

**SPARTA TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2023**

**Responsibility of the Management of  
Sparta Township School District  
Sussex County, New Jersey**



**SPARTA TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Other Information - Part I</b>	
Introduction section	
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
 Financial Section	
Independent Auditors' Report	8 - 11
 <b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis	12 - 19
 <b>Basic Financial Statements</b>	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	20 - 21
A-2 Statement of Activities	22
 B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	23 - 24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25 - 26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27 - 28
Proprietary Funds	
B-4 Combining Statement of Net Position	29
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	30
B-6 Combining Statement of Cash Flows	31
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Statement of Changes in Net Position	N/A
 Notes to the Financial Statements	32 - 66

**SPARTA TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	67 - 76
C-1a Combining Schedule of Program Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	77
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	78
<b>Required Supplementary Information - Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	79
L-2 Schedule of District's Contributions - Public Employees Retirement System	80
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	81
L-4 Schedule of District's Contributions - Teacher's Pension and Annuity Fund	82
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits Pensions (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability - Public Employees Retirement System	83
Notes to the Required Supplementary Information - Part III	84

**SPARTA TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
<b>Other Information - Part II</b>	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenue and Expenditures - Budgetary Basis	85 - 89
E-2 Schedule of Preschool Education Aid Expenditure	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	90
F-2 Summary Schedule of Revenue, Expenditures, and Change in Fund Balance - Budgetary Basis	91
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	92
G. Proprietary Funds	
Enterprise Fund	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	93
I-2 Schedule of Obligations Under Leases	94
I-3 Debt Service Fund - Budgetary Comparison Schedule	95
Statistical Section	
J. Statistical Section	
J-1 Net Position by Component	96
J-2 Changes in Net Position	97 - 99
J-3 Fund Balances - Governmental Funds	100
J-4 Changes in Fund Balances - Governmental Funds	101 - 102
J-5 General Fund - Other Local Revenues by Source	103
J-6 Assessed Value and Actual Value of Taxable Property	104
J-7 Direct and Overlapping Property Tax Rates	105

**SPARTA TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2023**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>
Statistical Section (continued)	
J. Statistical Section	
J-8 Principal Property Taxpayers	106
J-9 Property Tax Levies and Collections	107
J-10 Ratios of Outstanding Debt by Type	108
J-11 Ratios of Net General Bonded Debt Outstanding	109
J-12 Direct and Overlapping Governmental Activities Debt	110
J-13 Legal Debt Margin Information	111
J-14 Demographic and Economic Statistics	112
J-15 Principal Employers	113
J-16 Full Time Equivalent District Employees by Function/Program	114
J-17 Operating Statistics	115
J-18 School Building Information	116
J-19 Schedule of Required Maintenance Expenditures by School Facility	117
J-20 Insurance Schedule	118
Single Audit Section	
K. Single Audit Section	
<b>Other Reporting Required by Government Auditing Standards - Part I</b>	
K-1 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	119 - 120
K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance and New Jersey OMB Circular Letter 15-08	121 - 123
<b>Supplementary Information</b>	
K-3 Schedule of Expenditures of Federal Awards, Schedule A	124 - 125
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	126 - 127
K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	128 - 129
<b>Other Reporting Required by Government Auditing Standards - Part II</b>	
K-6 Schedule of Findings and Questioned Costs	130 - 132
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	133



**Dr. Matthew Beck**  
*Superintendent*

**Tara Rossi**  
*Assistant Superintendent*

**Joanne Black**  
*School Business Administrator*

December 6, 2023

Honorable President and Members of the Board of Education  
Sparta Township School District  
18 Mohawk Avenue  
Sparta, NJ 07871

Dear Honorable President and Board Members:

The Annual Comprehensive Financial Report of the Sparta Township School District for the fiscal year ending June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present, fairly, the financial position and results of the operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections, Introduction, Financial, Statistical and Single audit. The Introduction Section also includes the Letter of Transmittal, the District's Organizational Chart, Roster of Officials, and Consultants and Advisors. The Financial Section includes the Basic Financial Statements and schedules, as well as the auditor's report, therein. The Statistical Section includes financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the 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 OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to the single audit, including the auditor's reports on internal control structure and compliance with applicable law and regulations and findings 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 Pre-K through 12 for the students residing in Sparta Township.

As of June 30, 2023, Sparta Schools enrolled 3,233 students at five schools compared to 3,186 students as of June 30, 2022, which is an increase of 47 students, or 0.76%.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2013 - 2014	3,475.1	-2.74%
2014 - 2015	3,305.7	-4.87%
2015 - 2016	3,269.5	-1.10%
2016 - 2017	3,209.0	-1.85%
2017 - 2018	3,219.0	0.31%
2018 - 2019	3,113.5	-3.28%
2019 - 2020	3,135.5	0.71%
2020 - 2021	3,068.1	-2.15%
2021 - 2022	3,209.9	4.62%
2022 - 2023	3,234.1	0.76%

**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 continued reduction in State Aid in recent years has also significantly impacted the District's budget. 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 rising cost of employee benefits, transportation, facility maintenance, and increased special education needs as well as out-of-district placements are also matters that need to be considered in current and future budgets.

**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: Social- emotional professional development for staff and delivery for students, increased student data-analysis to drive instruction, technology audit and planning, communications audit and planning, and continued safety and security upgrades. Continued review and restructuring of 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.

#### 4. INTERNAL CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure 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 the conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance 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 the costs and benefits requires estimates and judgements by Management.

As a recipient of Federal and State financial assistance, the District, is also responsible that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations to those programs. The internal control structure is also subject to periodic evaluation by District Management.

