

**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, 2020**

**Comprehensive Annual
Financial Report**

of the

SPARTA TOWNSHIP SCHOOL DISTRICT

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**SPARTA TOWNSHIP SCHOOL DISTRICT
Board of Education**

SPARTA TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	1
Organizational Chart.....	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION 8

Independent Auditors' Report	9
------------------------------------	---

Required Supplementary Information	12
Management's Discussion and Analysis.....	13

Basic Financial Statements (Sections A. and B.).....	21
--	----

A. District-Wide Financial Statements	22
---	----

A-1 Statement of Net Position.....	23
------------------------------------	----

A-2 Statement of Activities	24
-----------------------------------	----

B. Fund Financial Statements	26
------------------------------------	----

B-1 Balance Sheet – Governmental Funds.....	27
---	----

B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	29
---	----

B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
---	----

B-4 Statement of Net Position – Proprietary Funds	33
---	----

B-5 Statement of Revenue, Expenses and Changes in Net Position – Proprietary Funds	34
---	----

B-6 Statement of Cash Flows – Proprietary Funds	35
---	----

B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	36
--	----

B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	37
---	----

Notes to Basic Financial Statements	38
---	----

Required Supplementary Information..... 78

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pension.....	79
--	----

L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	79
---	----

L-2 Schedule of District Contributions – Public Employees Retirement System.....	80
--	----

L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District - Teachers' Pension and Annuity Fund	81
---	----

L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund System	82
---	----

L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios	83
---	----

Notes to Required Supplementary Information.....	84
--	----

SPARTA TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules	87
C-1 Budgetary Comparison Schedule – General Fund	88
C-2 Budgetary Comparison Schedule – Special Revenue Fund	102
C-3 Required Supplementary Information – Budgetary Comparison Schedule - Note to Required Supplementary Information	103

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable)	105
E. Special Revenue Fund.....	106
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	107
E-2 Preschool Education Aid – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund (Not Applicable).....	111
G. Proprietary Funds.....	112
Enterprise Fund:	
G-1 Statement of Net Position.....	113
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position	114
G-3 Statement of Cash Flows.....	115
H. Fiduciary Funds.....	116
H-1 Combining Statement of Fiduciary Net Position.....	117
H-2 Statement of Changes in Fiduciary Net Position.....	118
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	119
H-4 Student Activity Agency Fund Statement of Activity.....	120
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	121
I. Long-Term Debt.....	122
I-1 Schedule of Serial Bonds	123
I-2 Schedule of Obligations Under Capital Leases	125
I-3 Debt Service Fund Budgetary Comparison Schedule	126

SPARTA TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

J. STATISTICAL SECTION (Unaudited).....	127
J-1 Net Position by Component	128
J-2 Changes in Net Position	129
J-3 Fund Balances – Governmental Funds.....	132
J-4 Changes in Fund Balance – Governmental Funds	133
J-5 General Fund Other Local Revenue by Source	135
J-6 Assessed Value and Actual Value of Taxable Property	136
J-7 Direct and Overlapping Property Tax Rates	137
J-8 Principal Property Taxpayers	138
J-9 Property Tax Levies and Collections	139
J-10 Ratios of Outstanding Debt by Type	140
J-11 Ratios of Net General Bonded Debt Outstanding	141
J-12 Ratios of Overlapping Governmental Activities Debt	142
J-13 Legal Debt Margin Information	143
J-14 Demographic and Economic Statistics	144
J-15 Principal Employers	145
J-16 Full-Time Equivalent District Employees by Function/Program.....	146
J-17 Operating Statistics.....	147
J-18 School Building Information.....	148
J-19 Schedule of Required Maintenance for School Facilities	149
J-20 Insurance Schedule.....	150
 K. SINGLE AUDIT SECTION	 151
K-1 Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	 152
K-2 Independent Auditor’s Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance	 154
K-3 Schedule of Expenditures of Federal Awards	156
K-4 Schedule of Expenditures of State Awards	158
K-5 Notes to the Schedules of Expenditures of Federal and State Awards	160
K-6 Schedule of Findings and Questioned Costs	162
K-7 Summary Schedule of Prior Audit Findings	164

INTRODUCTORY SECTION
(UNAUDITED)

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

December 15, 2020

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, 2020, 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, 2020, Sparta Schools enrolled 3,113 students at five schools compared to 3,224 students as of June 30, 2019, which is a decrease of 111 students, or 3.44%.

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 Sparta Township Public Schools 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:

- Implementation of curriculum mapping software to manage district curriculum to reflect best practices in the classroom and provide a foundation of consistency for instruction.
- Review and restructuring the district response to intervention and gifted and talented manuals to ensure compliance and best practice in our procedures and identification of students in need of enrichment or remediation.
- Implemented numerous technological and health and safety resources and procedures for the safe instruction of students during the COVID-19 pandemic.
- 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.

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, 2020.

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,

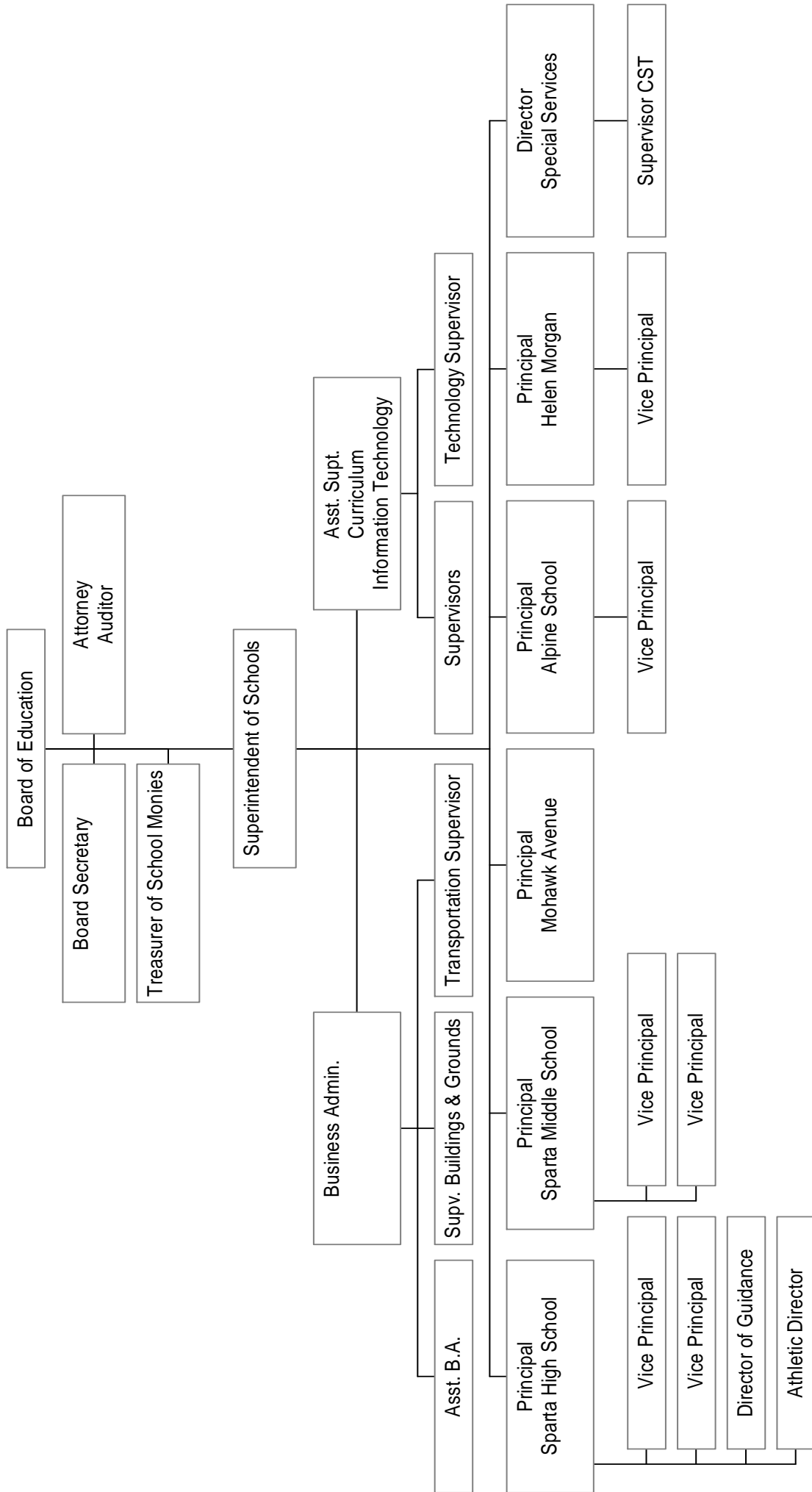


Mr. Patrick McQueeney
Acting Superintendent



Mr. H. Ronald Smith
Interim School Business Administrator/
Board Secretary

Sparta Township School District



**SPARTA TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kimberly Bragg, President	2022
Jennifer Grana, Vice President	2021
Kylen Anderson	2020
Niamh Grano	2022
Joanne Hoover	2020
Kathryn Matteson	2021
Kurt Morris	2022
Jason Ventresca	2020
Robert Zywicki	2021

<u>Other Officers</u>	<u>Title</u>
Patrick McQueeney	Acting Superintendent (from May 26, 2020)/ Assistant Superintendent of Curriculum and Staff Development
Dr. Michael Rossi	Superintendent of Schools
H. Ronald Smith	Interim School Business Administrator/ Board Secretary (from July 1, 2020)
Pamela Hinman	School Business Administrator/Board Secretary (to June 30, 2020)
Kristine Demay	Assistant Business Administrator
Kerry A. Keane	Treasurer

**Sparta Township School District
CONSULTANTS AND ADVISORS**

ARCHITECTS

Parette Somjen Architects, LLC
Rockaway, NJ

ATTORNEY

Rodney Hara, Esquire
Fogarty & Hara
General Counsel
21-00 Route 208 South
Fairlawn, NJ

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

Marc Zitomer
Schenck, Price, Smith & King, LLP
220 Park Avenue
PO Box 991
Florham Park, NJ 07932

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, 2020, 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, 2020, 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 and post-retirement benefit 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 Honorable President and Members
of the Board of Education
Sparta Township School District
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 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.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020. 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.

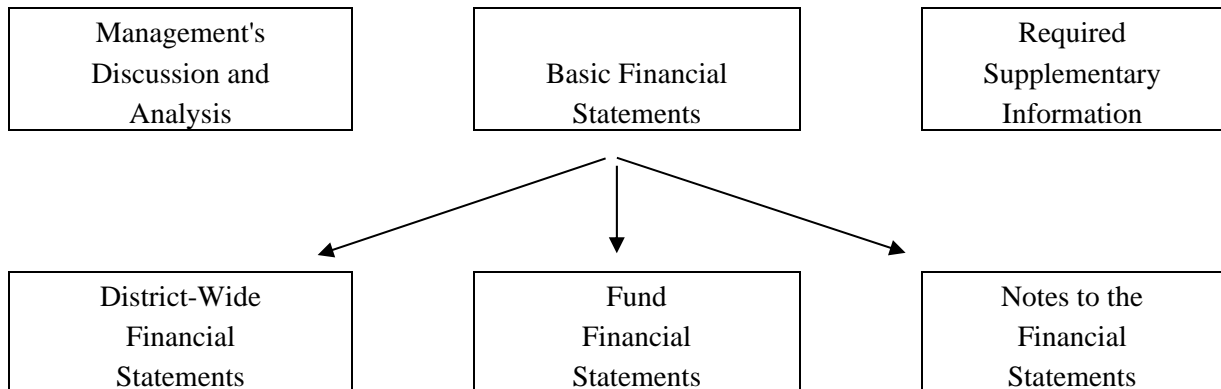
Overview of the Financial Statements

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, 2020**

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, 2020**

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, 2020**

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 \$1,791,710 on June 30, 2020, \$3,440,962 or 208.64% more than the year before. (See Figure A-3). Net position from governmental activities increased by \$3,492,923 and net position from business-type activities decreased by \$51,961.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Current & Other Assets	\$ 9,919,981	\$ 11,879,075	\$ 226,035	\$ 267,089	\$ 10,146,016	\$ 12,146,164	
Capital Assets, Net	70,942,465	70,084,778	183,631	212,478	71,126,096	70,297,256	
Total Assets	80,862,446	81,963,853	409,666	479,567	81,272,112	82,443,420	-1.42%
Deferred Outflows of Resources	6,374,622	7,239,183			6,374,622	7,239,183	-11.94%
Other Liabilities	2,311,689	3,407,946	61,553	79,493	2,373,242	3,487,439	
Long-Term Liabilities	77,439,027	81,897,307			77,439,027	81,897,307	
Total Liabilities	79,750,716	85,305,253	61,553	79,493	79,812,269	85,384,746	-6.53%
Deferred Inflows of Resources	6,042,755	5,947,109			6,042,755	5,947,109	1.61%
Net Position/(Deficit)							
Net Investment in Capital Assets							
Assets	18,656,271	14,414,009	183,631	212,478	18,839,902	14,626,487	
Restricted	7,590,494	7,022,305			7,590,494	7,022,305	
Unrestricted/(Deficit)	(24,803,168)	(23,485,640)	164,482	187,596	(24,638,686)	(23,298,044)	
Total Net Position	\$ 1,443,597	\$ (2,049,326)	\$ 348,113	\$ 400,074	\$ 1,791,710	\$ (1,649,252)	208.64%

Net Investment in Capital Assets increased \$4,213,415 due to reductions in bond and lease debt and capital additions offset by annual depreciation. Restricted net position increased \$568,189 primarily due to the increase in the Capital Reserve account. Unrestricted net position decreased \$1,340,642 largely due to a decrease in year-end encumbrances, a decrease in deferred outflows related to pensions and an increase in deferred inflows related to pensions offset by a decrease in the net pension liability.

