

**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, 2019**

**Comprehensive Annual
Financial Report**

of the

SPARTA TOWNSHIP SCHOOL DISTRICT

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**SPARTA TOWNSHIP SCHOOL DISTRICT
Board of Education**

SPARTA TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

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

November 8, 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, 2019, 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.

As of June 30, 2019, Sparta Schools enrolled 3,224 students at five schools compared to 3,187 students as of June 30, 2018, which is an increase of 37 students, or 1.16%.

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:

The School District has undertaken a number of major initiatives focused on student growth and learning. These initiatives range in scope and focus based upon student need, grade level, developmental level and building. Major initiatives have been implemented in the areas of curriculum, technology and facilities in our efforts to improve student outcomes and provide our students with exemplary learning environments and opportunities. The following is a sample of major initiatives:

- Revision and updates to existing curriculum to reflect best practices in current classroom instruction.
- Implementation of data warehousing and analytics tools to refine instruction and target students in need of support.
- Developed pathways for student learning identified by student interests and choice.
- Developed and implemented a multi-tiered system of supports to meet the needs of all learners with a focus on the elementary classroom environments.
- Renovated learning spaces, i.e. AES and HMS Media Centers, to provide an engaging learning environment for our students.
- Continued to support a 1:1 digital learning environment through the issuance of Chromebooks to our 6-12 students and provide devices on a 1:1 ratio for our PK-5 students.
- Transitioned classrooms from MAP assessments to STAR assessments to increase accessibility to student performance data to improve instructional decision making and lessen the standardized assessment burden on our students.
- Developed integrated Humanities and STEM instructional units in grades 2-5 to provide students an opportunity to enhance their application and integration of English, Social Studies, Math, and Science content specific skills.

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, 2019.

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:

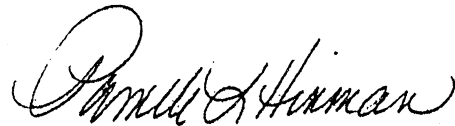
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit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

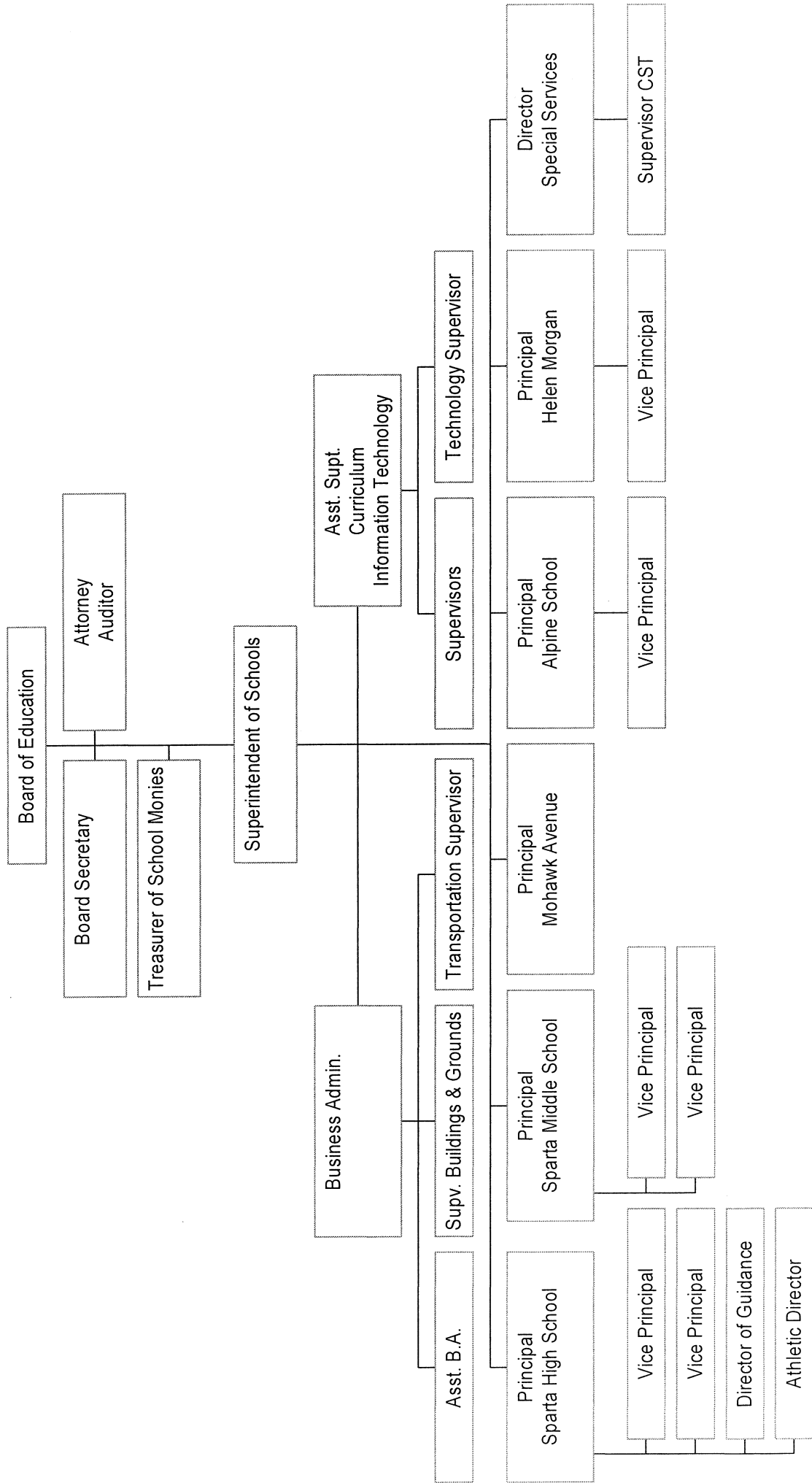


Dr. Michael Rossi
Superintendent



Pamela Hinman
School Business Administrator/Board Secretary

Sparta Township School District



**SPARTA TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kelly Anne McEvoy, President	2019
Kylen Anderson, Vice President	2020
Kimberly Bragg	2019
Jennifer Grana	2021
Joanne Hoover	2020
Kathryn Matteson	2021
Michael McGovern	2019
Karen Scott	2021
Jason Ventresca	2020

<u>Other Officers</u>	<u>Title</u>
Dr. Michael Rossi	Superintendent of Schools
Pamela Hinman	School Business Administrator/Board Secretary
Patrick McQueeney	Assistant Superintendent of Curriculum and Staff Development
Kristine Demay	Assistant Business Administrator
Kerry A. Keane	Treasurer

**Sparta Township School District
CONSULTANTS AND ADVISORS**

ARCHITECTS

CP Engineers
Sparta, NJ

Parette Somjen Architects, LLC
Rockaway, NJ

ATTORNEY

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

Comegno Law Group, P.C.
521 Pleasant Valley Ave
Moorestown, NJ 08057

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-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 other supplementary schedules 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 sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules 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 other 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.

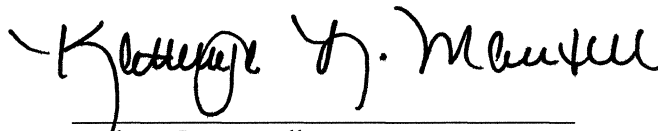
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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 solely 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 the effectiveness of the District's 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.



NISIVOCIA, LLP

November 8, 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, 2019
(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, 2019. 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.

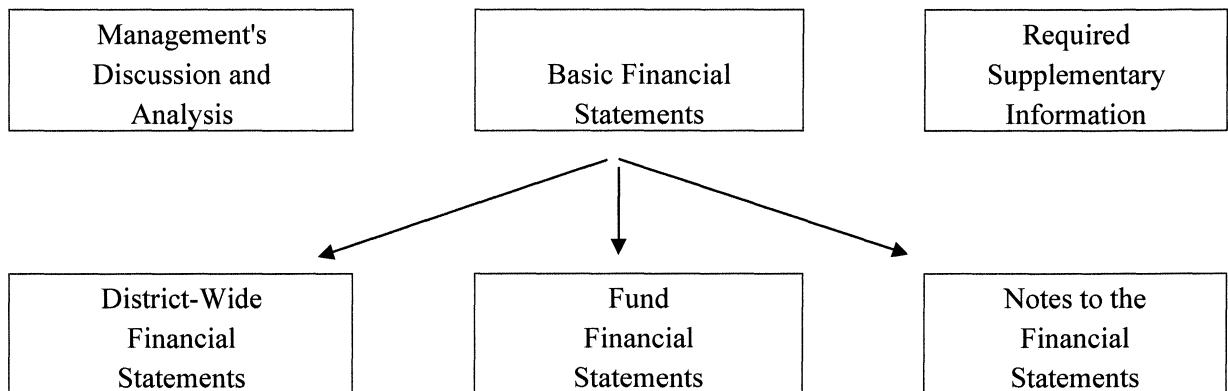
Overview of the Financial Statements

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, 2019
(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, 2019
(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 operation 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, 2019
(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 (\$1,649,252) on June 30, 2019, \$1,933,913 or 53.97% more than the year before. (See Figure A-3). Net position from governmental activities increased by \$1,894,683 and net position from business-type activities increased by \$39,230.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Current & Other Assets	\$ 11,879,075	\$ 11,157,695	\$ 267,089	\$ 208,731	\$ 12,146,164	\$ 11,366,426	
Capital Assets, Net	70,084,778	71,108,914	212,478	246,002	70,297,256	71,354,916	
Total Assets	81,963,853	82,266,609	479,567	454,733	82,443,420	82,721,342	-0.34%
Deferred Outflows of Resources	7,239,183	8,293,087			7,239,183	8,293,087	-12.71%
Other Liabilities	3,407,946	2,628,305	79,493	93,889	3,487,439	2,722,194	
Long-Term Liabilities	81,897,307	87,382,061			81,897,307	87,382,061	
Total Liabilities	85,305,253	90,010,366	79,493	93,889	85,384,746	90,104,255	-5.24%
Deferred Inflows of Resources	5,947,109	4,493,339			5,947,109	4,493,339	32.35%
Net Position/(Deficit)							
Net Investment in Capital							
Assets	14,414,009	12,462,718	212,478	246,002	14,626,487	12,708,720	
Restricted	7,022,305	9,272,742			7,022,305	9,272,742	
Unrestricted/(Deficit)	(23,485,640)	(25,679,469)	187,596	114,842	(23,298,044)	(25,564,627)	
Total Net Position	\$ (2,049,326)	\$ (3,944,009)	\$ 400,074	\$ 360,844	\$ (1,649,252)	\$ (3,583,165)	53.97%

Net Investment in Capital Assets increased \$1,917,767 due to reductions in bond and lease debt and capital additions offset by annual depreciation. Restricted net position decreased \$2,250,437 primarily due to withdrawals from the Capital Reserve account for current year projects. Unrestricted net position increased \$2,266,583 largely due to increases 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, 2019
(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**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Revenue:							
Program Revenue:							
Charges for Services			\$ 786,527	\$ 694,065	\$ 786,527	\$ 694,065	
Operating Grants & Contributions	\$ 22,349,553	\$ 30,825,749	155,818	149,476	22,505,371	30,975,225	
General Revenue:							
Property Taxes	61,401,514	60,773,739			61,401,514	60,773,739	
Federal and State Unrestricted Aid	3,351,018	594,728			3,351,018	594,728	
Other	275,906	256,811	1,233	435	277,139	257,246	
Total Revenue	87,377,991	92,451,027	943,578	843,976	88,321,569	93,295,003	-5.33%
Expenses:							
Instruction	46,597,057	49,310,316			46,597,057	49,310,316	
Pupil/Instruction Services	14,126,916	14,947,837			14,126,916	14,947,837	
Administrative/Business	7,117,386	7,976,067			7,117,386	7,976,067	
Operations/Maintenance	7,626,788	7,246,144			7,626,788	7,246,144	
Transportation	4,729,532	4,816,163			4,729,532	4,816,163	
Other	5,285,629	5,248,203	904,348	881,323	6,189,977	6,129,526	
Total Expenses	85,483,308	89,544,730	904,348	881,323	86,387,656	90,426,053	-4.47%
Other Item				53,569		53,569	
Increase in Net Position	\$ 1,894,683	\$ 2,906,297	\$ 39,230	\$ 16,222	\$ 1,933,913	\$ 2,922,519	

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased \$1.93 million during the course of the year. Maintaining existing programs with increasing regular pupil enrollment and outside placements and special services for disabled students 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, 2019
(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 and with the Township.
- Aggressive pursuit of federal, state and local grants.
- Completing maintenance projects with expertise of in-house maintenance staff.

It is crucial that the District examine its expenses carefully. Figure A-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	
	2018/19	2017/18	2018/19	2017/18
Instruction	\$ 46,597,057	\$ 49,310,316	\$ 31,888,194	\$ 28,003,465
Pupil and Instruction Services	14,126,916	14,947,837	10,634,744	10,677,080
Administrative and Business	7,117,386	7,976,067	5,569,130	5,709,921
Operations and Maintenance	7,626,788	7,246,144	6,525,361	5,804,164
Transportation	4,729,532	4,816,163	3,230,697	3,276,148
Other	5,285,629	5,248,203	5,285,629	5,248,203
	<u>\$ 85,483,308</u>	<u>\$ 89,544,730</u>	<u>\$ 63,133,755</u>	<u>\$ 58,718,981</u>

Business-Type Activities

Net position of the District's business-type activities increased by \$39,230 primarily due to an increase in charges for services offset by an increase in operating expenses. (Refer to Figure A-4).