As a part of the District's single audit described earlier, tests are made to determine the adequacy of the internal structure, including the portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

#### 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,.

#### 6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Financial Statements, Note 1.

#### 7. CASH MANAGEMENT:

The investment policy of the District is guided in a large part by the State as detailed in the Notes to the Financial Statements, Note 3. The District has adopted a cash management plan requiring it to deposit public funds in public depositories protected from loss under provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted 1970 to protect government units from a loss of funds in deposits with failed banking institutions in New Jersey. The law requires government units to deposit public funds only in public depositories located in New Jersey, where 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 BKC, CPAs, PC 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:

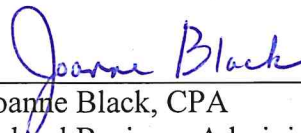
We would like to express our appreciation to the members of the Sparta Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully Submitted,



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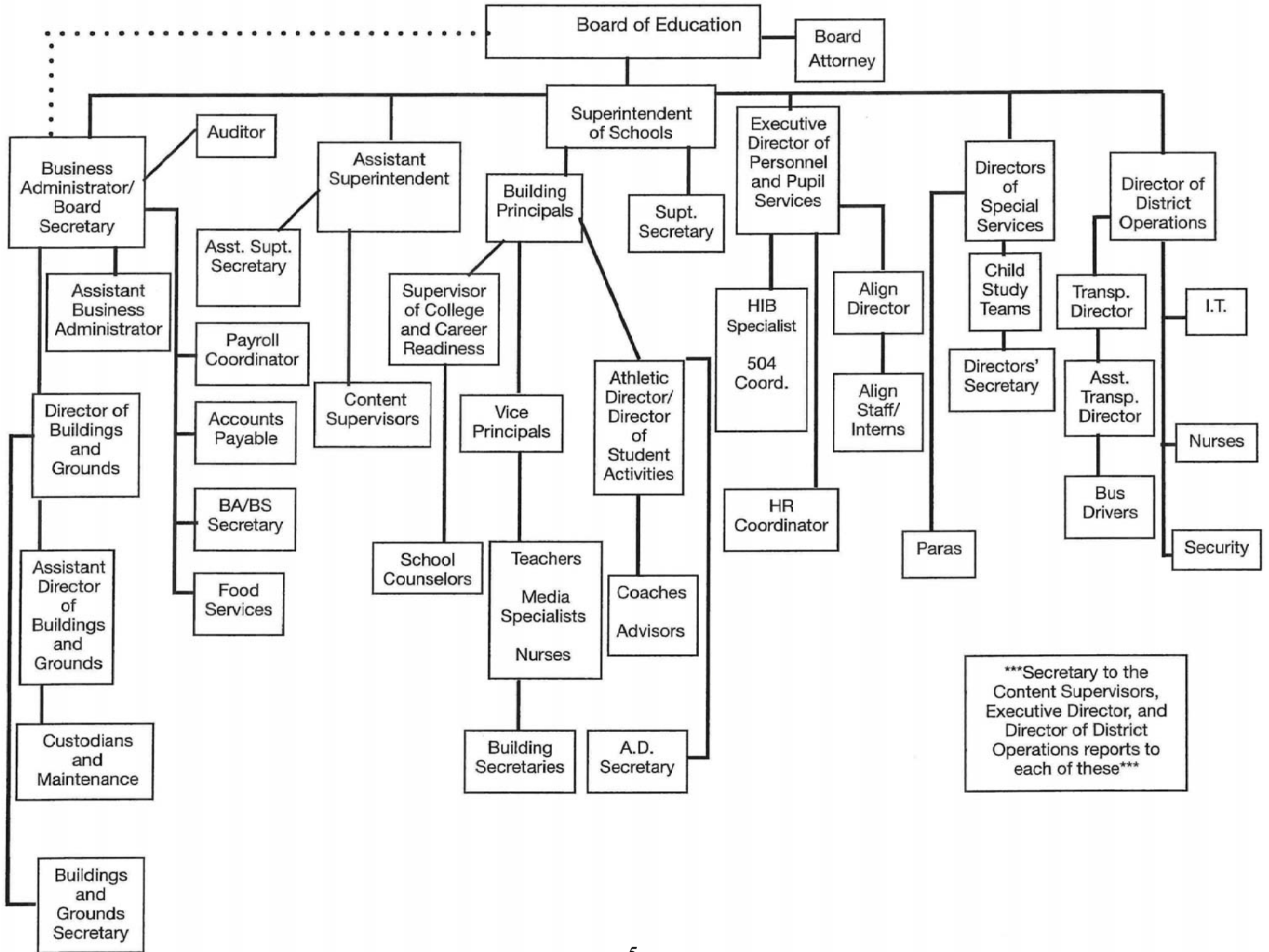
Dr. Matthew L. Beck  
Superintendent



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Joanne Black, CPA  
School Business Administrator/  
Board Secretary

# SPARTA TOWNSHIP SCHOOL DISTRICT - ORGANIZATION CHART



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Roster of Officials**  
**June 30, 2023**

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
Kurt Morris	President	2025
Leigh McMichael	Vice President	2025
Christina Keiling		2023
Walter Knapp		2023
LeAnne Pitzer		2023
Craig Palleschi		2024
Wendy Selander		2024
Vanessa Serrano		2024
Lauren Collier		2025

<b>Other Officials</b>	<b>Title</b>
Dr. Matthew H. Beck	Superintendent of Schools
Tara Rossi	Assistant Superintendent
Joanne Black	Business Administrator
Kristine Demay	Assistant Business Administrator
Kerry A. Keane	Treasurer

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Consultants and Advisors**  
**June 30, 2023**

**AUDIT FIRM**

BKC, CPAs, PC  
39 State Route 12, Ste 2  
Flemington, NJ 08822

**ATTORNEY**

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

**ARCHITECT**

Di Cara Rubino  
Wayne, NJ

**OFFICIAL DEPOSITORY**

Valley Bank  
Sparta, NJ



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Sparta Township Public School District  
Sparta, New Jersey

