

**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, 2021**

**Comprehensive Annual
Financial Report**

of the

SPARTA TOWNSHIP SCHOOL DISTRICT

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**SPARTA TOWNSHIP SCHOOL DISTRICT
Board of Education**

SPARTA TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

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

November 30, 2021

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, 2021, 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, 2021, Sparta Schools enrolled 3,037 students at five schools compared to 3,113 students as of June 30, 2020, which is a decrease of 76 students, or 2.44%.

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, 2021.

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,

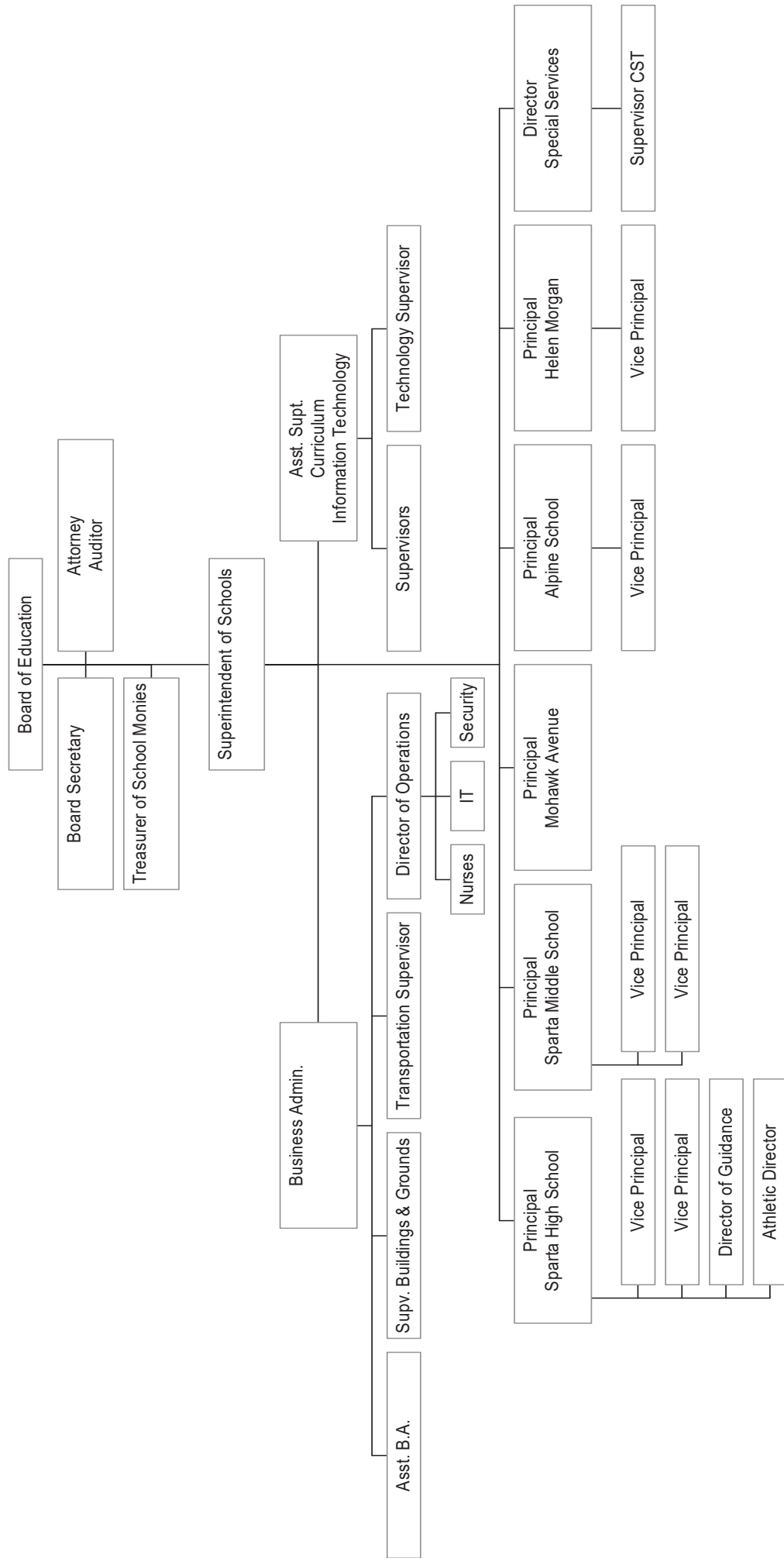


Mr. Matthew Beck
Superintendent



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

Sparta Township School District



**SPARTA TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2021**

Members of the Board of Education

Term Expires

Kimberly Bragg, President	2022
Niamh Grano, Vice President	2022
Kurt Morris	2022
Michael McGovern	2023
Craig Palleschi	2021
Wendy Selander	2021
Vanessa Serrano	2021
Christa Sorensen	2023
Robert Zywicki	2023

Other Officers

Title

Matthew Beck	Superintendent of Schools (from June 1, 2021)
Michael Rossi	Superintendent of Schools (to December 31, 2021)
Patrick McSweeney	Acting Assisant Superintendent (to May 31, 2021)
Tara Rossi	Assistant Superintendent (from July 1, 2021)
H. Ronald Smith	Interim Business Administrator
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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension 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

The Honorable President and Members
of the Board of Education
Sparta Township School District
Page 3

America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 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.

November 30, 2021
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

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021. 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.

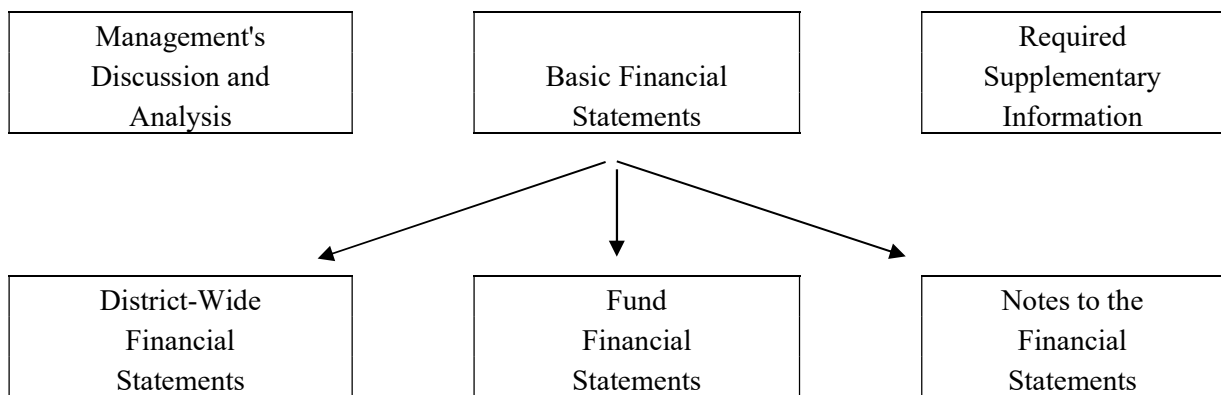
Overview of the Financial Statements

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.
- *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, 2021**

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
Scope	Entire district	Activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services
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
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
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
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

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 two 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, 2021**

Fund Financial Statements

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$6,618,954 on June 30, 2021, \$4,341,366 or 190.61% more than the year before. (See Figure A-3). Net position from governmental activities increased by \$4,445,692 and net position from business-type activities decreased by \$104,326.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2020/21	2019/20*	2020/21	2019/20	2020/21	2019/20*	
Current & Other Assets	\$ 12,080,778	\$ 9,919,981	\$ 129,178	\$ 226,035	\$ 12,209,956	\$ 10,146,016	
Capital Assets, Net	69,162,640	70,942,465	166,015	183,631	69,328,655	71,126,096	
Total Assets	81,243,418	80,862,446	295,193	409,666	81,538,611	81,272,112	0.33%
Deferred Outflows of Resources	11,628,163	6,374,622			11,628,163	6,374,622	82.41%
Other Liabilities	2,202,161	2,311,689	51,406	61,553	2,253,567	2,373,242	
Long-Term Liabilities	78,143,099	77,439,027			78,143,099	77,439,027	
Total Liabilities	80,345,260	79,750,716	51,406	61,553	80,396,666	79,812,269	0.73%
Deferred Inflows of Resources	6,151,154	6,042,755			6,151,154	6,042,755	1.79%
Net Position:							
Net Investment in Capital							
Assets	19,779,508	18,656,271	166,015	183,631	19,945,523	18,839,902	
Restricted	7,889,804	8,076,372			7,889,804	8,076,372	
Unrestricted/(Deficit)	(21,294,145)	(24,803,168)	77,772	164,482	(21,216,373)	(24,638,686)	
Total Net Position	\$ 6,375,167	\$ 1,929,475	\$ 243,787	\$ 348,113	\$ 6,618,954	\$ 2,277,588	190.61%

* Restated

Net Investment in Capital Assets increased \$1,105,621 due to reductions in bond and lease debt and capital additions offset by annual depreciation. Restricted net position decreased \$186,568 mainly due to the decrease in excess surplus offset by increases in the Capital Reserve account and the Maintenance Reserve account. Unrestricted net position increased \$3,422,313 largely due to unexpended budget appropriations, a decrease in the net pension liability and unamortized bond issuance premium and increases in the deferred outflows related to pensions and year-end encumbrances offset by an increase in deferred inflows related to pensions.

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	
Revenue:							
Program Revenue:							
Charges for Services	\$ 480,806		\$ 16,211	\$ 544,862	\$ 497,017	\$ 544,862	
Operating Grants & Contributions	21,584,507	\$ 19,891,811	524,430	131,885	22,108,937	20,023,696	
General Revenue:							
Property Taxes	64,963,843	63,332,352			64,963,843	63,332,352	
Federal and State Unrestricted Aid	3,282,404	3,231,251			3,282,404	3,231,251	
Other	124,963	157,451	179	1,188	125,142	158,639	
Total Revenue	<u>90,436,523</u>	<u>86,612,865</u>	<u>540,820</u>	<u>677,935</u>	<u>90,977,343</u>	<u>87,290,800</u>	4.22%
Expenses:							
Instruction	47,638,294	44,506,867			47,638,294	44,506,867	
Pupil/Instruction Services	14,653,331	14,630,912			14,653,331	14,630,912	
Administrative/Business	7,425,941	6,836,204			7,425,941	6,836,204	
Operations/Maintenance	7,371,420	7,419,712			7,371,420	7,419,712	
Transportation	4,587,568	4,513,546			4,587,568	4,513,546	
Other	4,314,277	5,212,701	645,146	729,559	4,959,423	5,942,260	
Total Expenses	<u>85,990,831</u>	<u>83,119,942</u>	<u>645,146</u>	<u>729,559</u>	<u>86,635,977</u>	<u>83,849,501</u>	3.32%
Other Item				(337)		(337)	-100.00%
Change in Net Position	<u>\$ 4,445,692</u>	<u>\$ 3,492,923</u>	<u>\$ (104,326)</u>	<u>\$ (51,961)</u>	<u>\$ 4,341,366</u>	<u>\$ 3,440,962</u>	

Governmental Activities

The financial position of the District increased \$4.34 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, 2021**

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	
	2020/21	2019/20	2020/21	2019/20
Instruction	\$ 47,638,294	\$ 44,506,867	\$ 33,199,100	\$ 31,740,851
Pupil and Instruction Services	14,653,331	14,630,912	10,917,479	11,117,293
Administrative and Business	7,425,941	6,836,204	5,937,992	5,559,308
Operations and Maintenance	7,371,420	7,419,712	6,391,510	6,485,022
Transportation	4,587,568	4,513,546	3,165,160	3,112,956
Other	4,314,277	5,212,701	4,314,277	5,212,701
	<u>\$ 85,990,831</u>	<u>\$ 83,119,942</u>	<u>\$ 63,925,518</u>	<u>\$ 63,228,131</u>

Business-Type Activities

Net position of the District's business-type activities decreased by \$104,326 due to the loss of revenue and as a result of changes in operations as a result of 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, 2021**

Financial Analysis of the District's Funds

The District's General Fund balance increased by \$1,472,507 on the GAAP basis during the fiscal year. 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.

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on accounting for transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund. Over the course of the year, the District revised the annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Assets and Long Term Liabilities

Capital Assets

The District's capital assets decreased \$1,797,441 or 2.53%. Capital additions were \$2,085,899 (\$2,073,109 from Governmental activities and \$12,790 from Business-type activities) offset by \$3,448,795 in current year depreciation (\$3,418,389 from Governmental activities and \$30,406 from Business-type activities) and net capital deletions and adjustments of \$434,545 from its Governmental activities. (See Figure A-6). (More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements).