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Revenue:							
Program Revenue:							
Charges for Services			\$ 544,862	\$ 786,527	\$ 544,862	\$ 786,527	
Operating Grants & Contributions	\$ 19,891,811	\$ 22,349,553	131,885	155,818	20,023,696	22,505,371	
General Revenue:							
Property Taxes	63,332,352	61,401,514			63,332,352	61,401,514	
Federal and State Unrestricted Aid	3,231,251	3,351,018			3,231,251	3,351,018	
Other	157,451	275,906	1,188	1,233	158,639	277,139	
Total Revenue	<u>86,612,865</u>	<u>87,377,991</u>	<u>677,935</u>	<u>943,578</u>	<u>87,290,800</u>	<u>88,321,569</u>	-1.17%
Expenses:							
Instruction	44,506,867	46,597,057			44,506,867	46,597,057	
Pupil/Instruction Services	14,630,912	14,126,916			14,630,912	14,126,916	
Administrative/Business	6,836,204	7,117,386			6,836,204	7,117,386	
Operations/Maintenance	7,419,712	7,626,788			7,419,712	7,626,788	
Transportation	4,513,546	4,729,532			4,513,546	4,729,532	
Other	5,212,701	5,285,629	729,559	904,348	5,942,260	6,189,977	
Total Expenses	<u>83,119,942</u>	<u>85,483,308</u>	<u>729,559</u>	<u>904,348</u>	<u>83,849,501</u>	<u>86,387,656</u>	-2.94%
Other Item			(337)		(337)		-100.00%
Increase in Net Position	<u>\$ 3,492,923</u>	<u>\$ 1,894,683</u>	<u>\$ (51,961)</u>	<u>\$ 39,230</u>	<u>\$ 3,440,962</u>	<u>\$ 1,933,913</u>	

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased \$3.44 million during the course of the year. However, 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, 2020**

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	
	2019/20	2018/19	2019/20	2018/19
Instruction	\$ 44,506,867	\$ 46,597,057	\$ 31,740,851	\$ 31,888,194
Pupil and Instruction Services	14,630,912	14,126,916	11,117,293	10,634,744
Administrative and Business	6,836,204	7,117,386	5,559,308	5,569,130
Operations and Maintenance	7,419,712	7,626,788	6,485,022	6,525,361
Transportation	4,513,546	4,729,532	3,112,956	3,230,697
Other	5,212,701	5,285,629	5,212,701	5,285,629
	<u>\$ 83,119,942</u>	<u>\$ 85,483,308</u>	<u>\$ 63,228,131</u>	<u>\$ 63,133,755</u>

Business-Type Activities

Net position of the District’s business-type activities decreased by \$51,961 as a result of discontinuance of in school lunch sales in March due to the COVID-19 pandemic. (Refer to Figure A-4).

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Analysis of the District's Funds

The District's General Fund balance decreased by \$809,204 on the GAAP basis due primarily to a decrease in year-end encumbrances. 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 increased \$828,840 or 1.18%. Capital additions were \$4,200,190 (\$4,195,295 from Governmental activities and \$4,895 from Business-type activities) offset by \$3,334,289 in current year depreciation (\$3,300,884 from Governmental activities and \$33,405 from Business-type activities) and net capital deletions and adjustments of \$37,061 (\$36,724 from its Governmental activities and \$337 from Business-type 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
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Land	\$ 649,333	\$ 649,333			\$ 649,333	\$ 649,333	
Site Improvements	5,222,794	3,356,213			5,222,794	3,356,213	
Buildings and							
Building Improvements	61,728,794	63,062,957			61,728,794	63,062,957	
Machinery & Equipment	3,341,544	3,016,275	\$ 183,631	\$ 212,478	3,525,175	3,228,753	
Total Capital Assets (Net of Depreciation)	<u>\$ 70,942,465</u>	<u>\$ 70,084,778</u>	<u>\$ 183,631</u>	<u>\$ 212,478</u>	<u>\$ 71,126,096</u>	<u>\$ 70,297,256</u>	1.18%

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Capital Assets and Long Term Liabilities

Long-term Liabilities

The District's long-term liabilities decreased \$4,458,280, or 5.44%, from the prior year. At year-end, the District had \$53,595,000 in general obligation bonds, \$14,935,918 in net pension liability, \$708,109 in capital leases, \$954,868 in compensated absences payable and \$7,245,132 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
	2019/20	2018/19	
Bonds Payable	\$ 53,595,000	\$ 56,665,000	
Unamortized Bond Issuance Premium	7,245,132	7,749,854	
Net Pension Liability	14,935,918	15,453,361	
Capital Leases	708,109	1,158,214	
Other Long-Term Liabilities	954,868	870,878	
Total Long-Term Liabilities Outstanding	\$ 77,439,027	\$ 81,897,307	-5.44%

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.

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,000,571	\$ 162,119	\$ 3,162,690
Receivables from State Government	567,587	1,893	569,480
Receivables from Federal Government	216,779	9,699	226,478
Other Receivables	117,720	20,293	138,013
Interfund Receivable		1,024	1,024
Inventory		31,007	31,007
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve Account	5,105,691		5,105,691
Maintenance Reserve Account	911,633		911,633
Capital Assets, Net			
Site (Land)	649,333		649,333
Depreciable Site Improvements, Building and Building Improvements, & Machinery/Equipment	70,293,132	183,631	70,476,763
Total Assets	<u>80,862,446</u>	<u>409,666</u>	<u>81,272,112</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	2,016,915		2,016,915
Deferred Outflows Related to Pensions	3,454,827		3,454,827
District Contribution Subsequent to the Measurement Date-Pensions	902,880		902,880
Total Deferred Outflows of Resources	<u>6,374,622</u>		<u>6,374,622</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,245,803	683	1,246,486
Interfund Payable	1,024		1,024
Accrued Interest Payable	900,234		900,234
Payable to Other Governments	93,806		93,806
Unearned Revenue	70,822	60,870	131,692
Noncurrent Liabilities:			
Due Within One Year	4,128,232		4,128,232
Due Beyond one Year	73,310,795		73,310,795
Total Liabilities	<u>79,750,716</u>	<u>61,553</u>	<u>79,812,269</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	6,042,755		6,042,755
Total Deferred Inflows of Resources	<u>6,042,755</u>		<u>6,042,755</u>
NET POSITION:			
Net Investment in Capital Assets	18,656,271	183,631	18,839,902
Restricted for:			
Capital Projects	5,105,691		5,105,691
Debt Service	73,170		73,170
Maintenance	911,633		911,633
Excess Surplus	1,500,000		1,500,000
Unrestricted/(Deficit)	<u>(24,803,168)</u>	<u>164,482</u>	<u>(24,638,686)</u>
Total Net Position	<u>\$ 1,443,597</u>	<u>\$ 348,113</u>	<u>\$ 1,791,710</u>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 31,274,965		\$ 7,099,924		\$ (24,175,041)		\$ (24,175,041)
Special Education Instruction	9,093,125		4,809,963		(4,283,162)		(4,283,162)
Other Special Instruction	148,246		30,985		(117,261)		(117,261)
School-Sponsored/Other Instruction	3,990,531		825,145		(3,165,386)		(3,165,386)
Support Services:							
Tuition	2,121,825		342,205		(1,779,620)		(1,779,620)
Student & Instruction Related Services	12,509,087		3,171,413		(9,337,674)		(9,337,674)
General Administration Services	874,953		97,564		(777,389)		(777,389)
School Administration Services	4,091,087		889,540		(3,201,547)		(3,201,547)
Central Services	1,005,761		192,012		(813,749)		(813,749)
Administrative Information Technology	864,403		97,779		(766,624)		(766,624)
Plant Operations and Maintenance	7,419,712		934,691		(6,485,021)		(6,485,021)
Pupil Transportation	4,513,546		1,400,590		(3,112,956)		(3,112,956)
Charter School	385,792				(385,792)		(385,792)
Unallocated Depreciation	2,703,966				(2,703,966)		(2,703,966)
Interest on Long-Term Debt	2,122,943				(2,122,943)		(2,122,943)
Total Governmental Activities	83,119,942		19,891,811		(63,228,131)		(63,228,131)

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 729,559	\$ 544,862	\$ 131,885		\$ (52,812)	\$ (52,812)	\$ (52,812)
Total Business-Type Activities	729,559	544,862	131,885		(52,812)	(52,812)	(52,812)
Total Primary Government	\$ 83,849,501	\$ 544,862	\$ 20,023,696	\$ - 0 -	\$ (63,228,131)	(52,812)	(63,280,943)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					58,309,089		58,309,089
Property Taxes Levied for Debt Service					5,023,263		5,023,263
Federal and State Aid not Restricted					3,231,251		3,231,251
Interest and Miscellaneous Income					157,451	1,188	158,639
Other Item - Capital Asset Deletions						(337)	(337)
Total General Revenues and Other Items					66,721,054	851	66,721,905
Change in Net Position					3,492,923	(51,961)	3,440,962
Net Position/(Deficit) - Beginning					(2,049,326)	400,074	(1,649,252)
Net Position - Ending					\$ 1,443,597	\$ 348,113	\$ 1,791,710

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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,835,954	\$ 91,447	\$ 73,170	\$ 3,000,571
Receivables from State Government	533,256	34,331		567,587
Receivables from Federal Government		216,779		216,779
Other Receivables	117,720			117,720
Restricted Cash and Cash Equivalents	6,017,324			6,017,324
Total Assets	<u>\$ 9,504,254</u>	<u>\$ 342,557</u>	<u>\$ 73,170</u>	<u>\$ 9,919,981</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts Payable - Vendors	\$ 164,994	\$ 177,929		\$ 342,923
Interfunds Payable	1,024			1,024
Payable to State Government		93,806		93,806
Unearned Revenue		70,822		70,822
Total Liabilities	<u>166,018</u>	<u>342,557</u>		<u>508,575</u>

Fund Balances:

Restricted for:				
Capital Reserve Account	5,105,691			5,105,691
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, 2020

LIABILITIES AND FUND BALANCES

Fund Balances:

Assigned:

Year-end Encumbrances	\$ 735,188				
Designated for Subsequent Year's Expenditures	148,593				
Unassigned	937,131				
Total Fund Balances	9,338,236			\$ 73,170	9,411,406
Total Liabilities and Fund Balances	\$ 9,504,254			\$ 73,170	\$ 9,919,981

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

Total Fund Balances - Governmental Funds (Above)

\$ 9,411,406

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

70,942,465

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

3,454,827

Deferred Inflows

(6,042,755)

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.

(70,193,895)

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

(900,234)

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

(7,245,132)

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

2,016,915

Net Position of Governmental Activities (Exhibit A-1)

\$ 1,443,597

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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 58,309,089		\$ 5,023,263	\$ 63,332,352
Miscellaneous	263,539	\$ 92,926		356,465
Total - Local Sources	<u>58,572,628</u>	<u>92,926</u>	<u>5,023,263</u>	<u>63,688,817</u>
State Sources	16,545,271	748,849	581,818	17,875,938
Federal Sources	640	998,488		999,128
Total Revenues	<u>75,118,539</u>	<u>1,840,263</u>	<u>5,605,081</u>	<u>82,563,883</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular Education Instruction	19,858,686	356,016		20,214,702
Special Education Instruction	5,291,938	460,499		5,752,437
Other Special Instruction	84,267			84,267
School-Sponsored/Other Instruction	2,560,827			2,560,827
Support Services and Undistributed Costs:				
Tuition	1,885,708	236,117		2,121,825
Student & Instruction Related Services	7,569,063	755,797		8,324,860
General Administration Services	699,249			699,249
School Administration Services	2,517,500			2,517,500
Central Services	664,552			664,552
Administrative Information Technology	675,239			675,239
Plant Operations and Maintenance	5,657,184			5,657,184
Pupil Transportation	4,034,299			4,034,299
Unallocated Benefits	20,426,703			20,426,703

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:				
Capital Outlay	\$ 3,844,237	\$ 31,834		\$ 3,876,071
Charter School	385,792			385,792
Debt Service:				
Principal			\$ 3,070,000	3,070,000
Interest and Other Charges			2,535,081	2,535,081
Total Expenditures	76,155,244	1,840,263	5,605,081	83,600,588
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,036,705)			(1,036,705)
OTHER FINANCING SOURCES:				
Capital Leases (Non-Budgeted)	227,501			227,501
Total Other Financing Sources	227,501			227,501
Net Change in Fund Balances	(809,204)			(809,204)
Fund Balance - July 1	10,147,440		73,170	10,220,610
Fund Balance - June 30	\$ 9,338,236	\$ - 0 -	\$ 73,170	\$ 9,411,406

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, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (809,204)

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. This is the amount by which capital outlays differ from depreciation and deletion of capital assets in the current period:

Depreciation Expense	\$ (3,300,884)
Deletion of Capital Assets, Net of Accumulated Depreciation	(36,724)
Capital Outlays	4,195,295
	857,687

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.

3,070,000

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.

(227,501)

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.

677,606

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.