### Report on the Financial Statements

#### Opinion

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 Sparta Township School District (the District) in the County of Sussex, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

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 District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, 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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 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.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA

NO. 20CS00265600

December 6, 2023  
Flemington, New Jersey



**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

The discussion and analysis of Sparta Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

**Key financial highlights for 2023 are as follows:**

- In total, net position increased \$1,573,695 which represents a 16.90% increase from fiscal year 2022.
- General revenues accounted for \$95,824,636 in revenue or 89.36% of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$11,415,699 or 10.64% to total revenues of \$107,240,335.
- Total assets of governmental activities decreased by \$4,098,507 as cash and cash equivalents decreased by \$3,553,374, receivables increased by \$159,806 and capital assets decreased by \$704,939.
- The School District had \$105,666,640 in expenses; only \$11,415,699 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$95,824,636 were adequate to provide for these programs.
- Among major funds, the general fund had \$85,825,535 in revenues, \$87,891,649 in expenditures and 483,715 in other financing uses. The general fund's balance decreased \$2,549,829 from 2022.

**Using this Annual Comprehensive Financial Report (ACFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Sparta Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Sparta Township Public School District, the general fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2023 compared to June 30, 2022.

**Table 1**  
**Net Position**

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 12,243,999	\$ 15,579,125	\$ (3,335,126)	-21.41%
Capital assets	69,055,457	69,741,850	(686,393)	-0.98%
<b>Total assets</b>	<u>81,299,456</u>	<u>85,320,975</u>	<u>(4,021,519)</u>	<u>-4.71%</u>
<b>Deferred outflows of resources</b>				
Deferred amount of pension activity	1,086,771	1,105,338	(18,567)	-1.68%
Deferred amount of bond refunding	6,747,570	8,245,509	(1,497,939)	-18.17%
<b>Total deferred outflow of resources</b>	<u>7,834,341</u>	<u>9,350,847</u>	<u>(1,516,506)</u>	
<b>Liabilities</b>				
Long-term liabilities	73,686,550	76,588,523	(2,901,973)	-3.79%
Other liabilities	1,700,505	2,314,335	(613,830)	-26.52%
<b>Total liabilities</b>	<u>75,387,055</u>	<u>78,902,858</u>	<u>(3,515,803)</u>	<u>-4.46%</u>
<b>Deferred pension activity</b>				
Total deferred inflow of resources	<u>2,862,865</u>	<u>6,458,782</u>	<u>(3,595,917)</u>	<u>-55.67%</u>
<b>Net position</b>				
Net investment in capital assets	14,989,240	15,871,917	(882,677)	-5.56%
Restricted	6,202,965	5,409,620	793,345	14.67%
Unrestricted	(10,308,328)	(11,971,355)	1,663,027	13.89%
<b>Total net position</b>	<u>\$ 10,883,877</u>	<u>\$ 9,310,182</u>	<u>\$ 1,573,695</u>	<u>16.90%</u>

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Total assets decreased \$4,021,519. Cash and cash equivalents decreased by \$3,408,769, receivables and other assets increased by \$73,643, and capital assets decreased by \$686,393. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District, increased by \$1,663,027.

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position for fiscal year ended June 30, 2023 compared to June 30, 2022.

**Table 2**  
**Changes in Net Position**

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Changes for services	\$ 8,488,642	\$ 669,688	\$ 7,818,954	1167.55%
Operating grants	2,927,057	15,842,503	(12,915,446)	-81.52%
General revenues				
Property taxes	67,097,572	65,743,745	1,353,827	2.06%
Unrestricted grants	28,313,752	2,844,105	25,469,647	895.52%
Other	413,312	245,309	168,003	68.49%
Total revenues	<u>107,240,335</u>	<u>85,345,350</u>	<u>21,894,985</u>	<u>25.65%</u>
Program expenses				
Instruction				
Regular	42,538,529	29,957,773	12,580,756	41.99%
Special	12,287,274	9,346,444	2,940,830	31.46%
Other Special	1,580,703	180,359	1,400,344	776.42%
Other	5,559,991	3,807,100	1,752,891	46.04%
Support services				
Tuition	2,727,529	2,144,761	582,768	27.17%
Student & instructional related services	17,055,709	11,570,715	5,484,994	47.40%
General & business administration	2,105,902	1,889,193	216,709	11.47%
School administration	5,232,907	4,785,722	447,185	9.34%
Plant operations & maintenance	7,110,163	7,381,472	(271,309)	-3.68%
Transportation	6,639,883	5,005,378	1,634,505	32.65%
Transfer to charter school	269,800	218,288	51,512	23.60%
Unallocated depreciation	-	2,823,002	(2,823,002)	-100.00%
Food service	1,174,456	1,135,520	38,936	3.43%
Interest on long term debt	1,383,794	679,487	704,307	103.65%
Total expenses	<u>105,666,640</u>	<u>80,925,214</u>	<u>24,689,914</u>	<u>30.51%</u>
Change in net position	<u>\$ 1,573,695</u>	<u>\$ 4,420,136</u>	<u>\$ (2,846,441)</u>	<u>-64.40%</u>

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 63.39% of revenues for governmental activities for the Sparta Township Public School District for fiscal year 2023.

