196
School Administration Services	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	5,121,365
Central Services	555,179	621,730	660,262	696,640	699,048	724,795	934,943	954,126	1,002,881	1,021,876
Administrative Information Technology	461,334	316,874	402,242	551,213	443,112	913,338	663,490	1,039,903	576,780	451,630
Plant Operations and Maintenance	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	7,208,219
Pupil Transportation	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	4,816,163
Charter Schools	51,108	95,083	107,620	297,638	447,707	428,077	233,906	373,175	174,152	254,577
Interest On Long-Term Debt	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	2,347,551
Unallocated Depreciation	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	2,646,075
Capital Outlay										37,925
Total Governmental Activities Expenses	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	89,544,730
Business-Type Activities:										
Food Service	935,202	910,762	927,009	961,677	886,791	860,552	955,855	891,526	902,693	881,323
Total Business-Type Activities Expenses	935,202	910,762	927,009	961,677	886,791	860,552	955,855	891,526	902,693	881,323
Total District Expenses	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	90,426,053

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 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	\$ 30,825,749
Capital Grants and Contributions	87,932						229,910			
Total Governmental Activities	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	30,825,749
Business-Type Activities:										
Charges for Services:										
Food Service	802,644	746,697	750,526	769,953	692,588	703,066	702,817	743,090	744,113	694,065
Operating Grants and Contributions	131,768	129,701	119,402	143,511	108,307	110,639	115,540	135,530	156,140	149,476
Total Business Type Activities	934,412	876,398	869,928	913,464	800,895	813,705	818,357	878,620	900,253	843,541
Total District-wide Program Revenues	13,619,804	14,846,800	11,719,620	13,034,720	13,373,535	13,420,409	20,663,795	22,857,127	28,668,582	31,669,290
Net (Expense)/Revenue:										
Governmental Activities	(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)	(58,718,981)
Business-Type Activities	(790)	(34,364)	(57,081)	(48,213)	(85,896)	(46,847)	(137,498)	(12,906)	(2,440)	(37,782)
Total District-Wide Net (Expense)/Revenue	(49,767,769)	(50,233,821)	(51,203,900)	(53,168,649)	(55,307,771)	(56,981,703)	(60,006,785)	(58,973,590)	(61,268,302)	(58,756,763)

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 42,269,637	\$ 44,514,252	\$ 48,355,153	\$ 48,733,462	\$ 49,708,131	\$ 50,702,294	\$ 52,416,339	\$ 53,464,665	\$ 54,533,958	\$ 55,624,637
Taxes Levied for Debt Service	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	5,149,102
Unrestricted Grants and Contributions	713,974	686,574	803,515	638,505	603,494	627,132	614,990	631,919	575,191	594,728
Interest and Miscellaneous Income	946,923	314,993	506,545	392,736	190,753	275,427	222,915	210,441	173,588	256,811
Transfers	(19,950)									
Capital Asset Appraisal Adjustment	(2,367,337)									
Total Governmental Activities General	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	61,625,278
Business-Type Activities:										
Investment Earnings	3,864	1,944	907	560	407	339	215	256	337	435
Other Item						(1,111)	6,164	7,030		53,569
Transfers	19,950									
Total Business-Type Activities General	23,814	1,944	907	560	407	(772)	6,379	7,286	337	54,004
Revenues & Other Changes in Net Position	46,850,869	49,666,375	53,973,031	55,082,696	55,769,876	57,095,759	57,934,823	58,903,955	60,497,065	61,679,282
Total District-Wide General Revenues and Other Changes in Net Position	(2,939,924)	(535,026)	2,825,305	1,961,700	547,594	161,675	(1,940,843)	(64,015)	(769,134)	2,906,297
Change in Net Position:	23,024	(32,420)	(56,174)	(47,653)	(85,489)	(47,619)	(131,119)	(5,620)	(2,103)	16,222
Governmental Activities	\$ (2,916,900)	\$ (567,446)	\$ 2,769,131	\$ 1,914,047	\$ 462,105	\$ 114,056	\$ (2,071,962)	\$ (69,635)	\$ (771,237)	\$ 2,922,519
Business-Type Activities										