42,946

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, 2020

<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>\$ (135,530)</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>504,722</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>517,443</p>
<p style="padding-left: 20px;">Change in Deferred Outflows</p>	<p>(825,610)</p>
<p style="padding-left: 20px;">Change in Deferred Inflows</p>	<p>(95,646)</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><u>(83,990)</u></p> <p><u>\$ 3,492,923</u></p>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u> Food Service <hr/>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 162,119
Accounts Receivable - State	1,893
Accounts Receivable - Federal	9,699
Interfund Receivable - General Fund	1,024
Accounts Receivable - Other	20,293
Inventories	<u>31,007</u>
Total Current Assets	<u>226,035</u>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	1,149,975
Less: Accumulated Depreciation	<u>(966,344)</u>
Total Non-Current Assets	<u>183,631</u>
Total Assets	<u>409,666</u>
LIABILITIES:	
Accounts Payable - Vendors	683
Unearned Revenue - Prepaid Sales	59,672
Unearned Revenue - Donated Commodities	<u>1,198</u>
Total Liabilities	<u>61,553</u>
NET POSITION:	
Investment in Capital Assets	183,631
Unrestricted	<u>164,482</u>
Total Net Position	<u><u>\$ 348,113</u></u>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 477,164
Daily Sales - Non-Reimbursable Programs	46,764
Special Events	<u>20,934</u>
Total Operating Revenue	<u>544,862</u>
Operating Expenses:	
Cost of Sales - Reimbursable	176,099
Cost of Sales - Non-Reimbursable	135,924
Salaries and Benefits	267,204
Purchased Services	53,881
Management Fee	40,000
Supplies and Materials	15,206
Other	7,840
Depreciation Expense	<u>33,405</u>
Total Operating Expenses	<u>729,559</u>
Operating Loss	<u>(184,697)</u>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	4,963
Seamless Summer Option	1,958
Federal Sources:	
School Breakfast Program	2,877
National School Lunch Program	67,224
Food Distribution Program	41,086
Seamless Summer Option	13,777
Local Sources:	
Interest Income	<u>1,188</u>
Total Non-Operating Revenue	<u>133,073</u>
Change in Net Position before Other Item	(51,624)
Other Item:	
Capital Asset Deletions	<u>(337)</u>
Change in Net Position after Other Item	(51,961)
Net Position - Beginning of Year	<u>400,074</u>
Net Position - End of Year	<u>\$ 348,113</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, 2020

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 560,785
Payments to Employees	(267,204)
Payments to Suppliers	(461,908)
Net Cash Used for Operating Activities	<u>(168,327)</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(4,895)
Net Cash Used for Capital and Related Financing Activities	<u>(4,895)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	5,516
Federal Sources	80,571
Net Cash Provided by Noncapital and Related Financing Activities	<u>86,087</u>
Cash Flows from Investing Activities:	
Interest Revenue	1,188
Net Cash Provided by Investing Activities	<u>1,188</u>
Net Decrease in Cash and Cash Equivalents	(85,947)
Cash and Cash Equivalents, July 1	<u>248,066</u>
Cash and Cash Equivalents, June 30	<u>\$ 162,119</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (184,697)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	33,405
Federal Food Distribution Program	41,086
Changes in Assets and Liabilities:	
(Increase)/Decrease in Interfund Receivable- General Fund	(1,024)
(Increase)/Decrease in Accounts Receivable	(18,840)
(Increase)/Decrease in Inventory	(20,317)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	36,954
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(1,167)
Increase/(Decrease) in Accounts Payable	(53,727)
Net Cash Used for Operating Activities	<u>\$ (168,327)</u>

Non-Cash Investing, Capital and Financing Activities:

The District had \$2,365 in USDA donated commodities at June 30, 2019, received commodities valued at \$39,919, used commodities valued at \$41,086, and had \$1,198 in commodities at June 30, 2020.

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, 2020

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:				
Cash and Cash Equivalents	\$ 201,446	\$ 47,536	\$ 280,412	\$ 26,302
Total Assets	<u>201,446</u>	<u>47,536</u>	<u>280,412</u>	<u>26,302</u>
LIABILITIES:				
Payroll Deductions and Withholdings	43,516			
Due to Student Groups	<u>157,930</u>			
Total Liabilities	<u>201,446</u>			
NET POSITION:				
Held in Trust for:				
Scholarship Awards		47,536		
Unemployment Claims			280,412	
Flexible Spending Claims				<u>26,302</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 47,536</u>	<u>\$ 280,412</u>	<u>\$ 26,302</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, 2020

	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Employee		\$ 58,955	\$ 63,571
Total Contributions		58,955	63,571
Investment Earnings:			
Interest	\$ 27	1,133	70
Net Investment Earnings	27	1,133	70
Total Additions	27	60,088	63,641
DEDUCTIONS:			
Scholarship Awards	7,500		
Unemployment Claims		12,750	
Flexible Spending Claims			61,738
Total Deductions	7,500	12,750	61,738
Change in Net Position	(7,473)	47,338	1,903
Net Position- July 1	55,009	233,074	24,399
Net Position - June 30	\$ 47,536	\$ 280,412	\$ 26,302

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, 2020

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, 2020
(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, 2020
(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, 2020
(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, 2020 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	\$ 75,104,495	\$ 1,727,952
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		(21,471)
Prior Year Encumbrances		133,782
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	579,367	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	<u>(565,323)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 75,118,539</u>	<u>\$ 1,840,263</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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	\$ 76,155,244	\$ 1,727,952
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		(21,471)
Prior Year Encumbrances		133,782
Total Expenditures as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 76,155,244</u>	<u>\$ 1,840,263</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, 2020
(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, 2020.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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, 2020
(Continued)

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

N. Compensated Absences: (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due beyond one year.

O. Unearned Revenue:

Unearned revenue in the Special Revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$9,338,236 General Fund balance at June 30, 2020, \$735,188 is assigned for year-end encumbrances; \$148,593 has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021, \$5,105,691 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, 2022; \$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, 2021; and \$937,131 is unassigned on the GAAP basis (which is \$565,323 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, 2020 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 \$565,323 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, 2020
(Continued)

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

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$24,803,168 in governmental activities, which is primarily due to accrued interest payable, compensated absences, unamortized bond premium and net pension liability and the related deferred inflows and outflows. This deficit does 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, 2020 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, 2020 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, 2020
(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, 2020.

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 for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2020.

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, 2020
(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, 2020
(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, 2020
(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, 2020, cash and cash equivalents of the District consisted of the following:

		Restricted		
Cash and Cash Equivalents	Capital Reserve Account	Maintenance Reserve Account	Total	Total
Checking and Savings Accounts	\$ 3,718,386	\$ 5,105,691	\$ 911,633	\$ 9,735,710

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$9,735,710 and the bank balances were \$12,690,394.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District transferred \$246,885 to capital outlay line items for facilities acquisition and construction services which required County Superintendent approval. The District also transferred \$56,614 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance July 1, 2019		\$ 4,537,502
Increased by:		
Interest Earnings	\$ 14,853	
Unexpended Funds of Budgeted Withdrawal for Capital Outlay	173,572	
Deposit by Board Resolution (June 2020)	<u>1,686,604</u>	
		<u>1,875,029</u>
		6,412,531
Decreased by:		
Budgeted Withdrawal		<u>(1,306,840)</u>
Ending Balance June 30, 2020		<u><u>\$ 5,105,691</u></u>

The balance in the capital reserve account at June 30, 2020 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, 2020
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 649,333			\$ 649,333
Total Capital Assets Not Being Depreciated	649,333			649,333
Capital Assets Being Depreciated:				
Site Improvements	5,928,179	\$ 2,106,722		8,034,901
Buildings and Building Improvements	96,626,311	1,162,840		97,789,151
Machinery and Equipment	16,840,441	925,733	\$ (131,390)	17,634,784
Total Capital Assets Being Depreciated	119,394,931	4,195,295	(131,390)	123,458,836
Governmental Activities Capital Assets	120,044,264	4,195,295	(131,390)	124,108,169
Less Accumulated Depreciation for:				
Site Improvements	(2,571,966)	(237,580)	(2,561)	(2,812,107)
Buildings and Building Improvements	(33,563,354)	(2,497,003)		(36,060,357)
Machinery and Equipment	(13,824,166)	(566,301)	97,227	(14,293,240)
	(49,959,486)	(3,300,884)	94,666	(53,165,704)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 70,084,778	\$ 894,411	\$ (36,724)	\$ 70,942,465
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,151,813	\$ 4,895	\$ (6,733)	\$ 1,149,975
Less Accumulated Depreciation	(939,335)	(33,405)	6,396	(966,344)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 212,478	\$ (28,510)	\$ (337)	\$ 183,631
Total Governmental and Business-Type Activities Capital Assets, Net of Depreciation	\$ 70,297,256	\$ 865,901	\$ (37,061)	\$ 71,126,096

Capital acquisitions consisted of \$4,200,190 of equipment purchases and site and building improvements (\$4,195,295 from the Governmental Funds and \$4,895 from the Food Service Enterprise Fund). Current year depreciation was \$3,334,289 (\$3,300,884 from the Governmental Activities and \$33,405 from the Food Service Enterprise Fund). Net capital deletions were \$37,061 (\$36,724 from the Governmental Activities and \$337 from the Food Service Enterprise Fund).

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 257,565
Special Education Instruction	6,073
Other Special Instruction	10,292
General Administration	6,157
School Administrative Services	20,066
Central Services	8,516
Administration Information Technology	19,744
Operations and Maintenance of Plant	129,443
Student Transportation	139,062
Unallocated	2,703,966
 Total Current Year Depreciation	 \$ 3,300,884

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Balance 6/30/2019	Increased	Decreased	Balance 6/30/2020
Serial Bonds Payable	\$ 56,665,000		\$ 3,070,000	\$ 53,595,000
Unamortized Bond Issuance Premium	7,749,854		504,722	7,245,132
Net Pension Liability	15,453,361		517,443	14,935,918
Compensated Absences Payable	870,878	\$ 139,448	55,458	954,868
Capital Leases Payable	1,158,214	227,501	677,606	708,109
	\$ 81,897,307	\$ 366,949	\$ 4,825,229	\$ 77,439,027

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 \$6,740,410.

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, 2020
(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, 2020 as follows:

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
02/15/2021	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, 2020
(Continued)

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

B. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2020 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>46,850,000</u>

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
09/01/20	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>6,745,000</u>
Total Bonds Payable		<u>\$ 53,595,000</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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>
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	3,675,000	1,813,575	5,488,575
2026-2030	17,275,000	6,873,525	24,148,525
2031-2035	15,670,000	3,144,750	18,814,750
2036	3,165,000	158,250	3,323,250
	<u>\$ 53,595,000</u>	<u>\$ 20,708,100</u>	<u>\$ 74,303,100</u>

C. Bonds Authorized But Not Issued:

As of June 30, 2020, 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 \$2,799,657 of which \$2,091,548 has been liquidated as of June 30, 2020. 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, 2020.

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 302,289
2022	302,289
2023	89,977
2024	47,629
Total minimum lease payments	742,184
Less: Amount representing interest	(34,075)
Present value of net minimum lease payments	<u>\$ 708,109</u>

The current portion of capital leases payable is \$283,685, and the long-term portion of capital leases payable is \$424,424 at June 30, 2020.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 \$54,825 and the long-term portion of compensated absences liability is \$900,043 at June 30, 2020. There was no liability for compensated absences payable in the District's Enterprise Funds at June 30, 2020.

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 \$14,935,918 net pension liability at June 30, 2020 is long-term. See Note 9 for further information on the PERS.

NOTE 8. OPERATING LEASES

The District has commitments to lease copying mail equipment under operating leases which expire in 2020. Total operating lease payments made during the year ended June 30, 2020 were \$4,600. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	<u>\$ 2,300</u>
Total Future Minimum Lease Payments	<u><u>\$ 2,300</u></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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(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. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$811,181 for 2020.

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, 2020, the District reported a liability of \$14,935,918 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

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, 2019, the District's proportion was 0.0829%, which was an increase of 0.0044% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$1,211,560. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 39,472	
	2015	5.72	244,068	
	2016	5.57	1,207,866	
	2017	5.48		\$ (2,144,106)
	2018	5.63		(1,732,634)
	2019	5.21		(1,307,470)
			<u>1,491,406</u>	<u>(5,184,210)</u>
Difference Between Expected and Actual Experience	2015	5.72	67,716	
	2016	5.57	36,655	
	2017	5.48	63,766	
	2018	5.63		(65,980)
	2019	5.21		
			<u>99,944</u>	<u>(65,980)</u>
			<u>268,081</u>	<u>(65,980)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		275,675
	2017	5.00		(330,828)
	2018	5.00		(230,117)
	2019	5.00		49,501
				<u>(235,769)</u>
Changes in Proportion	2014	6.44	95,758	
	2015	5.72	40,055	
	2016	5.57	193,347	
	2017	5.48		(556,796)
	2018	5.63	559,550	
	2019	5.21	806,630	
			<u>1,695,340</u>	<u>(556,796)</u>
District Contribution Subsequent to Measurement Date	2019	1	902,880	
			<u>\$ 4,357,707</u>	<u>\$ (6,042,755)</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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
2020	\$ (431,281)
2021	(1,399,068)
2022	(1,249,286)
2023	(586,604)
2024	(60,233)
	\$ (3,726,472)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2020
(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, 2019 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, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 18,780,196	\$ 14,935,918	\$ 11,710,815

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/annual-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. 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, 2020
(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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, 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 2020, the State of New Jersey contributed \$5,802,801 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$9,366,292.

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, 2020, the State's proportionate share of the net pension liability associated with the District was \$158,797,350. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.259%, which was an increase of 0.006% from its proportion measured as of June 30, 2018.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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		158,797,350
Total	\$	158,797,350

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$9,366,292 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 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	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			8,729,264,342	17,163,131,436
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			1,203,503,264	213,344,311
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
			\$ 9,932,767,606	\$ 17,539,845,423

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, 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, 2020
(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, 2019 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, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 187,257,223	\$ 158,797,350	\$ 135,184,642

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, 2020
(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 \$14,001 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$29,991 for the fiscal year ended June 30, 2020.

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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance July 1, 2019	\$ 911,633
Increased by:	
Deposit by Board Resolution (June 2020)	200,000
	1,111,633
Decreased by:	
Budgeted Withdrawal	(200,000)
	\$ 911,633

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2019 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 48,410,942
Net Position	\$ 18,917,987
Total Revenue	\$ 40,717,329
Total Expenses	\$ 35,489,346
Change in Net Position	\$ 5,227,983
Members' Dividends	\$ -0-

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

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 60,088	\$ 12,750	\$ 280,412
2018-2019	55,233	32,025	233,074
2017-2018	55,496	50,266	209,866

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, 2020, 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>\$ 735,188</u>	<u>\$ 21,471</u>	<u>\$ 756,659</u>

On the District’s Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances in the Special Revenue Fund of \$21,471 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, 2020
(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, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund		\$ 1,024
Enterprise Fund	\$ 1,024	
	\$ 1,024	\$ 1,024

The interfund between the General Fund and the Food Service Enterprise Fund represents revenue earned in the Food Service Enterprise Fund during the year that was deposited in the General Fund and has not yet been turned over to the Food Service Enterprise Fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. ACCOUNTS PAYABLE

Accounts payable as of June 30, 2020 consisted of the following:

	<u>Governmental Activities</u>			<u>Business- Type Activities Proprietary Funds</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>District Contri- bution Subsequent to the Measure- ment Date</u>		<u>Total Governmental Activities</u>
Vendors	\$ 164,994	\$ 177,929		\$ 342,923	\$ 683
State of New Jersey			\$ 902,880	902,880	
	<u>\$ 164,994</u>	<u>\$ 177,929</u>	<u>\$ 902,880</u>	<u>\$ 1,245,803</u>	<u>\$ 683</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 \$15,638 from three payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2019 without the abatement would have been \$85,206 of which \$77,944 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, 2020
(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, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 110,508,100
Changes for Year:	
Service Cost	4,164,858
Interest on the Total OPEB Liability	4,380,715
Changes of Assumptions	1,491,982
Differences between Expected and Actual Experience	(17,499,677)
Gross Benefit Payments by the State	(3,071,707)
Contributions from Members	91,054
Net Changes	(10,442,775)
Balance at June 30, 2019	\$ 100,065,325

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, 2019, 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 118,216,692	\$ 100,065,325	\$ 85,646,874

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019, 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 82,449,368	\$ 100,065,325	\$ 123,385,235

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$2,676,809 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, 2019 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		\$ 11,649,627
	2018	9.51		10,020,256
	2019	9.29	\$ 1,331,381	21,669,883
Differences Between Expected and Actual Experience	2018	9.51		9,472,260
	2019	9.29		15,670,433
				25,142,693
Changes in Proportion	N/A	N/A	1,826,875	44,686
			\$ 3,158,256	\$ 46,857,262

N/A - Not Available

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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
2020	\$ (6,106,511)
2021	(6,106,511)
2022	(6,106,511)
2023	(6,106,510)
2024	(6,106,510)
Thereafter	(14,948,642)
	\$ (45,481,195)

NOTE 20. SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund which were not planned or expected at the time of the approval of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Enterprise Funds will likely be impacted by COVID-19 for the fiscal year ending June 30, 2021 due to loss of revenue.