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	
Land	\$ 649,333	\$ 649,333			\$ 649,333	\$ 649,333	
Site Improvements	5,294,086	5,222,794			5,294,086	5,222,794	
Buildings and Building Improvements	59,494,279	61,728,794			59,494,279	61,728,794	
Machinery & Equipment	3,724,942	3,341,544	\$ 166,015	\$ 183,631	3,890,957	3,525,175	
Total Capital Assets (Net of Depreciation)	<u>\$ 69,162,640</u>	<u>\$ 70,942,465</u>	<u>\$ 166,015</u>	<u>\$ 183,631</u>	<u>\$ 69,328,655</u>	<u>\$ 71,126,096</u>	-2.53%

**SPARTA TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Capital Assets and Long Term Liabilities

Long-term Liabilities

The District's long-term liabilities increased \$704,072, or 0.91%, from the prior year. At year-end, the District had \$56,970,000 in general obligation bonds, \$13,780,763 in net pension liability, \$508,035 in capital leases, \$1,020,280 in compensated absences payable and \$5,864,021 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
	2020/21	2019/20	
Bonds Payable	\$ 56,970,000	\$ 53,595,000	
Unamortized Bond Issuance Premium	5,864,021	7,245,132	
Net Pension Liability	13,780,763	14,935,918	
Capital Leases	508,035	708,109	
Other Long-Term Liabilities	1,020,280	954,868	
Total Long-Term Liabilities Outstanding	\$ 78,143,099	\$ 77,439,027	0.91%

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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,794,953	\$ 45,493	\$ 3,840,446
Receivables from State Government	778,918	5,738	784,656
Receivables from Federal Government	394,113	57,950	452,063
Other Receivables	49,463	8,476	57,939
Inventory		11,521	11,521
Restricted Assets:			
Cash and Cash Equivalents	7,063,331		7,063,331
Capital Assets, Net			
Site (Land)	649,333		649,333
Depreciable Site Improvements, Building and Building Improvements, & Machinery/Equipment	68,513,307	166,015	68,679,322
Total Assets	<u>81,243,418</u>	<u>295,193</u>	<u>81,538,611</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	8,094,903		8,094,903
Deferred Outflows Related to Pensions District Contribution Subsequent to the Measurement Date-Pensions	2,552,627		2,552,627
	980,633		980,633
Total Deferred Outflows of Resources	<u>11,628,163</u>		<u>11,628,163</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,585,334	1,918	1,587,252
Accrued Interest Payable	489,477		489,477
Payable to Other Governments	64,513		64,513
Unearned Revenue	62,837	49,488	112,325
Noncurrent Liabilities:			
Due Within One Year	5,725,815		5,725,815
Due Beyond one Year	72,417,284		72,417,284
Total Liabilities	<u>80,345,260</u>	<u>51,406</u>	<u>80,396,666</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	6,151,154		6,151,154
Total Deferred Inflows of Resources	<u>6,151,154</u>		<u>6,151,154</u>
NET POSITION:			
Net Investment in Capital Assets	19,779,508	166,015	19,945,523
Restricted for:			
Capital Projects	5,560,653		5,560,653
Debt Service	76,473		76,473
Maintenance	1,011,633		1,011,633
Excess Surplus	750,000		750,000
Unemployment Compensation	309,946		309,946
Student Activities	138,469		138,469
Scholarships	42,630		42,630
Unrestricted/(Deficit)	<u>(21,294,145)</u>	<u>77,772</u>	<u>(21,216,373)</u>
Total Net Position	<u>\$ 6,375,167</u>	<u>\$ 243,787</u>	<u>\$ 6,618,954</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, 2021

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	\$ 33,462,907	\$ 76,766	\$ 7,890,080		\$ (25,496,061)	\$ (25,496,061)	\$ (25,496,061)
Special Education Instruction	9,856,718		5,513,767		(4,342,951)	(4,342,951)	(4,342,951)
Other Special Instruction	127,279		28,341		(98,938)	(98,938)	(98,938)
School-Sponsored/Other Instruction	4,191,390		930,240		(3,261,150)	(3,261,150)	(3,261,150)
Support Services:							
Tuition	1,861,446		277,360		(1,584,086)	(1,584,086)	(1,584,086)
Student & Instruction Related Services	12,791,885	404,040	3,054,452		(9,333,393)	(9,333,393)	(9,333,393)
General Administration Services	1,178,544		162,121		(1,016,423)	(1,016,423)	(1,016,423)
School Administration Services	4,451,566		1,029,793		(3,421,773)	(3,421,773)	(3,421,773)
Central Services	915,372		198,875		(716,497)	(716,497)	(716,497)
Administrative Information Technology	880,459		97,160		(783,299)	(783,299)	(783,299)
Plant Operations and Maintenance	7,371,420		979,910		(6,391,510)	(6,391,510)	(6,391,510)
Pupil Transportation	4,587,568		1,422,408		(3,165,160)	(3,165,160)	(3,165,160)
Charter School	287,660				(287,660)	(287,660)	(287,660)
Unallocated Depreciation	2,823,002				(2,823,002)	(2,823,002)	(2,823,002)
Interest on Long-Term Debt	1,203,615				(1,203,615)	(1,203,615)	(1,203,615)
Total Governmental Activities	85,990,831	480,806	21,584,507		(63,925,518)	(63,925,518)	(63,925,518)

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 645,146	\$ 16,211	\$ 524,430		\$ (104,505)	\$ (104,505)	\$ (104,505)
Total Business-Type Activities	645,146	16,211	524,430		(104,505)	(104,505)	(104,505)
Total Primary Government	\$ 86,635,977	\$ 497,017	\$ 22,108,937	\$ - 0 -	\$ (63,925,518)	(104,505)	(64,030,023)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					59,863,472		59,863,472
Property Taxes Levied for Debt Service					5,100,371		5,100,371
Federal and State Aid not Restricted					3,282,404		3,282,404
Interest and Miscellaneous Income					124,963	179	125,142
Total General Revenues					68,371,210	179	68,371,389
Change in Net Position					4,445,692	(104,326)	4,341,366
Net Position - Beginning (Restated)					1,929,475	348,113	2,277,588
Net Position - Ending					\$ 6,375,167	\$ 243,787	\$ 6,618,954

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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,718,480		\$ 76,473	\$ 3,794,953
Interfunds Receivable	101,471			101,471
Receivables from State Government	775,123	\$ 3,795		778,918
Receivables from Federal Government		394,113		394,113
Other Receivables	49,463			49,463
Restricted Cash and Cash Equivalents	6,882,232	181,099		7,063,331
Total Assets	<u>\$ 11,526,769</u>	<u>\$ 579,007</u>	<u>\$ 76,473</u>	<u>\$ 12,182,249</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts Payable	\$ 435,614	\$ 169,087		\$ 604,701
Interfunds Payable		101,471		101,471
Payable to State Government		64,513		64,513
Unearned Revenue		62,837		62,837
Total Liabilities	<u>435,614</u>	<u>397,908</u>		<u>833,522</u>

Fund Balances:

Restricted for:				
Capital Reserve Account	5,560,653			5,560,653
Maintenance Reserve Account	1,011,633			1,011,633
Excess Surplus (For 2021-2022)	750,000			750,000
Debt Service			\$ 76,473	76,473
Unemployment Compensation	309,946			309,946
Student Activities		138,469		138,469
Scholarships		42,630		42,630

SPARTA TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES				
Fund Balances:				
Assigned:				
Year-end Encumbrances	\$ 1,620,409			\$ 1,620,409
Designated for Subsequent Year's Expenditures	131,480			131,480
Unassigned	<u>1,707,034</u>			<u>1,707,034</u>
Total Fund Balances	<u>11,091,155</u>	<u>\$ 181,099</u>	<u>\$ 76,473</u>	<u>11,348,727</u>
Total Liabilities and Fund Balances	<u>\$ 11,526,769</u>	<u>\$ 579,007</u>	<u>\$ 76,473</u>	<u>\$ 12,182,249</u>

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

Total Fund Balances - Governmental Funds (Above)	\$ 11,348,727
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	69,162,640
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	2,552,627
Deferred Inflows	(6,151,154)
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.	(72,279,078)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(489,477)
Bond premiums are reported as revenue in the Governmental Funds in the year of receipt.	(5,864,021)
The deferred amount on refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	<u>8,094,903</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 6,375,167</u>

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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 59,863,472		\$ 5,100,371	\$ 64,963,843
Miscellaneous	201,729	\$ 471,477		673,206
Total - Local Sources	60,065,201	471,477	5,100,371	65,637,049
State Sources	18,766,394	690,850	601,404	20,058,648
Federal Sources	9,157	1,276,524		1,285,681
Total Revenues	78,840,752	2,438,851	5,701,775	86,981,378
EXPENDITURES:				
Current:				
Instruction:				
Regular Education Instruction	20,660,866	443,225		21,104,091
Special Education Instruction	5,443,525	917,795		6,361,320
Other Special Instruction	71,798			71,798
School-Sponsored/Other Instruction	2,665,224			2,665,224
Support Services and Undistributed Costs:				
Tuition	1,584,086	277,360		1,861,446
Student & Instruction Related Services	7,601,572	820,282		8,421,854
General Administration Services	903,475			903,475
School Administration Services	2,750,665			2,750,665
Central Services	586,232			586,232
Administrative Information Technology	710,804			710,804
Plant Operations and Maintenance	5,655,833			5,655,833
Pupil Transportation	4,120,998			4,120,998
Unallocated Benefits	22,778,269			22,778,269

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:				
Capital Outlay	\$ 1,652,604	\$ 4,556		\$ 1,657,160
Charter School	287,660			287,660
Debt Service:				
Principal			\$ 3,755,000	3,755,000
Interest and Other Charges			1,943,472	1,943,472
Total Expenditures	<u>77,473,611</u>	<u>2,463,218</u>	<u>5,698,472</u>	<u>85,635,301</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	1,367,141	(24,367)	3,303	1,346,077
OTHER FINANCING SOURCES/(USES):				
School Refunding Bonds Issued			41,405,000	41,405,000
School Bonds Defeased			(34,275,000)	(34,275,000)
Bond Premium			33,074	33,074
Bond Issuance Costs			(256,796)	(256,796)
Deferred Amount on Refunding			(6,906,278)	(6,906,278)
Capital Leases (Non-Budgeted)	105,366			105,366
Total Other Financing Sources/(Uses)	<u>105,366</u>			<u>105,366</u>
Net Change in Fund Balances	1,472,507	(24,367)	3,303	1,451,443
Fund Balance - July 1 (Restated)	<u>9,618,648</u>	<u>205,466</u>	<u>73,170</u>	<u>9,897,284</u>
Fund Balance - June 30	<u>\$ 11,091,155</u>	<u>\$ 181,099</u>	<u>\$ 76,473</u>	<u>\$ 11,348,727</u>

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

SPARTA TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,451,443

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	\$ (3,418,389)
Deletion of Capital Assets, Net of Accumulated Depreciation	(434,545)
Capital Outlays	2,073,109
	(1,779,825)

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.

3,755,000

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

School Refunding Bonds Issued	(41,405,000)
School Bonds Defeased	34,275,000
Bond Premium	(33,074)
Deferred Amount on Refunding	6,906,278
	(256,796)

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.

(105,366)

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.

305,440

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, 2021

<p>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.</p> <p>The governmental funds report the effect of deferred amount on the refunding relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (-)</p> <p>The governmental funds report the effect of bond premiums relative to an advance refunding when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. (+)</p> <p>The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:</p> <ul style="list-style-type: none"> Change in Net Pension Liability Change in Deferred Outflows Change in Deferred Inflows <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>\$ 410,757</p> <p>(828,290)</p> <p>1,414,185</p> <p>1,155,155</p> <p>(902,200)</p> <p>(108,399)</p> <p style="border-top: 1px solid black;">(65,412)</p> <p style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 4,445,692</p>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

SPARTA TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds <hr/> Food Service <hr/>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 45,493
Accounts Receivable - State	5,738
Accounts Receivable - Federal	57,950
Accounts Receivable - Other	8,476
Inventories	11,521
	<hr/>
Total Current Assets	129,178
	<hr/>
Non-Current Assets:	
Capital Assets:	
Machinery and Equipment	1,162,765
Less: Accumulated Depreciation	(996,750)
	<hr/>
Total Non-Current Assets	166,015
	<hr/>
Total Assets	295,193
	<hr/>
LIABILITIES:	
Accounts Payable - Vendors	1,918
Unearned Revenue - Prepaid Sales	47,836
Unearned Revenue - Donated Commodities	1,652
	<hr/>
Total Liabilities	51,406
	<hr/>
NET POSITION:	
Investment in Capital Assets	166,015
Unrestricted	77,772
	<hr/>
Total Net Position	\$ 243,787
	<hr/> <hr/>

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, 2021

	Business-Type Activities - Enterprise Funds Food Service
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 13,754
Special Events	2,457
	16,211
Operating Expenses:	
Cost of Sales - Reimbursable Programs	230,986
Salaries and Benefits	206,014
Purchased Services	38,708
Management Fee	92,500
Supplies and Materials	44,376
Other	2,156
Depreciation Expense	30,406
	645,146
Total Operating Expenses	645,146
Operating Loss	(628,935)
Non-Operating Revenue:	
State Sources:	
Seamless Summer Option	19,961
Federal Sources:	
Food Distribution Program	53,938
Breakfast - Seamless Summer Option	95,280
Lunch - Seamless Summer Option	355,251
Local Sources:	
Interest Income	179
	524,609
Total Non-Operating Revenue	524,609
Change in Net Position	(104,326)
Net Position - Beginning of Year	348,113
Net Position - End of Year	\$ 243,787

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, 2021

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 17,670
Payments to Employees	(206,014)
Payments to Suppliers	(334,067)
Net Cash Used for Operating Activities	(522,411)
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(12,790)
Net Cash Used for Capital and Related Financing Activities	(12,790)
Cash Flows from Noncapital Financing Activities:	
State Sources	16,116
Federal Sources	402,280
Net Cash Provided by Noncapital and Related Financing Activities	418,396
Cash Flows from Investing Activities:	
Interest Revenue	179
Net Cash Provided by Investing Activities	179
Net Decrease in Cash and Cash Equivalents	(116,626)
Cash and Cash Equivalents, July 1	162,119
Cash and Cash Equivalents, June 30	\$ 45,493
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (628,935)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	30,406
Federal Food Distribution Program	53,938
Changes in Assets and Liabilities:	
(Increase)/Decrease in Interfund Receivable - General Fund	1,024
(Increase)/Decrease in Accounts Receivable	11,817
(Increase)/Decrease in Inventory	19,486
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(11,836)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	454
Increase/(Decrease) in Accounts Payable	1,235
Net Cash Used for Operating Activities	\$ (522,411)

Non-Cash Investing, Capital and Financing Activities:

The District received commodities valued at \$54,392 and used commodities valued at \$53,938 during the fiscal year.

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, 2021

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. 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, 2021
(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. Separate statements for each fund category – *governmental and proprietary* - 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, 2021
(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.

C. Measurement Focus and Basis of Accounting:

The District-wide financial statements and the proprietary 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, 2021
(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, 2021 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 except for student activities and scholarships. 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	\$ 78,813,930	\$ 2,444,321
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		(26,941)
Prior Year Encumbrances		21,471
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	565,323	
Current Year State Aid Payments Recognized for Budgetary Purposes, not recognized for GAAP Statements	<u>(538,501)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 78,840,752</u>	<u>\$ 2,438,851</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 77,473,611	\$ 2,468,688
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		(26,941)
Prior Year Encumbrances		21,471
Total Expenditures as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 77,473,611	\$ 2,463,218

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, 2021
(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, 2021.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2021.