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Financial Analysis of the District's Funds

The District's General Fund balance increased by \$339,393 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 \$1,057,660 or 1.48%. Capital additions were \$2,402,058 (from Governmental activities) offset by \$3,315,736 in current year depreciation (\$3,282,212 from Governmental activities and \$33,524 from Business-type activities) and net capital deletions and adjustments of \$143,982 from its 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
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Land	\$ 649,333	\$ 649,333			\$ 649,333	\$ 649,333	
Site Improvements	3,356,213	2,262,280			3,356,213	2,262,280	
Buildings and							
Building Improvements	63,062,957	65,297,366			63,062,957	65,297,366	
Machinery & Equipment	3,016,275	2,899,935	\$ 212,478	\$ 246,002	3,228,753	3,145,937	
Total Capital Assets (Net of Depreciation)	<u>\$ 70,084,778</u>	<u>\$ 71,108,914</u>	<u>\$ 212,478</u>	<u>\$ 246,002</u>	<u>\$ 70,297,256</u>	<u>\$ 71,354,916</u>	-1.48%

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Capital Assets and Long Term Liabilities

Long-term Liabilities

The District's long-term liabilities decreased \$5,484,754, or 6.28%, from the prior year. At year-end, the District had \$56,665,000 in general obligation bonds, \$15,453,361 in net pension liability, \$1,158,214 in capital leases, \$870,878 in compensated absences payable and \$7,749,854 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

	Total School District		Percentage Change
	2018/19	2017/18	
Bonds Payable	\$ 56,665,000	\$ 59,765,000	
Unamortized Bond Issuance Premium	7,749,854	8,254,577	
Net Pension Liability	15,453,361	17,374,424	
Capital Leases	1,158,214	1,169,171	
Other Long-Term Liabilities	870,878	818,889	
Total Long-Term Liabilities Outstanding	\$ 81,897,307	\$ 87,382,061	-6.28%

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 reduction in 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.

All contractual bargaining units have settled.

Future finances will continue to be challenged with legislation that impacts the financial operation of the School District. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable unassigned general fund balance to 2% at the end of the 2010/2011 school year. This has left the District with very little protection in the event of any significant emergencies. This law also places limits on the District's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available fund balance as needed, and the ability to transfer available funds between appropriation accounts, and severely impacts our ability to maintain and improve our facilities. Also, the S2 initiative that has placed a reduction in state aid to the District in the amount of about \$1.2 million over a 6 year period.

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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,559,302	\$ 248,066	\$ 5,807,368
Receivables from State Government	563,744	488	564,232
Receivables from Federal Government	185,013	6,392	191,405
Other Receivables	121,881	1,453	123,334
Inventory		10,690	10,690
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	4,537,502		4,537,502
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	69,435,445	212,478	69,647,923
Total Assets	81,963,853	479,567	82,443,420
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	2,152,445		2,152,445
Deferred Outflows Related to Pensions	4,280,437		4,280,437
District Contribution Subsequent to the Measurement Date-Pensions	806,301		806,301
Total Deferred Outflows of Resources	7,239,183		7,239,183
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,316,841	54,410	2,371,251
Accrued Interest Payable	943,180		943,180
Payable to Other Governments	47,549		47,549
Unearned Revenue	100,376	25,083	125,459
Noncurrent Liabilities:			
Due Within One Year	3,821,269		3,821,269
Due Beyond one Year	78,076,038		78,076,038
Total Liabilities	85,305,253	79,493	85,384,746
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	5,947,109		5,947,109
Total Deferred Inflows of Resources	5,947,109		5,947,109
NET POSITION/(Deficit)			
Net Investment in Capital Assets	14,414,009	212,478	14,626,487
Restricted for:			
Capital Projects	4,537,502		4,537,502
Debt Service	73,170		73,170
Maintenance	911,633		911,633
Excess Surplus	1,500,000		1,500,000
Unrestricted/(Deficit)	(23,485,640)	187,596	(23,298,044)
Total Net Position/(Deficit)	\$ (2,049,326)	\$ 400,074	\$ (1,649,252)

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, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 32,631,972		\$ 8,333,821		\$ (24,298,151)		\$ (24,298,151)
Special Education Instruction	9,786,081		5,382,252		(4,403,829)		(4,403,829)
Other Special Instruction	136,566		30,995		(105,571)		(105,571)
School-Sponsored/Other Instruction	4,042,438		961,796		(3,080,642)		(3,080,642)
Support Services:							
Tuition	2,155,425		340,087		(1,815,338)		(1,815,338)
Student & Instruction Related Services	11,971,491		3,152,084		(8,819,407)		(8,819,407)
General Administration Services	845,301		114,767		(730,534)		(730,534)
School Administration Services	4,404,143		1,095,613		(3,308,530)		(3,308,530)
Central Services	997,501		224,485		(773,016)		(773,016)
Administrative Information Technology	870,441		113,390		(757,051)		(757,051)
Plant Operations and Maintenance	7,626,788		1,101,427		(6,525,361)		(6,525,361)
Pupil Transportation	4,729,532		1,498,836		(3,230,696)		(3,230,696)
Charter School	419,066				(419,066)		(419,066)
Unallocated Depreciation	2,627,029				(2,627,029)		(2,627,029)
Interest on Long-Term Debt	2,239,534				(2,239,534)		(2,239,534)
Total Governmental Activities	85,483,308		22,349,553		(63,133,755)		(63,133,755)

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	\$ 904,348	\$ 786,527	\$ 155,818		\$ 37,997	\$ 37,997	\$ 37,997
Total Business-Type Activities	904,348	786,527	155,818		37,997	37,997	37,997
Total Primary Government	\$ 86,387,656	\$ 786,527	\$ 22,505,371	\$ - 0 -	\$ (63,133,755)	37,997	(63,095,758)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes, Net	56,737,130	56,737,130
Property Taxes Levied for Debt Service	4,664,384	4,664,384
Federal and State Aid not Restricted	3,351,018	3,351,018
Interest and Miscellaneous Income	275,906	1,233

Total General Revenues	65,028,438	1,233	65,029,671
Change in Net Position	1,894,683	39,230	1,933,913
Net Position/(Deficit) - Beginning	(3,944,009)	360,844	(3,583,165)
Net Position/(Deficit) - Ending	\$ (2,049,326)	\$ 400,074	\$ (1,649,252)

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 5,436,520	\$ 49,549	\$ 63	\$ 73,170	\$ 5,559,302
Interfunds Receivable	63				63
Receivables from State Government	559,524	4,220			563,744
Receivables from Federal Government		185,013			185,013
Other Receivables	121,881				121,881
Restricted Cash and Cash Equivalents	5,449,135				5,449,135
Total Assets	<u>\$ 11,567,123</u>	<u>\$ 238,782</u>	<u>\$ 63</u>	<u>\$ 73,170</u>	<u>\$ 11,879,138</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts Payable - Vendors	\$ 1,419,683	\$ 90,857			\$ 1,510,540
Interfunds Payable			\$ 63		63
Payable to State Government		47,549			47,549
Unearned Revenue		100,376			100,376
Total Liabilities	<u>1,419,683</u>	<u>238,782</u>	<u>63</u>		<u>1,658,528</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	4,537,502				4,537,502
Maintenance Reserve Account	911,633				911,633
Excess Surplus	1,500,000				1,500,000
Debt Service Fund				\$ 73,170	73,170

SPARTA TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

LIABILITIES AND FUND BALANCES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Assigned:					
Year-end Encumbrances	\$ 2,293,931				\$ 2,293,931
Unassigned	904,374				904,374
Total Fund Balances	10,147,440			\$ 73,170	10,220,610
Total Liabilities and Fund Balances	\$ 11,567,123	\$ 238,782	\$ 63	\$ 73,170	\$ 11,879,138

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

Total Fund Balances - Governmental Funds (Above) \$ 10,220,610

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. 70,084,778

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:

Deferred Outflows 4,280,437
Deferred Inflows (5,947,109)

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. (74,147,453)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (943,180)

Bond premiums are reported as revenue in the Governmental Funds in the year of receipt. (7,749,854)

The deferred amount on refunding is not reported as an expenditure in the governmental funds in the year of the expenditure. 2,152,445

Net Position/(Deficit) of Governmental Activities (Exhibit A-1) \$ (2,049,326)

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, 2019

REVENUES:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 56,737,130			\$ 4,664,384	\$ 61,401,514
Miscellaneous	348,585	\$ 142,470	\$ 788		491,843
Total - Local Sources	57,085,715	142,470	788	4,664,384	61,893,357
State Sources	15,972,250	674,601		597,649	17,244,500
Federal Sources	1,069,685				1,069,685
Total Revenues	73,057,965	1,886,756	788	5,262,033	80,207,542
EXPENDITURES:					
Current:					
Instruction:					
Regular Education Instruction	19,518,079	516,477			20,034,556
Special Education Instruction	5,376,111	621,614			5,997,725
Other Special Instruction	71,025				71,025
School-Sponsored/Other Instruction	2,483,470				2,483,470
Support Services and Undistributed Costs:					
Tuition	1,888,805	266,620			2,155,425
Student & Instruction Related Services	7,156,185	476,205			7,632,390
General Administration Services	651,684				651,684
School Administration Services	2,609,562				2,609,562
Central Services	622,402				622,402
Administrative Information Technology	644,460				644,460
Plant Operations and Maintenance	5,591,245				5,591,245
Pupil Transportation	4,132,202				4,132,202
Unallocated Benefits	19,615,706				19,615,706

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Capital Outlay	\$ 2,948,464	\$ 5,840			\$ 2,954,304
Charter School	419,066				419,066
Debt Service:					
Principal				\$ 3,100,000	3,100,000
Interest and Other Charges				2,567,694	2,567,694
Total Expenditures	73,728,466	\$ 1,886,756		5,667,694	81,282,916
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(670,501)		788	(405,661)	(1,075,374)
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-Budgeted)	1,009,106				1,009,106
Transfers In	788			478,830	479,618
Transfers Out				(479,618)	(479,618)
Total Other Financing Sources/(Uses)	1,009,894			478,830	1,009,106
Net Change in Fund Balances	339,393		(478,830)	73,169	(66,268)
Fund Balance - July 1	9,808,047		478,830	1	10,286,878
Fund Balance - June 30	\$ 10,147,440	\$ - 0 -	\$ - 0 -	\$ 73,170	\$ 10,220,610

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (224,510)

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	\$ (3,282,212)
Deletion of Capital Assets, Net of Accumulated Depreciation	(143,982)
Capital Outlays	2,402,058
	(1,024,136)

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.

3,100,000

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

(1,009,106)

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.

1,020,063

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.

(41,033)

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, 2019

<p>The governmental funds report the effect of deferred amount on the refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)</p> <p>The governmental funds report the effect of bond premiums relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (+)</p> <p>The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:</p> <p style="padding-left: 20px;">Change in Net Pension Liability</p> <p style="padding-left: 20px;">Change in Deferred Outflows</p> <p style="padding-left: 20px;">Change in Deferred Inflows</p> <p>In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p> <p>Change in Net Position of Governmental Activities (Exhibit A-2)</p>	<p>\$ (135,530)</p> <p>504,723</p> <p>1,921,063</p> <p>(869,334)</p> <p>(1,453,770)</p> <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> <p>(51,989)</p> <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> <p>\$ 1,736,441</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, 2019

	<u>Business-Type Activities - Enterprise Funds</u> <u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 248,066
Accounts Receivable - State	488
Accounts Receivable - Federal	6,392
Accounts Receivable - Other	1,453
Inventories	10,690
	10,690
Total Current Assets	267,089
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	1,151,813
Less: Accumulated Depreciation	(939,335)
	(939,335)
Total Non-Current Assets	212,478
Total Assets	479,567
LIABILITIES:	
Accounts Payable - Vendors	54,410
Unearned Revenue - Prepaid Sales	22,718
Unearned Revenue - Donated Commodities	2,365
	2,365
Total Liabilities	79,493
NET POSITION:	
Investment in Capital Assets	212,478
Unrestricted	187,596
	187,596
Total Net Position	\$ 400,074

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, 2019

	Business-Type Activities - Enterprise Funds <u>Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 395,863
Daily Sales - Non-Reimbursable Programs	362,754
Special Events	<u>27,910</u>
Total Operating Revenue	<u>786,527</u>
Operating Expenses:	
Cost of Sales - Reimbursable	193,495
Cost of Sales - Non-Reimbursable	104,189
Salaries and Benefits	341,495
Purchased Services	38,970
Management Fee	75,260
Resident Director Fee	55,120
Supplies and Materials	50,005
Other	12,290
Depreciation Expense	<u>33,524</u>
Total Operating Expenses	<u>904,348</u>
Operating Loss	<u>(117,821)</u>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	6,967
Federal Sources:	
School Breakfast Program	3,614
National School Lunch Program	91,336
Food Distribution Program	53,901
Local Sources:	
Interest Income	<u>1,233</u>
Total Non-Operating Revenue	<u>157,051</u>
Change in Net Position	39,230
Net Position - Beginning of Year	<u>360,844</u>
Net Position - End of Year	<u>\$ 400,074</u>

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, 2019

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 777,551
Payments to Employees	(341,495)
Payments to Suppliers	(477,886)
	(41,830)
Net Cash Used for Operating Activities	(41,830)
Cash Flows from Noncapital Financing Activities:	
State Sources	7,074
Federal Sources	96,658
Received from Food Service Contractor	53,569
	157,301
Net Cash Provided by Noncapital and Related Financing Activities	157,301
Cash Flows from Investing Activities:	
Interest Revenue	1,233
	1,233
Net Cash Provided by Investing Activities	1,233
Net Increase in Cash and Cash Equivalents	116,704
Cash and Cash Equivalents, July 1	131,362
Cash and Cash Equivalents, June 30	\$ 248,066
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (117,821)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	33,524
Federal Food Distribution Program	53,901
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	547
(Increase)/Decrease in Inventory	2,415
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(7,932)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(1,591)
Increase/(Decrease) in Accounts Payable	(4,873)
	(4,873)
Net Cash Used for Operating Activities	\$ (41,830)

Non-Cash Investing, Capital and Financing Activities:

The District had \$3,956 in USDA donated commodities at June 30, 2018, received commodities valued at \$52,310, used commodities valued at \$53,901, and had \$2,365 in commodities at June 30, 2019.