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 3,373,169	\$ 2,052,307								
Unreserved	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	\$ 8,793,911
Assigned			2,475,413	1,823,657	1,044,263	403,991	231,916	546,237	725,863	267,440
Unassigned			788,200	744,500	606,546	590,531	608,338	638,261	718,973	746,696
Total General Fund	\$ 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	\$ 9,808,047
Other Governmental Funds:										
Reserved	\$ 16,265,625	\$ 3,165,485								
Unreserved (Deficit):										
Capital Projects Fund	7,332,094	4,477,088								
Debt Service Fund	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	\$ 478,831
Committed			44,112	44,112	44,112	344,872				
Total Other Governmental Funds	\$ 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	\$ 478,831
Total Government Funds	\$ 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	\$ 10,286,878

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Tax Levy	\$ 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	\$ 60,773,739
Tuition Charges	13,500	21,031	26,650							
Interest Earnings	746,100	244,035	46,336							
Transportation Fees			89,589							
Miscellaneous	257,046	65,545	423,853	474,922	264,101	374,516	281,326	313,285	415,547	490,317
State Sources	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	15,937,956
Federal Sources	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	1,017,528
Total Revenue	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	78,219,540
Expenditures:										
Instruction:										
Regular	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	18,556,960
Special Education	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	6,238,741
Other Special	354,814	362,734	391,834	509,442	509,056	681,420	110,397	128,871	80,320	69,686
Other	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	2,356,085
Support Services:										
Tuition	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	2,420,389
Student & Instruction-Related Services										
General Administration	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	6,842,423
School Administration	714,221	827,007	919,817	974,761	689,224	1,137,417	1,150,852	1,205,045	1,206,367	896,532
Central Services	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	2,677,988
Administrative Information Technology	406,792	458,090	455,660	515,781	505,927	516,809	587,857	586,055	559,098	558,563
Plant Operations/Maintenance	384,030	280,411	355,377	369,096	283,871	353,070	331,537	300,981	343,051	370,917
	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	4,970,295

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenditures:										
Support Services:										
Pupil Transportation	\$ 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	\$ 4,130,652
Unallocated Benefits	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	18,410,833
Charter Schools	51,108	95,083	107,620	297,638	447,707	428,077	233,906	373,175	174,152	254,577
Capital Outlay	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	1,871,505
Debt Service:										
Principal	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	2,930,000
Interest/Other Charges	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	2,813,832
Total Expenditures	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	76,369,978
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(37,468,819)	(17,469,309)	756,514	(2,960,443)	(2,175,057)	(858,045)	(1,981,109)	529,783	966,172	1,849,562
Other Financing Sources (Uses):										
Capital Leases						487,230	524,618		1,967,993	
Bond Proceeds							54,355,000			7,830,000
School Bonds Defeased							(60,213,000)			(8,400,000)
Premium on Refunding Bonds							8,661,508			830,426
Costs of Refunding Bond Issue							(311,028)			(108,863)
Deferred Amount - Refunding							(2,492,480)			(151,563)
Transfers In	1,022,962	207,265	8,928	6,722	2,263	391,486	702,897	804,990	1,000	
Transfers Out	(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)					487,230	524,618		1,967,993	
Net Change In Fund Balances	\$ (37,488,769)	\$ (17,469,309)	\$ 756,514	\$ (2,960,443)	\$ (2,175,057)	\$ (370,815)	\$ (1,456,491)	\$ 529,783	\$ 2,934,165	\$ 1,849,562
Debt Service as a Percentage of Noncapital Expenditures	9.16%	8.98%	9.46%	8.97%	8.55%	8.77%	8.45%	8.24%	8.01%	7.71%

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
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
2018	28,602	191,732	11,554		132,790	364,678

Source: Sparta Township School District Financial Reports.

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

Year	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2017	54,904,000	2,581,343,000	29,704,700	816,700	259,127,000	41,094,600	5,922,900	2,972,912,900		2,972,912,900	242,612,100	2.027	3,083,772,077

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						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Sparta Township	Sussex County		
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	
2017	1.855	0.172	2.027	0.618	0.557	3.202	

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

	2018		2009		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxable Assessed Value	Taxable Assessed Value					
Jersey Investors Growth		\$ 23,109,700							
Braen Royalty LLC		8,137,900							
Lake Mohawk Country Club		6,398,100							
Sparta Ecumenical Council		6,225,000							
CC Holdings LLC		6,182,700							
AHS Hospital Corp		5,828,900							
376 Lafayette JV LLC		5,767,000							
Heller Sparta, LLC		5,616,800							
Grinnell/Cofrancesco		5,615,000							
Serolf Properties LLC		4,711,800							
Total		\$ 77,592,900							0.00%