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, 2021
(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 \$11,091,155 General Fund balance at June 30, 2021, \$1,620,409 is assigned for year-end encumbrances; \$131,480 has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2022, \$5,560,653 is restricted in the capital reserve account; \$1,011,633 is restricted in the maintenance reserve account; \$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, 2022; \$309,946 is restricted for unemployment compensation; and \$1,707,034 is unassigned on the GAAP basis (which is \$538,501 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).

Special Revenue Fund: The Special Revenue Fund balance at June 30, 2021 is \$181,099 and is restricted for student activities and scholarships.

Debt Service Fund: The Debt Service Fund balance at June 30, 2021 of \$76,473 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 \$538,501 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: (Cont'd)

The excess surplus calculation is made using the fund balance reported on the Budgetary Comparison Schedule (including the final state aid payments), and not the fund balance reported on the Fund Statements (which exclude the last two state aid payments).

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$21,294,145 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, 2021 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, 2021 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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

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 Debt Service Fund, unemployment compensation, student activities and scholarships.

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, 2021.

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, 2021.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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 two pages.

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

Deposits:

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

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

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

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

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

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Investments: (Cont'd)

- (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.). ;
 - (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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	<u>\$ 3,840,446</u>	<u>\$ 7,063,331</u>	<u>\$ 10,903,777</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$10,903,777 and the bank balances were \$13,000,305.

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$466,969 to capital outlay line items for facilities acquisition and construction services which required County Superintendent approval. The District also transferred \$272,081 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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 5. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance July 1, 2020		\$ 5,105,691
Increased by:		
Interest Earnings	\$ 9,124	
Deposit by Board Resolution (June 2021)	<u>2,250,000</u>	
		<u>2,259,124</u>
		7,364,815
Decreased by:		
Budgeted Withdrawal	(1,503,620)	
Withdrawals from Capital Reserve by Board Resolution	<u>(300,542)</u>	
		<u>(1,804,162)</u>
Ending Balance June 30, 2021		<u><u>\$ 7,364,815</u></u>

The balance in the capital reserve account at June 30, 2021 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, 2021
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 649,333			\$ 649,333
Total Capital Assets Not Being Depreciated	<u>649,333</u>			<u>649,333</u>
Capital Assets Being Depreciated:				
Site Improvements	8,034,901	\$ 368,141		8,403,042
Buildings and Building Improvements	97,789,151	323,496	\$ (30,111)	98,082,536
Machinery and Equipment	17,634,784	1,381,472	(552,230)	18,464,026
Total Capital Assets Being Depreciated	<u>123,458,836</u>	<u>2,073,109</u>	<u>(582,341)</u>	<u>124,949,604</u>
Governmental Activities Capital Assets	<u>124,108,169</u>	<u>2,073,109</u>	<u>(582,341)</u>	<u>125,598,937</u>
Less Accumulated Depreciation for:				
Site Improvements	(2,812,107)	(296,849)		(3,108,956)
Buildings and Building Improvements	(36,060,357)	(2,539,522)	11,622	(38,588,257)
Machinery and Equipment	(14,293,240)	(582,018)	136,174	(14,739,084)
	<u>(53,165,704)</u>	<u>(3,418,389)</u>	<u>147,796</u>	<u>(56,436,297)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 70,942,465</u>	<u>#####</u>	<u>\$ (434,545)</u>	<u>\$ 69,162,640</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 1,149,975	\$ 12,790		\$ 1,162,765
Less Accumulated Depreciation	(966,344)	(30,406)		(996,750)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 183,631</u>	<u>\$ (17,616)</u>	<u>\$ - 0 -</u>	<u>\$ 166,015</u>
Total Governmental and Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 71,126,096</u>	<u>#####</u>	<u>\$ (434,545)</u>	<u>\$ 69,328,655</u>

Capital acquisitions consisted of \$2,085,899 of equipment purchases and site and building improvements (\$2,073,109 from the Governmental Funds and \$12,790 from the Food Service Enterprise Fund). Current year depreciation was \$3,448,795 (\$3,418,389 from the Governmental Activities and \$30,406 from the Food Service Enterprise Fund). Net capital deletions were \$434,545 (\$434,545 from the Governmental Activities and \$-0- from the Food Service Enterprise Fund).

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 238,968
Special Education Instruction	6,151
Other Special Instruction	8,984
General Administration	6,084
School Administrative Services	18,471
Central Services	2,862
Administration Information Technology	10,252
Operations and Maintenance of Plant	138,626
Student Transportation	164,989
Unallocated	<u>2,823,002</u>
 Total Current Year Depreciation	 <u><u>\$ 3,418,389</u></u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	<u>Balance</u> <u>6/30/2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>6/30/2021</u>
Serial Bonds Payable	\$ 53,595,000	\$ 41,405,000	\$ 38,030,000	\$ 56,970,000
Unamortized Bond Issuance Premium	7,245,132	33,074	1,414,185	5,864,021
Net Pension Liability	14,935,918		1,155,155	13,780,763
Compensated Absences Payable	954,868	145,029	79,617	1,020,280
Capital Leases Payable	<u>708,109</u>	<u>105,366</u>	<u>305,440</u>	<u>508,035</u>
	<u>\$ 77,439,027</u>	<u>\$ 41,688,469</u>	<u>\$ 40,984,397</u>	<u>\$ 78,143,099</u>

A. Unamortized Bond Issuance Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$1,414,185 and is separated from the long-term liability balance of \$4,449,836.

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, 2021
(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 paid the debt service requirements of the refunded bonds on September 1, 2018 and redeemed 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.

On August 15, 2020, the District issued \$41,405,000 of refunding bonds with interest rates ranging from .628% to 3.000% 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 is the first optional redemption date. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

As a result of the refunding, the School District reduced its total debt service requirement by \$3,288,402 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,893,860, or 8.44% net present value savings.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2021 as follows:

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
02/15/2022	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
		<u>10,310,000</u>

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
09/01/21	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>5,725,000</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

B. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2021 as follows:

\$41,405,000 School Refunding Bonds Dated 8/15/2020

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
02/15/22	3.000%	\$ 730,000
02/15/23	0.628%	750,000
02/15/24	0.762%	755,000
02/15/25	0.892%	765,000
02/15/26	1.134%	3,600,000
02/15/27	1.234%	3,610,000
02/15/28	1.388%	3,860,000
02/15/29	1.488%	3,760,000
02/15/30	1.638%	3,610,000
02/15/31	1.738%	3,465,000
02/15/32	1.838%	3,380,000
02/15/33	1.938%	3,290,000
02/15/34	1.988%	3,205,000
02/15/35	2.038%	3,115,000
02/15/36	2.088%	3,040,000
		<u>40,935,000</u>
Total Bonds Payable		<u>\$ 56,970,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 4,000,000	\$ 1,315,146	\$ 5,315,146
2023	4,255,000	1,134,621	5,389,621
2024	4,505,000	955,036	5,460,036
2025	4,440,000	831,908	5,271,908
2026	4,530,000	696,310	5,226,310
2027-2031	19,210,000	2,461,103	21,671,103
2032-2036	16,030,000	952,102	16,982,102
	<u>\$ 56,970,000</u>	<u>\$ 8,346,226</u>	<u>\$ 65,316,226</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 (Continued)

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

C. Bonds Authorized But Not Issued:

As of June 30, 2021, 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 \$1,341,973 of which \$833,938 has been liquidated as of June 30, 2021. 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, 2021.

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 324,043
2023	111,731
2024	69,383
2025	<u>21,754</u>
Total minimum lease payments	526,911
Less: Amount representing interest	<u>(18,876)</u>
Present value of net minimum lease payments	<u><u>\$ 508,035</u></u>

The current portion of capital leases payable is \$311,630, and the long-term portion of capital leases payable is \$196,405 at June 30, 2021.

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 \$0- and the long-term portion of compensated absences liability is \$1,020,280 at June 30, 2021. There was no liability for compensated absences payable in the District's Enterprise Funds at June 30, 2021.

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 \$13,780,763 net pension liability at June 30, 2021 is long-term. See Note 9 for further information on the PERS.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. OPERATING LEASES

The District has commitments to lease mail equipment and copiers under operating leases which expire in 2026. Total operating lease payments made during the year ended June 30, 2021 were \$5,938. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 9,937
2023	9,937
2024	9,937
2025	9,937
2026	4,000
Total Future Minimum Lease Payments	<u>\$ 43,748</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 annual financial statements 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, 2021

(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:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability 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 \$924,456 for 2021.

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, 2021, the District reported a liability of \$13,780,763 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2020, the District's proportion was 0.0845%, which was an increase of 0.0016% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$792,998. At June 30, 2021, 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	2016	5.57	\$ 447,064	
	2017	5.48		\$ (1,304,462)
	2018	5.63		(1,279,768)
	2019	5.21		(1,016,319)
	2020	5.16		(2,169,587)
			447,064	(5,770,136)
Difference Between Expected and Actual Experience	2016	5.57	13,567	
	2017	5.48	38,795	
	2018	5.63		(48,735)
	2019	5.21	77,688	
	2020	5.16	120,875	
			250,925	(48,735)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(168,635)	
	2018	5.00	(156,399)	
	2019	5.00	37,849	
	2020	5.00	758,223	
			471,038	
Changes in Proportion	2016	5.57	70,198	
	2017	5.48		(332,283)
	2018	5.63	405,404	
	2019	5.21	615,031	
	2020	5.16	292,967	
			1,383,600	(332,283)
District Contribution Subsequent to Measurement Date	2020	1	980,633	
			\$ 3,533,260	\$ (6,151,154)

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
2021	\$ (1,729,233)
2022	(1,576,535)
2023	(900,950)
2024	(364,329)
2025	(78,797)
	\$ (4,649,844)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2020 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, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 17,309,253	\$ 13,780,763	\$ 10,730,312

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 annual financial statements 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, 2007
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, 2021
(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 2021, the State of New Jersey contributed \$7,620,991 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$10,833,069.

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, 2021, the State's proportionate share of the net pension liability associated with the District was \$174,209,187. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.265%, which was an increase of 0.006% from its proportion measured as of June 30, 2019.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$ - 0 -
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>174,209,187</u>
Total	<u><u>\$ 174,209,187</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$10,833,069 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 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	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	<u>1,411,170,422</u>	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, 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, 2021
(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, 2020 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, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 204,629,093	\$ 174,209,187	\$ 148,950,562

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, 2021
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$8,552 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$16,755 for the fiscal year ended June 30, 2021.

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance July 1, 2020	\$ 911,633
Increased by:	
Deposit by Board Resolution (June 2021)	300,000
	1,211,633
Decreased by:	
Budgeted Withdrawal	(200,000)
	\$ 1,011,633
Ending Balance June 30, 2021	

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 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, 2021 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2020 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 51,526,293
Net Position	\$ 20,539,909
Total Revenue	\$ 43,264,723
Total Expenses	\$ 41,642,787
Change in Net Position	\$ 1,621,936
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, 2021
(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 the District’s contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District’s Unemployment Compensation Restricted Fund Balance in the General 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>
2020-2021	\$ 58,112	\$ 28,578	\$ 309,946
2019-2020	60,088	12,750	280,412
2018-2019	55,233	32,025	233,074

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, 2021, 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>\$ 1,620,409</u>	<u>\$ 26,941</u>	<u>\$ 1,647,350</u>

On the District’s Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. Encumbrances in the Special Revenue Fund of \$26,941 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, 2021
(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, 2021:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 101,471	
Special Revenue Fund		\$ 101,471
	\$ 101,471	\$ 101,471

The interfund between the General Fund and the Special Revenue Fund represents funds advanced to the Special Revenue fund for cash flow purposes awaiting the collection of federal grants receivable.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 17. ACCOUNTS PAYABLE

Accounts payable as of June 30, 2021 consisted of the following:

	<u>Governmental Activities</u>			<u>Business- Type Activities</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>District Contri- bution Subsequent to the Measure- ment Date</u>		<u>Total Governmental Activities</u>
Vendors	\$ 343,080	\$ 169,087		\$ 512,167	\$ 1,918
Payroll Deductions and Withholdings	92,534			92,534	
State of New Jersey			\$ 980,633	980,633	
	<u>\$ 435,614</u>	<u>\$ 169,087</u>	<u>\$ 980,633</u>	<u>\$ 1,585,334</u>	<u>\$ 1,918</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 \$16,420 from three payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2020 without the abatement would have been \$90,447 of which \$57,593 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, 2021
(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-notice-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.