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, 2019

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:				
Cash and Cash Equivalents	\$ 214,855	\$ 55,009	\$ 233,074	\$ 24,399
Total Assets	<u>214,855</u>	<u>55,009</u>	<u>233,074</u>	<u>24,399</u>
LIABILITIES:				
Payroll Deductions and Withholdings Due to Student Groups	72,477 <u>142,378</u>			
Total Liabilities	<u>214,855</u>			
NET POSITION:				
Held in Trust for:				
Scholarship Awards		55,009		
Unemployment Claims			233,074	
Flexible Spending Claims				<u>24,399</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 55,009</u>	<u>\$ 233,074</u>	<u>\$ 24,399</u>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:			
Contributions:			
Employee		\$ 54,121	\$ 63,255
Total Contributions		54,121	63,255
Investment Earnings:			
Interest	\$ 30	1,112	76
Net Investment Earnings	30	1,112	76
Total Additions	30	55,233	63,331
DEDUCTIONS:			
Scholarship Awards	5,000		
Unemployment Claims		32,025	
Flexible Spending Claims			60,309
Total Deductions	5,000	32,025	60,309
Change in Net Position	(4,970)	23,208	3,022
Net Position- July 1	59,979	209,866	21,377
Net Position - June 30	<u>\$ 55,009</u>	<u>\$ 233,074</u>	<u>\$ 24,399</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, 2019

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, 2019
(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, 2019
(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, 2019

(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, 2019 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	\$ 73,045,953	\$ 2,005,225
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		(133,782)
Prior Year Encumbrances		15,313
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	591,379	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	<u>(579,367)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 73,057,965</u>	<u>\$ 1,886,756</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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	\$ 73,728,466	\$ 2,005,225
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		(133,782)
Prior Year Encumbrances		15,313
Total Expenditures as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 73,728,466</u>	<u>\$ 1,886,756</u>

E. Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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, 2019
(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, 2019.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019.

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, 2019
(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 \$10,147,440 General Fund balance at June 30, 2019, \$2,293,931 is assigned for year-end encumbrances; \$4,537,502 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, 2021; \$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, 2020; and \$904,374 is unassigned on the GAAP basis (which is \$579,367 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).

Debt Service Fund: The Debt Service Fund balance at June 30, 2019 of \$73,170 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 \$579,367 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, 2019
(Continued)

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

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$23,485,640 and overall deficit in net position of \$2,049,326 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, 2019 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, 2019 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 and Debt Service Fund.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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, 2019.

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 \$2,293,931 for year-end encumbrances in the General Fund at June 30, 2019.

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, 2019
(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, 2019

(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, 2019
(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if: (Cont'd)
 - (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, 2019, 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	\$ 6,334,705	\$ 4,537,502	\$ 911,633	\$ 11,783,840

The carrying amount of the Board's cash and cash equivalents at June 30, 2019, was \$11,783,840 and the bank balances were \$13,686,129.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$89,624 to capital outlay line items for facilities acquisition and construction services which required County Superintendent approval. The District also transferred \$130,354 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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance July 1, 2018		\$ 6,382,278
Increased by:		
Interest Earnings	\$ 22,293	
Deposit by Board Resolution (June 2019)	1,632,931	
		1,655,224
		8,037,502
Decreased by:		
Budgeted Withdrawal from Capital Reserve		(3,500,000)
Ending Balance June 30, 2019		\$ 4,537,502

The balance in the capital reserve account at June 30, 2019 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, 2019
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 649,333			\$ 649,333
Total Capital Assets Not Being Depreciated	<u>649,333</u>			<u>649,333</u>
Capital Assets Being Depreciated:				
Site Improvements	4,654,550	\$ 1,277,754	\$ (4,125)	5,928,179
Buildings and Building Improvements	96,406,919	235,078	(15,686)	96,626,311
Machinery and Equipment	16,534,352	889,226	(583,137)	16,840,441
Total Capital Assets Being Depreciated	<u>117,595,821</u>	<u>2,402,058</u>	<u>(602,948)</u>	<u>119,394,931</u>
Governmental Activities Capital Assets	<u>118,245,154</u>	<u>2,402,058</u>	<u>(602,948)</u>	<u>120,044,264</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,392,270)	(179,799)	103	(2,571,966)
Buildings and Building Improvements	(31,109,553)	(2,469,487)	15,686	(33,563,354)
Machinery and Equipment	(13,634,417)	(632,926)	443,177	(13,824,166)
	<u>(47,136,240)</u>	<u>(3,282,212)</u>	<u>458,966</u>	<u>(49,959,486)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 71,108,914</u>	<u>\$ (880,154)</u>	<u>\$ (143,982)</u>	<u>\$ 70,084,778</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,151,813			\$ 1,151,813
Less Accumulated Depreciation	(905,811)	\$ (33,524)		(939,335)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 246,002</u>	<u>\$ (33,524)</u>	<u>\$ - 0 -</u>	<u>\$ 212,478</u>
Total Governmental and Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 71,354,916</u>	<u>\$ (913,678)</u>	<u>\$ (143,982)</u>	<u>\$ 70,297,256</u>

Capital acquisitions consisted of \$2,402,058 of equipment purchases and site and building improvements. Current year depreciation was \$3,315,736 (\$3,282,212 from the Governmental Funds and \$33,524 from the Food Service Enterprise Fund). Net capital deletions were \$143,982 from the Governmental Funds.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 310,697
Special Education Instruction	5,820
Other Special Instruction	15,302
General Administration	6,446
School Administrative Services	14,281
Central Services	11,233
Administration Information Technology	42,188
Operations and Maintenance of Plant	120,754
Student Transportation	128,462
Unallocated	<u>2,627,029</u>
 Total Current Year Depreciation	 <u><u>\$ 3,282,212</u></u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Balance 6/30/2018	Increased	Decreased	Balance 6/30/2019
Serial Bonds Payable	\$ 59,765,000		\$ 3,100,000	\$ 56,665,000
Unamortized Bond Issuance Premium	8,254,577		504,723	7,749,854
Net Pension Liability	17,374,424		1,921,063	15,453,361
Compensated Absences Payable	818,889	\$ 84,547	32,558	870,878
Capital Leases Payable	<u>1,169,171</u>	<u>1,009,106</u>	<u>1,020,063</u>	<u>1,158,214</u>
	<u><u>\$ 87,382,061</u></u>	<u><u>\$ 1,093,653</u></u>	<u><u>\$ 6,578,407</u></u>	<u><u>\$ 81,897,307</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 \$7,245,132.

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, 2019

(Continued)

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

B. Bonds Payable: (Cont'd)

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, 2008 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 paid 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 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 \$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.

The District had bonds outstanding as of June 30, 2019 as follows:

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2019 as follows:

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
02/15/2029	4.000%	\$ 3,240,000
02/15/2030	5.000%	3,165,000
02/15/2031	5.000%	3,120,000
02/15/2032	5.000%	3,130,000
02/15/2033	5.000%	3,135,000
02/15/2034	5.000%	3,140,000
02/15/2035	5.000%	3,145,000
02/15/2036	5.000%	3,165,000
		<u>48,875,000</u>

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
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>7,790,000</u>
Total Bonds Payable		<u>\$ 56,665,000</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Bonds Payable: (Cont'd)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3,750,000	1,930,950	5,680,950
2025-2029	17,785,000	7,587,100	25,372,100
2030-2034	15,690,000	3,929,250	19,619,250
2035-2036	6,310,000	473,750	6,783,750
	<u>\$ 56,665,000</u>	<u>\$ 23,243,181</u>	<u>\$ 79,908,181</u>

C. Bonds Authorized But Not Issued:

As of June 30, 2019, the Board had no bonds authorized but not issued.

D. Capital Leases Payable:

The District has entered into capital leases for technology equipment and school buses totaling \$2,572,156 of which \$1,413,942 has been liquidated as of June 30, 2019. 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, 2019.

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 254,661
2021	657,208
2022	254,661
2023	42,349
Total minimum lease payments	1,208,879
Less: Amount representing interest	(50,665)
Present value of net minimum lease payments	<u>\$ 1,158,214</u>

The current portion of capital leases payable is \$233,912, and the long-term portion of capital leases payable is \$924,302 at June 30, 2019.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

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 \$12,635 and the long-term portion of compensated absences liability is \$858,243 at June 30, 2019. There was no liability for compensated absences payable in the District's Enterprise Funds at June 30, 2019.

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 entire \$15,453,361 net pension liability at June 30, 2019 is long-term. See Note 9 for further information on the PERS.

NOTE 8. OPERATING LEASES

The District has commitments to lease copying equipment and mail equipment under operating leases which expire in 2021. Total operating lease payments made during the year ended June 30, 2019 were \$34,615. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 34,615
2021	<u>32,315</u>
Total Future Minimum Lease Payments	<u>\$ 66,930</u>

NOTE 9. PENSION PLANS

Substantially all of the District'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 Employees' Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

District employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employees' Retirement System or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Plan Description

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a 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 is being paid by the employer in level annual payments over a period of 15 years, which began 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 \$785,678 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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

At June 30, 2019, the District reported a liability of \$15,453,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.0785%, which was an increase of 0.0038% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$1,192,741. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 122,315	
	2015	5.72	552,053	
	2016	5.57	1,872,090	
	2017	5.48		\$ (2,848,710)
	2018	5.63		(2,092,453)
			2,546,458	(4,941,163)
Difference Between Expected and Actual Experience	2015	5.72	153,165	
	2016	5.57	56,813	
	2017	5.48	84,720	
	2018	5.63		(79,683)
			294,698	(79,683)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		93,380
	2016	5.00		522,038
	2017	5.00		(469,860)
	2018	5.00		(290,511)
				(144,953)
Changes in Proportion	2014	6.44	313,397	
	2015	5.72	95,690	
	2016	5.57	316,497	
	2017	5.48		(781,310)
	2018	5.63		
			713,697	(781,310)
			1,439,281	(781,310)
District Contribution Subsequent to Measurement Date	2018	1.00	806,301	
			\$ 5,086,738	\$ (5,947,109)

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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
2019	\$ 107,254
2020	(148,495)
2021	(1,064,830)
2022	(923,011)
2023	(295,561)
	\$ (2,324,643)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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, 2019

(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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, 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, 2019
(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, 2018 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, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 19,430,821	\$ 15,453,361	\$ 12,116,527

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/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, 2019

(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 member 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 2019, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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 2019, the State of New Jersey contributed \$5,088,987 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$9,374,222.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$160,802,479. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.253%, which was a decrease of 0.002% from its proportion measured as of June 30, 2017.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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		160,802,479
Total	\$	160,802,479

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$9,374,222 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 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 Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
				11,053,759,853
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
				1,420,239,017
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				5,793,830
			\$ 12,473,998,870	\$ 16,180,773,643

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 2040. Therefore, the long-term expected rate of return on pension 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, 2019
(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, 2018 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, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 190,065,477	\$ 160,802,479	\$ 136,544,167

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, 2019

(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 \$9,601 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$17,603 for the fiscal year ended June 30, 2019.

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance July 1, 2018	<u>\$ 911,633</u>
Ending Balance June 30, 2019	<u><u>\$ 911,633</u></u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2018 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	<u>\$ 45,062,979</u>
Net Position	<u>\$ 12,432,937</u>
Total Revenue	<u>\$ 42,084,945</u>
Total Expenses	<u>\$ 39,779,381</u>
Change in Net Position	<u>\$ 2,305,564</u>
Members' Dividends	<u>\$ -0-</u>

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, 2019
(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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019		\$ 55,233	\$ 32,025	\$ 233,074
2017-2018		55,496	50,266	209,866
2016-2017	\$ 50,000	53,528	77,348	204,636

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, 2019, there were encumbrances as detailed below in the Governmental Funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>
<u>\$ 2,293,931</u>	<u>\$ 133,782</u>	<u>\$ 2,427,713</u>

On the District’s Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances in the Special Revenue Fund of \$133,782 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, 2019
(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	Security First/Holden Co.
Equitable	Variable Annuity Life Insurance Co.
Fidelity Group	Siscor
First Investors	Siracusa
Kemper	Metropolitan Life Insurance Co.