On August 6, 2020, the District issued \$41,405,000 of refunding bonds with interest rates ranging from 0.628% to 3.00% to refund \$34,275,000 of the \$54,355,000 of school refunding bonds dated February 18, 2015 with rates ranging from 2.50% to 5.00%. The refunding bonds will mature on February 15, 2021 through February 15, 2036 and constitute a current refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who will pay the debt service requirements of the refunded bonds on February 15, 2025 and redeem the refunded bonds, at a redemption price equal to 100% of par, on February 15, 2025, 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.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's Proportion of the Net Pension Liability	0.0751741682%	0.0768273311%	0.0802807819%	0.0746375296%	0.0784852834%	0.0828922067%
District's Proportionate Share of the Net Pension Liability	\$ 14,074,660	\$ 17,246,196	\$ 23,776,865	\$ 17,374,424	\$ 15,453,361	\$ 14,935,918
District's Covered Employee Payroll	\$ 5,084,021	\$ 5,370,633	\$ 5,137,929	\$ 5,235,245	\$ 5,733,801	\$ 5,958,254
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	276.84%	321.12%	462.77%	331.87%	269.51%	250.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 619,725	\$ 660,509	\$ 730,259	\$ 715,762	\$ 785,678	\$ 811,181
Contributions in Relation to the Contractually Required Contribution	(619,725)	(660,509)	(730,259)	(715,762)	(785,678)	(811,181)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 5,370,633	\$ 5,137,929	\$ 5,235,245	\$ 5,733,801	\$ 5,958,254	\$ 6,101,321
Contributions as a Percentage of Covered Employee Payroll	11.54%	12.86%	13.95%	12.48%	13.19%	13.30%

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 SIX FISCAL YEARS

	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%
	\$ 142,481,277	\$ 158,816,692	\$ 200,791,218	\$ 172,218,678
State's Proportionate Share - Net Pension Liability Attributable to the District			\$ 25,904,648	\$ 27,078,583
District's Covered Employee Payroll	\$ 25,292,572	\$ 25,734,948	\$ 25,904,648	\$ 28,329,425
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%
				556.29%
				28,545,804
				\$ 158,797,350
				0.2587500539%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 7,666,830	\$ 9,697,189	\$ 15,086,666	\$ 11,930,438	\$ 9,374,222	\$ 9,366,292
Contributions in relation to the						
Contractually Required Contribution	(1,358,486)	(2,043,583)	(2,772,603)	(3,722,309)	(5,088,987)	(5,802,801)
Contribution Deficiency/(Excess)	\$ 6,308,344	\$ 7,653,606	\$ 12,314,063	\$ 8,208,129	\$ 4,285,235	\$ 3,563,491
District's Covered Employee Payroll	\$ 25,734,948	\$ 25,904,648	\$ 27,078,583	\$ 28,329,425	\$ 28,545,804	\$ 29,883,372
Contributions as a percentage of						
Covered Employee Payroll	5.28%	7.89%	10.24%	13.14%	17.83%	19.42%

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Service Cost	\$ 5,623,370	\$ 4,668,054	\$ 4,164,858
Interest Cost	4,011,548	4,647,684	4,380,715
Changes in Assumptions	(16,776,469)	(12,681,358)	1,491,982
Differences between Expected and Actual Experience	107,949	(9,842,862)	(17,499,677)
Member Contributions	(2,931,616)	102,128	91,054
Gross Benefit Payments		(2,954,947)	(3,071,707)
Net Change in Total OPEB Liability	(9,965,218)	(16,061,301)	(10,442,775)
Total OPEB Liability - Beginning	136,534,619	126,569,401	110,508,100
Total OPEB Liability - Ending	<u>\$ 126,569,401</u>	<u>\$ 110,508,100</u>	<u>\$ 100,065,325</u>
District's Covered Employee Payroll *	\$ 31,042,577	\$ 32,313,828	\$ 34,063,226
Total OPEB Liability as a Percentage of Covered Employee Payroll	408%	342%	294%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 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, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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 plan actuary's modified MP-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 July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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 Healthy 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.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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 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.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 58,309,089		\$ 58,309,089	\$ 58,309,089	
Tuition from Individuals	30,000		30,000	106,088	\$ 76,088
Tuition - Other LEA's				29,694	29,694
Rents and Royalties				13,381	13,381
Interest on Maintenance Reserve	1,000		1,000		(1,000)
Interest on Capital Reserve	1,000		1,000	14,853	13,853
Unrestricted Miscellaneous	100,000		100,000	99,523	(477)
Total - Local Sources	58,441,089		58,441,089	58,572,628	131,539
State Sources:					
Transportation Aid	1,128,376		1,128,376	1,128,376	
Special Education Aid	2,030,137		2,030,137	2,030,137	
Equalization Aid	2,384,116		2,384,116	2,384,116	
Security Aid	252,688		252,688	252,688	
Extraordinary Aid	235,751		235,751	399,061	163,310
Non-Public Transportation Aid				26,790	26,790
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,191,318	2,191,318
TPAF On-Behalf Pension Contributions (Non-Budgeted)				5,802,801	5,802,801
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				104,009	104,009
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				4,361	4,361
TPAF Social Security (Reimbursed - Non-Budgeted)				2,207,570	2,207,570
Total State Sources	6,031,068		6,031,068	16,531,227	10,500,159
Federal Sources:					
Medicaid Assistance Program	28,422		28,422	640	(27,782)
Total Federal Sources	28,422		28,422	640	(27,782)
TOTAL REVENUES	64,500,579		64,500,579	75,104,495	10,603,916

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 121,184		\$ 121,184	\$ 119,521	\$ 1,663
Kindergarten - Salaries of Teachers	851,809		851,809	844,840	6,969
Grades 1-5 - Salaries of Teachers	5,060,530	\$ 46,000	5,106,530	5,057,371	49,159
Grades 6-8 - Salaries of Teachers	5,013,594	(60,499)	4,953,095	4,929,750	23,345
Grades 9-12 - Salaries of Teachers	7,200,359	54,145	7,254,504	7,156,145	98,359
Regular Programs - Home Instruction:					
Other Salaries for Instruction	25,000	(2,100)	22,900	4,016	18,884
Purchased Professional - Educational Services	8,050	5,100	13,150	12,372	778
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	110,537		110,537	100,919	9,618
Purchased Professional - Educational Services	12,680	1,950	14,630	12,100	2,530
Purchased Technical Services	35,817	(35,240)	577	577	
Other Purchased Services (400-500 series)	957,221	(211,960)	745,261	714,467	30,794
General Supplies	756,930	322,392	1,079,322	841,969	237,353
Textbooks	75,491	139,831	215,322	63,992	151,330
Other Objects	1,635	841	2,476	1,224	1,252
Total Regular Programs - Instruction	20,230,837	260,460	20,491,297	19,858,686	632,611
Behavioral Disabilities:					
Salaries of Teachers	76,090	(948)	75,142	75,142	
Other Salaries for Instruction	20,225		20,225	20,003	222
General Supplies	800		800		800
Total Behavioral Disabilities	97,115	(948)	96,167	95,145	1,022
Multiple Disabilities:					
Salaries of Teachers	242,525	61,085	303,610	303,533	77
Other Salaries for Instruction	67,659	51,200	118,859	118,177	682
Other Purchased Services	8,685	30,000	38,685	36,612	2,073
General Supplies	3,500		3,500	769	2,731
Total Multiple Disabilities	322,369	142,285	464,654	459,091	5,563

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	\$ 565,870	\$ (53,585)	\$ 512,285	\$ 511,523	\$ 762
Other Salaries for Instruction	298,545	(160,100)	138,445	137,563	882
Other Purchased Services	9,062	(7,844)	1,218	819	399
General Supplies	2,343	200	2,543	1,384	1,159
Total Learning and/or Language Disabilities	875,820	(221,329)	654,491	651,289	3,202
Resource Room/Resource Center:					
Salaries of Teachers	3,072,233	37,205	3,109,438	3,074,191	35,247
Other Salaries for Instruction	676,005	(18,561)	657,444	637,963	19,481
Other Purchased Services	16,537	1,469	18,006	16,631	1,375
General Supplies	6,100	275	6,375	5,242	1,133
Total Resource Room/Resource Center	3,770,875	20,388	3,791,263	3,734,027	57,236
Preschool Disabilities - Part-Time:					
Salaries of Teachers	99,910	1,600	101,510	101,453	57
Other Salaries for Instruction	71,750	(33,989)	37,761	37,761	
General Supplies	200		200	145	55
Total Preschool Disabilities - Part-Time	171,860	(32,389)	139,471	139,359	112
Preschool Disabilities - Full-Time:					
Salaries of Teachers	108,315	(33,800)	74,515	73,700	815
Other Salaries for Instruction	92,071	4,550	96,621	96,621	
General Supplies	200		200	100	100
Total Preschool Disabilities - Full-Time	200,586	(29,250)	171,336	170,421	915

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Home Instruction:					
Salaries of Teachers	\$ 30,000	\$ (5,800)	\$ 24,200	\$ 19,241	\$ 4,959
Purchased Professional - Educational Services	20,000	5,800	25,800	23,365	2,435
Total Home Instruction	50,000		50,000	42,606	7,394
Total Special Education - Instruction	5,488,625	(121,243)	5,367,382	5,291,938	75,444
Bilingual Education - Instruction:					
Salaries of Teachers	72,063	12,012	84,075	84,075	
General Supplies	280	192	472	192	280
Total Bilingual Education - Instruction	72,343	12,204	84,547	84,267	280
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	226,136	34,108	260,244	256,012	4,232
Purchased Services (300-500 series)	9,300	1	9,301	5,638	3,663
Supplies and Materials	79,490	(27,919)	51,571	42,703	8,868
Other Objects	9,515		9,515	7,675	1,840
Total School-Sponsored Cocurricular Activities - Instruction	324,441	6,190	330,631	312,028	18,603
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	570,041	(2,812)	567,229	565,401	1,828
Purchased Services (300-500 series)	167,157	4,780	171,937	163,142	8,795
Supplies and Materials	63,894	(5,391)	58,503	56,198	2,305
Other Objects	26,629	4,200	30,829	27,939	2,890
Total School-Sponsored Cocurricular Athletics - Instruction	827,721	777	828,498	812,680	15,818

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Before/After School Programs:					
Salaries		\$ 12,430	\$ 12,430	\$ 5,500	\$ 6,930
Total Before/After School Programs		12,430	12,430	5,500	6,930
Summer School:					
Salaries		5,950	5,950	5,950	
Total Summer School		5,950	5,950	5,950	
At Risk Programs:					
Salaries	\$ 1,100,316	40,644	1,140,960	1,139,582	1,378
Other Purchased Services (400-500 series)	13,300		13,300	11,553	1,747
Supplies and Materials	3,556		3,556	2,892	664
Total At Risk Programs	1,117,172	40,644	1,157,816	1,154,027	3,789
Other Instructional Programs - Instruction:					
Salaries	268,604	(1,000)	267,604	266,505	1,099
Purchased Services (300-500 series)	125	3,435	3,560	2,288	1,272
Supplies and Materials	1,894	270	2,164	1,372	792
Other Objects	340	139	479	477	2
Total Other Instructional Programs - Instruction	270,963	2,844	273,807	270,642	3,165
Total Instruction	28,332,102	220,256	28,552,358	27,795,718	756,640
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular		11,173	11,173	11,173	
Tuition to Other LEAs Within the State - Special	550,951	1,834	552,785	552,785	
Tuition to County Vocational School District - Regular	91,145	15,584	106,729	105,393	1,336
Tuition to County Vocational School District - Special	48,405	(17,784)	30,621	27,949	2,672
Tuition to Private Schools for the Disabled - Within the State	1,317,697	(108,475)	1,209,222	1,188,408	20,814
Total Undistributed Expenditures - Instruction	2,008,198	(97,668)	1,910,530	1,885,708	24,822
Attendance and Social Work:					
Salaries	119,087	5,521	124,608	121,419	3,189
Total Attendance and Social Work	119,087	5,521	124,608	121,419	3,189