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 3.05%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on service years	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, 2021
(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, 2021
(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, 2021 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	
			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, 2021
(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. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) and Private Purpose Scholarship Trust Fund are now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance 6/30/20 as Previously Reported	Retroactive Adjustments	Balance 6/30/2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 1,443,597	\$ 485,878	\$ 1,929,475
<u>Statement of Revenues, Expenditures and Changes in</u>			
<u>Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	9,338,236	280,412	9,618,648
Special Revenue Fund:			
Fund Balance - June 30	- 0 -	205,466	205,466
<u>Statement of Changes in Fiduciary Net Position -</u>			
<u>Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	280,412	(280,412)	- 0 -
Private Purpose Scholarship Trust:			
Net Position - End of the Year	47,536	(47,536)	- 0 -

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 21. 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. There have been additional operating expenses in the General Fund due to the schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

SCHEDULE OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's Proportion of the Net Pension Liability	0.0751741682%	0.0768273311%	0.0802807819%	0.0746375296%	0.0784852834%	0.0828922067%	0.0845062726%
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	\$ 13,780,763
District's Covered Employee Payroll	\$ 5,084,021	\$ 5,370,633	\$ 5,137,929	\$ 5,235,245	\$ 5,733,801	\$ 5,958,254	\$ 6,101,321
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%	225.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contribution	\$ 619,725	\$ 660,509	\$ 730,259	\$ 715,762	\$ 785,678	\$ 811,181	\$ 924,456
Contributions in Relation to the Contractually Required Contribution	(619,725)	(660,509)	(730,259)	(715,762)	(785,678)	(811,181)	(924,456)
Contribution Deficiency (Excess)	\$ -0-	\$ -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	\$ 5,592,092
Contributions as a Percentage of Covered Employee Payroll	11.54%	12.86%	13.95%	12.48%	13.19%	13.30%	16.53%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's Proportion of the Net Pension Liability							
Attributable to the District	0.2665855069%	0.2512752554%	0.2552440455%	0.2554278667%	0.2527631385%	0.2587500539%	0.2645594088%
State's Proportionate Share - Net Pension Liability							
Attributable to the District	\$ 142,481,277	\$ 158,816,692	\$ 200,791,218	\$ 172,218,678	\$ 160,802,479	\$ 158,797,350	\$ 174,209,187
District's Covered Employee Payroll	\$ 25,292,572	\$ 25,734,948	\$ 25,904,648	\$ 27,078,583	\$ 28,329,425	\$ 28,545,804	\$ 29,883,372
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%	567.62%	556.29%	582.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 7,666,830	\$ 9,697,189	\$ 15,086,666	\$ 11,930,438	\$ 9,374,222	\$ 9,366,292	\$ 10,833,069
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)	(7,620,991)
Contribution Deficiency/(Excess)	\$ 6,308,344	\$ 7,653,606	\$ 12,314,063	\$ 8,208,129	\$ 4,285,235	\$ 3,563,491	\$ 3,212,078
District's Covered Employee Payroll	\$ 25,734,948	\$ 25,904,648	\$ 27,078,583	\$ 28,329,425	\$ 28,545,804	\$ 29,883,372	\$ 31,244,591
Contributions as a percentage of							
Covered Employee Payroll	5.28%	7.89%	10.24%	13.14%	17.83%	19.42%	24.39%

Note: This schedule does not contain ten years of information as GASB No. 68 was 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
Service Cost	\$ 5,623,370	\$ 4,668,054
Interest Cost	4,011,548	4,647,684
Changes in Assumptions	(16,776,469)	(12,681,358)
Differences between Expected and Actual Experience	107,949	102,128
Member Contributions	(2,931,616)	(2,954,947)
Gross Benefit Payments	(9,965,218)	(16,061,301)
Net Change in Total OPEB Liability	136,534,619	126,569,401
Total OPEB Liability - Beginning	\$ 126,569,401	\$ 110,508,100
Total OPEB Liability - Ending	\$ 31,042,577	\$ 32,313,828
District's Covered Employee Payroll *	408%	342%
Total OPEB Liability as a Percentage of Covered Employee Payroll	294%	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, 2021
(Continued)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020

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:

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

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, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 59,863,472		\$ 59,863,472	\$ 59,863,472	
Tuition from Individuals	30,000		30,000	46,269	\$ 16,269
Tuition - Other LEA's				30,497	30,497
Rents and Royalties				3,569	3,569
Interest on Maintenance Reserve	1,000		1,000		(1,000)
Interest on Capital Reserve	1,000		1,000	9,124	8,124
Restricted Miscellaneous Revenues				801	801
Unrestricted Miscellaneous Revenues	100,000		100,000	111,469	11,469
Total - Local Sources	59,995,472		59,995,472	60,065,201	69,729
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	2,218,067		2,218,067	2,218,067	
Security Aid	252,688		252,688	252,688	
Extraordinary Aid	300,000		300,000	437,852	137,852
Non-Public Transportation Aid				45,493	45,493
Securing Our Children's Future Bond Act (Alyssa's Law)		\$ 180,227	180,227	180,227	
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,433,740	2,433,740
TPAF On-Behalf Pension Contributions (Non-Budgeted)				7,620,991	7,620,991
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				144,999	144,999
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,989	3,989
TPAF Social Security (Reimbursed - Non-Budgeted)				2,243,013	2,243,013
Total State Sources	5,929,268	180,227	6,109,495	18,739,572	12,630,077
Federal Sources:					
Medicaid Assistance Program	21,761		21,761	8,900	(12,861)
Families First Coronavirus Response Act/SEMI				257	257
Total Federal Sources	21,761		21,761	9,157	(12,604)
TOTAL REVENUES	65,946,501	180,227	66,126,728	78,813,930	12,687,202

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 128,570	\$ (33,415)	\$ 95,155	\$ 88,131	\$ 7,024
Kindergarten - Salaries of Teachers	886,510	(10,000)	876,510	861,321	15,189
Grades 1-5 - Salaries of Teachers	5,295,597	(19,000)	5,276,597	5,229,341	47,256
Grades 6-8 - Salaries of Teachers	5,241,264		5,241,264	5,215,490	25,774
Grades 9-12 - Salaries of Teachers	7,445,265	(33,917)	7,411,348	7,356,586	54,762
Regular Programs - Home Instruction:					
Other Salaries for Instruction	10,000	(3,000)	7,000	1,305	5,695
Purchased Professional - Educational Services	20,000	8,000	28,000	24,445	3,555
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	146,114	(5,000)	141,114	88,687	52,427
Purchased Professional - Educational Services	19,610	15,250	34,860	14,655	20,205
Other Purchased Services (400-500 series)	851,500	(44,764)	806,736	778,003	28,733
General Supplies	1,057,444	(79,644)	977,800	861,609	116,191
Textbooks	311,730	(164,525)	147,205	140,816	6,389
Other Objects	1,650	219	1,869	477	1,392
Total Regular Programs - Instruction	21,415,254	(369,796)	21,045,458	20,660,866	384,592
Behavioral Disabilities:					
Salaries of Teachers	78,480	(19,600)	58,880	53,983	4,897
Other Salaries for Instruction	20,737		20,737	18,853	1,884
General Supplies	800		800		800
Total Behavioral Disabilities	100,017	(19,600)	80,417	72,836	7,581
Multiple Disabilities:					
Salaries of Teachers	319,535	12,527	332,062	328,495	3,567
Other Salaries for Instruction	104,797	25,200	129,997	94,909	35,088
Other Purchased Services	18,681	(4,276)	14,405	14,405	
General Supplies	7,800	27,865	35,665	8,766	26,899
Total Multiple Disabilities	450,813	61,316	512,129	446,575	65,554

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 522,535	\$ 6,298	\$ 528,833	\$ 528,284	\$ 549
Other Salaries for Instruction	138,257	90,582	228,839	226,450	2,389
Other Purchased Services	9,062	973	10,035	9,996	39
General Supplies	7,164		7,164	2,030	5,134
Total Learning and/or Language Disabilities	677,018	97,853	774,871	766,760	8,111
Resource Room/Resource Center:					
Salaries of Teachers	3,257,058	137,401	3,394,459	3,328,185	66,274
Other Salaries for Instruction	672,484	(255,284)	417,200	380,791	36,409
Other Purchased Services	14,895	2,145	17,040	17,040	
General Supplies	8,120	250	8,370	5,866	2,504
Total Resource Room/Resource Center	3,952,557	(115,488)	3,837,069	3,731,882	105,187
Preschool Disabilities - Part-Time:					
Salaries of Teachers	102,770	(98,195)	4,575	4,575	
Other Salaries for Instruction	38,712	(38,712)			
General Supplies	200		200	198	2
Total Preschool Disabilities - Part-Time	141,682	(136,907)	4,775	4,773	2
Preschool Disabilities - Full-Time:					
Salaries of Teachers	77,180	159,050	236,230	236,229	1
Other Salaries for Instruction	82,833	86,980	169,813	167,642	2,171
General Supplies	200		200	199	1
Total Preschool Disabilities - Full-Time	160,213	246,030	406,243	404,070	2,173

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Home Instruction:					
Salaries of Teachers	\$ 15,000		\$ 15,000	\$ 9,090	\$ 5,910
Purchased Professional - Educational Services	19,000		19,000	7,539	11,461
Total Home Instruction	34,000		34,000	16,629	17,371
Total Special Education - Instruction	5,516,300	\$ 133,204	5,649,504	5,443,525	205,979
Bilingual Education - Instruction:					
Salaries of Teachers	75,280	(3,513)	71,767	71,748	19
General Supplies	450	(56)	394	50	344
Total Bilingual Education - Instruction	75,730	(3,569)	72,161	71,798	363
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	230,792		230,792	213,365	17,427
Purchased Services (300-500 series)	12,790	23,637	36,427	27,503	8,924
Supplies and Materials	38,954	(27,496)	11,458	6,383	5,075
Other Objects	9,415		9,415	2,406	7,009
Total School-Sponsored Cocurricular Activities - Instruction	291,951	(3,859)	288,092	249,657	38,435
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	573,957	11,952	585,909	581,723	4,186
Purchased Services (300-500 series)	184,681	(7,313)	177,368	128,009	49,359
Supplies and Materials	88,510	(8,272)	80,238	54,628	25,610
Other Objects	35,789		35,789	25,028	10,761
Total School-Sponsored Cocurricular Athletics - Instruction	882,937	(3,633)	879,304	789,388	89,916
Before/After School Programs:					
Salaries	15,000	(15,000)			
Total Before/After School Programs	15,000	(15,000)			

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Summer School:					
Salaries	\$ 6,000	\$ (6,000)			
Total Summer School	6,000	(6,000)			
At Risk Programs - Instruction:					
Salaries	1,241,061	(46,409)	\$ 1,194,652	\$ 1,194,424	\$ 228
Other Purchased Services (400-500 series)	16,690	41,532	58,222	57,128	1,094
Supplies and Materials	4,142	509	4,651	3,080	1,571
Total At Risk Programs - Instruction	1,261,893	(4,368)	1,257,525	1,254,632	2,893
At Risk Programs - Support:					
Salaries		94,632	94,632	93,706	926
Total At Risk Programs - Support		94,632	94,632	93,706	926
Other Instructional Programs - Instruction:					
Salaries	271,970		271,970	271,770	200
Purchased Services (300-500 series)	1,125	3,173	4,298	4,038	260
Supplies and Materials	2,468	150	2,618	2,033	585
Other Objects	360		360		360
Total Other Instructional Programs - Instruction	275,923	3,323	279,246	277,841	1,405
Total Instruction	29,740,988	(175,066)	29,565,922	28,841,413	724,509
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular		16,389	16,389	16,389	
Tuition to Other LEAs Within the State - Special	574,287	(164,239)	410,048	408,540	1,508
Tuition to County Vocational School District - Regular	97,826	1,700	99,526	99,508	18
Tuition to County Vocational School District - Special	55,086	(18,089)	36,997	25,435	11,562
Tuition to Private Schools for the Disabled - Within the State	816,911	239,511	1,056,422	1,034,214	22,208
Total Undistributed Expenditures - Instruction	1,544,110	75,272	1,619,382	1,584,086	35,296
Attendance and Social Work:					
Salaries	124,023	4,350	128,373	120,960	7,413
Total Attendance and Social Work	124,023	4,350	128,373	120,960	7,413

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 490,700	\$ 9,320	\$ 500,020	\$ 480,429	\$ 19,591
Purchased Professional and Technical Services	27,950	1,215	29,165	8,533	20,632
Other Purchased Services (400-500 series)	2,270	(348)	1,922	1,493	429
Supplies and Materials	19,096	5,658	24,754	21,396	3,358
Other Objects	625	150	775	574	201
Total Health Services	<u>540,641</u>	<u>15,995</u>	<u>556,636</u>	<u>512,425</u>	<u>44,211</u>
Speech, OT, PT and Other Related Services:					
Salaries	731,854	184,949	916,803	906,448	10,355
Purchased Professional-Educational Services	737,826	(311,157)	426,669	417,314	9,355
Supplies and Materials	3,659	(287)	3,372	1,721	1,651
Total Speech, OT, PT, and Other Related Services	<u>1,473,339</u>	<u>(126,495)</u>	<u>1,346,844</u>	<u>1,325,483</u>	<u>21,361</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	667,029	(243,556)	423,473	298,158	125,315
Purchased Professional-Educational Services		108,545	108,545	67,331	41,214
Supplies and Materials	19,962	(16,303)	3,659	3,386	273
Other Objects	456	6,419	6,875	6,772	103
Total Other Support Services - Students - Extraordinary Services	<u>687,447</u>	<u>(144,895)</u>	<u>542,552</u>	<u>375,647</u>	<u>166,905</u>
Guidance:					
Salaries of Other Professional Staff	1,026,591	7,487	1,034,078	1,034,011	67
Salaries of Secretarial and Clerical Assistants	149,359	(2,007)	147,352	147,259	93
Other Salaries	230,625	(117,875)	112,750	112,750	
Purchased Professional-Educational Services	8,000	400	8,400	6,720	1,680
Other Purchased Professional and Technical Services	5,125	(200)	4,925	1,500	3,425
Other Purchased Services (400-500 series)	44,875	8,000	52,875	45,732	7,143
Supplies and Materials	32,321	7,600	39,921	21,048	18,873
Other Objects	2,458		2,458	269	2,189
Total Guidance	<u>1,499,354</u>	<u>(96,595)</u>	<u>1,402,759</u>	<u>1,369,289</u>	<u>33,470</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Undistributed Expenditures:					
Child Study Team:					
Salaries of Other Professional Staff	\$ 1,392,072	\$ 90,044	\$ 1,482,116	\$ 1,445,668	\$ 36,448
Salaries of Secretarial and Clerical Assistants	132,634	7,800	140,434	140,240	194
Purchased Professional - Educational Services	61,650	(38,500)	23,150	14,700	8,450
Other Purchased Prof. and Tech. Services	26,000		26,000	20,945	5,055
Other Purchased Services (400-500 series)	25,598	(10,490)	15,108	6,810	8,298
Supplies and Materials	14,700	7,250	21,950	17,841	4,109
Other Objects	3,499		3,499	540	2,959
Total Child Study Team	1,656,153	56,104	1,712,257	1,646,744	65,513
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	154,140	623,647	777,787	777,704	83
Salaries of Other Professional Staff	723,292	(569,147)	154,145	154,141	4
Salaries of Secretarial and Clerical Assistants	58,724	200	58,924	58,924	
Other Salaries	2,250	4,210	6,460	5,550	910
Unused Vacation Payment to Terminated/Retired Staff		15,000	15,000	15,000	
Purchased Professional - Educational Services	20,000	(17,750)	2,250		2,250
Other Purchased Prof. and Tech. Services	15,700	(14,522)	1,178		1,178
Other Purchased Services (400-500)	82,000	555	82,555	77,766	4,789
Supplies and Materials	10,000	(908)	9,092	3,215	5,877
Other Objects	12,003	(652)	11,351	11,141	210
Total Improvement of Instructional Services	1,078,109	40,633	1,118,742	1,103,441	15,301
Educational Media Services/School Library:					
Salaries	489,653	(6,409)	483,244	479,577	3,667
Salaries of Technology Coordinators	497,909	41,728	539,637	525,954	13,683
Other Purchased Services (400-500 series)	38,705	(1,000)	37,705	28,528	9,177
Supplies and Materials	36,188	900	37,088	30,671	6,417
Total Educational Media Services/School Library	1,062,455	35,219	1,097,674	1,064,730	32,944