INFORMATION NOT AVAILABLE

Source: Sparta Township Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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 -
2018	60,773,739	60,773,739	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			
2009	\$ 89,073,000	\$ - 0 -	\$ 89,073,000	9.93%	\$ 4,621
2010	87,028,000	- 0 -	87,028,000	9.39%	4,526
2011	84,953,000	155,078	85,108,078	8.87%	4,339
2012	82,648,000	103,135	82,751,135	8.40%	4,222
2013	80,293,000	50,452	80,343,452	8.14%	4,126
2014	77,588,000	362,284	77,950,284	7.65%	4,036
2015	69,050,000	573,996	69,623,996	6.66%	3,629
2016	66,140,000	170,829	66,310,829	6.25%	3,488
2017	63,265,000	1,783,057	65,048,057	6.16%	3,442
2018	59,765,000	1,169,171	60,934,171	5.77%	3,240

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			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 89,073,000	\$ - 0 -	\$ 89,073,000	3.67%	\$ 4,621
2010	87,028,000	- 0 -	87,028,000	3.56%	4,526
2011	84,953,000	- 0 -	84,953,000	3.46%	4,331
2012	82,648,000	- 0 -	82,648,000	3.45%	4,217
2013	80,293,000	- 0 -	80,293,000	3.40%	4,124
2014	77,588,000	- 0 -	77,588,000	3.29%	4,017
2015	69,050,000	- 0 -	69,050,000	2.95%	3,599
2016	66,140,000	- 0 -	66,140,000	2.83%	3,479
2017	63,265,000	- 0 -	63,265,000	2.12%	3,348
2018	59,765,000	- 0 -	59,765,000	2.01%	3,178

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, 2017
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	\$ 8,782,778	100.00%	\$ 8,782,778
Sussex County General Obligation Debt	108,606,061	18.28%	<u>19,855,232</u>
Subtotal, Overlapping Debt			28,638,010
Sparta School District Direct Debt			<u>53,740,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 82,378,010</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.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 123,883,265
Net Debt Applicable to Limit	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	59,765,000
Legal Debt Margin	\$ 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	\$ 64,118,265
Net Debt Applicable to the Limit as a % of Debt Limit	67.50%	61.77%	61.77%	58.28%	58.17%	58.75%	53.98%	52.86%	50.94%	48.24%

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis		Sparta Township
2015	\$ 3,101,506,782	\$ 3,101,506,782
2016	3,086,812,597	3,086,812,597
2017	3,102,925,478	3,102,925,478
		\$ 9,291,244,857
Average Equalized Valuation of Taxable Property		\$ 3,097,081,619
Debt Limit (4% of average equalization value) ^a		\$ 123,883,265
Net Bonded School Debt as of June 30, 2018		59,765,000
Legal Debt Margin		\$ 64,118,265

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

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

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
2009	19,228	\$ 46,651	\$ 897,005,428	5.90%
2010	19,616	47,230	926,463,680	6.30%
2011	19,599	48,958	959,527,842	6.10%
2012	19,471	50,597	985,174,187	6.10%
2013	19,314	51,132	987,563,448	6.70%
2014	19,187	53,138	1,019,558,806	5.00%
2015	19,009	54,998	1,045,456,982	4.30%
2016	18,898	56,183	1,061,746,334	3.80%
2017	18,807	56,183 **	1,056,633,681	3.40%
2018	18,807 *	56,183 **	1,056,633,681 ***	N/A

* - Latest Township population available (2017) was used for calculations purposes.