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 455,750	\$ (3,921)	\$ 451,829	\$ 443,843	\$ 7,986
Purchased Professional and Technical Services	22,750	9,664	32,414	13,313	19,101
Other Purchased Services (400-500 series)	2,565		2,565	2,054	511
Supplies and Materials	16,668	2,090	18,758	16,292	2,466
Other Objects	615		615	425	190
Total Health Services	498,348	7,833	506,181	475,927	30,254
Speech, OT, PT and Other Related Services:					
Salaries	650,429	(6,418)	644,011	631,885	12,126
Purchased Professional-Educational Services	612,486	18,283	630,769	629,970	799
Supplies and Materials	4,457	2,000	6,457	3,559	2,898
Other Objects		50	50		
Speech, OT, PT, and Other Related Services	1,267,372	13,915	1,281,287	1,265,464	15,823
Other Support Services - Students - Extraordinary Services:					
Salaries	508,389	131,000	639,389	637,493	1,896
Supplies and Materials	12,744	(4,666)	8,078	5,917	2,161
Other Objects	912	1,800	2,712	1,102	1,610
Total Other Support Services - Students - Extraordinary Services	522,045	128,134	650,179	644,512	5,667
Guidance:					
Salaries of Other Professional Staff	1,007,617	(18,600)	989,017	987,486	1,531
Salaries of Secretarial and Clerical Assistants	143,775	500	144,275	144,206	69
Other Salaries	243,351	(9,600)	233,751	226,000	7,751
Purchased Professional-Educational Services	8,000		8,000	5,750	2,250
Other Purchased Professional and Technical Services	5,125		5,125	3,904	1,221
Other Purchased Services (400-500 series)	52,400	(3,145)	49,255	45,199	4,056
Supplies and Materials	26,936	7,246	34,182	19,655	14,527
Other Objects	2,143	(1,500)	643	345	298
Total Guidance	1,489,347	(25,099)	1,464,248	1,432,545	31,703

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Undistributed Expenditures:					
Child Study Team:					
Salaries of Other Professional Staff	\$ 1,420,600	\$ (55,245)	\$ 1,365,355	\$ 1,364,732	\$ 623
Salaries of Secretarial and Clerical Assistants	121,955	3,700	125,655	125,394	261
Purchased Professional - Educational Services	56,855		56,855	16,622	40,233
Other Purchased Prof. and Tech. Services	24,546		24,546	18,545	6,001
Other Purchased Services (400-500 series)	25,835	(550)	25,285	14,270	11,015
Supplies and Materials	18,260		18,260	412	17,848
Other Objects	3,117		3,117	625	2,492
Total Child Study Team	1,671,168	(52,095)	1,619,073	1,540,600	78,473
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	148,920	1,025	149,945	149,942	3
Salaries of Other Professional Staff	698,772	3,600	702,372	702,369	3
Salaries of Secretarial and Clerical Assistants	56,941	255	57,196	57,192	4
Other Salaries	9,000	330	9,330	9,330	
Purchased Professional - Educational Services	20,000	(20,000)			
Other Purchased Prof. and Tech. Services	12,500	(12,500)			
Other Purchased Services (400-500)	64,550	(15,006)	49,544	40,133	9,411
Supplies and Materials	8,000	(340)	7,660	4,505	3,155
Other Objects	11,458	150	11,608	11,608	
Total Improvement of Instructional Services	1,030,141	(42,486)	987,655	975,079	12,576
Educational Media Services/School Library:					
Salaries	456,154	10,645	466,799	466,041	758
Salaries of Technology Coordinators	478,962	10,000	488,962	483,085	5,877
Other Purchased Services (400-500 series)	65,871	(32,208)	33,663	31,954	1,709
Supplies and Materials	60,557	32,207	92,764	81,402	11,362
Total Educational Media Services/School Library	1,061,544	20,644	1,082,188	1,062,482	19,706

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Salaries	\$ 20,625		\$ 20,625	\$ 1,825	\$ 18,800
Other Purchased Professional and Technical Services	56,275	(21,310)	34,965	11,630	23,335
Purchased Professional - Educational Services	12,000	(10,030)	1,970	1,425	545
Other Purchased Services (400-500 series)	95,845	(30,348)	65,497	29,397	36,100
Supplies and Materials	11,525	160	11,685	4,828	6,857
Other Objects	2,458		2,458	1,930	528
Total Instructional Staff Training Services	198,728	(61,528)	137,200	51,035	86,165
General Administration:					
Salaries	268,067	(1,380)	266,687	264,731	1,956
Legal Services	140,000	46,106	186,106	156,955	29,151
Audit Fees	119,000	8,650	127,650	64,000	63,650
Architectural/Engineering Services		34,063	34,063	16,518	17,545
Other Purchased Professional Services	59,729	(18,620)	41,109	41,109	
Purchased Technical Services	3,410	1,075	4,485	3,350	1,135
Communications/Telephone	93,480	2,845	96,325	85,421	10,904
Board of Education Other Purchased Services	8,473	(600)	7,873	4,443	3,430
Miscellaneous Purchased Services (400-500 series)	21,380	4,000	25,380	22,833	2,547
General Supplies	1,490		1,490	503	987
BOE In-house Training/Meeting Supplies	1,000		1,000	307	693
Judgements Against the School District		6,925	6,925	6,925	
Miscellaneous Expenditures	5,800	1,973	7,773	7,773	
Board of Education Membership Dues and Fees	24,888	(507)	24,381	24,381	
Total General Administration	746,717	84,530	831,247	699,249	131,998

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,496,286	\$ 12,500	\$ 1,508,786	\$ 1,480,647	\$ 28,139
Salaries of Other Professional Staff	314,772	(29,744)	285,028	269,059	15,969
Salaries of Secretarial and Clerical Assistants	658,394	6,755	665,149	663,974	1,175
Unused Vacation Pay to Term/Retired Staff		11,988	11,988	11,988	
Other Purchased Services (400-500 series)	26,525	10,841	37,366	28,724	8,642
Supplies and Materials	69,681	(11,448)	58,233	51,902	6,331
Other Objects	13,210	(270)	12,940	11,206	1,734
Total School Administration	2,578,868	622	2,579,490	2,517,500	61,990
Central Services:					
Salaries	521,052	(26)	521,026	521,005	21
Unused Vacation Pay to Term/Retired Staff		15,490	15,490	15,490	
Purchased Technical Services	60,398	10,325	70,723	59,312	11,411
Other Purchased Services (400-500 series)	23,050	500	23,550	20,351	3,199
Sale/Lease-back Payments	4,601		4,601	4,600	1
Supplies and Materials	11,769	(500)	11,269	7,537	3,732
Interest on Lease Purchase Agreements	33,646		33,646	33,646	
Miscellaneous Expenditures	2,875		2,875	2,611	264
Total Central Services	657,391	25,789	683,180	664,552	18,628
Administrative Information Technology:					
Salaries	263,832	1,500	265,332	265,315	17
Purchased Technical Services	44,700	(2,500)	42,200	23,113	19,087
Other Purchased Services (400-500 series)	383,095	(9,075)	374,020	327,771	46,249
Supplies and Materials	45,000	19,042	64,042	59,040	5,002
Total Administrative Information Technology	736,627	8,967	745,594	675,239	70,355

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Required Maintenance of School Facilities:					
Salaries	\$ 392,469	\$ (1,000)	\$ 391,469	\$ 385,572	\$ 5,897
Cleaning, Repair and Maintenance Services	478,944	82,823	561,767	533,425	28,342
General Supplies	103,336	(6,000)	97,336	74,599	22,737
Other Objects	3,075		3,075	2,692	383
Total Required Maintenance of School Facilities	977,824	75,823	1,053,647	996,288	57,359
Security:					
Salaries	215,000	15,000	230,000	222,322	7,678
Purchased Professional and Technical Services	89,373		89,373	63,718	25,655
Cleaning, Repair, and Maintenance Services	12,500	(380)	12,120	5,513	6,607
General Supplies	19,604	(8,386)	11,218	9,928	1,290
Total Security	336,477	6,234	342,711	301,481	41,230
Care and Upkeep of Grounds:					
Salaries	296,259	(9,226)	287,033	280,032	7,001
Unused Vacation Pay to Term/Retired Staff		17,398	17,398	17,135	263
Cleaning, Repair, and Maintenance Services	43,000	(13,130)	29,870	22,043	7,827
General Supplies	99,963	(10,151)	89,812	80,928	8,884
Total Care and Upkeep of Grounds	439,222	(15,109)	424,113	400,138	23,975
Custodial Services:					
Salaries	1,800,919	(129,148)	1,671,771	1,648,268	23,503
Unused Vacation Pay to Term/Retired Staff		42,595	42,595	38,800	3,795
Purchased Professional and Technical Services	6,000	290,048	296,048	296,048	
Cleaning, Repair and Maintenance Services	233,684	(59,298)	174,386	113,179	61,207
Other Purchased Property Services	142,105		142,105	116,800	25,305
Insurance	475,200	(9,600)	465,600	465,598	2
Miscellaneous Purchased Services	6,000	650	6,650	3,230	3,420
General Supplies	197,357	62,410	259,767	174,906	84,861
Energy (Electricity)	975,250	(27,500)	947,750	802,153	145,597

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Custodial Services:					
Energy (Natural Gas)	\$ 30,700		\$ 30,700	\$ 24,274	\$ 6,426
Energy (Oil)	389,000	(112,975)	276,025	276,021	4
Total Custodial Services	4,256,215	57,182	4,313,397	3,959,277	354,120
Total Operations & Maintenance of Plant	6,009,738	124,130	6,133,868	5,657,184	476,684
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	378,781	13,444	392,225	382,866	9,359
Between Home and School - Special Education	260,302	25,000	285,302	281,076	4,226
Unused Vacation Pay to Term/Retired Staff		1,556	1,556	1,556	
Other Than Between Home and School	38,975	2,500	41,475	24,993	16,482
Other Purchased Professional and Technical Services	58,390	9,250	67,640	53,677	13,963
Cleaning, Repair and Maintenance Services	114,115		114,115	103,036	11,079
Lease Purchase Payments - School Buses		47,629	47,629	47,629	
Contracted Services:					
Between Home and School - Vendors	2,220,000	(214,250)	2,005,750	2,002,237	3,513
Between Home and School - Joint Agreements	33,950		33,950	26,423	7,527
Other Than Between Home and School - Vendors	144,825	1,000	145,825	81,664	64,161
Special Education Students - Vendors	25,100		25,100	13,571	11,529
Regular Students - ESCs & CTSA's	75,000	130,000	205,000	190,661	14,339
Special Education Students - ESCs & CTSA's	915,000	(93,289)	821,711	666,688	155,023
Aid in Lieu of Payments - Non-Public Schools	59,000	(2,500)	56,500	31,194	25,306
Miscellaneous Purchased Services - Transportation	5,710		5,710	796	4,914
General Supplies	5,000		5,000	2,255	2,745
Transportation Supplies	187,141		187,141	123,777	63,364
Other Objects	525		525	200	325
Total Student Transportation Services	4,521,814	(79,660)	4,442,154	4,034,299	407,855

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 743,850	\$ (28,050)	\$ 715,800	\$ 701,461	\$ 14,339
Other Retirement Contributions - PERS	914,629	(52,593)	862,036	811,181	50,855
Other Retirement Contributions - Regular		5,850	5,850	3,630	2,220
Workmen's Compensation	416,000	(5,000)	411,000	404,709	6,291
Health Benefits	8,568,337	(585,296)	7,983,041	7,395,295	587,746
Tuition Reimbursement	175,000	15,000	190,000	187,996	2,004
Other Employee Benefits	451,850	108,468	560,318	551,192	9,126
Unused Sick Payment to Terminated/Retired Staff	100,000	(17,683)	82,317	61,180	21,137
Total Unallocated Benefits	11,369,666	(559,304)	10,810,362	10,116,644	693,718
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,191,318	(2,191,318)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				5,802,801	(5,802,801)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				104,009	(104,009)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				4,361	(4,361)
TPAF Social Security (Reimbursed - Non-Budgeted)				2,207,570	(2,207,570)
Total Personal Services - Employee Benefits	11,369,666	(559,304)	10,810,362	20,426,703	(9,616,341)
Total Undistributed Expenditures	36,486,799	(497,755)	35,989,044	44,129,497	(8,140,453)
TOTAL GENERAL CURRENT EXPENSE	64,818,901	(277,499)	64,541,402	71,925,215	(7,383,813)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	13,375	80,372	93,747	18,662	75,085
Grades 6-8	28,416	(1,428)	26,988	26,988	
Grades 9-12	83,843	11,825	95,668	90,932	4,736

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
School Sponsored and Other Instructional Programs					
School Administration	\$ 180,000	\$ 4,378	\$ 4,378	\$ 4,378	
Central Services		(169,205)	10,795	10,795	
Administrative Information Technology		3,807	3,807	3,807	
Required Maintenance for School Facilities	8,275	7,843	7,843	7,843	
Custodial Services		37,410	45,685	45,685	
Care and Upkeep of Grounds	65,000	16,038	16,038	16,038	
School Buses - Regular Education	25,000	52,284	117,284	69,021	\$ 48,263
School Buses - Special Education	54,121	(25,000)	92,411	29,121	63,290
Total Equipment	458,030	56,614	514,644	323,270	191,374
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	88,058		88,058	68,478	19,580
Construction Services	3,257,740	246,885	3,504,625	3,210,225	294,400
Assessment for Debt Service on SDA Funding	14,763		14,763	14,763	
Total Facilities Acquisition and Construction Services	3,360,561	246,885	3,607,446	3,293,466	313,980
Assets Acquired Under Capital Leases (non-budgeted)					
Pupil Transportation				227,501	(227,501)
Assets Acquired Under Capital Leases (non-budgeted)				227,501	(227,501)
TOTAL CAPITAL OUTLAY	3,818,591	303,499	4,122,090	3,844,237	277,853
Transfer of Funds to Charter Schools	411,858	(26,000)	385,858	385,792	66
TOTAL EXPENDITURES	69,049,350		69,049,350	76,155,244	(7,105,894)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(4,548,771)		(4,548,771)	(1,050,749)	3,498,022