Instruction comprises 58.64% of the District's expenses. Support service expenses and interest on debt make up 41.36% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 show the total cost of services and the net cost of services for 2023 and 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2023 compared to June 30, 2022.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Instruction	\$ 61,966,497	\$ 43,291,676	\$ 56,564,094	\$ 33,337,432
Support services				
Tuition	2,727,529	2,144,761	2,058,424	1,879,270
Student & instructional staff	17,055,709	11,570,715	14,189,085	9,242,817
General & business				
administration	2,105,902	1,889,193	1,998,942	1,740,388
School administration	5,232,907	4,785,722	4,978,877	4,217,110
Plant operations &				
maintenance	7,110,163	7,381,472	6,605,198	6,816,754
Pupil transportation	6,639,883	5,005,378	6,392,538	3,754,809
Transfer to charter school	269,800	218,288	269,800	218,288
Unallocated depreciation	-	2,823,002	-	2,823,002
Food services	1,174,456	1,135,520	(189,811)	(296,334)
Interest on long-term debt	1,383,794	679,487	1,383,794	679,487
Total expenses	<u>\$ 105,666,640</u>	<u>\$ 80,925,214</u>	<u>\$ 94,250,941</u>	<u>\$ 64,413,023</u>

Instructional expenses include activities dealing directly with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

General administration, school administration and business administration include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities general revenue support is 95.16%. The community, as a whole, is the primary support or funding source for the Sparta Township Public School District.

### **The School District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$94,131,381, expenditures of \$98,063,934 and other financing sources of \$57,339. The change in fund balance for the year was most significant in the general fund, reflecting a decrease of \$2,549,829.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of the fiscal year 2023, the School District amended its general fund budget as needed.

The School District uses program-based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the general fund, budgetary basis revenues and other financing sources were \$68,823,479, \$769,164 over original budgeted estimates of \$68,054,315.

The general fund revenues of the School District were less than expenditures by \$2,585,553. The financial position of the School District highlights the dependency on the tax levy as well as the limitations of the 2% cap.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Capital Assets**

At the end of the fiscal year 2023, the School District had \$69,055,457 invested in land, building, furniture and equipment. Table 4 provides a summary of the School District's capital assets net of depreciation for the fiscal year ended June 30, 2023 compared to June 30, 2022.

**Table 4**  
**Capital Assets at Year-end (Net of Depreciation)**

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
Land	\$ 649,333	\$ 649,333	\$ -	0.00%
Construction in progress	2,133,063	2,212,135	(79,072)	-3.57%
Land improvements	7,617,193	5,236,188	2,381,005	45.47%
Building & improvements	55,496,365	58,114,622	(2,618,257)	-4.51%
Furniture & equipment	3,159,503	3,529,572	(370,069)	-10.48%
	<u>\$ 69,055,457</u>	<u>\$ 69,741,850</u>	<u>\$ (686,393)</u>	<u>-0.98%</u>

Overall capital assets decreased by \$686,393 from fiscal year 2022 to fiscal year 2023. Increases in capital assets were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2023, the School District had \$73,686,550 in long-term liabilities. This amount is detailed in Table 5 below for June 30, 2023 compared to June 30, 2022.

**Table 5**  
**Long-term Liabilities**

	06/30/2023	06/30/2022	Variance	
			Dollars	Percent
General obligation bonds payable	\$ 48,715,000	\$ 52,970,000	\$ (4,255,000)	-8.03%
Unamortized bond premiums	4,131,989	4,449,835	(317,846)	-7.14%
Compensated absences liability	1,158,004	1,082,487	75,517	6.98%
Leases payable	7,966,798	8,166,547	(199,749)	-2.45%
Net pension liability	11,714,759	9,919,654	1,795,105	18.10%
	<u>\$ 73,686,550</u>	<u>\$ 76,588,523</u>	<u>\$ (2,702,224)</u>	<u>-3.53%</u>



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**For the 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 in recent years of a reduction in state aid and increased 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 has placed an estimated reduction in state aid to the District in the amount of about \$1.2 million over a 6-year period.

**Contacting the School 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.

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,759,559	\$ 604,011	\$ 4,363,570
Inventory	-	21,091	21,091
Receivables, net	1,641,393	14,980	1,656,373
<b>Restricted assets</b>			
Capital reserve account - cash	1,257,600	-	1,257,600
Maintenance reserve - cash	536,352	-	536,352
Scholarships - cash	33,430	-	33,430
Student activities - cash	188,430	-	188,430
Unemployment claims - cash	363,545	-	363,545
Capital projects - cash	3,823,608	-	3,823,608
<b>Capital assets, net</b>			
Land	649,333	-	649,333
Construction in progress	2,133,063	-	2,133,063
Other capital assets, net of depreciation	66,133,899	139,162	66,273,061
<b>Total assets</b>	<b>80,520,212</b>	<b>779,244</b>	<b>81,299,456</b>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	1,086,771	-	1,086,771
Deferred amount on bond refunding	6,747,570	-	6,747,570
	7,834,341	-	7,834,341
<b>Liabilities</b>			
Accounts payable	869,050	202	869,252
Accrued interest	458,164	-	458,164
Deferred revenue	53,854	45,138	98,992
Payroll deductions and withholdings payable	62,564	-	62,564
Due to state	211,533	-	211,533
<b>Long-term liabilities</b>			
Due within one year	5,482,967	-	5,482,967
Due beyond one year	68,203,583	-	68,203,583
<b>Total liabilities</b>	<b>75,341,715</b>	<b>45,340</b>	<b>75,387,055</b>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	2,862,865	-	2,862,865

See accompanying notes to the financial statements.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 14,850,078	\$ 139,162	\$ 14,989,240
Restricted for			
Capital reserve	1,257,600	-	1,257,600
Maintenance reserve	536,352	-	536,352
Unemployment claims	363,545	-	363,545
Scholarships	33,430	-	33,430
Student Activities	188,430	-	188,430
Capital projects	3,823,608	-	3,823,608
Unrestricted	(10,903,070)	594,742	(10,308,328)
Total net position	<u>\$ 10,149,973</u>	<u>\$ 733,904</u>	<u>\$ 10,883,877</u>