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

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as at June 30, 2019:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 63	
Capital Projects Fund		\$ 63
	\$ 63	\$ 63

The interfund between the General Fund and the Capital Projects Fund represents interest earned in the Capital Projects Fund during the year that has not yet been turned over to the General Fund.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 17. ACCOUNTS PAYABLE

Accounts payable as of June 30, 2019 consisted of the following:

	<u>Governmental Activities</u>			<u>Business- Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>District Contri- bution Subsequent to the Measure- ment Date</u>	
Vendors	\$1,419,683	\$ 90,857		\$ 1,510,540
State of New Jersey			\$ 806,301	806,301
	<u>\$1,419,683</u>	<u>\$ 90,857</u>	<u>\$ 806,301</u>	<u>\$ 2,316,841</u>
				<u>\$ 54,410</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 2018 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 Codification Section P50, 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, 2019
(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 GASB Codification Section P50. 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.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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 rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. 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, 2019
(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 Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 126,569,401
Changes for Year:	
Service Cost	4,668,054
Interest on the Total OPEB Liability	4,647,684
Changes of Assumptions	(12,681,358)
Differences between Expected and Actual Experience	(9,842,862)
Gross Benefit Payments by the State	(2,954,947)
Contributions from Members	102,128
Net Changes	(16,061,301)
Balance at June 30, 2018	\$ 110,508,100

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, 2018, 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, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 130,643,070	\$ 110,508,100	\$ 94,502,878

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018, 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, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 91,341,381	\$ 110,508,100	\$ 135,856,820

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$5,241,891 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 Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, 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, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (13,423,074)
Changes in Assumptions	2018	9.51		(11,347,881)
			\$ -0-	\$ (24,770,955)
Differences Between Expected and Actual Experience	2018	9.51		(10,727,279)
Changes in Proportion	N/A	N/A	\$ 1,983,882	(51,519)
			\$ 1,983,882	\$ (35,549,754)

N/A - Not Available

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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
2019	\$ (4,374,274)
2020	(4,374,274)
2021	(4,374,274)
2022	(4,374,274)
2023	(4,374,274)
Thereafter	(13,626,862)
	\$ (35,498,235)

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's Proportion of the Net Pension Liability	0.0751741682%	0.0768273311%	0.0802807819%
District's Proportionate Share of the Net Pension Liability	\$ 14,074,660	\$ 17,246,196	\$ 23,776,865
District's Covered Employee Payroll	\$ 5,084,021	\$ 5,370,633	\$ 5,137,929
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	276.84%	321.12%	462.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%
		2018	2019
		0.0746375296%	0.0784852834%
		\$ 17,374,424	\$ 15,453,361
		\$ 5,235,245	\$ 5,733,801
		331.87%	269.51%
		48.10%	53.60%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 619,725	\$ 660,509	\$ 730,259	\$ 715,762	\$ 785,678
Contributions in Relation to the Contractually Required Contribution	(619,725)	(660,509)	(730,259)	(715,762)	(785,678)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 5,044,230	\$ 5,084,021	\$ 5,370,633	\$ 5,137,929	\$ 5,235,245
Contributions as a Percentage of Covered Employee Payroll	12.29%	12.99%	13.60%	13.93%	15.01%

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 FIVE 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%
				26.49%
				567.62%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 7,666,830	\$ 9,697,189	\$ 15,086,666	\$ 11,930,438	\$ 9,374,222
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>	<u>(5,088,987)</u>
Contribution Deficiency/(Excess)	<u>\$ 6,308,344</u>	<u>\$ 7,653,606</u>	<u>\$ 12,314,063</u>	<u>\$ 8,208,129</u>	<u>\$ 4,285,235</u>
District's Covered Employee Payroll	\$ 25,292,572	\$ 25,734,948	\$ 25,904,648	\$ 27,078,583	\$ 28,329,425
Contributions as a percentage of Covered Employee Payroll	5.37%	7.94%	10.70%	13.75%	17.96%

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 PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2017</u>	<u>2018</u>
Service Cost	\$ 5,623,370	\$ 4,668,054
Interest Cost	4,011,548	4,647,684
Changes in Assumptions	(16,776,469)	(12,681,358)
Differences between Expected and Actual Experience		(9,842,862)
Member Contributions	107,949	102,128
Gross Benefit Payments	(2,931,616)	(2,954,947)
Net Change in Total OPEB Liability	(9,965,218)	(16,061,301)
Total OPEB Liability - Beginning	<u>136,534,619</u>	<u>126,569,401</u>
Total OPEB Liability - Ending	<u>\$ 126,569,401</u>	<u>\$ 110,508,100</u>
District's Covered Employee Payroll *	\$ 31,042,577	\$ 32,313,828
Total OPEB Liability as a Percentage of Covered Employee Payroll	408%	342%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 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 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

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

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

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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 mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

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 eight 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 eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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.

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 56,737,130		\$ 56,737,130	\$ 56,737,130	\$ 43,467
Tuition from Individuals	30,000		30,000	73,467	65,748
Tuition - Other LEA's	1,000		1,000	22,293	21,293
Interest on Capital Reserve	100,000		100,000	187,077	87,077
Unrestricted Miscellaneous					
Total - Local Sources	56,868,130		56,868,130	57,085,715	217,585
State Sources:					
Transportation Aid	1,522,186	\$ (393,810)	1,128,376	1,128,376	
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	400,699	164,948
Non-Public Transportation Aid				56,469	56,469
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,356,677	2,356,677
TPAF On-Behalf Pension Contributions (Non-Budgeted)				5,088,987	5,088,987
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				106,526	106,526
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				4,666	4,666
TPAF Social Security (Reimbursed - Non-Budgeted)				2,046,280	2,046,280
Total State Sources	6,529,495	(393,810)	6,135,685	15,960,238	9,824,553
Federal Sources:					
Medicaid Assistance Program	21,958		21,958		(21,958)
Total Federal Sources	21,958		21,958		(21,958)
TOTAL REVENUES	63,419,583	(393,810)	63,025,773	73,045,953	10,020,180

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 111,922	\$ 5,718	\$ 117,640	\$ 113,384	\$ 4,256
Kindergarten - Salaries of Teachers	806,579	5,083	811,662	810,534	1,128
Grades 1-5 - Salaries of Teachers	4,734,281	94,200	4,828,481	4,801,747	26,734
Grades 6-8 - Salaries of Teachers	4,835,226	7,290	4,842,516	4,815,302	27,214
Grades 9-12 - Salaries of Teachers	7,142,013	(82,921)	7,059,092	7,059,092	
Regular Programs - Home Instruction:					
Other Salaries for Instruction	25,000	(16,079)	8,921	8,673	248
Purchased Professional - Educational Services	15,000	9,220	24,220	19,035	5,185
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	90,537	20,000	110,537	106,182	4,355
Purchased Professional - Educational Services	475,750	(382,020)	93,730	92,432	1,298
Other Purchased Services (400-500 series)	762,137	359,257	1,121,394	1,098,125	23,269
General Supplies	834,318	(284,653)	549,665	487,323	62,342
Textbooks	74,991	31,152	106,143	105,104	1,039
Other Objects	1,620	218	1,838	1,146	692
Total Regular Programs - Instruction	19,909,374	(233,535)	19,675,839	19,518,079	157,760
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	66,429	7,760	74,189	74,183	6
Other Salaries for Instruction	16,502	3,340	19,842	19,746	96
General Supplies	500		500	136	364
Total Behavioral Disabilities	83,431	11,100	94,531	94,065	466
Multiple Disabilities:					
Salaries of Teachers	321,657	7,039	328,696	264,587	64,109
Other Salaries for Instruction	173,993	(82,095)	91,898	73,918	17,980
Other Purchased Services	6,405	341	6,746	6,724	22
General Supplies	5,660	(1)	5,659	5,106	553
Total Multiple Disabilities	507,715	(74,716)	432,999	350,335	82,664

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 489,761	\$ 55,274	\$ 545,035	\$ 544,759	\$ 276
Other Salaries for Instruction	170,398	116,588	286,986	285,692	1,294
Other Purchased Services	594	1,238	1,832	1,830	2
General Supplies	6,708	(1,238)	5,470	2,637	2,833
Total Learning and/or Language Disabilities	667,461	171,862	839,323	834,918	4,405
Resource Room/Resource Center:					
Salaries of Teachers	3,019,469	(17,127)	3,002,342	2,977,580	24,762
Other Salaries for Instruction	763,674	(81,820)	681,854	681,854	
Purchased Professional - Educational Services		38,877	38,877	38,877	
Other Purchased Services	7,019	7,538	14,557	14,557	
General Supplies	9,183	(423)	8,760	5,333	3,427
Total Resource Room/Resource Center	3,799,345	(52,955)	3,746,390	3,718,201	28,189
Preschool Disabilities - Part-Time:					
Salaries of Teachers	66,075	32,000	98,075	97,062	1,013
Other Salaries for Instruction	19,778	59,663	79,441	79,441	
General Supplies	200	200	400	387	13
Total Preschool Disabilities - Part-Time	86,053	91,863	177,916	176,890	1,026
Preschool Disabilities - Full-Time:					
Salaries of Teachers	104,511	(20,000)	84,511	82,486	2,025
Other Salaries for Instruction	144,653	(54,700)	89,953	81,544	8,409
Other Purchased Services		310	310	162	148
General Supplies	200	125	325	297	28
Total Preschool Disabilities - Full-Time	249,364	(74,265)	175,099	164,489	10,610

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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		\$ 45,000	\$ 17,280	\$ 27,720
Purchased Professional - Educational Services	20,000	3,000	23,000	19,933	3,067
Total Home Instruction	65,000	3,000	68,000	37,213	30,787
Total Special Education - Instruction	5,458,369	75,889	5,534,258	5,376,111	158,147
Bilingual Education - Instruction:					
Salaries of Teachers	70,305		70,305	70,290	15
Other Purchased Services		705	705	445	260
General Supplies	280	704	984	290	694
Total Bilingual Education - Instruction	70,585	1,409	71,994	71,025	969
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	227,620	10,471	238,091	236,301	1,790
Purchased Services (300-500 series)	7,300	5,048	12,348	11,024	1,324
Supplies and Materials	28,490	(18,152)	10,338	10,298	40
Other Objects	9,515	(3,472)	6,043	6,043	
Total School-Sponsored Cocurricular Activities - Instruction	272,925	(6,105)	266,820	263,666	3,154
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	698,786	(24,691)	674,095	593,761	80,334
Purchased Services (300-500 series)	143,932	24,780	168,712	166,061	2,651
Supplies and Materials	63,330	(5,421)	57,909	57,659	250
Other Objects	26,359	7,618	33,977	33,977	
Total School-Sponsored Cocurricular Athletics - Instruction	932,407	2,286	934,693	851,458	83,235

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
At Risk Programs:					
Salaries	\$ 1,053,999	\$ 36,770	\$ 1,090,769	\$ 1,090,121	\$ 648
Other Purchased Services (400-500 series)	9,100		9,100	9,000	100
Supplies and Materials	4,203	500	4,703	3,888	815
Total At Risk Programs	1,067,302	37,270	1,104,572	1,103,009	1,563
Other Instructional Programs - Instruction:					
Salaries	262,053		262,053	260,975	1,078
Purchased Services (300-500 series)	120	1,125	1,245	1,134	111
Supplies and Materials	1,822	1,671	3,493	2,850	643
Other Objects	530		530	378	152
Total Other Instructional Programs - Instruction	264,525	2,796	267,321	265,337	1,984
Total Instruction	27,975,487	(119,990)	27,855,497	27,448,685	406,812
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	13,846	(7,587)	6,259	6,259	
Tuition to Other LEAs Within the State - Special	522,968	(81,184)	441,784	441,784	
Tuition to County Vocational School District - Regular	92,200	(15,165)	77,035	77,035	
Tuition to County Vocational School District - Special	33,852	3,748	37,600	34,723	2,877
Tuition to Private Schools for the Disabled - Within the State	1,192,871	136,133	1,329,004	1,329,004	
Total Undistributed Expenditures - Instruction	1,855,737	35,945	1,891,682	1,888,805	2,877
Attendance and Social Work:					
Salaries	89,282	31,482	120,764	120,754	10
Supplies and Materials		116	116	116	
Total Attendance and Social Work	89,282	31,598	120,880	120,870	10

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 441,510	\$ 5,830	\$ 447,340	\$ 447,039	\$ 301
Purchased Professional and Technical Services	11,350	22,961	34,311	18,028	16,283
Other Purchased Services (400-500 series)	2,471	(49)	2,422	1,817	605
Supplies and Materials	16,501	1,800	18,301	16,764	1,537
Other Objects	255	170	425	425	
Total Health Services	472,087	30,712	502,799	484,073	18,726
Speech, OT, PT and Other Related Services:					
Salaries	636,938	(5,999)	630,939	623,440	7,499
Purchased Professional-Educational Services	663,256	(51,322)	611,934	610,586	1,348
Supplies and Materials	26,818	(20,935)	5,883	4,904	979
Speech, OT, PT, and Other Related Services	1,327,012	(78,256)	1,248,756	1,238,930	9,826
Other Support Services - Students - Extraordinary Services:					
Salaries	480,894	8,279	489,173	489,173	
Purchased Professional-Educational Services	57,840	1,100	58,940	58,940	
Supplies and Materials	8,990	3,608	12,598	10,620	1,978
Other Objects	913	203	1,116	1,116	
Total Other Support Services - Students - Extraordinary Services	548,637	13,190	561,827	559,849	1,978
Guidance:					
Salaries of Other Professional Staff	1,034,171	(21,788)	1,012,383	978,904	33,479
Salaries of Secretarial and Clerical Assistants	127,618	7,853	135,471	135,471	
Purchased Professional-Educational Services	8,000		8,000	5,500	2,500
Other Purchased Professional and Technical Services	5,018	750	5,768	4,859	909
Other Purchased Services (400-500 series)	36,817	(1,500)	35,317	30,991	4,326
Supplies and Materials	26,353	(3,756)	22,597	21,753	844
Other Objects	1,244		1,244	630	614
Total Guidance	1,239,221	(18,441)	1,220,780	1,178,108	42,672

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Undistributed Expenditures:					
Child Study Team:					
Salaries of Other Professional Staff	\$ 1,391,458	\$ (24,343)	\$ 1,367,115	\$ 1,335,848	\$ 31,267
Salaries of Secretarial and Clerical Assistants	132,148	(701)	131,447	125,515	5,932
Purchased Professional - Educational Services	52,500	23,604	76,104	37,415	38,689
Other Purchased Prof. and Tech. Services	15,000	32,862	47,862	47,762	100
Other Purchased Services (400-500 series)	22,508		22,508	16,390	6,118
Supplies and Materials	22,268	(2,759)	19,509	16,818	2,691
Other Objects	2,982		2,982	2,571	411
Total Child Study Team	1,638,864	\$ 28,663	1,667,527	1,582,319	85,208
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	161,304	(8,561)	152,743	146,000	6,743
Salaries of Other Professional Staff	671,212		671,212	664,645	6,567
Salaries of Secretarial and Clerical Assistants	55,860	(1)	55,859	55,444	415
Other Salaries	12,000		12,000	10,110	1,890
Other Purchased Services (400-500)	17,900	1,298	19,198	11,859	7,339
Supplies and Materials	8,000	(1,533)	6,467	6,402	65
Other Objects	9,337	1,600	10,937	10,630	307
Total Improvement of Instructional Services	935,613	(7,197)	928,416	905,090	23,326
Educational Media Services/School Library:					
Salaries	452,149	2,107	454,256	454,081	175
Salaries of Technology Coordinators	467,697	10,372	478,069	478,039	30
Other Purchased Services (400-500 series)	32,905	384	33,289	33,288	1
Supplies and Materials	46,660	32,926	79,586	42,417	37,169
Total Educational Media Services/School Library	999,411	45,789	1,045,200	1,007,825	37,375