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Capital Leases (Non-Budgeted)				\$ 227,501	\$ 227,501
Total Other Financing Sources				227,501	227,501
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (4,548,771)		\$ (4,548,771)	(823,248)	3,725,523
Fund Balance, July 1	10,726,807		10,726,807	10,726,807	
Fund Balance, June 30	\$ 6,178,036	\$ - 0 -	\$ 6,178,036	\$ 9,903,559	\$ 3,725,523
Analysis of Balance:					
Restricted for:					
Capital Reserve Account				\$ 5,105,691	
Maintenance Reserve Account				911,633	
Excess Surplus				750,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000	
Assigned:					
Year-end Encumbrances				735,188	
Designated for Subsequent Year's Expenditures				148,593	
Unassigned				1,502,454	
Fund Balance per Governmental Funds (Budgetary Basis)				9,903,559	
Less: June state aid payments not recognized on a GAAP basis				(565,323)	
Fund Balance per Governmental Funds (GAAP)				\$ 9,338,236	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 160,331	\$ 160,331	\$ 97,669	\$ (62,662)
State Sources	\$ 545,420	296,495	841,915	670,074	(171,841)
Federal Sources	911,505	554,655	1,466,160	960,209	(505,951)
Total Revenues	1,456,925	1,011,481	2,468,406	1,727,952	(740,454)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	92,032	(34,823)	57,209	10,077	47,132
Purchased Professional/Technical Services	158,013	(20,176)	137,837	134,596	3,241
Purchased Technical Services	62,751	(58,376)	4,375	4,375	
Other Purchased Services	598,529	(158,803)	439,726	426,115	13,611
General Supplies		290,148	290,148	180,987	109,161
Textbooks	53,928	22,622	76,550	66,658	9,892
Other Objects		850	850	630	220
Scholarships		2,000	2,000		2,000
Total Instruction	965,253	43,442	1,008,695	819,063	189,632
Support Services:					
Salaries of Program Directors		241,950	241,950	232,197	9,753
Personal Services—Employee Benefits		12,314	12,314	8,390	3,924
Purchased Professional/Educational Services	220,944	390,328	611,272	317,767	293,505
Tuition	270,728	13,016	283,744	236,117	47,627
Other Purchased Services		170,429	170,429	39,326	131,103
Travel		19,300	19,300	14,455	4,845
Supplies and Materials		85,908	85,908	45,741	40,167
Total Support Services	491,672	933,245	1,424,917	893,993	530,924
Equipment:					
Instructional Equipment		34,794	34,794	14,896	19,898
Total Equipment		34,794	34,794	14,896	19,898
Total Expenditures	1,456,925	1,011,481	2,468,406	1,727,952	740,454
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, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"	\$ 75,104,495	\$ 1,727,952
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		(21,471)
Prior Year Encumbrances		133,782
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	579,367	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(565,323)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 75,118,539	\$ 1,840,263
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 76,155,244	\$ 1,727,952
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		(21,471)
Prior Year Encumbrances		133,782
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 76,155,244	\$ 1,840,263

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 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, 2020

	Elementary and Secondary Education Act		CARES		
	Title I	Title II A	Title IV	Emergency Relief	Local Grants
REVENUE:					
State Sources					
Federal Sources	\$ 98,536	\$ 30,905	\$ 1,000	\$ 2,542	\$ 97,669
Local Sources					
Total Revenue	\$ 98,536	\$ 30,905	\$ 1,000	\$ 2,542	\$ 97,669
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services					
Other Purchased Services	\$ 418				\$ 97,669
General Supplies					
Textbooks					
Other Objects					
Total Instruction	418				97,669
Support Services:					
Salaries of Program Directors	91,145	\$ 12,595			
Personal Services - Employee Benefits	6,973	964			
Purchased Professional/Educational Services		14,656	\$ 1,000		
Tuition					
Other Purchased Services		2,690			
Travel					
Supplies and Materials				\$ 2,542	
Total Support Services	98,118	30,905	1,000	2,542	
Equipment:					
Instructional/Non Instructional Equipment					
Total Equipment					
Total Expenditures	\$ 98,536	\$ 30,905	\$ 1,000	\$ 2,542	\$ 97,669

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2020

	IDEA Part B			
	Preschool	Basic	Perkins Grant	Perkins Reserve Grant
REVENUE:				
State Sources				
Federal Sources	\$ 47,300	\$ 759,098	\$ 6,373	\$ 14,455
Local Sources				
Total Revenue	\$ 47,300	\$ 759,098	\$ 6,373	\$ 14,455
EXPENDITURES:				
Instruction:				
Salaries of Teachers			\$ 5,920	
Purchased Professional/Technical Services				
Other Purchased Services	\$ 47,300	\$ 375,901		
General Supplies		35,856		
Textbooks				
Other Objects		630		
Total Instruction	47,300	412,387	5,920	
Support Services:				
Salaries of Program Directors				
Personal Services - Employee Benefits			453	
Purchased Professional/Educational Services		302,111		
Tuition				
Other Purchased Services		6,975		\$ 14,455
Travel				
Supplies and Materials		22,729		
Total Support Services		331,815	453	14,455
Equipment:				
Instructional/Non Instructional Equipment		14,896		
Total Equipment		14,896		
Total Expenditures	\$ 47,300	\$ 759,098	\$ 6,373	\$ 14,455

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2020

	Chapter 192 (Auxiliary Services)		Chapter 193 (Handicapped Services)		
	Compensatory Education	Home Instruction	Corrective Speech	Supplemental Instruction	Examination & Classification
REVENUE:					
State Sources	\$ 67,086	\$ 4,157	\$ 38,005	\$ 67,998	\$ 63,028
Federal Sources					
Local Sources					
Total Revenue	\$ 67,086	\$ 4,157	\$ 38,005	\$ 67,998	\$ 63,028
EXPENDITURES:					
Instruction:					
Salaries of Teachers		\$ 4,157			
Purchased Professional/Technical Services					
Other Purchased Services					
General Supplies					
Textbooks					
Other Objects					
Total Instruction		4,157			
Support Services:					
Salaries of Program Directors					
Personal Services - Employee Benefits					
Purchased Professional/Educational Services					
Tuition	\$ 67,086		\$ 38,005	\$ 67,998	\$ 63,028
Other Purchased Services					
Travel					
Supplies and Materials					
Total Support Services	67,086		38,005	67,998	63,028
Equipment:					
Instructional/Non Instructional Equipment					
Total Equipment					
Total Expenditures	\$ 67,086	\$ 4,157	\$ 38,005	\$ 67,998	\$ 63,028

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2020

REVENUE:	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Totals June 30, 2020
State Sources	\$ 66,658	\$ 134,596	\$ 49,958	\$ 178,588	\$ 670,074
Federal Sources					960,209
Local Sources					97,669
Total Revenue	<u>\$ 66,658</u>	<u>\$ 134,596</u>	<u>\$ 49,958</u>	<u>\$ 178,588</u>	<u>\$ 1,727,952</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					\$ 10,077
Purchased Professional/Technical Services		\$ 134,596			134,596
Other Purchased Services			\$ 2,496		426,115
General Supplies			47,462		180,987
Textbooks	\$ 66,658				66,658
Other Objects					630
Total Instruction	<u>66,658</u>	<u>134,596</u>	<u>49,958</u>		<u>819,063</u>
Support Services:					
Salaries of Program Directors				\$ 128,457	232,197
Personal Services - Employee Benefits					8,390
Purchased Professional/Educational Services					317,767
Tuition					236,117
Other Purchased Services				29,661	39,326
Travel					14,455
Supplies and Materials				20,470	45,741
Total Support Services				<u>178,588</u>	<u>893,993</u>
Equipment:					
Instructional/Non Instructional Equipment					14,896
Total Equipment					14,896
Total Expenditures	<u>\$ 66,658</u>	<u>\$ 134,596</u>	<u>\$ 49,958</u>	<u>\$ 178,588</u>	<u>\$ 1,727,952</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 162,119
Accounts Receivable - State	1,893
Accounts Receivable - Federal	9,699
Interfund Receivable - General Fund	1,024
Accounts Receivable - Other	20,293
Inventories	31,007

Total Current Assets	<u>226,035</u>
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Non-Current Assets:

Capital Assets	1,149,975
Less: Accumulated Depreciation	<u>(966,344)</u>

Total Non-Current Assets	<u>183,631</u>
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Total Assets	<u>409,666</u>
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LIABILITIES:

Accounts Payable - Vendors	683
Unearned Revenue - Prepaid Sales	59,672
Unearned Revenue - Donated Commodities	<u>1,198</u>

Total Liabilities	<u>61,553</u>
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NET POSITION:

Investment in Capital Assets	183,631
Unrestricted	<u>164,482</u>

Total Net Position	<u><u>\$ 348,113</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, 2020

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 477,164
Daily Sales - Non-Reimbursable Programs	46,764
Special Events	20,934
	<hr/>
Total Operating Revenue	544,862
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable	176,099
Cost of Sales - Non-Reimbursable	135,924
Salaries and Benefits	267,204
Purchased Services	53,881
Management Fee	40,000
Supplies and Materials	15,206
Other	7,840
Depreciation Expense	33,405
	<hr/>
Total Operating Expenses	729,559
	<hr/>
Operating Loss	(184,697)
	<hr/>
Non-Operating Revenue:	
State Sources:	
School Lunch Program	4,963
Seamless Summer Option	1,958
Federal Sources:	
School Breakfast Program	2,877
National School Lunch Program	67,224
Food Distribution Program	41,086
Seamless Summer Option	13,777
Local Sources:	
Interest Revenue	1,188
	<hr/>
Total Non-Operating Revenue	133,073
	<hr/>
Change in Net Position before Other Item	(51,624)
	<hr/>
Other Item:	
Capital Asset Deletions	(337)
	<hr/>
Change in Net Position after Other Item	(51,961)
	<hr/>
Net Position - Beginning of Year	400,074
	<hr/>
Net Position - End of Year	\$ 348,113
	<hr/> <hr/>

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 560,785
Payments to Employees	(267,204)
Payments to Suppliers	<u>(461,908)</u>
Net Cash Used for Operating Activities	<u>(168,327)</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	<u>(4,895)</u>
Net Cash Used for Capital Financing Activities	<u>(4,895)</u>
Cash Flows from Noncapital and Related Financing Activities:	
State Sources	5,516
Federal Sources	<u>80,571</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>86,087</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>1,188</u>
Net Cash Provided by Investing Activities	<u>1,188</u>
Net Decrease in Cash and Cash Equivalents	(85,947)
Cash and Cash Equivalents, July 1	<u>248,066</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 162,119</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (184,697)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	33,405
Food Distribution Program	41,086
Changes in Assets and Liabilities:	
(Increase)/Decrease in Interfund Receivable- General Fund	(1,024)
(Increase)/Decrease in Accounts Receivable	(18,840)
(Increase)/Decrease in Inventory	(20,317)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	36,954
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(1,167)
Increase/(Decrease) in Accounts Payable	<u>(53,727)</u>
Net Cash Used for Operating Activities	<u><u>\$ (168,327)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The District had \$2,365 in USDA donated commodities at June 30, 2019, received commodities valued at \$39,919, used commodities valued at \$41,086, and had \$1,198 in commodities at June 30, 2020.

FIDUCIARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Agency					
	Student Activity	Payroll	Total	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
ASSETS:						
Cash and Cash Equivalents	\$ 157,930	\$ 43,516	\$ 201,446	\$ 47,536	\$ 280,412	\$ 26,302
Total Assets	157,930	43,516	201,446	47,536	280,412	26,302
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups	157,930	43,516	43,516			
Total Liabilities	157,930	43,516	201,446			
NET POSITION:						
Held in Trust for:						
Scholarship Awards				47,536		
Unemployment Claims					280,412	
Flexible Spending Claims						26,302
Total Net Position	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 47,536	\$ 280,412	\$ 26,302

SPARTA TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDING JUNE 30, 2020

	Private Purpose Scholarship Trust	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Employee		\$ 58,955	\$ 63,571
Total Contributions		58,955	63,571
Investment Earnings:			
Interest	\$ 27	1,133	70
Net Investment Earnings	27	1,133	70
Total Additions	27	60,088	63,641
DEDUCTIONS:			
Scholarship Payments	7,500		
Unemployment Claims		12,750	
Flexible Spending Claims			61,738
Total Deductions	7,500	12,750	61,738
Change in Net Position	(7,473)	47,338	1,903
Net Position - July 1	55,009	233,074	24,399
Net Position - June 30	\$ 47,536	\$ 280,412	\$ 26,302

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 142,378	\$ 382,254	\$ 366,702	\$ 157,930
Total Assets	<u>\$ 142,378</u>	<u>\$ 382,254</u>	<u>\$ 366,702</u>	<u>\$ 157,930</u>
LIABILITIES:				
Due to Student Groups	\$ 142,378	\$ 382,254	\$ 366,702	\$ 157,930
Total Liabilities	<u>\$ 142,378</u>	<u>\$ 382,254</u>	<u>\$ 366,702</u>	<u>\$ 157,930</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
High School	\$ 81,878	\$ 307,569	\$ 288,460	\$ 100,987
Middle School	55,051	51,286	50,999	55,338
Helen Morgan School	1,237	3,838	4,683	392
Alpine School	2,661	11,669	13,571	759
Mohawk Avenue School	195	7,890	7,631	454
High School Athletics	1,356	2	1,358	
	<u>142,378</u>	<u>382,254</u>	<u>366,702</u>	<u>157,930</u>
Total All Schools	<u>\$ 142,378</u>	<u>\$ 382,254</u>	<u>\$ 366,702</u>	<u>\$ 157,930</u>

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Cash and Cash Equivalents	\$ 72,477	\$ 44,652,882	\$ 44,681,843	\$ 43,516
Total Assets	<u>\$ 72,477</u>	<u>\$ 44,652,882</u>	<u>\$ 44,681,843</u>	<u>\$ 43,516</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 72,477	\$ 44,652,882	\$ 44,681,843	\$ 43,516
Total Liabilities	<u>\$ 72,477</u>	<u>\$ 44,652,882</u>	<u>\$ 44,681,843</u>	<u>\$ 43,516</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Matured	Balance June 30, 2019	Balance June 30, 2020
			Outstanding		Interest Rate	Amount			
			Date	June 30, 2020					
School Refunding Bonds	2/18/2015	\$ 54,355,000	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%		\$ 48,875,000	\$ 46,850,000	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Matured	Balance June 30, 2019	Balance June 30, 2020
			Outstanding		Interest Rate	Amount			
			Date	June 30, 2020					
School Refunding Bonds	6/6/2018	\$ 7,830,000	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%				
						\$ 1,045,000	\$ 7,790,000	\$ 6,745,000	
							\$ 56,665,000	\$ 53,595,000	

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance 6/30/2019</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance 6/30/2020</u>
Technology Equipment	1.61%	\$ 1,563,050	\$ 396,066		\$ 396,066	
Technology Equipment	2.69%	810,300	604,110		196,043	\$ 408,067
Buses	2.84%	198,806	158,038		37,868	120,170
Buses	2.34%	227,501	<u> </u>	<u>\$ 227,501</u>	<u>47,629</u>	<u>179,872</u>
			<u>\$ 1,158,214</u>	<u>\$ 227,501</u>	<u>\$ 677,606</u>	<u>\$ 708,109</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,023,263		\$ 5,023,263	\$ 5,023,263	
State Sources:					
Debt Service State Aid Support	581,818		581,818	581,818	
Total Revenues	<u>5,605,081</u>		<u>5,605,081</u>	<u>5,605,081</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	2,535,081		2,535,081	2,535,081	
Redemption of Principal	3,070,000		3,070,000	3,070,000	
Total Expenditures	<u>5,605,081</u>		<u>5,605,081</u>	<u>5,605,081</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>73,170</u>		<u>73,170</u>	<u>73,170</u>	
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ 73,170</u>	<u>\$ - 0 -</u>	<u>\$ 73,170</u>	<u>\$ 73,170</u>	<u>\$ - 0 -</u>
Recapitulation of Fund Balance:					
Restricted			<u>\$ 73,170</u>		

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District’s overall financial health.