See accompanying notes to the financial statements.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>								
Instruction								
Regular	\$ 22,422,301	\$ 20,116,228	\$ 3,329,197	\$ 451,436	\$ -	\$ (38,757,896)	\$ -	\$ (38,757,896)
Special education	6,353,321	5,933,953	949,270	38,845	-	(11,299,159)	-	(11,299,159)
Other special education	209,132	1,371,571	220,605	44,180	-	(1,315,918)	-	(1,315,918)
Other instruction	3,219,529	2,340,462	368,870	-	-	(5,191,121)	-	(5,191,121)
Support services								
Tuition	2,727,529	-	-	669,105	-	(2,058,424)	-	(2,058,424)
Students and instruction related services	9,798,414	7,257,295	1,589,881	1,276,743	-	(14,189,085)	-	(14,189,085)
General and business administration services	1,523,086	582,816	106,960	-	-	(1,998,942)	-	(1,998,942)
School administration services	3,587,718	1,645,189	254,030	-	-	(4,978,877)	-	(4,978,877)
Plant operations and maintenance	5,900,984	1,209,179	504,965	-	-	(6,605,198)	-	(6,605,198)
Pupil transportation	5,573,046	1,066,837	247,345	-	-	(6,392,538)	-	(6,392,538)
Transfer to charter schools	269,800	-	-	-	-	(269,800)	-	(269,800)
Interest on long-term debt	1,383,794	-	-	-	-	(1,383,794)	-	(1,383,794)
Total governmental activities	<u>62,968,654</u>	<u>41,523,530</u>	<u>7,571,123</u>	<u>2,480,309</u>	<u>-</u>	<u>(94,440,752)</u>	<u>-</u>	<u>(94,440,752)</u>
Business-type activities								
Food service	1,174,456	-	917,519	446,748	-	-	189,811	189,811
Total business-type activities	<u>1,174,456</u>	<u>-</u>	<u>917,519</u>	<u>446,748</u>	<u>-</u>	<u>-</u>	<u>189,811</u>	<u>189,811</u>
<b>Total primary government</b>	<u>\$ 64,143,110</u>	<u>\$ 41,523,530</u>	<u>\$ 8,488,642</u>	<u>\$ 2,927,057</u>	<u>\$ -</u>	<u>(94,440,752)</u>	<u>189,811</u>	<u>(94,250,941)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						62,281,956	-	62,281,956
Property taxes levied for debt service						4,815,616	-	4,815,616
Federal and state aid not restricted						28,313,752	-	28,313,752
Investment earnings						196,457	-	196,457
Miscellaneous income						198,040	18,815	216,855
Transfers in (out)						(150)	150	-
Total general revenues, special items and transfers						<u>95,805,671</u>	<u>18,965</u>	<u>95,824,636</u>
Change in net position						1,364,919	208,776	1,573,695
Net position - beginning (as restated)						8,785,054	525,128	9,310,182
Net position - ending						<u>\$ 10,149,973</u>	<u>\$ 733,904</u>	<u>\$ 10,883,877</u>

See accompanying notes to the financial statements.

## **FUND FINANCIAL STATEMENTS**

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,741,554	\$ -	\$ -	\$ -	\$ 3,741,554
Due from other funds	52,429	-	-	-	52,429
Receivables from other governments					
State	755,324	1,866	-	-	757,190
Federal	-	354,609	-	-	354,609
Local	55,167	-	-	-	55,167
Other accounts receivable	465,232	9,195	-	-	474,427
Restricted cash and cash equivalents	2,157,497	221,860	3,823,608	-	6,202,965
<b>Total assets</b>	<b>\$ 7,227,203</b>	<b>\$ 587,530</b>	<b>\$ 3,823,608</b>	<b>\$ -</b>	<b>\$ 11,638,341</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ -	\$ 52,429	\$ -	\$ -	\$ 52,429
Accounts payable	818,615	50,435	-	-	869,050
Payroll deductions and withholdings payable	62,564	-	-	-	62,564
Deferred revenues	2,581	51,273	-	-	53,854
Due to state	-	211,533	-	-	211,533
<b>Total liabilities</b>	<b>883,760</b>	<b>365,670</b>	<b>-</b>	<b>-</b>	<b>1,249,430</b>

See accompanying notes to the financial statements.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2023**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 195,716	\$ -	\$ -	\$ -	\$ 195,716
Excess surplus - current year	570,003	-	-	-	570,003
Capital reserve	1,257,600	-	-	-	1,257,600
Maintenance reserve	536,352	-	-	-	536,352
Unemployment claims	363,545	-	-	-	363,545
Scholarship	-	33,430	-	-	33,430
Student activities	-	188,430	-	-	188,430
Capital projects	-	-	3,823,608	-	3,823,608
Committed fund balance					
Year-end encumbrances	1,436,848	-	-	-	1,436,848
Assigned fund balance					
Designated for subsequent year's expenditures	700,000	-	-	-	700,000
Unassigned fund balance	1,283,379	-	-	-	1,283,379
Total fund balances	<u>6,343,443</u>	<u>221,860</u>	<u>3,823,608</u>	<u>-</u>	<u>10,388,911</u>
Total liabilities and fund balances	<u>\$ 7,227,203</u>	<u>\$ 587,530</u>	<u>\$ 3,823,608</u>	<u>\$ -</u>	

Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$131,680,662 and the accumulated depreciation is \$62,764,367.	68,916,295
Deferred outflows and inflows of resources related are applicable to future periods and, therefore, are not reported in the funds.	4,971,476
Self-insured health benefits funds are used by the District to charge the costs of health benefits. The assets and liabilities of the self-insured health benefits fund are included with governmental activities.	18,005
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(73,686,550)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(458,164)</u>
Total net position of governmental activities	<u>\$ 10,149,973</u>