** - Latest Sussex County per capita personal income available (2016) was used for calculation purposes.

*** - Latest Township population available (2017) and latest Sussex County per capita personal income available (2016) 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>2017</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>
Total County Employment	<u>71,981</u>	
	<u>2008</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Mountain Creek/Intrawest	1,387	1.72%
Crystal Springs Golf and Spa Resort	1,153	1.43%
Newton Memorial Hospital	1,148	1.42%
County of Sussex	855	1.06%
Selective Insurance	800	0.99%
Shop Rite (Ronetco Supermarkets, Inc.)	718	0.89%
Vernon Township Board of Education	703	0.87%
Andover Sub Acute & Rehab Center	700	0.87%
Sparta Board of Education	570	0.70%
Hopatcong Board of Education	540	0.67%
	<u>8,574</u>	<u>10.60%</u>
Total Employment	<u>80,859</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>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>	<u>2018</u>
Instruction:										
Regular	329.0	329.0	333.0	227.6	276.0	270.0	248.2	256.6	245.5	249.0
Special Education	39.0	39.0	43.0	97.6	52.0	54.0	70.5	67.0	69.8	65.0
Support Services:										
Student & Instruction-Related Services	77.0	71.0	65.0	52.1	54.0	42.0	88.0	97.1	97.0	94.0
General Administrative Services	5.0	5.0	5.0	2.5	5.0	5.0	4.0	4.0	4.0	6.0
School Administrative Services	28.0	32.0	34.0	30.0	21.0	29.0	41.5	42.1	41.6	41.0
Plant Operations and Maintenance	42.0	53.0	33.0	41.0	41.0	41.0	38.0	38.5	40.0	41.0
Pupil Transportation	20.0	20.0	20.0	20.0	20.0	20.0	25.0	21.7	19.0	21.0
Business and Other Support Services	7.0	8.0	8.0	8.5	8.5	8.5	7.0	7.0	6.0	6.0
Total	547.0	557.0	541.0	479.3	477.5	469.5	522.2	534.0	522.9	523.0

Source: Sparta Township School District personnel records.

SPARTA TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended	Pupil/Teacher Ratio											Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change Average Daily Enrollment	Student Attendance Percentage
	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percent Change	Teaching Staff ^d	Elementary				Senior High School	Middle School				
						Helen Morgan	Alpine	Mohawk Avenue							
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%	
2018	3,187	68,754,641	21,573	5.52%	322	6.8	6.6	5.3	6.6	6.8	3,291.0	3,093	2.56%	93.98%	

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Elementary</u>										
Helen Morgan (1958)										
Square Feet	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515
Capacity (Students)	672	672	672	672	672	672	672	672	672	672
Enrollment	627	649	739	739	565	530	509	494	470	467
Alpine (1964)										
Square Feet	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240	63,240
Capacity (Students)	805	805	805	805	805	805	805	805	805	805
Enrollment	798	709	840	840	726	683	631	631	664	664
Mohawk Avenue (1935)										
Square Feet	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	356	312			228	227	221	225	222	196
<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	985	1,036	937	937	847	816	825	799	801	768
<u>High School</u>										
Square Feet	153,245	153,245	255,127	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	1,220	1,205	1,192	1,192	1,224	1,207	1,142	1,122	1,095	1,092
<u>Number of Schools at June 30, 2018</u>										
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
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
2018	56,723	49,874	27,275	95,336	544,159	773,367

* 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, 2018
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



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Sparta, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

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*.

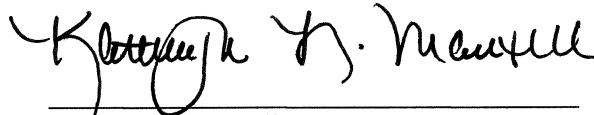
Purpose of this Report

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

January 18, 2019
Mount Arlington, New Jersey



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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the 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, 2018. 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, 2018.

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.

January 18, 2019
Mount Arlington, New Jersey

Nisivoccia, LLP

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, 2018

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, 2017			Balance June 30, 2018		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
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-4960-18	7/1/17-6/30/18	\$ 1,132,623			\$ 604,837	\$ (855,051)	\$ (250,214)	
Part B, Basic	84.027	IDEA-4960-17	7/1/16-6/30/17	1,204,239			116,784	(11,893)	(11,893)	
Part B, Preschool	84.173	IDEA-4960-18	7/1/17-6/30/18	33,514						
Part B, Preschool	84.173	IDEA-4960-17	7/1/16-6/30/17	25,425			6,560			
Total Special Education Cluster							728,181	(866,944)	(262,107)	
Elementary and Secondary Education Act:										
Title I	84.010A	ESEA-4960-18	7/1/17-6/30/18	96,589			54,555	(94,123)	(39,568)	
Title I	84.010A	NCLB-4960-17	7/1/16-6/30/17	105,281			5,005	(5,005)		
Title II, Part A	84.367A	ESEA-4960-18	7/1/17-6/30/18	75,102			8,874	(39,044)	(30,170)	
Title II, Part A	84.367A	NCLB-4960-17	7/1/16-6/30/17	82,390			19,775			
Title III	84.365A	NCLB-4960-17	7/1/16-6/30/17	13,513			1,133			
Perkins Vocational Education	84.048A	PERK-4960-18	7/1/17-6/30/18	14,444			4,348	(3,005)	\$ 1,343	
Perkins Vocational Education	84.048A	PERK-4960-17	7/1/16-6/30/17	13,693			3,644	(3,644)		
Perkins Vocational Education - Reserve	84.048A	PERK-4960-18	7/1/17-6/30/18	109,502			5,802	(16,383)	(10,581)	
Perkins Vocational Education - Reserve	84.048A	PERK-4960-17	7/1/16-6/30/17	50,749			8,979	(8,979)		
Total Special Revenue Fund							840,296	(1,019,499)	(342,426)	1,343