Contents

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

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

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net Investment in Capital										
Assets										
Restricted	\$ 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	\$ 18,656,271
Unrestricted/(Deficit)	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	7,590,494
	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)	(24,803,168)
Total Governmental Activities/(Deficit)	\$ 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)	\$ 1,443,597
Business-Type Activities:										
Investment in Capital										
Assets	\$ 443,742	\$ 412,509	\$ 361,826	\$ 323,838	\$ 269,323	\$ 293,342	\$ 264,319	\$ 246,002	\$ 212,478	\$ 183,631
Unrestricted/(Deficit)	153,290	136,870	102,064	92,433	15,829	53,383	80,303	114,842	187,596	164,482
Total Business-Type Activities	\$ 597,032	\$ 549,379	\$ 463,890	\$ 416,271	\$ 285,152	\$ 346,725	\$ 344,622	\$ 360,844	\$ 400,074	\$ 348,113
District-Wide/(Deficit):										
Net Investment in Capital										
Assets	\$ 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	\$ 18,839,902
Restricted	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	7,590,494
Unrestricted/(Deficit)	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)	(24,638,686)
Total District-Wide Net Position/(Deficit)	\$ 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)	\$ 1,791,710

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 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	\$ 31,274,965
Special Education Instruction	5,955,024	6,763,534	6,528,485	7,191,422	8,112,234	8,724,631	10,300,417	10,914,087	9,786,081	9,093,125
Other Special Instruction	561,390	797,952	883,938	1,078,212	316,459	627,416	553,048	527,022	136,566	148,246
Other Instruction	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	3,990,531
Total Instruction	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	44,506,867
Support Services:										
Tuition	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	2,121,825
Student & Instruction Related Services	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	12,509,087
General Administration Services	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	874,953
School Administration Services	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	4,091,087
Central Services	660,262	696,640	699,048	724,795	934,943	954,126	1,002,881	1,021,876	997,501	1,005,761
Administrative Information Technology	402,242	551,213	443,112	913,338	663,490	1,039,903	576,780	451,630	870,441	864,403
Plant Operations and Maintenance	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	7,419,712
Pupil Transportation	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	4,513,546
Charter Schools	107,620	297,638	447,707	428,077	233,906	373,175	174,152	254,577	419,066	385,792
Interest On Long-Term Debt	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	2,122,943
Unallocated Depreciation	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	2,703,966
Total Governmental Activities Expenses	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	83,119,942
Business-Type Activities:										
Food Service	927,009	961,677	886,791	860,552	955,855	891,526	902,693	881,323	904,348	729,559
Total Business-Type Activities Expenses	927,009	961,677	886,791	860,552	955,855	891,526	902,693	881,323	904,348	729,559
Total District Expenses	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	83,849,501

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 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	\$ 19,891,811
Capital Grants and Contributions					229,910					
Total Governmental Activities	10,849,692	12,121,256	12,572,640	12,606,704	19,845,438	21,978,507	27,768,329	30,825,749	22,349,553	19,891,811
Business-Type Activities:										
Charges for Services:										
Food Service	750,526	769,953	692,588	703,066	702,817	743,090	744,113	694,065	786,527	544,862
Operating Grants and Contributions	119,402	143,511	108,307	110,639	115,540	135,530	156,140	149,476	155,818	131,885
Total Business Type Activities	869,928	913,464	800,895	813,705	818,357	878,620	900,253	843,541	942,345	676,747
Total District-wide Program Revenues	11,719,620	13,034,720	13,373,535	13,420,409	20,663,795	22,857,127	28,668,582	31,669,290	23,291,898	20,568,558
Net (Expense)/Revenue:										
Governmental Activities	(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)	(63,228,131)
Business-Type Activities	(57,081)	(48,213)	(85,896)	(46,847)	(137,498)	(12,906)	(2,440)	(37,782)	37,997	(52,812)
Total District-Wide Net (Expense)/Revenue	(51,203,900)	(53,168,649)	(55,307,771)	(56,981,703)	(60,006,785)	(58,973,590)	(61,268,302)	(58,756,763)	(63,095,758)	(63,280,943)

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 58,309,089
Taxes Levied for Debt Service	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	5,023,263
Unrestricted Grants and Contributions	803,515	638,505	603,494	627,132	614,990	631,919	575,191	594,728	3,351,018	3,231,251
Interest and Miscellaneous Income	506,545	392,736	190,753	275,427	222,915	210,441	173,588	256,811	275,906	157,451
Total Governmental Activities General	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	66,721,054
Revenues & Other Changes in Net Position										
Business-Type Activities:										
Investment Earnings	907	560	407	339	215	256	337	435	1,233	1,188
Other Item				(1,111)	6,164	7,030		53,569		(337)
Total Business-Type Activities General	907	560	407	(772)	6,379	7,286	337	54,004	1,233	851
Revenues & Other Changes in Net Position										
Total District-Wide General Revenues	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	66,721,905
Change in Net Position:										
Governmental Activities	2,825,305	1,961,700	547,594	161,675	(1,940,843)	(64,015)	(769,134)	2,906,297	1,894,683	3,492,923
Business-Type Activities	(56,174)	(47,653)	(85,489)	(47,619)	(131,119)	(5,620)	(2,103)	16,222	39,230	(51,961)
Total District-wide Change in Net Position	\$ 2,769,131	\$ 1,914,047	\$ 462,105	\$ 114,056	\$ (2,071,962)	\$ (69,635)	\$ (771,237)	\$ 2,922,519	\$ 1,933,913	\$ 3,440,962

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,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
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	\$ 7,517,324
Assigned	2,475,413	1,823,657	1,044,263	403,991	231,916	546,237	725,863	267,440	2,293,931	883,781
Unassigned	788,200	744,500	606,546	590,531	608,338	638,261	718,973	746,696	904,374	937,131
Total General Fund	\$ 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	\$ 9,338,236
Other Governmental Funds:										
Restricted	\$ 4,788,628	\$ 2,644,386	\$ 1,985,775	\$ 1,980,640	\$ 1,256,474	\$ 499,817	\$ 485,828	\$ 478,831	\$ 73,170	\$ 73,170
Committed	44,112	44,112	44,112	344,872						
Total Other Governmental Funds	\$ 4,832,740	\$ 2,688,498	\$ 2,029,887	\$ 2,325,512	\$ 1,256,474	\$ 499,817	\$ 485,828	\$ 478,831	\$ 73,170	\$ 73,170
Total Government Funds	\$ 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	\$ 9,411,406

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Tax Levy	\$ 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	\$ 63,332,352
Tuition Charges	26,650									
Interest Earnings	46,336									
Transportation Fees	89,589									
Miscellaneous	423,853	474,922	264,101	374,516	281,326	313,285	415,547	490,317	491,843	356,465
State Sources	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	17,875,938
Federal Sources	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	999,128
Total Revenue	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	82,563,883
Expenditures:										
Instruction:										
Regular	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	20,214,702
Special Education	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	5,752,437
Other Special	391,834	509,442	509,056	681,420	110,397	128,871	80,320	69,686	71,025	84,267
Other	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	2,560,827
Support Services:										
Tuition	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	2,121,825
Student & Instruction-Related Services										
General Administration	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	8,324,860
School Administration	919,817	974,761	689,224	1,137,417	1,150,852	1,205,045	1,206,367	896,532	651,684	699,249
Central Services	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	2,517,500
Administrative Information	455,660	515,781	505,927	516,809	587,857	586,055	559,098	558,563	622,402	664,552
Technology	355,377	369,096	283,871	353,070	331,537	300,981	343,051	370,917	644,460	675,239
Plant Operations/Maintenance										
Maintenance	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	5,657,184

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

UNAUDITED

(Modified Accrual Basis of Accounting)

Expenditures:	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Support Services:										
Pupil Transportation	\$ 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	\$ 4,034,299
Unallocated Benefits	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	20,426,703
Charter Schools	107,620	297,638	447,707	428,077	233,906	373,175	174,152	254,577	419,066	385,792
Capital Outlay	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	3,876,071
Debt Service:										
Principal	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	3,070,000
Interest/Other Charges	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	2,535,081
Total Expenditures	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	83,600,588
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	756,514	(2,960,443)	(2,175,057)	(858,045)	(1,981,109)	529,783	966,172	1,849,562	(1,075,374)	(1,036,705)
Other Financing Sources (Uses):										
Capital Leases				487,230	524,618		1,967,993	7,830,000	1,009,106	227,501
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	8,928	6,722	2,263	391,486	702,897	804,990	1,000		479,618	
Transfers Out	(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	227,501
Net Change In Fund Balances	\$ 756,514	\$ (2,960,443)	\$ (2,175,057)	\$ (370,815)	\$ (1,456,491)	\$ 529,783	\$ 2,934,165	\$ 1,849,562	\$ (66,268)	\$ (809,204)
Debt Service as a Percentage of Noncapital Expenditures	9.46%	8.97%	8.55%	8.77%	8.45%	8.24%	8.01%	7.71%	7.24%	7.03%

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
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
2020	55,104	135,782			72,653	263,539

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		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)
			Regular	Qualified										
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	
2019	63,779,600	2,573,020,900	30,403,800	813,600	266,270,600	41,838,700	12,147,900	2,988,275,100		2,988,275,100	236,526,500	2.093	3,203,716,178	

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					
	Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Sparta Township	Sussex County	
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
2019	1.927	0.166	2.093	0.638	0.580	3.311

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. 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

	2020		2011		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	% of Total District Net Assessed Value
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value				
Jersey Investors Growth	\$ 19,711,400	0.660%	\$ 7,103,100	0.290%	Cofrancesco/Grinnell			
Braen Royalty LLC	8,137,900	0.272%	7,079,100	0.289%	Sparta Builders, LLC			
376 Lafayette JV LLC	6,961,400	0.233%	6,071,300	0.248%	Limecrest Quarry Dev., LLC			
Sparta Ecumenical Council	6,225,000	0.208%	5,541,100	0.226%	Lake Mohawk Country Club			
NV Retail Holding, LLC	5,986,400	0.200%	5,203,800	0.212%	Toll New Jersey VI, LP			
AHS Hospital Corp	5,828,900	0.195%	4,756,000	0.194%	Newton Memorial Hospital			
Heller Sparta, LLC	5,616,800	0.188%	4,739,437	0.193%	United Telephone			
Lake Mohawk Country Club	5,465,300	0.183%	4,160,700	0.170%	Ashdown Forest Estates, LLC			
CC Holdings LLC	5,313,100	0.178%	4,114,200	0.168%	Terry-Lynn, Inc.			
Serolf Properties LLC	5,296,300	0.177%	3,878,600	0.158%	Heller Sparta, LLC			
Total	\$ 74,542,500	2.494%	\$ 52,647,337	2.148%				

Source: Sparta Township Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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 -
2020	63,332,352	63,332,352	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			
2011	\$ 84,953,000	\$ 155,078.0	\$ 85,108,078	8.87%	\$ 4,339
2012	82,648,000	103,135	82,751,135	8.38%	4,232
2013	80,293,000	50,452	80,343,452	8.11%	4,138
2014	77,588,000	362,284	77,950,284	7.58%	4,049
2015	69,050,000	573,996	69,623,996	6.61%	3,643
2016	66,140,000	170,829	66,310,829	6.20%	3,504
2017	63,265,000	1,783,057	65,048,057	5.92%	3,459
2018	59,765,000	1,169,171	60,934,171	5.30%	3,258
2019	56,665,000	1,158,214	57,823,214	5.04%	3,105
2020	53,595,000	708,109	54,303,109	4.73%	2,923

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

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

Source: Sparta Township School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 84,953,000	\$ - 0 -	\$ 84,953,000	3.46%	\$ 4,331
2012	82,648,000	- 0 -	82,648,000	3.45%	4,227
2013	80,293,000	- 0 -	80,293,000	3.40%	4,135
2014	77,588,000	- 0 -	77,588,000	3.29%	4,030
2015	69,050,000	- 0 -	69,050,000	2.95%	3,613
2016	66,140,000	- 0 -	66,140,000	2.83%	3,495
2017	63,265,000	- 0 -	63,265,000	2.12%	3,364
2018	59,765,000	- 0 -	59,765,000	2.01%	3,195
2019	56,665,000	- 0 -	56,665,000	1.90%	3,042
2020	53,595,000	- 0 -	53,595,000	1.79%	2,885

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, 2019
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	\$ 8,286,464	100.00%	\$ 8,286,464
Sussex County General Obligation Debt	99,441,765	18.43%	<u>18,324,464</u>
Subtotal, Overlapping Debt			26,610,928
Sparta School District Direct Debt			<u>55,620,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 82,230,928</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 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	\$ 127,591,152
Net Debt Applicable to Limit	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	53,595,000
Legal Debt Margin	\$ 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	\$ 73,996,152

Net Debt Applicable to the Limit as a % of Debt Limit	61.77%	58.28%	58.17%	58.75%	53.98%	52.86%	50.94%	48.24%	45.32%	42.01%
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Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized Valuation Basis		
	2019	2018	2017
Sparta Township	\$ 3,278,774,523	3,187,636,364	3,102,925,478
	\$ 9,569,336,365		
Average Equalized Valuation of Taxable Property	\$ 3,189,778,788		

Debt Limit (4% of average equalization value) ^a	\$ 127,591,152
Net Bonded School Debt as of June 30, 2020	53,595,000
Legal Debt Margin	\$ 73,996,152

^a Limit set by NISA 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
2011	19,554	\$ 49,093	\$ 959,964,522	6.10%
2012	19,418	50,844	987,288,792	6.10%
2013	19,253	51,456	990,682,368	6.70%
2014	19,113	53,818	1,028,623,434	5.00%
2015	18,925	55,677	1,053,687,225	4.30%
2016	18,806	56,914	1,070,324,684	3.80%
2017	18,705	58,717	1,098,301,485	3.40%
2018	18,625	61,757	1,150,224,125	3.20%
2019	18,575	61,757 **	1,147,136,275	2.80%
2020	18,575 *	61,757 **	1,147,136,275 ***	N/A

* - Latest Township population available (2019) was used for calculations purposes.