See accompanying notes to the financial statements.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 62,281,956	\$ -	\$ -	\$ 4,815,616	\$ 67,097,572
Tuition					
Individuals	275,400	-	-	-	275,400
Other LEAs	18,807	-	-	-	18,807
Interest on investments	183,341	-	12,528	-	195,869
Rent and royalties	165,225	-	-	-	165,225
Miscellaneous	197,920	624,343	-	-	822,263
<b>Total local sources</b>	<b>63,122,649</b>	<b>624,343</b>	<b>12,528</b>	<b>4,815,616</b>	<b>68,575,136</b>
Federal sources	9,582	1,516,610	-	-	1,526,192
State sources	22,693,304	766,047	-	570,702	24,030,053
<b>Total revenues</b>	<b>85,825,535</b>	<b>2,907,000</b>	<b>12,528</b>	<b>5,386,318</b>	<b>94,131,381</b>
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	21,970,865	451,436	-	-	22,422,301
Special education instruction	6,314,476	38,845	-	-	6,353,321
Other special instruction	164,952	44,180	-	-	209,132
Other instruction	3,219,529	-	-	-	3,219,529
Support service and undistributed costs					
Tuition	2,058,424	669,105	-	-	2,727,529
Student and instruction related services	8,281,610	1,516,804	-	-	9,798,414
General and business administrative services	1,523,086	-	-	-	1,523,086
School administrative services	3,587,718	-	-	-	3,587,718
Plant operations and maintenance	5,900,984	-	-	-	5,900,984
Pupil transportation	5,573,046	-	-	-	5,573,046
Unallocated benefits	27,451,032	-	-	-	27,451,032

See accompanying notes to the financial statements.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 1,304,126	\$ 170,672	\$ 1,891,622	\$ -	\$ 3,366,420
Transfer to charter schools	269,800	-	-	-	269,800
Debt service					
Principal	257,238	-	-	4,255,000	4,512,238
Interest & other charges	14,763	-	-	1,134,621	1,149,384
Total expenditures	<u>87,891,649</u>	<u>2,891,042</u>	<u>1,891,622</u>	<u>5,389,621</u>	<u>98,063,934</u>
Excess (deficit) of revenues over (under) expenditures	(2,066,114)	15,958	(1,879,094)	(3,303)	(3,932,553)
Other financing sources (uses)					
Lease purchase	57,489	-	-	-	57,489
Transfers in (out)	<u>(541,204)</u>	<u>-</u>	<u>541,054</u>	<u>-</u>	<u>(150)</u>
Total other financing sources (uses)	<u>(483,715)</u>	<u>-</u>	<u>541,054</u>	<u>-</u>	<u>57,339</u>
Net change in fund balance	(2,549,829)	15,958	(1,338,040)	(3,303)	(3,875,214)
Fund balances, July 1	<u>8,893,272</u>	<u>205,902</u>	<u>5,161,648</u>	<u>3,303</u>	<u>14,264,125</u>
Fund balances, June 30	<u><u>\$ 6,343,443</u></u>	<u><u>\$ 221,860</u></u>	<u><u>\$ 3,823,608</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,388,911</u></u>

See accompanying notes to the financial statements.

**SPARTA TOWNSHIP PUBLIC 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, 2023**

Total net changes in fund balances - governmental fund (from B-2) \$ (3,875,214)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 3,366,420	
Depreciation expense	<u>(4,071,359)</u>	(704,939)

Repayment of debt principal and leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Lease payments	257,238	
Debt principal payments	<u>4,255,000</u>	4,512,238

Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium		317,846
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In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.

(33,212)

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2023**

Governmental funds report lease proceeds as financing sources whereas issuing debt increased long-term liabilities in the government-wide statements. \$ (57,489)

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 1,782,245

In the Statement of Activities, deferred outflows and inflows from a refunding issues is amortized over the remaining life of the old or new debt, whichever is shorter. (519,044)

The activities of the self-insured health benefits fund are not recognized in the governmental funds but are included as governmental activities in the Statement of Activities. 18,005

In the Statement of Activities, compensated absences and early retirement benefits 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. (75,517)

Change in net position of governmental activities \$ 1,364,919

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2023**

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>	
		<u>Internal</u>	
	<u>Food Service</u>	<u>Service Fund</u>	
	<u>Fund</u>	<u>Self-Insured</u>	
		<u>Health Benefits</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 604,011	\$ 18,005	\$ 622,016
Receivables from other governments			
State	878	-	878
Federal	14,102	-	14,102
Inventory	21,091	-	21,091
Total current assets	<u>640,082</u>	<u>18,005</u>	<u>658,087</u>
Noncurrent assets			
Capital assets	751,159	-	751,159
Less: accumulated depreciation	611,997	-	611,997
Total noncurrent assets	<u>139,162</u>	<u>-</u>	<u>139,162</u>
Total assets	<u>779,244</u>	<u>18,005</u>	<u>797,249</u>
<b>Liabilities</b>			
Current liabilities			
Unearned revenues - commodities	1,849	-	1,849
Unearned revenues - prepaid sales	43,289	-	43,289
Accounts payable	202	-	202
Total liabilities	<u>45,340</u>	<u>-</u>	<u>45,340</u>
<b>Net position</b>			
Net investment in capital assets	139,162	-	139,162
Unrestricted	594,742	18,005	612,747
Total net position	<u>\$ 733,904</u>	<u>\$ 18,005</u>	<u>\$ 751,909</u>

See accompanying notes to the financial statements.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023**