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 4,000	\$ 4,042	\$ 4,000	\$ 3,891	\$ 109
Other Salaries	32,650	10,000	36,692	19,559	17,133
Other Purchased Professional and Technical Services	82,095	(10,160)	71,935	40,551	285
Purchased Professional - Educational Services	9,500	3,212	12,712	5,276	31,384
Other Purchased Services (400-500 series)	250		250	129	7,436
Supplies and Materials					121
Other Objects					
Total Instructional Staff Training Services	128,495	7,094	135,589	79,121	56,468
General Administration:					
Salaries	266,430	(565)	265,865	260,269	5,596
Legal Services	160,000	(41,384)	118,616	103,098	15,518
Audit Fees	116,149	5,401	121,550	62,350	59,200
Other Purchased Professional Services	36,000	8,200	44,200	44,199	1
Purchased Technical Services	2,530	(150)	2,380	1,280	1,100
Communications/Telephone	87,685	12,735	100,420	87,845	12,575
Board of Education Other Purchased Services	8,500	(27)	8,473	6,742	1,731
Miscellaneous Purchased Services (400-500 series)	24,000	5,710	29,710	28,187	1,523
General Supplies	4,835	(2,845)	1,990	1,489	501
BOE In-house Training/Meeting Supplies	1,000		1,000	838	162
Judgements Against the School District		25,434	25,434	25,415	19
Miscellaneous Expenditures	6,700	(900)	5,800	5,434	366
Board of Education Membership Dues and Fees	26,250	(1,459)	24,791	24,538	253
Total General Administration	997,069	24,338	1,021,407	651,684	211,481

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,470,203	\$ 6,176	\$ 1,476,379	\$ 1,476,370	\$ 9
Salaries of Other Professional Staff	362,049	(40)	362,009	362,008	1
Salaries of Secretarial and Clerical Assistants	649,447	1,000	650,447	646,251	4,196
Unused Vac Pay to Term/ Retired Staff		40,537	40,537	40,537	
Unused Vacation Pay to Term/Retired Staff	27,820	(10,156)	17,664	16,876	788
Other Purchased Services (400-500 series)	74,533	(20,506)	54,027	53,143	884
Supplies and Materials	15,223	80	15,303	14,377	926
Other Objects					
Total School Administration	2,599,275	17,091	2,616,366	2,609,562	6,804
Central Services:					
Salaries	514,862	(4,400)	510,462	509,086	1,376
Purchased Technical Services	22,250	47,571	69,821	34,423	35,398
Other Purchased Services (400-500 series)	22,350	2,499	24,849	24,676	173
Sale/Lease-back Payments	4,600		4,600	4,600	
Supplies and Materials	15,425	(5,538)	9,887	7,173	2,714
Interest on Lease Purchase Agreements	4,500	35,233	39,733	39,733	
Miscellaneous Expenditures	3,000	(289)	2,711	2,711	
Total Central Services	586,987	75,076	662,063	622,402	39,661
Administrative Information Technology:					
Salaries	259,183	(2,036)	257,147	257,146	1
Purchased Professional Services	12,000	(10,445)	1,555	1,555	
Purchased Technical Services	40,500	(18,365)	22,135	22,135	
Other Purchased Services (400-500 series)	415,200	(51,821)	363,379	355,696	7,683
Supplies and Materials	40,000	(32,072)	7,928	7,928	
Total Administrative Information Technology	766,883	(114,739)	652,144	644,460	7,684

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Required Maintenance of School Facilities:					
Salaries	\$ 381,833	\$ (3,178)	\$ 378,655	\$ 377,746	\$ 909
Unused Vac Pay to Term/ Retired Staff					
Unused Vacation Pay to Term/Retired Staff		1,922	1,922	1,922	
Cleaning, Repair and Maintenance Services	295,186	99,325	394,511	388,522	5,989
Lead Testing of Drinking Water					
General Supplies	94,694	10,013	104,707	99,033	5,674
Other Objects	3,075	(1,000)	2,075	1,915	160
Total Required Maintenance of School Facilities	774,788	107,082	881,870	869,138	12,732
Security:					
Salaries	230,131	(63,131)	167,000	161,526	5,474
Purchased Professional and Technical Services	2,500	105,717	108,217	107,011	1,206
Cleaning, Repair, and Maintenance Services	600	7,734	8,334	8,334	
General Supplies	36,316	24,010	60,326	59,742	584
Total Security	269,547	74,330	343,877	336,613	7,264
Care and Upkeep of Grounds:					
Salaries	282,109	12,000	294,109	291,631	2,478
Cleaning, Repair, and Maintenance Services	41,500	16,500	58,000	41,417	16,583
General Supplies	89,768	(11,270)	78,498	68,989	9,509
Total Care and Upkeep of Grounds	413,377	17,230	430,607	402,037	28,570
Custodial Services:					
Salaries	1,677,064	7,677	1,684,741	1,666,912	17,829
Purchased Professional and Technical Services	8,500		8,500	5,843	2,657
Cleaning, Repair and Maintenance Services	189,400	(28,500)	160,900	129,634	31,266
Other Purchased Property Services	144,500	(5,193)	139,307	123,935	15,372
Insurance	413,312	23,128	436,440	436,440	
Miscellaneous Purchased Services	6,000		6,000	3,639	2,361
General Supplies	186,139	(6,200)	179,939	168,072	11,867
Energy (Electricity)	28,700	6,000	34,700	26,980	7,720

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Custodial Services:					
Energy (Natural Gas)	\$ 975,250	\$ 61,760	\$ 1,037,010	\$ 1,033,934	\$ 3,076
Energy (Oil)	381,000	7,068	388,068	388,068	
Other Objects					
Total Custodial Services	4,009,865	65,740	4,075,605	3,983,457	92,148
Total Operations & Maintenance of Plant	5,467,577	264,382	5,731,959	5,591,245	140,714
Student Transportation Services:					
Salaries of Non-Instructional Aides					
Salaries for Pupil Transportation:					
Between Home and School - Regular	400,494	(10,000)	390,494	378,201	12,293
Between Home and School - Special Education	222,116	84,999	307,115	296,256	10,859
Other Than Between Home and School	40,900	4,500	45,400	40,853	4,547
Management Fee - ESC & CTSA Trans. Program	60,300	(42,349)	17,951	17,065	886
Other Purchased Professional and Technical Services	115,000	(2,000)	113,000	105,231	7,769
Cleaning, Repair and Maintenance Services		40,768	40,768	40,768	
Lease Purchase Payments - School Buses					
Contracted Services:					
Between Home and School - Vendors	2,274,658	(115,641)	2,159,017	2,082,736	76,281
Between Home and School - Joint Agreements	32,300	(1,230)	31,070	30,191	879
Other Than Between Home and School - Vendors	160,825	(4,500)	156,325	111,532	44,793
Special Education Students - Vendors	88,985	(23,080)	65,905	62,640	3,265
Special Education Students - Joint Agreements	1,005		1,005		1,005
Regular Students - ESCs & CTSA	63,183	5,641	68,824	54,540	14,284
Special Education Students - ESCs & CTSA	907,223		907,223	707,538	199,685
Aid in Lieu of Payments - Non-Public Schools	56,100	1,230	57,330	53,615	3,715
Miscellaneous Purchased Services - Transportation	3,078		3,078	2,704	374
General Supplies	5,000		5,000	2,135	2,865
Transportation Supplies	122,622	60,081	182,703	145,899	36,804
Other Objects	525		525	298	227
Total Student Transportation Services	4,554,314	(1,581)	4,552,733	4,132,202	420,531

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 725,000	\$ (1,400)	\$ 723,600	\$ 683,514	\$ 40,086
Other Retirement Contributions - PERS	855,341	(69,663)	785,678	785,678	
Other Retirement Contributions - Regular		1,452	1,452	1,447	5
Unemployment Compensation	20,000	(20,000)			
Workmen's Compensation	418,305	(3,900)	414,405	414,365	40
Health Benefits	8,905,307	(893,399)	8,011,908	7,401,866	610,042
Tuition Reimbursement	200,000	23,000	223,000	222,525	475
Unemployment Compensation					
Other Employee Benefits	453,512	22,080	475,592	470,617	4,975
Unused Sick Payment to Terminated/Retired Staff	100,000	(31,180)	68,820	32,558	36,262
Total Unallocated Benefits	11,677,465	(973,010)	10,704,455	10,012,570	691,885
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,356,677	(2,356,677)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				5,088,987	(5,088,987)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				106,526	(106,526)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				4,666	(4,666)
TPAF Social Security (Reimbursed - Non-Budgeted)				2,046,280	(2,046,280)
Total Personal Services - Employee Benefits				9,603,136	(9,603,136)
Total Undistributed Expenditures	11,677,465	(973,010)	10,704,455	19,615,706	(8,911,251)
TOTAL GENERAL CURRENT EXPENSE	35,883,929	(619,346)	35,264,583	42,912,251	(7,805,910)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5		2,039	2,039	2,039	
Grades 6-8	3,500	(1,100)	2,400	2,400	
Grades 9-12	18,193	184,010	202,203	178,155	24,048

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
Multiple Disabilities	\$ 7,153	\$ 7,153	\$ 7,153	7,153	
School Sponsored and Other Instructional Programs	2,761	2,761	2,761	2,761	
Support Services - Inst. Staff	14,319	14,319	14,319	14,319	\$ 14,319
School Administration	(16,530)	(16,530)	133,757	133,345	412
Required Maintenance for School Facilities	33,000	(15,672)	17,328	9,053	8,275
Custodial Services	65,000	(65,000)			
Care and Upkeep of Grounds	77,893	(13,997)	63,896	63,885	11
School Buses - Special Education	32,371	32,371	32,371	32,371	32,371
Total Equipment	347,873	130,354	478,227	398,791	79,436
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	226,131	(15,933)	210,198	147,216	62,982
Other Purchased Professional and Technical Services	60,000		60,000	49,245	10,755
Construction Services	3,395,896	105,557	3,501,453	1,329,343	2,172,110
Assessment for Debt Service on SDA Funding	14,763		14,763	14,763	
Total Facilities Acquisition and Construction Services	3,696,790	89,624	3,786,414	1,540,567	2,245,847
Assets Acquired Under Capital Leases (non-budgeted)					
Regular Programs - Undistributed Instruction				810,300	(810,300)
Pupil Transportation				198,806	(198,806)
Assets Acquired Under Capital Leases (non-budgeted)				1,009,106	(1,009,106)
TOTAL CAPITAL OUTLAY	4,044,663	219,978	4,264,641	2,948,464	1,316,177
Transfer of Funds to Charter Schools	288,934	139,736	428,670	419,066	9,604
TOTAL EXPENDITURES	68,193,013	(379,622)	67,813,391	73,728,466	(6,073,317)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(4,773,430)	(14,188)	(4,787,618)	(682,513)	3,946,863

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources (Uses):					
Capital Leases (Non-Budgeted)				\$ 1,009,106	\$ 1,009,106
Transfer from Capital Projects Fund - Interest				788	788
Total Other Financing Sources (Uses)				1,009,894	1,009,894
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (4,773,430)	\$ (14,188)	\$ (4,787,618)	\$ 327,381	\$ 4,956,757
Fund Balance, July 1	10,399,426		10,399,426	10,399,426	
Fund Balance, June 30	\$ 5,625,996	\$ (14,188)	\$ 5,611,808	\$ 10,726,807	\$ 4,956,757
Analysis of Balance:					
Restricted for:					
Capital Reserve Account				\$ 4,537,502	
Maintenance Reserve Account				911,633	
Excess Surplus				750,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000	
Assigned:					
Year-end Encumbrances				2,293,931	
Unassigned				1,483,741	
Fund Balance per Governmental Funds (Budgetary Basis)				10,726,807	
Less: June state aid payments not recognized on a GAAP basis				(579,367)	
Fund Balance per Governmental Funds (GAAP)				\$ 10,147,440	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 150,285	\$ 150,285	\$ 144,815	\$ (5,470)
State Sources	\$ 545,420	254,700	800,120	752,310	(47,810)
Federal Sources	1,080,859	397,040	1,477,899	1,108,100	(369,799)
Total Revenues	1,626,279	802,025	2,428,304	2,005,225	(423,079)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		69,280	69,280	66,981	2,299
Purchased Professional/Technical Services	8,500	139,902	148,402	135,203	13,199
Other Purchased Services	741,786	(58,953)	682,833	621,614	61,219
General Supplies	109,629	203,860	313,489	259,070	54,419
Textbooks		82,642	82,642	74,990	7,652
Total Instruction	859,915	436,731	1,296,646	1,157,858	138,788
Support Services:					
Salaries of Program Directors		112,953	112,953	111,688	1,265
Personal Services—Employee Benefits		6,825	6,825	5,596	1,229
Purchased Professional/Educational Services	220,944	308,090	529,034	310,183	218,851
Tuition	545,420	(262,233)	283,187	266,621	16,566
Other Purchased Services		120,464	120,464	95,383	25,081
Travel		20,862	20,862	12,884	7,978
Supplies and Materials		32,597	32,597	21,381	11,216
Total Support Services	766,364	339,558	1,105,922	823,736	282,186
Equipment					
Instructional Equipment		25,736	25,736	23,631	2,105
Total Equipment		25,736	25,736	23,631	2,105
Total Expenditures	1,626,279	802,025	2,428,304	2,005,225	423,079
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, 2019
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 73,045,953	\$ 2,005,225
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		(133,782)
Prior Year Encumbrances		15,313
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	591,379	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(579,367)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 73,057,965</u>	 <u>\$ 1,886,756</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 73,728,466	\$ 2,005,225
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		(133,782)
Prior Year Encumbrances		<u>15,313</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 73,728,466</u>	 <u>\$ 1,886,756</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019 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, 2019