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Other Salaries	\$ 11,000	\$ 50,380	\$ 61,380	\$ 52,785	\$ 8,595
Other Purchased Professional and Technical Services	37,325	(7,000)	30,325	7,765	22,560
Purchased Professional - Educational Services	12,000	(12,000)			
Other Purchased Services (400-500 series)	76,620	(35,987)	40,633	15,765	24,868
Supplies and Materials	9,200	(2,826)	6,374	5,863	511
Other Objects	2,408	(1,433)	975	675	300
Total Instructional Staff Training Services	148,553	(8,866)	139,687	82,853	56,834
General Administration:					
Salaries	303,994	106,431	410,425	410,425	
Unused Vacation Pay to Term/Retired Staff		16,571	16,571	16,571	
Legal Services	156,460	50,314	206,774	206,711	63
Audit Fees	123,000	13,800	136,800	64,200	72,600
Architectural/Engineering Services	15,000	(15,000)			
Other Purchased Professional Services	42,000	14,538	56,538	49,729	6,809
Purchased Technical Services	4,735	(2,215)	2,520	1,385	1,135
Communications/Telephone	105,150	(14,892)	90,258	90,258	
Board of Education Other Purchased Services	7,725	(6,512)	1,213	1,213	
Miscellaneous Purchased Services (400-500 series)	21,500	9,773	31,273	31,273	
General Supplies	1,490	853	2,343	1,938	405
BOE In-house Training/Meeting Supplies	1,000	2,108	3,108	1,798	1,310
Miscellaneous Expenditures	5,460	(1,867)	3,593	3,593	
Board of Education Membership Dues and Fees	24,380	1	24,381	24,381	
Total General Administration	811,894	173,903	985,797	903,475	82,322

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,540,933	\$ (152,038)	\$ 1,388,895	\$ 1,374,137	\$ 14,758
Salaries of Other Professional Staff	271,656	309,000	580,656	557,402	23,254
Salaries of Secretarial and Clerical Assistants	688,118	(7,175)	680,943	675,477	5,466
Unused Vacation Pay to Term/Retired Staff	30,179	13,037	13,037	13,037	
Other Purchased Services (400-500 series)	100,908	2,753	32,932	22,210	10,722
Supplies and Materials	16,085	1,950	102,858	93,255	9,603
Other Objects	16,085	1,635	17,720	15,147	2,573
Total School Administration	<u>2,647,879</u>	<u>169,162</u>	<u>2,817,041</u>	<u>2,750,665</u>	<u>66,376</u>
Central Services:					
Salaries	539,489	(25,400)	514,089	503,471	10,618
Purchased Technical Services	25,900	14,400	40,300	16,335	23,965
Other Purchased Services (400-500 series)	26,735	(6,857)	19,878	15,724	4,154
Sale/Lease-back Payments	4,601		4,601	4,360	241
Supplies and Materials	10,300	9,450	19,750	18,566	1,184
Interest on Lease Purchase Agreements	20,877	(6,481)	14,396	14,396	
Miscellaneous Expenditures	2,750	11,000	13,750	13,380	370
Total Central Services	<u>630,652</u>	<u>(3,888)</u>	<u>626,764</u>	<u>586,232</u>	<u>40,532</u>
Administrative Information Technology:					
Salaries	277,569	(13,101)	264,468	245,970	18,498
Unused Vacation Pay to Term/Retired Staff		13,101	13,101	13,101	
Purchased Technical Services	55,200	(20,000)	35,200	12,943	22,257
Other Purchased Services (400-500 series)	372,500	20,000	392,500	387,189	5,311
Supplies and Materials	40,001	28,017	68,018	51,601	16,417
Total Administrative Information Technology	<u>745,270</u>	<u>28,017</u>	<u>773,287</u>	<u>710,804</u>	<u>62,483</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Required Maintenance of School Facilities:					
Salaries	\$ 396,257	\$ 803	\$ 397,060	\$ 390,491	\$ 6,569
Unused Vacation Pay to Term/Retired Staff		8,794	8,794	8,794	
Cleaning, Repair and Maintenance Services	554,697	25,500	580,197	528,488	51,709
General Supplies	106,000	65,800	171,800	150,197	21,603
Other Objects	3,300	10,025	13,325	11,259	2,066
Total Required Maintenance of School Facilities	<u>1,060,254</u>	<u>110,922</u>	<u>1,171,176</u>	<u>1,089,229</u>	<u>81,947</u>
Security:					
Salaries	274,844		274,844	250,146	24,698
Purchased Professional and Technical Services	105,000	(8,000)	97,000	55,071	41,929
Cleaning, Repair, and Maintenance Services	20,700	(7,000)	13,700	450	13,250
General Supplies	76,127	(150)	75,977	49,707	26,270
Total Security	<u>476,671</u>	<u>(15,150)</u>	<u>461,521</u>	<u>355,374</u>	<u>106,147</u>
Care and Upkeep of Grounds:					
Salaries	272,933	10,000	282,933	278,705	4,228
Unused Vacation Pay to Term/Retired Staff		10,334	10,334	10,334	
Cleaning, Repair, and Maintenance Services	44,000	5,000	49,000	28,787	20,213
General Supplies	127,653	(36,104)	91,549	67,437	24,112
Other Objects		240	240	240	
Total Care and Upkeep of Grounds	<u>444,586</u>	<u>(10,530)</u>	<u>434,056</u>	<u>385,503</u>	<u>48,553</u>
Custodial Services:					
Salaries	1,729,991	(211,729)	1,518,262	1,455,015	63,247
Salaries of Non-Instructional Aides		114,931	114,931	106,376	8,555
Unused Vacation Pay to Term/Retired Staff		26,666	26,666	25,982	684
Purchased Professional and Technical Services	126,500	(118,944)	7,556	7,240	316
Cleaning, Repair and Maintenance Services	190,900	(13,200)	177,700	125,934	51,766
Other Purchased Property Services	142,105		142,105	107,369	34,736
Insurance	488,878	59,910	548,788	543,938	4,850
Miscellaneous Purchased Services	6,800	(25)	6,775	3,986	2,789
General Supplies	289,841	190,000	479,841	451,607	28,234
Energy (Electricity)	982,250	(123,000)	859,250	744,456	114,794

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Custodial Services:					
Energy (Natural Gas)	\$ 31,700	\$ 3,000	\$ 34,700	\$ 26,820	\$ 7,880
Energy (Oil)	389,000	(87,000)	302,000	227,004	74,996
Total Custodial Services	<u>4,377,965</u>	<u>(159,391)</u>	<u>4,218,574</u>	<u>3,825,727</u>	<u>392,847</u>
Total Operations & Maintenance of Plant	<u>6,359,476</u>	<u>(74,149)</u>	<u>6,285,327</u>	<u>5,655,833</u>	<u>629,494</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	392,272	(50,000)	342,272	340,534	1,738
Between Home and School - Special Education	254,479	6,726	261,205	259,316	1,889
Other Than Between Home and School	49,625	(4,726)	44,899	23,958	20,941
Other Purchased Professional and Technical Services	29,771		29,771	26,985	2,786
Cleaning, Repair and Maintenance Services	100,000	50,000	150,000	124,785	25,215
Lease Purchase Payments - School Buses	111,572	108,424	219,996	219,996	
Contracted Services:					
Aid in Lieu of Payments - Non-Public Schools	50,000	8,000	58,000	44,029	13,971
Between Home and School - Vendors	2,116,352	(6,000)	2,110,352	2,087,972	22,380
Other Than Between Home and School - Vendors	145,075	(71,067)	74,008	54,768	19,240
Between Home and School - Joint Agreements	29,307	10,643	39,950	39,950	
Special Education Students - Vendors	18,296	12,000	30,296	13,205	17,091
Special Education Students - Joint Agreements	3,049		3,049		3,049
Regular Students - ESCs & CTSA	213,534		213,534	192,060	21,474
Special Education Students - ESCs & CTSA	924,648	(52,000)	872,648	584,969	287,679
Miscellaneous Purchased Services - Transportation	5,710		5,710	9	5,701
General Supplies	5,000		5,000	1,387	3,613
Transportation Supplies	186,000	(12,000)	174,000	106,875	67,125
Other Objects	525		525	200	325
Total Student Transportation Services	<u>4,635,215</u>		<u>4,635,215</u>	<u>4,120,998</u>	<u>514,217</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$ 766,165		\$ 766,165	\$ 707,006	\$ 59,159
Other Retirement Contributions - PERS	902,880	21,576	924,456	924,456	
Workmen's Compensation	436,800	(2,060)	434,740	365,609	69,131
Health Benefits	8,459,307	(278,695)	8,180,612	7,573,153	607,459
Tuition Reimbursement	178,049	6,199	184,248	184,248	
Other Employee Benefits	504,800	20,925	525,725	496,992	28,733
Unused Sick Payment to Terminated/Retired Staff	75,000	5,073	80,073	80,073	
Total Unallocated Benefits	<u>11,323,001</u>	<u>(226,982)</u>	<u>11,096,019</u>	<u>10,331,537</u>	<u>764,482</u>
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				2,433,740	(2,433,740)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				7,620,991	(7,620,991)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				144,999	(144,999)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,989	(3,989)
TPAF Social Security (Reimbursed - Non-Budgeted)				2,243,013	(2,243,013)
Total On-Behalf and Reimbursed Contributions				<u>12,446,732</u>	<u>(12,446,732)</u>
Total Personal Services - Employee Benefits	<u>11,323,001</u>	<u>(226,982)</u>	<u>11,096,019</u>	<u>22,778,269</u>	<u>(11,682,250)</u>
Total Undistributed Expenditures	<u>36,967,571</u>	<u>(83,215)</u>	<u>36,884,356</u>	<u>46,691,934</u>	<u>(9,807,578)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>66,708,559</u>	<u>(258,281)</u>	<u>66,450,278</u>	<u>75,533,347</u>	<u>(9,083,069)</u>
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	80,884	42,171	123,055	122,389	666
Grades 6-8	11,579	9,074	20,653	20,648	5
Grades 9-12	316,795	14,745	331,540	322,449	9,091

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
School Sponsored and Other Instructional Programs	\$	32,670	\$ 32,670	\$ 22,670	\$ 10,000
Support Services - Related & Extra.		7,600	7,600	7,600	
Support Services - Inst. Staff		5,196	5,196	5,196	
General Administration		6,076	6,076	6,076	
School Administration		3,199	3,199	3,199	
Central Services		4,184	4,184	4,184	
Administrative Information Technology		2,248	2,248	2,248	
Custodial Services	\$	93,263	17,700	17,231	469
Care and Upkeep of Grounds		93,368	186,631	124,290	62,341
Security		2,735	2,735	2,735	
School Buses - Special Education		31,115	94,404	63,289	31,115
Total Equipment	565,810	272,081	837,891	724,204	113,687
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	110,385	43,700	154,085	116,753	37,332
Other Purchased Professional and Technical Services	155,020	(19,500)	135,520	115,878	19,642
Construction Services	1,378,623	442,769	1,821,392	575,640	1,245,752
Assessment for Debt Service on SDA Funding	14,763		14,763	14,763	
Total Facilities Acquisition and Construction Services	1,658,791	466,969	2,125,760	823,034	1,302,726
Assets Acquired Under Capital Leases (non-budgeted)				105,366	(105,366)
Pupil Transportation				105,366	(105,366)
Assets Acquired Under Capital Leases (non-budgeted)				1,652,604	1,311,047
TOTAL CAPITAL OUTLAY	2,224,601	739,050	2,963,651	1,652,604	1,311,047
Transfer of Funds to Charter Schools	348,742		348,742	287,660	61,082
TOTAL EXPENDITURES	69,281,902	480,769	69,762,671	77,473,611	(7,710,940)

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (3,335,401)	\$ (300,542)	\$ (3,635,943)	\$ 1,340,319	\$ 4,976,262
Other Financing Sources:					
Capital Leases (Non-Budgeted)				105,366	105,366
Total Other Financing Sources				105,366	105,366
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (3,335,401)	\$ (300,542)	\$ (3,635,943)	1,445,685	5,081,628
Fund Balance, July 1 (Restated)	10,183,971		10,183,971	10,183,971	
Fund Balance, June 30	<u>\$ 6,848,570</u>	<u>\$ (300,542)</u>	<u>\$ 6,548,028</u>	<u>\$ 11,629,656</u>	<u>\$ 5,081,628</u>
Analysis of Balance:					
Restricted for:					
Capital Reserve Account				\$ 5,560,653	
Maintenance Reserve Account				1,011,633	
Excess Surplus - Designated for Subsequent Year's Expenditures				750,000	
Unemployment Compensation				309,946	
Assigned:					
Year-end Encumbrances				1,620,409	
Designated for Subsequent Year's Expenditures				131,480	
Unassigned				2,245,535	
Fund Balance per Governmental Funds (Budgetary Basis)				<u>11,629,656</u>	
Less: June state aid payments not recognized on a GAAP basis			(538,501)		
Fund Balance per Governmental Funds (GAAP)				<u>\$ 11,091,155</u>	