	Governmental Activities		Total
	Internal		
	Enterprise Fund	Service Fund	
	Food Service	Self-Insured	
	Fund	Health Benefits	
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 628,692	\$ -	\$ 628,692
Daily sales - non-reimbursable programs	288,827	-	288,827
Services provided by other funds	-	6,685,000	6,685,000
Total operating revenues	<u>917,519</u>	<u>6,685,000</u>	<u>7,602,519</u>
Operating expenses			
Cost of sales - reimbursable programs	\$ 353,830	\$ -	\$ 353,830
Cost of sales - nonreimbursable programs	120,524	-	120,524
Commodity food costs	80,146	-	80,146
Salaries	387,338	-	387,338
Supports services - employee benefits	55,916	6,667,703	6,723,619
Purchased professional / technical services	2,126	-	2,126
Purchased property services	3,500	-	3,500
Other purchased services			
Insurance	55,821	-	55,821
Management fee	45,000	-	45,000
Supplies and materials	23,120	-	23,120
Depreciation	41,746	-	41,746
Miscellaneous expenditures	5,389	-	5,389
Total operating expenses	<u>1,174,456</u>	<u>6,667,703</u>	<u>7,842,159</u>
Operating income (loss)	<u>(256,937)</u>	<u>17,297</u>	<u>(239,640)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	12,130	-	12,130
Federal sources			
National school lunch program			
Cash assistance	198,045	-	198,045
Non-cash assistance (commodities)	80,146	-	80,146
Supply chain assistance	156,427	-	156,427
Other sources			
Miscellaneous	18,815	120	18,935
Interest earned on investments	-	588	588
Total non-operating revenues (expenses)	<u>465,563</u>	<u>708</u>	<u>466,271</u>
Other financing sources (uses)			
Operating transfer in	150	-	150
Change in net position	208,776	18,005	226,781
Net position, beginning (as restated)	<u>525,128</u>	<u>-</u>	<u>525,128</u>
Net position, ending	<u>\$ 733,904</u>	<u>\$ 18,005</u>	<u>\$ 751,909</u>

See accompanying notes to the financial statements.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

	Enterprise Fund Food Service Fund	Governmental Activities	Total
		Internal Service Fund Self-Insured Health Benefits	
Cash flows from operating activities			
Receipts from customers	\$ 797,386	\$ -	\$ 797,386
Receipts from services provided	-	6,685,000	6,685,000
Payments to Food Service Management Company	(1,034,452)	-	(1,034,452)
Payments for insurance claims	-	(6,667,703)	(6,667,703)
Payments to vendors (net)	(23,260)	-	(23,260)
Net cash provided by (used for) operating activities	<u>(260,326)</u>	<u>17,297</u>	<u>(243,029)</u>
Cash flows from non-capital financing activities			
State sources	13,296	-	13,296
Federal sources	432,962	-	432,962
Miscellaneous	18,965	120	19,085
Net cash provided by (used for) non-capital financing activities	<u>465,223</u>	<u>120</u>	<u>465,343</u>
Cash flows from investing activities			
Interest earned on investments	-	588	588
Net cash provided by (used for) investing activities	<u>-</u>	<u>588</u>	<u>588</u>
Cash flows from capital financing activities			
Acquisition of equipment	(60,292)	-	(60,292)
Net cash provided by (used for) financing activities	<u>(60,292)</u>	<u>-</u>	<u>(60,292)</u>
Net increase (decrease) in cash and cash equivalents	144,605	18,005	162,610
Cash and cash equivalents, beginning	459,406	-	459,406
Cash and cash equivalents, ending	<u>\$ 604,011</u>	<u>\$ 18,005</u>	<u>\$ 622,016</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating activities			
Operating income (loss)	\$ (256,937)	\$ 17,297	\$ (239,640)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	41,746	-	41,746
Federal food donation program	80,146	-	80,146
(Increase) decrease in accounts receivable	1,349	-	1,349
Increase (decrease) in accounts payable	(108,024)	-	(108,024)
(Increase) decrease in inventory	5,158	-	5,158
Increase (decrease) in unearned revenue	(23,764)	-	(23,764)
Net cash provided by (used for) operating activities	<u>\$ (260,326)</u>	<u>\$ 17,297</u>	<u>\$ (243,029)</u>

See accompanying notes to the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

The financial statements of the Sparta Township Public School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Sussex, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-12. The District serves the Township of Sparta. The District had an approximate enrollment at June 30, 2023 of 3,233 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aid.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

*General Fund* - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

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 fixed 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.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

*Special Revenue Fund* - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

*Capital Projects Fund* - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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.

*Debt Service Fund* - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Additionally, the District reports the following fund types:

Proprietary fund types

*Proprietary Fund* - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)  
Proprietary fund types (continued)

*Enterprise Fund* - The enterprise 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; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

*Internal Service Fund* - The internal service fund is utilized to charge costs for certain activities to individual funds or other governmental entities

The District's internal service fund is comprised of the self-insured health benefits fund which is utilized to charge costs for health benefits insurance.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 - 20 Years
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Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

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 budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. 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. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of 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 revenues 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.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal year 2022-2023 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

Short-term interfund receivables and 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.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, 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. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements & portable classroom	20 - 50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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 Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 issuance are reported as other financing uses.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has three items that qualify for reporting in this category, deferred amount on pension activity, bond premium, and loss on refunding long-term debt. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, deferred amount on pension activity and gain on refunding long-term debt.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the Municipality, the Municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the school district's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

New Jersey school districts are limited as to the types 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.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits, cash equivalents, and investments (continued)

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 public 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 saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2023, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 500,000
Insured by GUDPA	11,250,080
Total bank balances	\$ 11,750,080

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash		\$ 10,566,535
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 3,741,554
Enterprise funds, Statement of Net Position	B-4	604,011
Self-insured health benefits fund, Statement of Net Position	B-4	18,005
Restricted cash		
Governmental funds, Balance Sheet	B-1	6,202,965
Total cash		\$ 10,566,535