	Elementary and Secondary Education Act				Local Grants
	Title I	Title II A	Title III		
REVENUE:					
State Sources					
Federal Sources	\$ 61,893	\$ 47,190	\$ 331		\$ 144,815
Local Sources					
Total Revenue	\$ 61,893	\$ 47,190	\$ 331		\$ 144,815
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 57,194				
Purchased Professional/Technical Services					
Other Purchased Services	324				
General Supplies			\$ 331		\$ 144,815
Textbooks					
Total Instruction	57,518		331		144,815
Support Services:					
Salaries of Program Directors		\$ 10,395			
Salaries of Other Professional Staff					
Personal Services - Employee Benefits	4,375	795			
Purchased Professional/Educational Services		32,493			
Tuition					
Other Purchased Services		3,004			
Travel					
Supplies and Materials		503			
Total Support Services	4,375	47,190			
Total Expenditures	\$ 61,893	\$ 47,190	\$ 331		\$ 144,815

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

	<u>IDEA Part B</u>				
REVENUE:	Preschool	Basic	Perkins Grant	Perkins Reserve Grant	
State Sources					
Federal Sources	\$ 25,361	\$ 914,984	\$ 5,993	\$ 52,348	
Local Sources					
Total Revenue	\$ 25,361	\$ 914,984	\$ 5,993	\$ 52,348	
EXPENDITURES:					
Instruction:					
Salaries of Teachers			\$ 5,567		
Purchased Professional/Technical Services					
Other Purchased Services	\$ 25,361	\$ 595,929			
General Supplies		22,406		\$ 39,464	
Textbooks					
Total Instruction	25,361	618,335	5,567	39,464	
Support Services:					
Salaries of Program Directors					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits			426		
Purchased Professional/Educational Services		270,122			
Tuition					
Other Purchased Services					
Travel		2,896		12,884	
Supplies and Materials					
Total Support Services	273,018	273,018	426	12,884	
Equipment:					
Instructional/Non Instructional Equipment		23,631			
Total Equipment	23,631	23,631	5,993	\$ 52,348	
Total Expenditures	\$ 25,361	\$ 914,984	\$ 5,993	\$ 52,348	

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

	Chapter 192 (Auxiliary Services)		Chapter 193 (Handicapped Services)			Examination & Classification
	Compensatory Education	Home Instruction	Corrective Speech	Supplemental Instruction		
REVENUE:						
State Sources	\$ 77,155	\$ 4,220	\$ 36,783	\$ 66,216	\$	\$ 86,467
Federal Sources						
Local Sources						
Total Revenue	\$ 77,155	\$ 4,220	\$ 36,783	\$ 66,216	\$	\$ 86,467
EXPENDITURES:						
Instruction:						
Salaries of Teachers		\$ 4,220				
Purchased Professional/Technical Services						
Other Purchased Services						
General Supplies						
Textbooks						
Total Instruction		4,220				
Support Services:						
Salaries of Program Directors						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional/Educational Services						
Tuition	\$ 77,155		\$ 36,783	\$ 66,216	\$	\$ 86,467
Other Purchased Services						
Travel						
Supplies and Materials						
Total Support Services	77,155		36,783	66,216		86,467
Total Expenditures	\$ 77,155	\$ 4,220	\$ 36,783	\$ 66,216	\$	\$ 86,467

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2019

REVENUE:	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Totals June 30, 2019
State Sources	\$ 74,990	\$ 135,203	\$ 52,054	\$ 219,222	\$ 752,310
Federal Sources					1,108,100
Local Sources					144,815
Total Revenue	<u>\$ 74,990</u>	<u>\$ 135,203</u>	<u>\$ 52,054</u>	<u>\$ 219,222</u>	<u>\$ 2,005,225</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers				\$ 66,981	
Purchased Professional/Technical Services		\$ 135,203			135,203
Other Purchased Services			\$ 52,054		621,614
General Supplies					259,070
Textbooks	\$ 74,990				74,990
Total Instruction	<u>74,990</u>	<u>135,203</u>	<u>52,054</u>		<u>1,157,858</u>
Support Services:					
Salaries of Program Directors				\$ 101,293	111,688
Personal Services - Employee Benefits					5,596
Purchased Professional/Educational Services				7,568	310,183
Tuition					266,621
Other Purchased Services				92,379	95,383
Travel				17,982	12,884
Supplies and Materials					21,381
Total Support Services				<u>219,222</u>	<u>823,736</u>
Equipment:					
Instructional/Non Instructional Equipment					23,631
Total Equipment					23,631
Total Expenditures	<u>\$ 74,990</u>	<u>\$ 135,203</u>	<u>\$ 52,054</u>	<u>\$ 219,222</u>	<u>\$ 2,005,225</u>

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, 2019

Revenue:		
Interest Earned	\$	<u>788</u>
Total Revenue		<u>788</u>
Other Financing Uses:		
Transfer Out - Debt Service Fund - Unexpended Balance		478,830
Transfer Out - General Fund - Interest		<u>788</u>
Total Other Financing Uses		<u>479,618</u>
Deficit of Revenue Under Other Financing Uses		(478,830)
Fund Balance - July 1		<u>478,830</u>
Fund Balance - June 30	\$	<u><u>- 0 -</u></u>

SPARTA TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS
BUDGETARY BASIS
CONSTRUCTION OF NEW HIGH SCHOOL PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	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	1,071,757		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	69,634,170		69,634,170	71,513,000
Other Financing Uses:				
Transfer Out - Debt Service Fund	(1,400,000)	\$ (478,830)	(1,878,830)	
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 478,830	\$ (478,830)	\$ - 0 -	\$ - 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, 2019

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 248,066
Accounts Receivable - State	488
Accounts Receivable - Federal	6,392
Accounts Receivable - Other	1,453
Inventories	10,690

Total Current Assets	<u>267,089</u>
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Non-Current Assets:

Capital Assets	1,151,813
Less: Accumulated Depreciation	<u>(939,335)</u>

Total Non-Current Assets	<u>212,478</u>
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Total Assets	<u>479,567</u>
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LIABILITIES:

Accounts Payable - Vendors	54,410
Unearned Revenue - Prepaid Sales	22,718
Unearned Revenue - Donated Commodities	<u>2,365</u>

Total Liabilities	<u>79,493</u>
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NET POSITION:

Investment in Capital Assets	212,478
Unrestricted	<u>187,596</u>

Total Net Position	<u><u>\$ 400,074</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, 2019

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 395,863
Daily Sales - Non-Reimbursable Programs	362,754
Special Events	27,910
	<hr/>
Total Operating Revenue	786,527
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable	193,495
Cost of Sales - Non-Reimbursable	104,189
Salaries and Benefits	341,495
Purchased Services	38,970
Management Fee	75,260
Resident Director Fee	55,120
Supplies and Materials	50,005
Other	12,290
Depreciation Expense	33,524
	<hr/>
Total Operating Expenses	904,348
	<hr/>
Operating Loss	(117,821)
	<hr/>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	6,967
Federal Sources:	
School Breakfast Program	3,614
National School Lunch Program	91,336
Food Distribution Program	53,901
Local Sources:	
Interest Revenue	1,233
	<hr/>
Total Non-Operating Revenue	157,051
	<hr/>
Change in Net Position	39,230
	<hr/>
Net Position - Beginning of Year	360,844
	<hr/>
Net Position - End of Year	\$ 400,074
	<hr/> <hr/>

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 777,551
Payments to Employees	(341,495)
Payments to Suppliers	(477,886)
	<hr/>
Net Cash Used for Operating Activities	(41,830)
Cash Flows from Noncapital and Related Financing Activities:	
State Sources	7,074
Federal Sources	96,658
Received from Food Service Contractor	53,569
	<hr/>
Net Cash Provided by Noncapital and Related Financing Activities	157,301
Cash Flows from Investing Activities:	
Interest Revenue	1,233
	<hr/>
Net Cash Provided by Investing Activities	1,233
Net Increase in Cash and Cash Equivalents	116,704
Cash and Cash Equivalents, July 1	131,362
	<hr/>
Cash and Cash Equivalents, June 30	\$ 248,066
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (117,821)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	33,524
Food Distribution Program	53,901
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	547
(Increase)/Decrease in Inventory	2,415
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(7,932)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(1,591)
Increase/(Decrease) in Accounts Payable	(4,873)
	<hr/>
Net Cash Used for Operating Activities	\$ (41,830)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District had \$3,956 in USDA donated commodities at June 30, 2018, received commodities valued at \$52,310, used commodities valued at \$53,901, and had \$2,365 in commodities at June 30, 2019.

FIDUCIARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency			
	Student Activity	Payroll	Total	
ASSETS:				
Cash and Cash Equivalents	\$ 142,378	\$ 72,477	\$ 214,855	
Total Assets	142,378	72,477	214,855	
LIABILITIES:				
Payroll Deductions and Withholdings Due to Student Groups	142,378	72,477	72,477	
Total Liabilities	142,378	72,477	214,855	
NET POSITION:				
Held in Trust for:				
Scholarship Awards				55,009
Unemployment Claims				233,074
Flexible Spending Claims				24,399
Total Net Position	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 24,399

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDING JUNE 30, 2019

	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Employee		\$ 54,121	\$ 63,255
Total Contributions		<u>54,121</u>	<u>63,255</u>
Investment Earnings:			
Interest	\$ 30	1,112	76
Net Investment Earnings	<u>30</u>	<u>1,112</u>	<u>76</u>
Total Additions	<u>30</u>	<u>55,233</u>	<u>63,331</u>
DEDUCTIONS:			
Scholarship Payments	5,000		
Unemployment Claims		32,025	
Flexible Spending Claims			60,309
Total Deductions	<u>5,000</u>	<u>32,025</u>	<u>60,309</u>
Change in Net Position	(4,970)	23,208	3,022
Net Position - July 1	<u>59,979</u>	<u>209,866</u>	<u>21,377</u>
Net Position - June 30	<u>\$ 55,009</u>	<u>\$ 233,074</u>	<u>\$ 24,399</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 213,083	\$ 611,614	\$ 682,319	\$ 142,378
Total Assets	<u>\$ 213,083</u>	<u>\$ 611,614</u>	<u>\$ 682,319</u>	<u>\$ 142,378</u>
 LIABILITIES:				
Due to Student Groups	\$ 213,083	\$ 611,614	\$ 682,319	\$ 142,378
Total Liabilities	<u>\$ 213,083</u>	<u>\$ 611,614</u>	<u>\$ 682,319</u>	<u>\$ 142,378</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
High School	\$ 116,850	\$ 460,100	\$ 495,072	\$ 81,878
Middle School	77,539	58,047	80,535	55,051
Helen Morgan School	5,653	22,897	27,313	1,237
Alpine School	7,255	21,321	25,915	2,661
Mohawk Avenue School	23	13,656	13,484	195
High School Athletics	5,763	35,593	40,000	1,356
	<u>\$ 213,083</u>	<u>\$ 611,614</u>	<u>\$ 682,319</u>	<u>\$ 142,378</u>
Total All Schools	<u>\$ 213,083</u>	<u>\$ 611,614</u>	<u>\$ 682,319</u>	<u>\$ 142,378</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 367,533	\$ 41,733,845	\$ 42,028,901	\$ 72,477
Total Assets	<u>\$ 367,533</u>	<u>\$ 41,733,845</u>	<u>\$ 42,028,901</u>	<u>\$ 72,477</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 367,533	\$ 41,733,845	\$ 42,028,901	\$ 72,477
Total Liabilities	<u>\$ 367,533</u>	<u>\$ 41,733,845</u>	<u>\$ 42,028,901</u>	<u>\$ 72,477</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2018	Matured	Balance June 30, 2019
			Date	Outstanding June 30, 2019 Amount				
School Refunding Bonds	7/1/2008	\$ 19,830,000			5.000%	\$ 1,120,000	\$ 1,120,000	
School Refunding Bonds	2/18/2015	54,355,000	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%			
						50,815,000	1,940,000	\$ 48,875,000

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2018	Matured	Balance June 30, 2019
			Date	Outstanding June 30, 2019 Amount				
School Refunding Bonds	6/6/2018	\$ 7,830,000	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	\$ 40,000	\$ 7,790,000
						\$ 59,765,000	\$ 3,100,000	\$ 56,665,000

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance 6/30/2018</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance 6/30/2019</u>
Technology Equipment	1.61%	\$ 1,563,050	\$ 1,169,171		\$ 773,105	\$ 396,066
Technology Equipment	2.69%	810,300		\$ 810,300	206,190	604,110
Buses	2.84%	198,806		198,806	40,768	158,038
			<u>\$ 1,169,171</u>	<u>\$ 1,009,106</u>	<u>\$ 1,020,063</u>	<u>\$ 1,158,214</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,664,384		\$ 4,664,384	\$ 4,664,384	
State Sources:					
Debt Service State Aid Support	597,649		597,649	597,649	
Total Revenues	<u>5,262,033</u>		<u>5,262,033</u>	<u>5,262,033</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	2,687,319	\$ (40,000)	2,647,319	2,567,694	\$ 79,625
Redemption of Principal	3,060,000	40,000	3,100,000	3,100,000	
Total Expenditures	<u>5,747,319</u>		<u>5,747,319</u>	<u>5,667,694</u>	<u>79,625</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(485,286)		(485,286)	(405,661)	79,625
Other Financing Sources:					
Transfer from Capital Projects Fund	485,285		485,285	478,830	(6,455)
Total Other Financing Sources	<u>485,285</u>		<u>485,285</u>	<u>478,830</u>	<u>(6,455)</u>
Excess (Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	(1)		(1)	73,169	73,170
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ 73,170	\$ 73,170
Recapitulation of Fund Balance: Restricted				\$ 73,170	\$ 73,170