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 517,645	\$ 517,645	\$ 480,373	\$ (37,272)
State Sources	\$ 819,778	(58,170)	761,608	697,474	(64,134)
Federal Sources	1,194,243	803,832	1,998,075	1,266,474	(731,601)
Total Revenues	2,014,021	1,263,307	3,277,328	2,444,321	(833,007)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	151,090	141,905	292,995	102,513	190,482
Purchased Professional/Technical Services	137,837	(6,053)	131,784	128,355	3,429
Purchased Professional/Educational Services	17,000	(12,000)	5,000		5,000
Other Purchased Services	795,153	(343,624)	451,529	413,089	38,440
General Supplies	57,425	167,606	225,031	162,308	62,723
Textbooks	76,549	2,300	78,849	74,642	4,207
Other Objects		5,250	5,250	1,500	3,750
Total Instruction	1,235,054	(44,616)	1,190,438	882,407	308,031
Support Services:					
Salaries of Program Directors		69,802	69,802	10,890	58,912
Salaries of Other Professional Staff	293,060	(123,861)	169,199	145,328	23,871
Personal Services—Employee Benefits		29,775	29,775	9,035	20,740
Purchased Professional/Educational Services	231,000	521,216	752,216	473,074	279,142
Purchased Technical Services		658	658		658
Tuition	254,907	67,450	322,357	277,360	44,997
Other Purchased Services		77,641	77,641	66,594	11,047
Supplies and Materials		253,688	253,688	171,037	82,651
Student Activities		423,407	423,407	423,407	
Scholarships Awarded		5,000	5,000	5,000	
Total Support Services	778,967	1,324,776	2,103,743	1,581,725	522,018
Equipment:					
Instructional Equipment		7,514	7,514	4,556	2,958
Total Equipment		7,514	7,514	4,556	2,958
Total Expenditures	2,014,021	1,287,674	3,301,695	2,468,688	833,007
Excess (Deficiency) of Revenue Over/(Under) Expenditures	\$ - 0 -	\$ (24,367)	\$ (24,367)	\$ (24,367)	\$ - 0 -

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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"	\$ 78,813,930	\$ 2,444,321
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		(26,941)
Prior Year Encumbrances		21,471
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	565,323	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(538,501)	
	<u>\$ 78,840,752</u>	<u>\$ 2,438,851</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 77,473,611	\$ 2,468,688
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		(26,941)
Prior Year Encumbrances		21,471
	<u>\$ 77,473,611</u>	<u>\$ 2,463,218</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

SPARTA TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021 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, except for student activities and scholarships. 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, 2021

	Elementary and Secondary Education Act		IDEA Part B		
	Title I	Title II A	Title IV	Preschool	Basic
REVENUE:					
State Sources					
Federal Sources	\$ 62,597	\$ 41,233	\$ 8,437	\$ 25,529	\$ 884,708
Local Sources					
Total Revenue	\$ 62,597	\$ 41,233	\$ 8,437	\$ 25,529	\$ 884,708
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 58,149				
Purchased Professional/Technical Services				\$ 25,529	\$ 387,560
Other Purchased Services			\$ 4,758		18,095
General Supplies					
Textbooks					
Other Objects					
Total Instruction	58,149		4,758	25,529	405,655
Support Services:					
Salaries of Program Directors		\$ 10,890			
Salaries of Other Professional Staff					
Personal Services - Employee Benefits	4,448	833			
Purchased Professional/Educational Services		22,025	3,600		445,833
Tuition					
Other Purchased Services		7,485			
Supplies and Materials			79		33,220
Student Activities					
Scholarships Awarded					
Total Support Services	4,448	41,233	3,679		479,053
Equipment:					
Instructional Equipment					
Total Equipment					
Total Expenditures	\$ 62,597	\$ 41,233	\$ 8,437	\$ 25,529	\$ 884,708

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

	CARES	Coronavirus Relief Fund	CRRSA ESSER II	Nonpublic Digital Divide	Chapter 192 (Auxiliary Services) Compensatory Education
REVENUE:					
State Sources					\$ 89,488
Federal Sources	\$ 83,558	\$ 96,295	\$ 9,150	\$ 54,967	
Local Sources					
Total Revenue	\$ 83,558	\$ 96,295	\$ 9,150	\$ 54,967	\$ 89,488
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 40,569				
Purchased Professional/Technical Services					
Other Purchased Services	9,655			\$ 54,967	
General Supplies					
Textbooks					
Other Objects					
Total Instruction	50,224			54,967	
Support Services:					
Salaries of Program Directors					
Salaries of Other Professional Staff			\$ 8,500		
Personal Services - Employee Benefits	3,104		650		
Purchased Professional/Educational Services					
Tuition					\$ 89,488
Other Purchased Services					
Supplies and Materials	30,230	\$ 91,739			
Student Activities					
Scholarships Awarded					
Total Support Services	33,334	91,739	9,150		89,488
Equipment:					
Instructional Equipment		4,556			
Total Equipment		4,556			
Total Expenditures	\$ 83,558	\$ 96,295	\$ 9,150	\$ 54,967	\$ 89,488

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

	Chapter 193 (Handicapped Services)				
	Supplemental Instruction	Examination & Classification	Corrective Speech	Home Instruction	Nonpublic Textbooks
REVENUE:					
State Sources	\$ 67,755	\$ 80,653	\$ 39,464	\$ 3,795	\$ 74,642
Federal Sources					
Local Sources					
Total Revenue	\$ 67,755	\$ 80,653	\$ 39,464	\$ 3,795	\$ 74,642
EXPENDITURES:					
Instruction:					
Salaries of Teachers				\$ 3,795	
Purchased Professional/Technical Services					
Other Purchased Services					
General Supplies					
Textbooks					\$ 74,642
Other Objects					
Total Instruction				3,795	74,642
Support Services:					
Salaries of Program Directors					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional/Educational Services					
Tuition	\$ 67,755	\$ 80,653	\$ 39,464		
Other Purchased Services					
Supplies and Materials					
Student Activities					
Scholarships Awarded					
Total Support Services	67,755	80,653	39,464		
Equipment:					
Instructional Equipment					
Total Equipment					
Total Expenditures	\$ 67,755	\$ 80,653	\$ 39,464	\$ 3,795	\$ 74,642

SPARTA TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2021

	Nonpublic Security	Local Grants	Student Activities	Scholarships	Totals June 30, 2021
REVENUE:					
State Sources	\$ 213,322				\$ 697,474
Federal Sources					1,266,474
Local Sources		\$ 76,333	\$ 403,946	\$ 94	480,373
Total Revenue	\$ 213,322	\$ 76,333	\$ 403,946	\$ 94	\$ 2,444,321
EXPENDITURES:					
Instruction:					
Salaries of Teachers					\$ 102,513
Purchased Professional/Technical Services					128,355
Other Purchased Services					413,089
General Supplies		\$ 74,833			162,308
Textbooks					74,642
Other Objects		1,500			1,500
Total Instruction		76,333			882,407
Support Services:					
Salaries of Program Directors					10,890
Salaries of Other Professional Staff	\$ 136,828				145,328
Personal Services - Employee Benefits					9,035
Purchased Professional/Educational Service:	1,616				473,074
Tuition					277,360
Other Purchased Services	59,109				66,594
Supplies and Materials	15,769				171,037
Student Activities			\$ 423,407		423,407
Scholarships Awarded				\$ 5,000	5,000
Total Support Services	213,322		423,407	5,000	1,581,725
Equipment:					
Instructional Equipment					4,556
Total Equipment					4,556
Total Expenditures	\$ 213,322	\$ 76,333	\$ 423,407	\$ 5,000	\$ 2,468,688

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 45,493
Accounts Receivable - State	5,738
Accounts Receivable - Federal	57,950
Accounts Receivable - Other	8,476
Inventories	11,521
	<hr/>
Total Current Assets	129,178
	<hr/>
Non-Current Assets:	
Capital Assets	1,162,765
Less: Accumulated Depreciation	(996,750)
	<hr/>
Total Non-Current Assets	166,015
	<hr/>
Total Assets	295,193
	<hr/>
LIABILITIES:	
Accounts Payable - Vendors	1,918
Unearned Revenue - Prepaid Sales	47,836
Unearned Revenue - Donated Commodities	1,652
	<hr/>
Total Liabilities	51,406
	<hr/>
NET POSITION:	
Investment in Capital Assets	166,015
Unrestricted	77,772
	<hr/>
Total Net Position	\$ 243,787
	<hr/> <hr/>

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 13,754
Special Events	2,457
	<hr/>
Total Operating Revenue	16,211
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	230,986
Salaries and Benefits	206,014
Purchased Services	38,708
Management Fee	92,500
Supplies and Materials	44,376
Other	2,156
Depreciation Expense	30,406
	<hr/>
Total Operating Expenses	645,146
	<hr/>
Operating Loss	(628,935)
	<hr/>
Non-Operating Revenue:	
State Sources:	
Seamless Summer Option	19,961
Federal Sources:	
Food Distribution Program	53,938
Breakfast - Seamless Summer Option	95,280
Lunch - Seamless Summer Option	355,251
Local Sources:	
Interest Revenue	179
	<hr/>
Total Non-Operating Revenue	524,609
	<hr/>
Change in Net Position	(104,326)
	<hr/>
Net Position - Beginning of Year	348,113
	<hr/>
Net Position - End of Year	\$ 243,787
	<hr/> <hr/>

SPARTA TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 17,670
Payments to Employees	(206,014)
Payments to Suppliers	(334,067)
	<hr/>
Net Cash Used for Operating Activities	(522,411)
	<hr/>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(12,790)
	<hr/>
Net Cash Used for Capital Financing Activities	(12,790)
	<hr/>
Cash Flows from Noncapital and Related Financing Activities:	
State Sources	16,116
Federal Sources	402,280
	<hr/>
Net Cash Provided by Noncapital and Related Financing Activities	418,396
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	179
	<hr/>
Net Cash Provided by Investing Activities	179
	<hr/>
Net Decrease in Cash and Cash Equivalents	(116,626)
	<hr/>
Cash and Cash Equivalents, July 1	162,119
	<hr/>
Cash and Cash Equivalents, June 30	\$ 45,493
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (628,935)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	30,406
Food Distribution Program	53,938
Changes in Assets and Liabilities:	
(Increase)/Decrease in Interfund Receivable - General Fund	1,024
(Increase)/Decrease in Accounts Receivable	11,817
(Increase)/Decrease in Inventory	19,486
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(11,836)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	454
Increase/(Decrease) in Accounts Payable	1,235
	<hr/>
Net Cash Used for Operating Activities	\$ (522,411)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The District received commodities valued at \$54,392 and used commodities valued at \$53,938 during the fiscal year.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance June 30, 2020	Issued	Matured	Defeased Debt	Balance June 30, 2021
			Date	Amount	June 30, 2021	June 30, 2021						
2015 School Refunding Bonds	2/18/2015	\$ 54,355,000	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%	\$ 46,850,000	\$ 2,265,000	\$ 34,275,000	\$ 10,310,000			
2018 School Refunding Bonds	6/6/2018	7,830,000	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%	6,745,000	1,020,000		5,725,000						
2020 School Refunding Bonds	8/15/2020	\$ 41,405,000	02/15/22	730,000	3.000%							
			02/15/23	750,000	0.628%							
			02/15/24	755,000	0.762%							
			02/15/25	765,000	0.892%							
			02/15/26	3,600,000	1.134%							
			02/15/27	3,610,000	1.234%							
			02/15/28	3,860,000	1.388%							
			02/15/29	3,760,000	1.488%							
			02/15/30	3,610,000	1.638%							
			02/15/31	3,465,000	1.738%							
			02/15/32	3,380,000	1.838%							
			02/15/33	3,290,000	1.938%							
02/15/34	3,205,000	1.988%										
02/15/35	3,115,000	2.038%										
02/15/36	3,040,000	2.088%										
						\$ 41,405,000	470,000			40,935,000		
						\$ 53,595,000	\$ 41,405,000	\$ 3,755,000	\$ 34,275,000	\$ 56,970,000		

SPARTA TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2020</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2021</u>
Technology Equipment	2.69%	\$ 810,300	\$ 408,067		\$ 201,323	\$ 206,744
Buses	2.84%	198,806	120,170		38,942	81,228
Buses	2.34%	227,501	179,872		43,421	136,451
Buses	1.62%	105,366	<u> </u>	\$ 105,366	<u>21,754</u>	<u>83,612</u>
			<u>\$ 708,109</u>	<u>\$ 105,366</u>	<u>\$ 305,440</u>	<u>\$ 508,035</u>