** - Latest Sussex County per capita personal income available (2018) was used for calculation purposes.

*** - Latest Township population available (2019) and latest Sussex County per capita personal income available (2018) 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>2020</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>2011</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Crystal Springs Resort	2,000	2.57%
Newton Memorial Hospital	1,200	1.91%
Selective Insurance	900	1.15%
County of Sussex	830	1.06%
Mountain Creek Resort	800	1.03%
Ames Rubber Corp	445	0.89%
Shop Rite (Ronetco Supermarkets, Inc.)	301	0.57%
Andover Subacute & Rehab Center	300	0.53%
Sussex County Community College	300	0.38%
SCARC Inc.	250	0.38%
	<u>7,326</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>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>	<u>2020</u>
Instruction:										
Regular	333.0	227.6	276.0	270.0	248.2	256.6	245.5	249.0	252.0	257.3
Special Education	43.0	97.6	52.0	54.0	70.5	67.0	69.8	65.0	69.0	75.4
Support Services:										
Student & Instruction-Related Services	65.0	52.1	54.0	42.0	88.0	97.1	97.0	94.0	94.0	100.0
General Administrative Services	5.0	2.5	5.0	5.0	4.0	4.0	4.0	6.0	6.0	4.0
School Administrative Services	34.0	30.0	21.0	29.0	41.5	42.1	41.6	41.0	41.0	47.6
Plant Operations and Maintenance	33.0	41.0	41.0	41.0	38.0	38.5	40.0	41.0	46.0	40.1
Pupil Transportation	20.0	20.0	20.0	20.0	25.0	21.7	19.0	21.0	21.0	23.5
Business and Other Support Services	8.0	8.5	8.5	8.5	7.0	7.0	6.0	6.0	6.0	6.2
Total	541.0	479.3	477.5	469.5	522.2	534.0	522.9	523.0	535.0	554.0

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	High School					
						Helen Morgan	Alpine								
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	72,660,918	22,538	4.47%	327	5.7	6.5	5.5	6.4	6.8	3,113.5	2,997	-3.28%	96.26%	
2020	3,113	74,119,436	23,810	5.64%	333	9.4	11.1	9.5	8.4	9.2	3,135.5	3,036	0.71%	96.83%	

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).

Source: Sparta Township School District records.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Elementary</u>										
Helen Morgan (1958)	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515
Square Feet	672	672	672	672	672	672	672	672	672	672
Capacity (Students)	739	739	565	530	509	494	470	467	444	429
Enrollment										
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	840	840	726	683	631	631	664	664	692	671
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			228	227	221	225	222	196	224	212
<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	937	937	847	816	825	799	801	768	753	724
<u>High School</u>										
Square Feet	255,127	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	1,192	1,192	1,224	1,207	1,142	1,122	1,095	1,092	1,111	1,077

Number of Schools at June 30, 2020

- 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
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
2020	362,613	129,512	112,507	73,273	318,383	996,288

* 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, 2020
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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Independent Member
BKR International

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2020.

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) as a basis for designing 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 financial statements. 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.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Township of Sparta's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2020. 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, 2020.

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.

December 15, 2020
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

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

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019		Balance June 30, 2020		
					Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
General Fund:									
U.S. Department of Health and Human Services:									
Medicaid Cluster:									
Medical Assistance Program	93.778	N/A	7/1/19-6/30/20	\$ 640	\$	640	\$	(640)	
Total General Fund				640		640		(640)	
Special Revenue Fund:									
U.S. Department of Education									
Passed Through State Department of Education:									
Special Education Cluster:									
Individuals with Disabilities Act (IDEA):									
Part B, Basic	84.027	IDEA-4960-20	7/1/19-9/30/20	1,071,460		579,755		(759,098)	\$ (179,343)
Part B, Basic	84.027	IDEA-4960-19	7/1/18-9/30/19	1,135,095	\$	155,548			
Part B, Preschool	84.173	IDEA-4960-20	7/1/19-9/30/20	47,300		43,242		(47,300)	(4,058)
Total Special Education Cluster						778,545		(806,398)	(183,401)
Elementary and Secondary Education Act:									
Title I	84.010	ESEA-4960-20	7/1/19-9/30/20	103,728		73,220		(98,536)	(25,316)
Title I	84.010	ESEA-4960-19	7/1/18-9/30/19	86,771	(8,187)	8,187			
Title II, Part A	84.367A	ESEA-4960-20	7/1/19-9/30/20	74,561		15,435		(30,905)	(15,470)
Title II, Part A	84.367A	ESEA-4960-19	7/1/18-9/30/19	78,571	(22,522)	22,522			
Title IV	84.424	ESEA-4960-20	7/1/19-9/30/20	20,000				(1,000)	(1,000)
Perkins Vocational Education	84.048	PERK-4960-20	7/1/19-6/30/20	13,137		6,373		(6,373)	
Perkins Vocational Education	84.048	PERK-4960-19	7/1/18-6/30/19	14,150	(5,024)	5,024			
Perkins Vocational Education - Reserve	84.048	PERK-4960-20	7/1/19-6/30/20	23,300		14,455		(14,455)	
Perkins Vocational Education - Reserve	84.048	PERK-4960-19	7/1/18-6/30/19	83,670	(42,960)	42,960			
COVID-19 - CARES Emergency Relief	84.425D	CARES-4960-20	3/13/20-9/30/22	63,396				(2,542)	(2,542)
Total Special Revenue Fund					(234,241)	966,721		(960,209)	(227,729)

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019		Cash Received	Budgetary Expenditures	Balance June 30, 2020		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	7/1/19-6/30/20	\$ 39,919	\$	\$ 39,919	\$ (38,721)	\$	\$ 1,198			
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	52,310			(2,365)					
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	67,224		67,224	(67,224)					
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	91,336	\$ (6,171)	6,171						
School Breakfast Program	10.553	N/A	7/1/19-6/30/20	2,877		2,877	(2,877)					
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	3,614	(221)	221						
COVID-19 Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	13,777		4,078	(13,777)	\$ (9,699)				
Child Nutrition Cluster Subtotal					(6,392)	120,490	(124,964)	(9,699)	1,198			
Total Enterprise Fund and U.S. Department of Agriculture					(6,392)	120,490	(124,964)	(9,699)	1,198			
Total Federal Awards					\$ (240,633)	\$ 1,087,851	\$ (1,085,813)	\$ (237,428)	\$ 1,198	\$	\$ -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, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2020		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	20-495-034-5120-014	7/1/19-6/30/20	\$ 1,128,376			\$ 1,018,305	\$ (1,128,376)		\$ (110,071)	\$ 1,128,376		\$ 1,128,376
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	2,030,137			1,832,101	(2,030,137)		(198,036)	2,030,137		2,030,137
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	2,384,116			2,151,549	(2,384,116)		(232,567)	2,384,116		2,384,116
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	252,688			228,039	(252,688)		(24,649)	252,688		252,688
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	399,061				(399,061)	\$ (399,061)	(399,061)	399,061		399,061
Nonpublic Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	26,790				(26,790)		(26,790)	26,790		26,790
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	2,207,570			2,100,165	(2,207,570)		(107,405)	2,207,570		2,207,570
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	2,191,318			2,191,318	(2,191,318)		(107,405)	2,191,318		2,191,318
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	5,802,801			5,802,801	(5,802,801)			5,802,801		5,802,801
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	104,009			104,009	(104,009)			104,009		104,009
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	4,361			4,361	(4,361)			4,361		4,361
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	1,128,376	\$ (110,805)		110,805				1,128,376		1,128,376
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	2,030,137	(199,357)		199,357				2,030,137		2,030,137
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	2,488,733	(244,391)		244,391				2,488,733		2,488,733
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	252,688	(24,814)		24,814				252,688		252,688
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	400,699	(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		56,469
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	2,046,280	(102,356)		102,356				2,046,280		2,046,280
Total General Fund State Aid				(1,138,891)		16,571,539	(16,531,227)		(533,256)	24,934,609		24,934,609
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	20-100-034-5120-064	7/1/19 - 6/30/20	74,268			74,268	(66,658)			7,610		66,658
Textbook Aid	19-100-034-5120-064	7/1/18 - 6/30/19	80,954					\$ (5,964)				74,990
Nursing Aid	20-100-034-5120-070	7/1/19 - 6/30/20	137,837			137,837	(134,596)			3,241		134,596
Nursing Aid	19-100-034-5120-070	7/1/18 - 6/30/19	148,022					(12,819)				135,203
Technology Initiative Aid	20-100-034-5120-373	7/1/19 - 6/30/20	50,724			50,724	(49,958)			766		49,958
Technology Initiative Aid	19-100-034-5120-373	7/1/18 - 6/30/19	54,576					(2,522)				52,054
Security Aid	20-100-034-5120-509	7/1/19 - 6/30/20	213,150			213,150	(178,588)			34,562		178,588
Security Aid	19-100-034-5120-509	7/1/18 - 6/30/19	228,900					(9,678)				219,222
New Jersey Nonpublic Auxiliary Services:												
Compensatory Education	20-100-034-5120-067	7/1/19 - 6/30/20	68,303			60,110	(67,086)			1,217		67,086
Compensatory Education	19-100-034-5120-067	7/1/18 - 6/30/19	85,449					(8,294)				77,155

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2020		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Special Revenue Fund:												
Home Instruction	20-100-034-5120-067	7/1/19 - 6/30/20	\$ 4,157				\$ (4,157)		\$ (4,157)	\$ (4,157)	\$ 4,157	
Home Instruction	19-100-034-5120-067	7/1/18 - 6/30/19	4,220	\$ (4,220)	\$ 4,220						4,220	
New Jersey Nonpublic Handicapped:												
Supplemental Instruction	20-100-034-5120-066	7/1/19 - 6/30/20	78,520		69,646	(67,998)		\$ (5,547)	(8,874)	10,522	67,998	(8,874)
Supplemental Instruction	19-100-034-5120-066	7/1/18 - 6/30/19	71,763	\$ 5,547							66,216	
Corrective Speech	20-100-034-5120-066	7/1/19 - 6/30/20	40,284		36,757	(38,005)			(3,527)	2,279	38,005	(3,527)
Exam & Classification	20-100-034-5120-066	7/1/19 - 6/30/20	96,637		87,057	(63,028)		(2,725)	(9,580)	33,609	63,028	(9,580)
Exam & Classification	19-100-034-5120-066	7/1/18 - 6/30/19	89,192	2,725							86,467	
Total Special Revenue Fund				(4,220)	47,549	733,769	(670,074)	(47,549)	(34,331)	93,806	1,385,601	(34,331)
Debt Service Fund:												
Debt Service State Aid Support	20-495-034-5120-075	7/1/19 - 6/30/20	581,818		581,818	(581,818)					581,818	
Total Debt Service Fund					581,818	(581,818)					581,818	
Enterprise Fund:												
State Department of Agriculture:												
State School Lunch	20-100-010-3350-023	7/1/19 - 6/30/20	4,963		4,963	(4,963)					4,963	
State School Lunch	19-100-010-3350-023	7/1/18 - 6/30/19	6,967	(488)	488						6,967	
COVID-19 Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	1,958		65	(1,958)			(1,893)		1,958	(1,893)
Total Enterprise Fund				(488)	5,516	(6,921)			(1,893)		13,888	(1,893)
Total State Awards Subject to Single Audit Determination				\$(1,143,599)	\$ 47,549	\$17,892,642	\$(17,790,040)	\$ (47,549)	\$(569,480)	\$ 93,806	\$ 26,915,916	\$(1,134,803)
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19 - 6/30/20				(2,191,318)						
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19 - 6/30/20				(5,802,801)						
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19 - 6/30/20				(104,009)						
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19 - 6/30/20				(4,361)						
Subtotal - On-Behalf TPAF Pension System Contributions						(8,102,489)						
Total State Awards Subject to Single Audit Major Program Determination						\$ (9,687,551)						

N/A - Not Applicable

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, 2020

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, 2020. 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 \$14,044 for the general fund and \$112,311 for the special revenue fund (of which \$4,743 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, 2020
(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	\$ 640	\$ 16,545,271	\$ 16,545,911
Special Revenue Fund	998,488	748,849	1,747,337
Debt Service Fund		581,818	581,818
Food Service Fund	<u>124,964</u>	<u>6,921</u>	<u>131,885</u>
Total Awards	<u>\$ 1,124,092</u>	<u>\$ 17,882,859</u>	<u>\$ 19,006,951</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, 2020.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	7/1/19-9/30/20	\$ 1,071,460	\$ 759,098
IDEA Part B Preschool	84.173	7/1/19-9/30/20	47,300	47,300

<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	20-495-034-5120-089	7/1/19-6/30/20	\$ 2,030,137	\$ 2,030,137
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	2,384,116	2,384,116
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	252,688	252,688
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	1,128,376	1,128,376

- 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, 2020
(Continued)

Summary of Auditors' Results: (Cont'd)

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, 2020

Status of Prior Year Findings:

There were no prior year audit findings.