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 14,414,009
Restricted	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	7,022,305
Unrestricted/(Deficit)	(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)	(23,485,640)
Total Governmental Activities/(Deficit)	\$ 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)	\$ (2,049,326)
Business-Type Activities:										
Investment in Capital Assets	\$ 443,742	\$ 443,742	\$ 412,509	\$ 361,826	\$ 323,838	\$ 269,323	\$ 293,342	\$ 264,319	\$ 246,002	\$ 212,478
Unrestricted/(Deficit)	150,266	153,290	136,870	102,064	92,433	15,829	53,383	80,303	114,842	187,596
Total Business-Type Activities	\$ 594,008	\$ 597,032	\$ 549,379	\$ 463,890	\$ 416,271	\$ 285,152	\$ 346,725	\$ 344,622	\$ 360,844	\$ 400,074
District-Wide/(Deficit):										
Net Investment in Capital Assets	\$ 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	\$ 14,626,487
Restricted	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	7,022,305
Unrestricted/(Deficit)	(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)	(23,298,044)
Total District-Wide Net Position/(Deficit)	\$ 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)	\$ (1,649,252)

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 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	\$ 32,631,972
Special Education Instruction	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	9,786,081
Other Special Instruction	494,090	561,390	797,952	883,938	1,078,212	316,459	627,416	553,048	527,022	136,566
Other Instruction	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	4,042,438
Total Instruction	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	46,597,057
Support Services:										
Tuition	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	2,155,425
Student & Instruction Related Services	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	11,971,491
General Administration Services	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	845,301
School Administration Services	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	4,404,143
Central Services	621,730	660,262	696,640	699,048	724,795	934,943	954,126	1,002,881	1,021,876	997,501
Administrative Information Technology	316,874	402,242	551,213	443,112	913,338	663,490	1,039,903	576,780	451,630	870,441
Plant Operations and Maintenance	5,417,939	5,835,195	5,869,743	5,057,783	5,098,475	6,767,680	6,833,619	6,886,289	7,246,144	7,626,788
Pupil Transportation	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	4,729,532
Charter Schools	95,083	107,620	297,638	447,707	428,077	233,906	373,175	174,152	254,577	419,066
Interest On Long-Term Debt	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	2,239,534
Unallocated Depreciation	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	2,627,029
Total Governmental Activities Expenses	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	85,483,308
Business-Type Activities:										
Food Service	910,762	927,009	961,677	886,791	860,552	955,855	891,526	902,693	881,323	904,348
Total Business-Type Activities Expenses	910,762	927,009	961,677	886,791	860,552	955,855	891,526	902,693	881,323	904,348
Total District Expenses	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	86,387,656

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 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	\$ 22,349,553
Capital Grants and Contributions						229,910				
Total Governmental Activities	<u>13,970,402</u>	<u>10,849,692</u>	<u>12,121,256</u>	<u>12,572,640</u>	<u>12,606,704</u>	<u>19,845,438</u>	<u>21,978,507</u>	<u>27,768,329</u>	<u>30,825,749</u>	<u>22,349,553</u>
Business-Type Activities:										
Charges for Services:										
Food Service	746,697	750,526	769,953	692,588	703,066	702,817	743,090	744,113	694,065	786,527
Operating Grants and Contributions	129,701	119,402	143,511	108,307	110,639	115,540	135,530	156,140	149,476	155,818
Total Business Type Activities	<u>876,398</u>	<u>869,928</u>	<u>913,464</u>	<u>800,895</u>	<u>813,705</u>	<u>818,357</u>	<u>878,620</u>	<u>900,253</u>	<u>843,541</u>	<u>942,345</u>
Total District-wide Program Revenues	<u>14,846,800</u>	<u>11,719,620</u>	<u>13,034,720</u>	<u>13,373,535</u>	<u>13,420,409</u>	<u>20,663,795</u>	<u>22,857,127</u>	<u>28,668,582</u>	<u>31,669,290</u>	<u>23,291,898</u>
Net (Expense)/Revenue:										
Governmental Activities	(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)	(63,133,755)
Business-Type Activities	(34,364)	(57,081)	(48,213)	(85,896)	(46,847)	(137,498)	(12,906)	(2,440)	(37,782)	37,997
Total District-Wide Net (Expense)/Revenue	<u>(50,233,821)</u>	<u>(51,203,900)</u>	<u>(53,168,649)</u>	<u>(55,307,771)</u>	<u>(56,981,703)</u>	<u>(60,006,785)</u>	<u>(58,973,590)</u>	<u>(61,268,302)</u>	<u>(58,756,763)</u>	<u>(63,095,758)</u>

SPARTA TOWNSHIP SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purpose:	\$ 44,514,252	\$ 48,335,153	\$ 48,733,462	\$ 49,708,131	\$ 50,702,294	\$ 52,416,339	\$ 53,464,665	\$ 54,533,958	\$ 55,624,637	\$ 56,737,130
Taxes Levied for Debt Service	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	4,664,384
Unrestricted Grants and Contributions	686,574	803,515	638,505	603,494	627,132	614,990	631,919	575,191	594,728	3,351,018
Interest and Miscellaneous Income	314,993	506,545	392,736	190,753	275,427	222,915	210,441	173,588	256,811	275,906
Total Governmental Activities General Revenues & Other Changes in Net Position	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	65,028,438
Business-Type Activities:										
Investment Earnings	1,944	907	560	407	339	215	256	337	435	1,233
Other Item					(1,111)	6,164	7,030		53,569	
Total Business-Type Activities General Revenues & Other Changes in Net Position	1,944	907	560	407	(772)	6,379	7,286	337	54,004	1,233
Total District-Wide General Revenues and Other Changes in Net Position	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	65,029,671
Change in Net Position:										
Governmental Activities	(535,026)	2,825,305	1,961,700	547,594	161,675	(1,940,843)	(64,015)	(769,134)	2,906,297	1,894,683
Business-Type Activities	(32,420)	(56,174)	(47,653)	(85,489)	(47,619)	(131,119)	(5,620)	(2,103)	16,222	39,230
Total District-wide Change in Net Position	\$ (567,446)	\$ 2,769,131	\$ 1,914,047	\$ 462,105	\$ 114,056	\$ (2,071,962)	\$ (69,635)	\$ (771,237)	\$ 2,922,519	\$ 1,933,913

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 2,052,307									
Unreserved	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	\$ 6,949,135
Assigned		2,475,413	1,823,657	1,044,263	403,991	231,916	546,237	725,863	267,440	2,293,931
Unassigned		788,200	744,500	606,546	590,531	608,338	638,261	718,973	746,696	904,374
Total General Fund	\$ 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	\$ 10,147,440
Other Governmental Funds:										
Reserved	\$ 3,165,485									
Unreserved (Deficit):										
Capital Projects Fund	4,477,088									
Debt Service Fund	866,325									
Restricted		\$ 4,788,628	\$ 2,644,386	\$ 1,985,775	\$ 1,980,640	\$ 1,256,474	\$ 499,817	\$ 485,828	\$ 478,831	\$ 73,170
Committed		44,112	44,112	44,112	344,872					
Total Other Governmental Funds	\$ 8,508,898	\$ 4,832,740	\$ 2,688,498	\$ 2,029,887	\$ 2,325,512	\$ 1,256,474	\$ 499,817	\$ 485,828	\$ 478,831	\$ 73,170
Total Government Funds	\$ 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	\$ 10,220,610

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$ 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	\$ 61,401,514
Tuition Charges	21,031	26,650								
Interest Earnings	244,035	46,336								
Transportation Fees		89,589								
Miscellaneous	65,545	423,853	474,922	264,101	374,516	281,326	313,285	415,547	490,317	491,843
State Sources	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	17,244,500
Federal Sources	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	1,069,685
Total Revenue	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	80,207,542
Expenditures:										
Instruction:										
Regular	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	20,034,556
Special Education	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	5,997,725
Other Special	362,734	391,834	509,442	509,056	681,420	110,397	128,871	80,320	69,686	71,025
Other	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	2,483,470
Support Services:										
Tuition	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	2,155,425
Student & Instruction- Related Services	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	7,632,390
General Administration	827,007	919,817	974,761	689,224	1,137,417	1,150,852	1,205,045	1,206,367	896,532	651,684
School Administration	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	2,609,562
Central Services	458,090	455,660	515,781	505,927	516,809	587,857	586,055	559,098	558,563	622,402
Administrative Information Technology	280,411	355,377	369,096	283,871	353,070	331,537	300,981	343,051	370,917	644,460
Plant Operations/ Maintenance	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	5,591,245

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenditures:										
Support Services:										
Pupil Transportation	\$ 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	\$ 4,132,202
Unallocated Benefits	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	19,615,706
Charter Schools	95,083	107,620	297,638	447,707	428,077	233,906	373,175	174,152	254,577	419,066
Capital Outlay	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	2,954,304
Debt Service:										
Principal	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	3,100,000
Interest/Other Charges	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	2,567,694
Total Expenditures	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	81,282,916
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(17,469,309)	756,514	(2,960,443)	(2,175,057)	(858,045)	(1,981,109)	529,783	966,172	1,849,562	(1,075,374)
Other Financing Sources (Uses):										
Capital Leases					487,230	524,618		1,967,993	7,830,000	1,009,106
Bond Proceeds						54,355,000			(8,400,000)	
School Bonds Defeased						(60,213,000)			830,426	
Premium on Refunding Bonds						8,661,508			(108,863)	
Costs of Refunding Bond Issue						(311,028)			(151,563)	
Deferred Amount - Refunding						(2,492,480)				
Transfers In	207,265	8,928	6,722	2,263	391,486	702,897	804,990	1,000		479,618
Transfers Out	(207,265)	(8,928)	(6,722)	(2,263)	(391,486)	(702,897)	(804,990)	(1,000)		(479,618)
Total Other Financing Sources (Uses)					487,230	524,618		1,967,993		1,009,106
Net Change In Fund Balances	\$ (17,469,309)	\$ 756,514	\$ (2,960,443)	\$ (2,175,057)	\$ (370,815)	\$ (1,456,491)	\$ 529,783	\$ 2,934,165	\$ 1,849,562	\$ (66,268)
Debt Service as a Percentage of Noncapital Expenditures	8.98%	9.46%	8.97%	8.55%	8.77%	8.45%	8.24%	8.01%	7.71%	7.24%

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
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
2019	68,988	139,215	16,333		124,049	348,585

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)
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
2018	54,369,700	2,575,471,100	29,756,800	811,100	263,296,200	41,080,800	12,147,900	2,976,933,600		2,976,933,600	238,394,500	2.044	3,111,077,036

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		
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	
2018	1.889	0.155	2.044	0.628	0.569	3.241	

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

	2019		2010		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer					
Jersey Investors Growth		\$ 23,184,200	0.779%						
Braen Royalty LLC		8,137,900	0.273%						
CC Holdings LLC		7,000,200	0.235%						
376 Lafayette JV LLC		6,961,400	0.234%						
Sparta Ecumenical Council		6,225,000	0.209%						
AHS Hospital Corp		5,828,900	0.196%						
Lake Mohawk Country Club		5,623,900	0.189%						
Heller Sparta, LLC		5,616,800	0.189%						
Serolf Properties LLC		5,296,300	0.178%						
NV Retail Holding, LLC		5,113,900	0.172%						
Total		\$ 78,988,500	2.65%				\$ -0-		0.00%

INFORMATION NOT AVAILABLE

Source: Sparta Township Tax Assessor.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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 -
2019	61,401,514	61,401,514	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			
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	5.84%	3,442
2018	59,765,000	1,169,171	60,934,171	5.52%	3,240
2019	56,665,000	1,158,214	57,823,214	5.24%	3,101

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

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

Source: Sparta Township School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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
2019	56,665,000	- 0 -	56,665,000	1.90%	3,039

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, 2018
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	\$ 8,633,491	100.00%	\$ 8,633,491
Sussex County General Obligation Debt	102,675,174	18.33%	<u>18,820,167</u>
Subtotal, Overlapping Debt			27,453,658
Sparta School District Direct Debt			<u>58,605,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 86,058,658</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Township of Sparta. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping unit.

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

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 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	\$ 125,031,659
Net Debt Applicable to Limit	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	56,665,000
Legal Debt Margin	\$ 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	\$ 68,366,659

Net Debt Applicable to the Limit as a % of Debt Limit

	61.77%	61.77%	58.28%	58.17%	58.75%	53.98%	52.86%	50.94%	48.24%	45.32%
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized Valuation Basis		
	2016	2017	2018
Sparta Township	\$ 3,086,812,597	3,102,925,478	3,187,636,364
	\$ 9,377,374,439		
Average Equalized Valuation of Taxable Property	\$ 3,125,791,480		
Debt Limit (4% of average equalization value) ^a	\$ 125,031,659		
Net Bonded School Debt as of June 30, 2019	56,665,000		
Legal Debt Margin	\$ 68,366,659		

^a Limit set by N.J.S.A. 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
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	59,193	1,113,242,751	3.40%
2018	18,647	59,193 **	1,103,771,871	3.20%
2019	18,647 *	59,193 **	1,103,771,871 ***	N/A

* - Latest Township population available (2018) was used for calculations purposes.