SPARTA TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,100,371		\$ 5,100,371	\$ 5,100,371	
State Sources:					
Debt Service State Aid Support	601,404		601,404	601,404	
Total Revenues	<u>5,701,775</u>		<u>5,701,775</u>	<u>5,701,775</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	2,416,775	\$ (470,000)	1,946,775	1,943,472	\$ 3,303
Redemption of Principal	3,285,000	470,000	3,755,000	3,755,000	
Total Expenditures	<u>5,701,775</u>		<u>5,701,775</u>	<u>5,698,472</u>	<u>3,303</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				3,303	3,303
Other Financing Sources/(Uses):					
School Refunding Bonds Issued				41,405,000	41,405,000
School Bonds Defeased				(34,275,000)	(34,275,000)
Bond Premium				33,074	33,074
Bond Issuance Costs				(256,796)	(256,796)
Deferred Amount on Refunding				(6,906,278)	(6,906,278)
Total Other Financing Sources				<u>-0-</u>	<u>-0-</u>
Excess (Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses				3,303	3,303
Fund Balance, July 1	73,170		73,170	73,170	
Fund Balance, June 30	<u>\$ 73,170</u>	<u>\$ - 0 -</u>	<u>\$ 73,170</u>	<u>\$ 76,473</u>	<u>\$ 3,303</u>
Recapitulation of Fund Balance:					
Restricted				<u>\$ 76,473</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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
Governmental Activities:										
Net Investment in Capital										
Assets										
Restricted	\$ 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	\$ 19,779,508
Unrestricted/(Deficit)	6,407,574	5,105,753	5,090,465	4,133,114	4,318,653	6,992,480	9,272,742	7,022,305	8,076,372	7,889,804
	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)	(21,294,145)
Total Governmental Activities/(Deficit)	\$ 8,565,011	\$ 8,934,272	\$ (3,869,738)	\$ (5,810,581)	\$ (6,081,172)	\$ (6,850,306)	\$ (3,944,009)	\$ (2,049,326)	\$ 1,929,475	\$ 6,375,167
Business-Type Activities:										
Investment in Capital										
Assets										
Restricted	\$ 412,509	\$ 361,826	\$ 323,838	\$ 269,323	\$ 293,342	\$ 264,319	\$ 246,002	\$ 212,478	\$ 183,631	\$ 166,015
Unrestricted/(Deficit)	136,870	102,064	92,433	15,829	53,383	80,303	114,842	187,596	164,482	77,772
Total Business-Type Activities	\$ 549,379	\$ 463,890	\$ 416,271	\$ 285,152	\$ 346,725	\$ 344,622	\$ 360,844	\$ 400,074	\$ 348,113	\$ 243,787
District-Wide/(Deficit):										
Net Investment in Capital										
Assets										
Restricted	\$ 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	\$ 19,945,523
Unrestricted/(Deficit)	6,407,574	5,105,753	5,090,465	4,133,114	4,318,653	6,992,480	9,272,742	7,022,305	8,076,372	7,889,804
	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)	(21,216,373)
Total District-Wide Net Position/(Deficit)	\$ 9,114,390	\$ 9,398,162	\$ (3,453,467)	\$ (5,525,429)	\$ (5,734,447)	\$ (6,505,684)	\$ (3,583,165)	\$ (1,649,252)	\$ 2,277,588	\$ 6,618,954

* - Restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular Instruction	\$ 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	\$ 33,462,907
Special Education Instruction	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	9,856,718
Other Special Instruction	797,952	883,938	1,078,212	316,459	627,416	553,048	527,022	136,566	148,246	127,279
Other Instruction	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	4,191,390
Total Instruction	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	47,638,294
Support Services:										
Tuition	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	1,861,446
Student & Instruction Related Services	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	12,791,885
General Administration Services	1,118,511	788,934	1,477,500	1,609,895	1,725,193	1,658,805	1,381,196	845,301	874,953	1,178,544
School Administration Services	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	4,451,566
Central Services	696,640	699,048	724,795	934,943	954,126	1,002,881	1,021,876	997,501	1,005,761	915,372
Administrative Information Technology	551,213	443,112	913,338	663,490	1,039,903	576,780	451,630	870,441	864,403	880,459
Plant Operations and Maintenance	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	7,371,420
Pupil Transportation	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	4,587,568
Charter Schools	297,638	447,707	428,077	233,906	373,175	174,152	254,577	419,066	385,792	287,660
Interest On Long-Term Debt	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	1,203,615
Unallocated Depreciation	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	2,823,002
Total Governmental Activities Expenses	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	85,990,831
Business-Type Activities:										
Food Service	961,677	886,791	860,552	955,855	891,526	902,693	881,323	904,348	729,559	645,146
Total Business-Type Activities Expenses	961,677	886,791	860,552	955,855	891,526	902,693	881,323	904,348	729,559	645,146
Total District Expenses	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	86,635,977

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Regular Instruction										\$ 76,766
Student & Instruction Related Services										404,040
Operating Grants and Contributions	\$ 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	21,584,507
Capital Grants and Contributions				229,910						
Total Governmental Activities	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	22,065,313
Business-Type Activities:										
Charges for Services:										
Food Service	769,953	692,588	703,066	702,817	743,090	744,113	694,065	786,527	544,862	16,211
Operating Grants and Contributions	143,511	108,307	110,639	115,540	135,530	156,140	149,476	155,818	131,885	524,430
Total Business Type Activities	913,464	800,895	813,705	818,357	878,620	900,253	843,541	942,345	676,747	540,641
Total District-wide Program Revenues	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	22,605,954
Net (Expense)/Revenue:										
Governmental Activities	(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)	(63,925,518)
Business-Type Activities	(48,213)	(85,896)	(46,847)	(137,498)	(12,906)	(2,440)	(37,782)	37,997	(52,812)	(104,505)
Total District-Wide Net (Expense)/Revenue	(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)	(64,030,023)

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 59,863,472
Taxes Levied for Debt Service	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	5,100,371
Unrestricted Grants and Contributions	638,505	603,494	627,132	614,990	631,919	575,191	594,728	3,351,018	3,231,251	3,282,404
Interest and Miscellaneous Income	392,736	190,753	275,427	222,915	210,441	173,588	256,811	275,906	157,451	124,963
Total Governmental Activities General Revenues & Other Changes in Net Position	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	68,371,210
Business-Type Activities:										
Investment Earnings	560	407	339	215	256	337	435	1,233	1,188	179
Other Item			(1,111)	6,164	7,030		53,569		(337)	
Total Business-Type Activities General Revenues & Other Changes in Net Position	560	407	(772)	6,379	7,286	337	54,004	1,233	851	179
Total District-Wide General Revenues and Other Changes in Net Position	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	68,371,389
Change in Net Position:										
Governmental Activities	1,961,700	547,594	161,675	(1,940,843)	(64,015)	(769,134)	2,906,297	1,894,683	3,492,923	4,445,692
Business-Type Activities	(47,653)	(85,489)	(47,619)	(131,119)	(5,620)	(2,103)	16,222	39,230	(51,961)	(104,326)
Total District-wide Change in Net Position	\$ 1,914,047	\$ 462,105	\$ 114,056	\$ (2,071,962)	\$ (69,635)	\$ (771,237)	\$ 2,922,519	\$ 1,933,913	\$ 3,440,962	\$ 4,341,366

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund:										
Restricted	\$ 3,719,076	\$ 3,119,978	\$ 3,109,825	\$ 2,876,640	\$ 3,818,836	\$ 6,506,652	\$ 8,793,911	\$ 6,949,135	\$ 7,797,736	\$ 7,632,232
Assigned	1,823,657	1,044,263	403,991	231,916	546,237	725,863	267,440	2,293,931	883,781	1,751,889
Unassigned	744,500	606,546	590,531	608,338	638,261	718,973	746,696	904,374	937,131	1,707,034
Total General Fund	\$ 6,287,233	\$ 4,770,787	\$ 4,104,347	\$ 3,716,894	\$ 5,003,334	\$ 7,951,488	\$ 9,808,047	\$10,147,440	\$ 9,618,648	\$11,091,155
Other Governmental Funds:										
Restricted:										
Special Revenue Fund	\$ 2,644,386	\$ 1,985,775	\$ 1,980,640	\$ 1,256,474	\$ 499,817	\$ 485,828	\$ 478,831		\$ 205,466	\$ 181,099
Capital Projects Fund										
Debt Service Fund										
Committed	44,112	44,112	344,872					\$ 73,170	73,170	76,473
Total Other Governmental Funds	\$ 2,688,498	\$ 2,029,887	\$ 2,325,512	\$ 1,256,474	\$ 499,817	\$ 485,828	\$ 478,831	\$ 73,170	\$ 278,636	\$ 257,572
Total Government Funds	\$ 8,975,731	\$ 6,800,674	\$ 6,429,859	\$ 4,973,368	\$ 5,503,151	\$ 8,437,316	\$10,286,878	\$10,220,610	\$ 9,897,284	\$11,348,727

* - Restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 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	\$ 64,963,843
Miscellaneous	474,922	264,101	374,516	281,326	313,285	415,547	490,317	491,843	356,465	673,206
State Sources	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	20,058,648
Federal Sources	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	1,285,681
Total Revenue	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	86,981,378
Expenditures:										
Instruction:										
Regular	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	21,104,091
Special Education	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	6,361,320
Other Special	509,442	509,056	681,420	110,397	128,871	80,320	69,686	71,025	84,267	71,798
Other	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	2,665,224
Support Services:										
Tuition	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	1,861,446
Student & Instruction- Related Services	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	8,421,854
General Administration	974,761	689,224	1,137,417	1,150,852	1,205,045	1,206,367	896,532	651,684	699,249	903,475
School Administration	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	2,750,665
Central Services	515,781	505,927	516,809	587,857	586,055	559,098	558,563	622,402	664,552	586,232
Administrative Information Technology	369,096	283,871	353,070	331,537	300,981	343,051	370,917	644,460	675,239	710,804
Plant Operations/ Maintenance	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	5,655,833

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenditures:										
Support Services:										
Pupil Transportation	\$ 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	\$ 4,120,998
Unallocated Benefits	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	22,778,269
Charter Schools	297,638	447,707	428,077	233,906	373,175	174,152	254,577	419,066	385,792	287,660
Capital Outlay	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	1,657,160
Debt Service:										
Principal	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	3,755,000
Interest/Other Charges	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	1,943,472
Total Expenditures	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	85,635,301
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(2,960,443)	(2,175,057)	(858,045)	(1,981,109)	529,783	966,172	1,849,562	(1,075,374)	(1,036,705)	1,346,077
Other Financing Sources (Uses):										
Capital Leases			487,230	524,618		1,967,993		1,009,106	227,501	105,366
Bond Proceeds				54,355,000						41,405,000
School Bonds Deceased				(60,213,000)						(34,275,000)
Premium on Refunding Bonds				8,661,508						33,074
Costs of Refunding Bond Issue				(311,028)						(256,796)
Deferred Amount - Refunding				(2,492,480)						(6,906,278)
Transfers In	6,722	2,263	391,486	702,897	804,990	1,000		479,618		
Transfers Out	(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	105,366
Net Change In Fund Balances	\$ (2,960,443)	\$ (2,175,057)	\$ (370,815)	\$ (1,456,491)	\$ 529,783	\$ 2,934,165	\$ 1,849,562	\$ (66,268)	\$ (809,204)	\$ 1,451,443
Debt Service as a Percentage of Noncapital Expenditures	8.97%	8.55%	8.77%	8.45%	8.24%	8.01%	7.71%	7.24%	7.03%	6.79%

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	Other	Total
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
2021	40,370	76,766		84,593	201,729

Source: Sparta Township School District Financial Reports.

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

Year	Vacant Land		Farm		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)
	Residential	Regular	Regular	Qualified										
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	\$ 2.23	\$ 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	2.31	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	2.36	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	2.42	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	2.46	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	1.98	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	2.03	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	2.04	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	2.09	3,203,716,178	
2020	63,641,500	2,582,484,000	31,900,900	852,900	268,530,200	41,955,800	12,147,900	3,001,513,200		3,001,513,200	238,760,400	2.17	3,297,251,767	

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b Tax rates are per \$100 of assessed value.

* Revaluation/reassessment effective in this year.

Source: Sparta Township Tax Assessor.

SPARTA TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Sparta Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Sparta Township	Sussex County		
2011	\$ 2.01	\$ 0.22	\$ 2.23	\$ 0.69	\$ 0.59	\$ 3.51	
2012	2.09	0.22	2.31	0.72	0.62	3.65	
2013	2.13	0.23	2.36	0.73	0.65	3.75	
2014	2.22	0.20	2.42	0.75	0.65	3.83	
2015	2.27	0.19	2.46	0.77	0.66	3.89	
2016	* 1.80	0.17	1.98	0.62	0.53	3.13	
2017	1.86	0.17	2.03	0.62	0.56	3.20	
2018	1.89	0.16	2.04	0.63	0.57	3.24	
2019	1.93	0.17	2.09	0.64	0.58	3.31	
2020	2.00	0.17	2.17	0.64	0.60	3.40	

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for Debt Service are based on each year's requirements.

* Revaluation/reassessment effective in this year.

Source: Sparta Township Tax Collector and School Business Administrator.

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

TOWNSHIP OF SPARTA

	2021		2012		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	0.657%	\$ 7,103,100	0.290%	Cofrancesco/Grinnell			
Braen Royalty LLC	8,137,900	0.271%	7,079,100	0.289%	Sparta Builders, LLC			
376 Lafayette JV LLC	6,961,400	0.232%	6,071,300	0.248%	Limecrest Quarry Dev., LLC			
Sparta Ecumenical Council	6,225,000	0.207%	5,541,100	0.226%	Lake Mohawk Country Club			
NV Retail Holding, LLC	5,986,400	0.199%	5,203,800	0.212%	Toll New Jersey VI, LP			
AHS Hospital Corp	5,828,900	0.194%	4,756,000	0.194%	Newton Memorial Hospital			
Heller Sparta, LLC	5,616,800	0.187%	4,739,437	0.193%	United Telephone			
Lake Mohawk Country Club	5,465,300	0.182%	4,160,700	0.170%	Ashdown Forest Estates, LLC			
CC Holdings LLC	5,313,100	0.177%	4,114,200	0.168%	Terry-Lynn, Inc.			
Serolf Properties LLC	5,296,300	0.176%	3,878,600	0.158%	Heller Sparta, LLC			
Total	\$ 74,542,500	2.483%	\$ 52,647,337	2.148%				

Source: Sparta Township Tax Assessor.

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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 -
2021	64,963,843	64,963,843	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			
2012	\$ 82,648,000	\$ 103,135.0	\$ 82,751,135	8.68%	\$ 4,232
2013	80,293,000	50,452	80,343,452	8.21%	4,137
2014	77,588,000	362,284	77,950,284	7.92%	4,048
2015	69,050,000	573,996	69,623,996	6.83%	3,642
2016	66,140,000	170,829	66,310,829	6.33%	3,503
2017	63,265,000	1,783,057	65,048,057	6.10%	3,457
2018	59,765,000	1,169,171	60,934,171	5.56%	3,256
2019	56,665,000	1,158,214	57,823,214	4.87%	3,100
2020	53,595,000	708,109	54,303,109	4.58%	2,919
2021	56,970,000	508,035	57,478,035	4.85%	3,091

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		
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%	4,029
2015	69,050,000	- 0 -	69,050,000	2.95%	3,612
2016	66,140,000	- 0 -	66,140,000	2.83%	3,494
2017	63,265,000	- 0 -	63,265,000	2.12%	3,362
2018	59,765,000	- 0 -	59,765,000	2.01%	3,194
2019	56,665,000	- 0 -	56,665,000	1.90%	3,038
2020	53,595,000	- 0 -	53,595,000	1.79%	2,881
2021	56,970,000	- 0 -	56,970,000	1.90%	3,063

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.