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2017			Balance June 30, 2018		
					Budgetary Accounts Receivable	Cash Received	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
Enterprise Fund:										
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	\$ 52,618	\$ 52,618	\$ (48,662)	\$ 3,956			
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	52,527	\$ 1,940	(1,940)				
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	88,945	81,200	(88,945)	\$ (7,745)			
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	90,938	6,229					
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	3,300	2,945	(3,300)	(355)			
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	4,454	331					
Child Nutrition Cluster Subtotal					(6,560)	1,940	143,323	(8,100)	3,956	
Total Enterprise Fund and U.S. Department of Agriculture					(6,560)	1,940	143,323	(8,100)	3,956	
Total Federal Awards					\$ (168,440)	\$ 1,940	\$ 983,619	\$ (1,162,346)	\$ 5,299	\$ -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, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2018		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	18-495-034-5120-014	7/1/17-6/30/18	\$ 1,105,532			\$ 996,157	\$ (1,105,532)		\$ (109,375)	\$	\$ 1,105,532	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	2,030,137			1,829,286	(2,030,137)		(200,851)		2,030,137	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	2,488,733			2,242,512	(2,488,733)		(246,221)		2,488,733	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	252,688			227,688	(252,688)		(25,000)		252,688	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	33,030			29,762	(33,030)		(3,268)		33,030	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	33,030			29,762	(33,030)		(3,268)		33,030	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	31,980			28,816	(31,980)		(3,164)		31,980	
Host District Aid	18-495-034-5120-102	7/1/17-6/30/18	2,344			2,112	(2,344)		(232)		2,344	
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	316,007				(316,007)		(316,007)		316,007	
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	47,901				(47,901)		(47,901)		47,901	
Lead Testing	18-495-034-5120-104	7/1/17-6/30/18	19,496			19,496	(19,496)				19,496	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,031,405			1,933,533	(2,031,405)		(97,872)		2,031,405	
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	2,462,502			2,462,502	(2,462,502)				2,462,502	
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	3,722,309			3,722,309	(3,722,309)				3,722,309	
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	90,331			90,331	(90,331)				90,331	
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	5,364			5,364	(5,364)				5,364	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	1,105,532	\$ (109,570)		109,570					1,105,532	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,030,137	(201,208)		201,208					2,030,137	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	2,488,733	(246,660)		246,660					2,488,733	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	252,688	(25,044)		25,044					252,688	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	33,030	(3,274)		3,274					33,030	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	33,030	(3,274)		3,274					33,030	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	31,980	(3,170)		3,170					31,980	
Host District Aid	17-495-034-5120-102	7/1/16-6/30/17	2,344	(232)		232					2,344	
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	323,645	(323,645)		323,645					323,645	
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	29,296	(29,296)		29,296					29,296	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	1,941,158	(95,608)		95,608					1,941,158	
Total General Fund State Aid				(1,040,981)		14,660,611	(14,672,789)		(461,780)		(1,053,159)	22,944,362
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	18-100-034-5120-064	7/1/17 - 6/30/18	88,142			88,142	(86,993)			\$ 1,149		86,993
Nursing Aid	18-100-034-5120-070	7/1/17 - 6/30/18	158,013			158,013	(137,780)			20,233		98,705
Technology Initiative Aid	18-100-034-5120-373	7/1/17 - 6/30/18	59,533			59,533	(57,223)			2,310		150,179
Security Aid	18-100-034-5120-509	7/1/17 - 6/30/18	122,175			122,175	(114,489)			7,686		57,223
Security Aid	17-100-034-5120-509	7/1/17 - 6/30/18	86,750			86,750	(885)					43,757
Compensatory Education	18-100-034-5120-067	7/1/17 - 6/30/18	87,698			87,698	(34,722)			52,976		114,489
Compensatory Education	17-100-034-5120-067	7/1/16 - 6/30/17	117,350		29,830			(29,830)				84,545