** - Latest Sussex County per capita personal income available (2017) was used for calculation purposes.

*** - Latest Township population available (2018) and latest Sussex County per capita personal income available (2017) 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>2018</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Selective Insurance Group, Inc.	1,000-4,999	1.43%-7.17%
Crystal Springs Resort	1,000-4,999	1.43%-7.17%
Newton Medical Center	500-999	0.72%-1.43%
Sussex County Offices	500-999	0.72%-1.43%
Thorlabs	500-999	0.72%-1.43%
Mountain Creek Resort	500-999	0.72%-1.43%
Shop Rite	250-499	0.36%-0.72%
Sussex County Community College	250-499	0.36%-0.72%
United Methodist Community Bristol Glen	250-499	0.36%-0.72%
Andover Subacute & Rehab Center	100-249	0.14%-0.36%
	<u>4,850-15,740</u>	<u>6.96%-22.59%</u>
Total County Employment	<u>69,689</u>	
	<u>2009</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Crystal Springs Resort	2,000	2.57%
Newton Memorial Hospital	1,490	1.91%
Selective Insurance	900	1.15%
County of Sussex	830	1.06%
Mountain Creek Resort	800	1.03%
Shop Rite (Ronetco Supermarkets, Inc.)	697	0.89%
Ames Rubber Corp	445	0.57%
Walmart	412	0.53%
Andover Subacute & Rehab Center	300	0.38%
Sussex County Community College	300	0.38%
	<u>8,174</u>	<u>10.49%</u>
Total Employment	<u>77,953</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>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>	<u>2019</u>
Instruction:										
Regular	329.0	333.0	227.6	276.0	270.0	248.2	256.6	245.5	249.0	252.0
Special Education	39.0	43.0	97.6	52.0	54.0	70.5	67.0	69.8	65.0	69.0
Support Services:										
Student & Instruction-Related Services	71.0	65.0	52.1	54.0	42.0	88.0	97.1	97.0	94.0	94.0
General Administrative Services	5.0	5.0	2.5	5.0	5.0	4.0	4.0	4.0	6.0	6.0
School Administrative Services	32.0	34.0	30.0	21.0	29.0	41.5	42.1	41.6	41.0	41.0
Plant Operations and Maintenance	53.0	33.0	41.0	41.0	41.0	38.0	38.5	40.0	41.0	46.0
Pupil Transportation	20.0	20.0	20.0	20.0	20.0	25.0	21.7	19.0	21.0	21.0
Business and Other Support Services	8.0	8.0	8.5	8.5	8.5	7.0	7.0	6.0	6.0	6.0
Total	557.0	541.0	479.3	477.5	469.5	522.2	534.0	522.9	523.0	535.0

Source: Sparta Township School District personnel records.

SPARTA TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percent Change	Teaching Staff ^d	Pupil/Teacher Ratio					Senior High School	Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change Average Daily Enrollment	Student Attendance Percentage
						Elementary		Mohawk Avenue	Middle School	Senior High School					
						Helen Morgan	Alpine								
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	3,219.0	3,093	0.31%	96.09%	
2019	3,224	72,819,160	22,587	4.70%	327	5.7	6.5	5.5	6.4	6.8	3,113.5	2,997	-3.28%	96.26%	

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	649	739	739	565	530	509	494	470	467	444
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	709	840	840	726	683	631	631	664	664	692
Mohawk Avenue (1935)										
Square Feet	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300	47,300
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	312			228	227	221	225	222	196	224
<u>Middle School</u>										
Square Feet	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500	132,500
Capacity (Students)	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175	1,175
Enrollment	1,036	937	937	847	816	825	799	801	768	753
<u>High School</u>										
Square Feet	153,245	255,127	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	1,205	1,192	1,192	1,224	1,207	1,142	1,122	1,095	1,092	1,111

Number of Schools at June 30, 2019

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
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
2019	203,349	94,338	47,227	157,830	366,394	869,138

* 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, 2019
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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 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*.

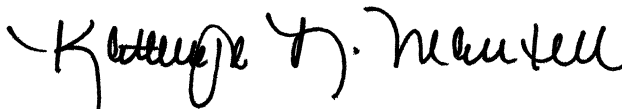
Purpose of this Report

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

November 8, 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, 2019. 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, 2019.

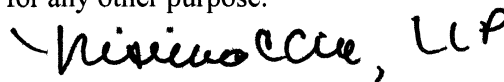
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

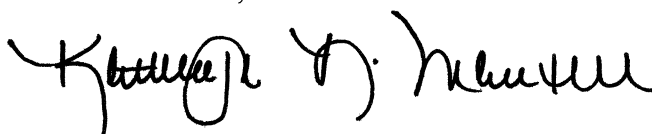
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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



NISIVOCCIA, LLP

November 8, 2019
Mount Arlington, New Jersey



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, 2019

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, 2018		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance June 30, 2019		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Education Passed-Through State Department of Education:												
Special Revenue Fund:												
U.S. Department of Education												
Passed Through State Department of Education:												
Special Education Cluster:												
Individuals with Disabilities Act (IDEA):												
	84.027	IDEA-4960-19	7/1/18-6/30/19	\$ 1,135,095			\$ 759,436	\$ (914,984)		\$ (155,548)		
	84.027	IDEA-4960-18	7/1/17-6/30/18	1,132,623	\$ (250,214)		250,214					
	84.173	IDEA-4960-19	7/1/18-6/30/19	46,982			25,361	(25,361)				
	84.173	IDEA-4960-18	7/1/17-6/30/18	33,514	(11,893)		11,893					
Total Special Education Cluster					(262,107)		1,046,904	(940,345)		(155,548)		
Elementary and Secondary Education Act:												
	84.010	ESEA-4960-19	7/1/18-6/30/19	86,771			53,706	(61,893)		(8,187)		
	84.010	ESEA-4960-18	7/1/17-6/30/18	96,589	(39,568)		39,568					
	84.367A	ESEA-4960-19	7/1/18-6/30/19	78,571			24,668	(47,190)		(22,522)		
	84.367A	ESEA-4960-18	7/1/17-6/30/18	75,102	(30,170)		30,170					
	84.365	ESEA-4960-19	7/1/18-6/30/19	1,596			331	(331)				
	84.048	PERK-4960-19	7/1/18-6/30/19	14,150			969	(5,993)		(5,024)		
	84.048	PERK-4960-18	7/1/17-6/30/18	14,444			\$ 1,343		\$ (1,343)			
	84.048	PERK-4960-19	7/1/18-6/30/19	83,670			9,388	(52,348)		(42,960)		
	84.048	PERK-4960-18	7/1/17-6/30/18	109,502	(10,581)		10,581					
Total Special Revenue Fund					(342,426)		1,216,285	(1,108,100)		(1,343)		(234,241)

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2018		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance June 30, 2019		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	\$ 52,310	\$	\$ 52,310	\$ (49,945)			\$	2,365	
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	52,618	\$ 3,956		(3,956)					
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	91,336		85,165	(91,336)			\$ (6,171)		
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	88,945	\$ (7,745)	7,745						
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	3,614		3,393	(3,614)			(221)		
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	3,300	(355)	355						
Child Nutrition Cluster Subtotal				(8,100)	3,956	148,968	(148,851)			(6,392)	2,365	
Total Enterprise Fund and U.S. Department of Agriculture				(8,100)	3,956	148,968	(148,851)			(6,392)	2,365	
Total Federal Awards				\$ (350,526)	\$ 5,299	\$ 1,365,253	\$ (1,256,951)	\$ (1,343)	\$ (240,633)	\$ 2,365	\$ -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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2019		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	19-495-034-5120-014	7/1/18-6/30/19	\$ 1,128,376			\$ 1,017,571	\$ (1,128,376)			\$ (110,805)	\$ 1,128,376	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	2,030,137			1,830,780	(2,030,137)			(199,357)	2,030,137	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	2,488,733			2,244,342	(2,488,733)			(244,391)	2,488,733	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	252,688			227,874	(252,688)			(24,814)	252,688	
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	400,699				(400,699)			(400,699)	400,699	
Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	56,469				(56,469)			(56,469)	56,469	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	2,046,280			1,943,924	(2,046,280)			(102,356)	2,046,280	
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	2,356,677			2,356,677	(2,356,677)				2,356,677	
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	5,088,987			5,088,987	(5,088,987)				5,088,987	
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	106,526			106,526	(106,526)				106,526	
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	4,666			4,666	(4,666)				4,666	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	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			200,851					2,030,137	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	2,488,733			246,221					2,488,733	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	252,688			25,000					252,688	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	33,030			3,268					33,030	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	33,030			3,268					33,030	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	31,980			3,164					31,980	
Host District Aid	18-495-034-5120-102	7/1/17-6/30/18	2,344			232					2,344	
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	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	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,031,405			97,872					2,031,405	
Total General Fund State Aid				(1,053,159)		15,874,506	(15,960,238)		(559,524)	(1,138,891)	24,333,025	
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	19-100-034-5120-064	7/1/18 - 6/30/19	80,954			80,954	(74,990)				74,990	
Textbook Aid	18-100-034-5120-064	7/1/17 - 6/30/18	88,142						\$ 5,964		86,993	
Nursing Aid	19-100-034-5120-070	7/1/18 - 6/30/19	148,022			148,022	(135,203)		12,819		135,203	
Nursing Aid	18-100-034-5120-070	7/1/17 - 6/30/18	158,013					(20,233)			137,780	
Technology Initiative Aid	19-100-034-5120-373	7/1/18 - 6/30/19	54,576			54,576	(52,054)		2,522		52,054	
Technology Initiative Aid	18-100-034-5120-373	7/1/17 - 6/30/18	59,533					(2,310)			57,223	
Security Aid	19-100-034-5120-509	7/1/18 - 6/30/19	228,900			228,900	(219,222)		9,678		219,222	
Security Aid	18-100-034-5120-509	7/1/17 - 6/30/18	122,175					(7,686)			114,489	
New Jersey Nonpublic Auxiliary Services:												
Compensatory Education	19-100-034-5120-067	7/1/18 - 6/30/19	85,449			85,449	(77,155)		8,294		77,155	
Compensatory Education	18-100-034-5120-067	7/1/17 - 6/30/18	87,698					(52,976)			34,722	

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2019		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Special Revenue Fund:												
Home Instruction	19-100-034-5120-067	7/1/18 - 6/30/19	\$ 4,220									
Home Instruction	18-100-034-5120-067	7/1/17 - 6/30/18	3,210	\$ (3,210)	\$ 3,210		\$ (4,220)		\$ (4,220)	\$ (4,220)	\$ 4,220	3,210
New Jersey Nonpublic Handicapped:												
Supplemental Instruction	19-100-034-5120-066	7/1/18 - 6/30/19	71,763		71,763		(66,216)			\$ 5,547	66,216	
Supplemental Instruction	18-100-034-5120-066	7/1/17 - 6/30/18	70,257	\$ 2,297			(36,783)	\$ (2,297)			36,783	67,960
Corrective Speech	19-100-034-5120-066	7/1/18 - 6/30/19	36,783		36,783							30,355
Corrective Speech	18-100-034-5120-066	7/1/17 - 6/30/18	32,587	2,232			(86,467)	(2,232)		2,725	86,467	95,937
Exam & Classification	19-100-034-5120-066	7/1/18 - 6/30/19	89,192		89,192							
Exam & Classification	18-100-034-5120-066	7/1/17 - 6/30/18	99,943	4,006				(4,006)				
Total Special Revenue Fund				(3,210)	92,889	798,849	(752,310)	(92,889)	(4,220)	47,549	(4,220)	1,380,979
Debt Service Fund:												
Debt Service State Aid Support	19-495-034-5120-075	7/1/18 - 6/30/19	597,649		597,649		(597,649)					597,649
Total Debt Service Fund					597,649		(597,649)					597,649
Enterprise Fund:												
State Department of Agriculture:												
State School Lunch	19-100-010-3350-023	7/1/18 - 6/30/19	6,967		6,479		(6,967)		(488)		(488)	6,967
State School Lunch	18-100-010-3350-023	7/1/17 - 6/30/18	6,629	(595)	595							6,629
Total Enterprise Fund				(595)	7,074		(6,967)		(488)		(488)	13,596
Total State Awards Subject to Single Audit Determination				<u>\$(1,056,964)</u>	<u>\$ 92,889</u>	<u>\$17,278,078</u>	<u>\$(17,317,164)</u>	<u>\$ (92,889)</u>	<u>\$(564,232)</u>	<u>\$ 47,549</u>	<u>\$(1,143,599)</u>	<u>\$ 26,325,249</u>
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18 - 6/30/19					(2,356,677)					
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18 - 6/30/19					(5,088,987)					
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18 - 6/30/19					(106,526)					
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18 - 6/30/19					(4,666)					
Subtotal - On-Behalf TPAF Pension System Contributions							<u>(7,556,856)</u>					
Total State Awards Subject to Single Audit Major Program Determination												<u>\$ (9,760,308)</u>

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, 2019

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, 2019. 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 \$12,012 for the general fund and (\$118,469) for the special revenue fund (of which \$2,345 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, 2019
(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		\$ 15,972,250	\$ 15,972,250
Special Revenue Fund	\$ 1,069,685	674,601	1,744,286
Debt Service Fund		597,649	597,649
Food Service Fund	<u>148,851</u>	<u>6,967</u>	<u>155,818</u>
Total Awards	<u>\$ 1,218,536</u>	<u>\$ 17,251,467</u>	<u>\$ 18,470,003</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, 2019.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	7/1/18-6/30/19	\$ 1,135,095	\$ 914,984
IDEA Part B Preschool	84.173	7/1/18-6/30/19	46,982	25,361

<u>State Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Aid - Public:				
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 2,030,137	\$ 2,030,137
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	2,488,733	2,488,733
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	252,688	252,688

- 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, 2019
(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, 2019

Status of Prior Year Findings:

There were no prior year audit findings.