SPARTA TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
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	\$ 5,887,675	100.00%	\$ 5,887,675
Sussex County General Obligation Debt	97,520,409	18.47%	<u>18,014,155</u>
Subtotal, Overlapping Debt			23,901,830
Sparta School District Direct Debt			<u>59,705,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 83,606,830</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 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	\$ 129,709,549
Net Debt Applicable to Limit	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	56,970,000
Legal Debt Margin	\$ 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	\$ 72,739,549
Net Debt Applicable to the Limit as a % of Debt Limit	58.28%	58.17%	58.75%	53.98%	52.86%	50.94%	48.24%	45.32%	42.01%	43.92%

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis		
	2018	2019	2020
Sparta Township	\$3,187,636,364	3,278,774,523	3,261,805,260
	<u>\$9,728,216,147</u>		
Average Equalized Valuation of Taxable Property	\$3,242,738,716		
Debt Limit (4% of average equalization value) ^a	\$ 129,709,549		
Net Bonded School Debt as of June 30, 2021	<u>56,970,000</u>		
Legal Debt Margin	<u>\$ 72,739,549</u>		

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

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
2012	\$ 19,420	\$ 50,832	\$ 953,094,760	6.10%
2013	19,256	51,457	978,820,992	6.70%
2014	19,119	53,814	983,806,383	5.00%
2015	18,932	55,706	1,018,806,648	4.30%
2016	18,816	57,006	1,048,164,096	3.80%
2017	18,714	58,798	1,066,810,284	3.40%
2018	18,650	61,156	1,096,582,700	3.20%
2019	18,604	63,784	1,186,637,536	2.80%
2020	18,598	63,784 **	1,186,254,832	8.00%
2021	18,598 *	63,784 **	1,186,254,832 ***	N/A

* - Latest Township population available (2020) was used for calculations purposes.

** - Latest Sussex County per capita personal income available (2019) was used for calculation purposes.

*** - Latest Township population available (2020) and latest Sussex County per capita personal income available (2019) 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>2021</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

69,689

<u>Employer</u>	<u>2012</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.	287	0.38%
	<u>7,363</u>	<u>10.49%</u>
Total County 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>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction:										
Regular	227.6	276.0	270.0	248.2	256.6	245.5	249.0	252.0	257.3	251.0
Special Education	97.6	52.0	54.0	70.5	67.0	69.8	65.0	69.0	75.4	82.0
Support Services:										
Student & Instruction-Related Services	52.1	54.0	42.0	88.0	97.1	97.0	94.0	94.0	100.0	92.0
General Administrative Services	2.5	5.0	5.0	4.0	4.0	4.0	6.0	6.0	4.0	4.0
School Administrative Services	30.0	21.0	29.0	41.5	42.1	41.6	41.0	41.0	47.6	37.5
Plant Operations and Maintenance	41.0	41.0	41.0	38.0	38.5	40.0	41.0	46.0	40.1	45.0
Pupil Transportation	20.0	20.0	20.0	25.0	21.7	19.0	21.0	21.0	23.5	20.5
Business and Other Support Services	8.5	8.5	8.5	7.0	7.0	6.0	6.0	6.0	6.2	6.2
Total	479.3	477.5	469.5	522.2	534.0	522.9	523.0	535.0	554.0	538.2

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						Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change Average Daily Enrollment	Student Attendance Percentage	
						Elementary		Senior High School		Middle School	Mohawk Avenue					N/A
						Helen Morgan	Alpine	Helen Morgan	Mohawk Avenue							
2012	3,708	\$ 60,093,896	\$ 16,207	13.32%	325	19.4	17.1	12.4	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	11.6	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	11.2	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	10.2	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	9.8	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	6.8	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	6.8	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	9.2	8.4	9.2	3,135.5	3,036	0.71%	96.83%		
2021	3,037	78,279,669	25,775	8.26%	333	9.2	10.4	8.8	8.5	8.8	3,068.1	2,982	-2.15%	97.19%		

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Elementary</u>										
Helen Morgan (1958)										
Square Feet	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515	60,515
Capacity (Students)	672	672	672	672	672	672	672	672	672	672
Enrollment	739	565	530	509	494	470	467	444	429	442
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	726	683	631	631	664	664	692	671	621
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	206
<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	847	816	825	799	801	768	753	724	714
<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	1,224	1,207	1,142	1,122	1,095	1,092	1,111	1,077	1,054

Number of Schools at June 30, 2021

- 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
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
2021	140,664	57,261	214,793	245,091	431,420	1,089,229

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

SPARTA TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

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



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2021.

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.

November 30, 2021
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, 2021. 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, 2021.

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.

November 30, 2021
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, 2021

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, 2020		Balance June 30, 2021		
					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	7/1/20-6/30/21	\$ 8,900	\$ (8,900)				
Families First Coronavirus Response Act/SEMI	93.778	N/A	1/1/20-12/31/20	257	(257)				
Total General Fund				9,157	(9,157)				
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-4960-21	7/1/20-9/30/21	1,199,913	(884,708)	\$ (312,083)			
Part B, Basic	84.027	IDEA-4960-20	7/1/19-9/30/20	1,071,460					
Part B, Preschool	84.173	IDEA-4960-21	7/1/20-9/30/21	25,529	(25,529)				
Part B, Preschool	84.173	IDEA-4960-20	7/1/19-9/30/20	47,300					
Total Special Education Cluster				781,555	(910,237)	(312,083)			
Elementary and Secondary Education Act:									
Title I	84.010	ESEA-4960-21	7/1/20-9/30/21	84,419	(62,597)	(31,868)			
Title I	84.010	ESEA-4960-20	7/1/19-9/30/20	103,728					
Title II, Part A	84.367A	ESEA-4960-21	7/1/20-9/30/21	83,547	(41,233)	(36,333)			
Title II, Part A	84.367A	ESEA-4960-20	7/1/19-9/30/20	74,561					
Title IV	84.424	ESEA-4960-21	7/1/20-9/30/21	29,000	(8,437)	(5,491)			
Title IV	84.424	ESEA-4960-20	7/1/19-9/30/20	20,000					
Total Elementary and Secondary Education Act				307,255	(112,267)	(73,692)			
Education Stabilization Fund:									
COVID 19 - CARES Emergency Grant	84.425D	CARES-4960-21	3/13/20-9/30/22	86,573	(83,558)	(88)			
COVID 19 - CRRSA ESSER II	84.425D	CARES-4960-21	3/13/20-9/30/23	259,733	(9,150)	(9,150)			
Total Education Stabilization Fund				346,306	(92,708)	(9,238)			
Total U.S. Department of Education				945,386	(1,115,212)	(395,013)			

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2020			Balance June 30, 2021		
					Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
Special Revenue Fund (Cont'd):										
U.S. Department of Treasury:										
Passed-through State Department of Education:										
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/13/21-9/30/23	\$ 96,295		\$ (96,295)				
COVID 19 - Nonpublic Digital Divide Grant	21.019	N/A	7/16/20-10/31/20	55,507		(54,967)				
Total U.S. Department of Treasury						(151,262)				
Total Special Revenue Fund					\$ (227,729)	(1,266,474)		\$ (395,013)		
Enterprise Fund:										
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	54,392		(52,740)		\$ 1,652		
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	39,919	\$ 1,198	(1,198)				
COVID-19 Seamless Summer Option - Breakfast	10.555	N/A	7/1/20-6/30/21	95,280		(95,280)		(1,733)		
COVID-19 Seamless Summer Option - Lunch	10.555	N/A	7/1/20-6/30/21	355,251		(355,251)		(56,217)		
COVID-19 Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	13,777	(9,699)	9,699				
Child Nutrition Cluster Subtotal					(9,699)	(504,469)		(57,950)		
Total Enterprise Fund and U.S. Department of Agriculture					(9,699)	(504,469)		(57,950)		
Total Federal Awards					\$ (237,428)	\$ (1,780,100)		\$ (452,963)		\$ -0-

N/A - Not Applicable

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2021		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	21-495-034-5120-014	7/1/20-6/30/21	\$ 1,128,376			\$ 1,020,435	\$ (1,128,376)			\$ (107,941)	\$ 1,128,376	
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	2,030,137			1,835,932	(2,030,137)			(194,205)	2,030,137	
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	2,218,067			2,005,884	(2,218,067)			(212,183)	2,218,067	
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	252,688			228,516	(252,688)			(24,172)	252,688	
Extraordinary Aid	21-495-034-5120-044	7/1/20-6/30/21	437,852				(437,852)			(437,852)	437,852	
Nonpublic Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	45,493				(45,493)			(45,493)	45,493	
School Security Grant (Alyssa's Grant)	N/A	7/1/20-6/30/21	180,227				(180,227)			(180,227)	180,227	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	2,243,013			2,131,462	(2,243,013)			(111,551)	2,243,013	
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21	2,433,740			2,433,740	(2,433,740)			(111,551)	2,433,740	
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21	7,620,991			7,620,991	(7,620,991)				7,620,991	
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	144,999			144,999	(144,999)				144,999	
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	3,989			3,989	(3,989)				3,989	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	1,128,376	\$ (110,071)		110,071					1,128,376	
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	2,030,137	(198,036)		198,036					2,030,137	
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	2,384,116	(232,567)		232,567					2,384,116	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	252,688	(24,649)		24,649					252,688	
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	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	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	2,207,570	(107,405)		107,405					2,207,570	
Total General Fund State Aid				(1,098,579)		18,524,527	(18,739,572)			(775,123)	27,168,310	
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook Aid	21-100-034-5120-064	7/1/20 - 6/30/21	77,951			77,951	(74,642)				74,642	
Textbook Aid	20-100-034-5120-064	7/1/19 - 6/30/20	74,268					\$ (7,610)	\$ 3,309		66,658	
Nursing Aid	21-100-034-5120-070	7/1/20 - 6/30/21	131,784			131,784	(128,355)				128,355	
Nursing Aid	20-100-034-5120-070	7/1/19 - 6/30/20	137,837					(3,241)	3,429		134,596	
Technology Initiative Aid	20-100-034-5120-373	7/1/19 - 6/30/20	50,724					(766)			49,958	
Security Aid	21-100-034-5120-509	7/1/20 - 6/30/21	226,100			226,100	(213,322)				213,322	
Security Aid	20-100-034-5120-509	7/1/19 - 6/30/20	213,150					(34,562)	12,778		178,588	
New Jersey Nonpublic Auxiliary Services:												
Compensatory Education	21-100-034-5120-067	7/1/20 - 6/30/21	125,411			125,411	(89,488)				89,488	
Compensatory Education	20-100-034-5120-067	7/1/19 - 6/30/20	68,303	(8,193)		8,193		(1,217)	35,923		67,086	

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Repay Prior Years' Balances	Balance at June 30, 2021		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Special Revenue Fund:												
Home Instruction	21-100-034-5120-067	7/1/20 - 6/30/21	\$ 3,795									
Home Instruction	20-100-034-5120-067	7/1/19 - 6/30/20	4,157	\$ (4,157)	\$ 4,157							
New Jersey Nonpublic Handicapped:												
Supplemental Instruction	21-100-034-5120-066	7/1/20 - 6/30/21	76,091		76,091	(67,755)						
Supplemental Instruction	20-100-034-5120-066	7/1/19 - 6/30/20	78,520	(8,874)	8,874		(10,522)					
Corrective Speech	21-100-034-5120-066	7/1/20 - 6/30/21	39,464		39,464	(39,464)						
Corrective Speech	20-100-034-5120-066	7/1/19 - 6/30/20	40,284	(3,527)	3,527		(2,279)					
Exam & Classification	21-100-034-5120-066	7/1/20 - 6/30/21	81,391		81,391	(80,653)						
Exam & Classification	20-100-034-5120-066	7/1/19 - 6/30/20	93,637	(9,580)	9,580		(33,609)					
Total Special Revenue Fund				(34,331)	792,523	(697,474)	(93,806)					
Debt Service Fund:												
Debt Service State Aid Support	21-495-034-5120-075	7/1/20 - 6/30/21	601,404		601,404	(601,404)						
Total Debt Service Fund					601,404	(601,404)						
Enterprise Fund:												
State Department of Agriculture:												
COVID-19 Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	19,961		14,223	(19,961)						
COVID-19 Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	1,958	(1,893)	1,893							
Total Enterprise Fund				(1,893)	16,116	(19,961)						
Total State Awards Subject to Single Audit Determination				\$ (1,134,803)	\$ 19,934,570	\$ (20,058,411)	\$ (93,806)					
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20-6/30/21				(2,433,740)						
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20-6/30/21				(7,620,991)						
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21				(144,999)						
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21				(3,989)						
Subtotal - On-Behalf TPAF Pension System Contributions						(10,203,719)						
Total State Awards Subject to Single Audit Major Program Determination						\$ (9,854,692)						

SPARTA TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021. 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 \$26,822 for the general fund and (\$5,470) for the special revenue fund (of which \$8,896 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, 2021
(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	\$ 9,157	\$ 18,766,394	\$ 18,775,551
Special Revenue Fund	1,276,524	690,850	1,967,374
Debt Service Fund		601,404	601,404
Food Service Fund	<u>504,469</u>	<u>19,961</u>	<u>524,430</u>
Total Awards	<u>\$ 1,790,150</u>	<u>\$ 20,078,609</u>	<u>\$ 21,868,759</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, 2021.

SPARTA TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	7/1/20-9/30/21	\$ 1,199,913	\$ 884,708
IDEA Part B Preschool	84.173	7/1/20-9/30/21	25,529	25,529
<u>State Program</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Reimbursed TPAF				
Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	\$ 2,243,013	\$ 2,243,013

- 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, 2021
(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, 2021

Status of Prior Year Findings:

There were no prior year audit findings.