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Project Number	Grant or State Period	Grant Period	Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2018		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	7/1/16 - 6/30/17	\$ 914	\$ 914				\$ (914)		\$ (3,210)	\$ (3,210)	\$ 3,210
Home Instruction	18-100-034-5120-067	7/1/17 - 6/30/18	7/1/17 - 6/30/18	3,210									7,981
Home Instruction	17-100-034-5120-067	7/1/16 - 6/30/17	7/1/16 - 6/30/17	7,981	\$ (7,981)	\$ 7,981							
New Jersey Nonpublic Handicapped:													
Supplemental Instruction	18-100-034-5120-066	7/1/17 - 6/30/18	7/1/17 - 6/30/18	70,257		70,257				\$ 2,297			67,960
Supplemental Instruction	17-100-034-5120-066	7/1/16 - 6/30/17	7/1/16 - 6/30/17	69,603	8,083				(8,083)				61,520
Corrective Speech	18-100-034-5120-066	7/1/17 - 6/30/18	7/1/17 - 6/30/18	32,587		32,587				2,232			30,355
Corrective Speech	17-100-034-5120-066	7/1/16 - 6/30/17	7/1/16 - 6/30/17	44,175	15,019				(15,019)				29,156
Exam & Classification	18-100-034-5120-066	7/1/17 - 6/30/18	7/1/17 - 6/30/18	99,943		99,943				4,006			95,937
Exam & Classification	17-100-034-5120-066	7/1/16 - 6/30/17	7/1/16 - 6/30/17	119,767	41,291				(41,291)				78,476
Total Special Revenue Fund					(7,981)	104,461	726,329	(628,669)	(104,461)	\$ (3,210)	92,889	(3,210)	1,270,508
Debt Service Fund:													
Debt Service State Aid Support	18-495-034-5120-075	7/1/17 - 6/30/18	7/1/17 - 6/30/18	594,728		594,728							594,728
Total Debt Service Fund						594,728		(594,728)					594,728
Enterprise Fund:													
State Department of Agriculture:													
State School Lunch	18-100-010-3350-023	7/1/17 - 6/30/18	7/1/17 - 6/30/18	6,629	(410)	6,034				(595)		(595)	6,629
State School Lunch	17-100-010-3350-023	7/1/16 - 6/30/17	7/1/16 - 6/30/17	5,831		410							5,831
Total Enterprise Fund					(410)	6,444		(6,629)		(595)		(595)	12,460
Total State Awards Subject to Single Audit Determination					\$ (1,049,372)	\$ 104,461	\$ 15,988,112	\$ (15,902,815)	\$ (104,461)	\$ (465,585)	\$ 92,889	\$ (1,056,964)	\$ 24,822,058
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17 - 6/30/18	7/1/17 - 6/30/18					(2,462,502)					
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17 - 6/30/18	7/1/17 - 6/30/18					(3,722,309)					
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	7/1/17 - 6/30/18					(90,331)					
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	7/1/17 - 6/30/18					(5,364)					
Subtotal - On-Behalf TPAF Pension System Contributions								(6,280,506)					
Total State Awards Subject to Single Audit Major Program Determination													\$ (9,622,309)

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, 2018

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, 2018. 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 \$1,053 for the general fund and \$41,510 for the special revenue fund (of which \$2,764 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, 2018
(Continued)

Note 4. Relationship to Basic Financial Statements (Cont'd)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 14,673,842	\$ 14,673,842
Special Revenue Fund	\$ 1,017,528	669,386	1,686,914
Debt Service Fund		594,728	594,728
Food Service Fund	<u>142,847</u>	<u>6,629</u>	<u>149,476</u>
Total Awards	<u>\$ 1,160,375</u>	<u>\$ 15,944,585</u>	<u>\$ 17,104,960</u>

Note 5. Relationship to Federal and State Financial Reports

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

Note 6. Other

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	7/1/17-6/30/18	\$ 1,132,623	\$ 855,051
IDEA Part B Preschool	84.173	7/1/17-6/30/18	33,514	11,893
<u>State Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Reimbursed TPAF Social Security Contributions				
	18-495-034-5094-003	7/1/17-6/30/18	\$ 2,031,405	\$ 2,031,405

- 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, 2018
(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, 2018

Status of Prior Year Findings:

There were no prior year audit findings.