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated or amortized				
Land	\$ 649,333	\$ -	\$ -	\$ 649,333
Construction in progress	2,212,135	2,642,613	2,721,685	2,133,063
Total	<u>2,861,468</u>	<u>2,642,613</u>	<u>2,721,685</u>	<u>2,782,396</u>
Capital assets, being depreciated or amortized				
Site improvements	9,162,338	2,851,954	-	12,014,292
Building & improvements	105,557,997	-	-	105,557,997
Machinery, Equipment & vehicles	10,732,439	593,538	-	11,325,977
Total	<u>125,452,774</u>	<u>3,445,492</u>	<u>-</u>	<u>128,898,266</u>
Accumulated depreciation or amortization				
Site improvements	3,926,150	470,949	-	4,397,099
Building & improvements	47,443,375	2,618,257	-	50,061,632
Machinery, equipment & vehicles	7,323,483	982,153	-	8,305,636
Total	<u>58,693,008</u>	<u>4,071,359</u>	<u>-</u>	<u>62,764,367</u>
Total capital assets, being depreciated or amortized, net	<u>66,759,766</u>	<u>(625,867)</u>	<u>-</u>	<u>66,133,899</u>
Transfers	<u>-</u>	<u>(2,721,685)</u>	<u>(2,721,685)</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 69,621,234</u>	<u>\$ (704,939)</u>	<u>\$ -</u>	<u>\$ 68,916,295</u>
	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 690,867	\$ 60,292	\$ -	\$ 751,159
Less: accumulated depreciation	570,251	41,746	-	611,997
Business type activities capital assets, net	<u>\$ 120,616</u>	<u>\$ 18,546</u>	<u>\$ -</u>	<u>\$ 139,162</u>

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction		
Regular	\$	1,812,276
Special education		506,258
Other special instruction		16,664
Other instruction		256,545
Support services		
Student & instruction		786,459
General & business administration		121,366
School administration		285,884
Plant maintenance		17,234
Transportation		268,673
Total depreciation expense, governmental activities	\$	<u>4,071,359</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 52,970,000	\$ -	\$ 4,255,000	\$ 48,715,000	\$ 4,505,000
Compensated absences payable	1,082,487	75,517	-	1,158,004	-
PERS net pension liability	9,919,654	1,795,105	-	11,714,759	-
Leases Payable	8,166,547	57,489	257,238	7,966,798	660,122
Bond premium	4,449,835	-	317,846	4,131,989	317,845
Total governmental activities long-term liabilities	<u>\$ 76,588,523</u>	<u>\$ 1,928,111</u>	<u>\$ 4,830,084</u>	<u>\$ 73,686,550</u>	<u>\$ 5,482,967</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments are listed as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 4,505,000	\$ 955,036	\$ 5,460,036
2025	4,440,000	831,908	5,271,908
2026	4,530,000	696,309	5,226,309
2027	4,515,000	611,110	5,126,110
2028	3,860,000	545,438	4,405,438
2029-2033	17,505,000	1,875,548	19,380,548
2034-2036	9,360,000	381,108	9,741,108
Total	<u>\$ 48,715,000</u>	<u>\$ 5,896,457</u>	<u>\$ 54,611,457</u>

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2023, with their outstanding balances are comprised of the following individual issues:

\$54,355,000 - 2015 refunding school bonds, interest at 2.50%-3.00%, due in annual installments beginning February 15, 2015 to February 15, 2025.	\$ 5,515,000
\$7,830,000 - 2018 refunding school bonds, interest at 5.00%, due in annual installments beginning September 1, 2019 to September 1, 2026.	3,745,000
\$41,405,000 - 2020 refunding school bonds, interest at 0.628%-3.00%, due in annual installments beginning February 15, 2020 to February 15, 2036.	39,455,000
Total	\$ 48,715,000

The general obligation bonded debt of the District is limited by state law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2023 is \$142,501,847. General obligation debt at June 30, 2023 is \$48,715,000, resulting in a legal debt margin of \$93,786,847.

*Leases payable* - Leases payable at June 30, 2023, with their outstanding balances are comprised of the following:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 660,122	\$ 158,804	\$ 818,926
2025	771,872	146,235	918,107
2026	592,941	132,969	725,910
2027	437,729	122,575	560,304
2028	454,976	113,286	568,262
2029-2033	2,410,038	420,541	2,830,579
2034-2038	2,639,120	143,771	2,782,891
Total	\$ 7,966,798	\$ 1,238,181	\$ 9,204,979

\$7,373,783 - Lease commencing 5/3/22, 2.101% interest, due in annual installments beginning March 22, 2023 to September 22, 2037.	\$ 7,431,272
\$500,000 - Lease commencing 9/1/2021, 0.738% interest, due in annual installments beginning September 21, 2021 to September 1, 2025.	364,201
\$250,000 - Lease commencing 09/1/21, 0.988% interest, due in annual installments beginning September 1, 2021 to September 1, 2023.	83,331
\$227,501 - Lease commencing 7/15/19, 2.3394% interest, due in annual installments beginning July 15, 2019 to July 15, 2023.	46,539
\$105,366 - Lease commencing 6/1/2021, 1.616% interest, due in annual installments beginning June 1, 2021 to June 1, 2025.	41,455
Total	\$ 7,966,798

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.

A. Public employees' retirement systems (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 PERS, please refer to Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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 10 years of service.

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled 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 Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit 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 55 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.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the Plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2022 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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. Funding for noncontributory group insurance benefits is based on actual claims paid. For State fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions (continued)

The employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for 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.

The District's contractually required contribution rate for the year ended June 30, 2023 was 15.34% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation 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 related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ending June 30, 2022, the State of New Jersey contributed \$24,648 to the PERS for normal pension benefits on behalf of the District.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2022:

Net pension liability	\$	11,714,759
Proportionate share		0.0776255133%
 Plan fiduciary net position as a percentage of the total pension liability		 62.91%

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate		
Price		2.75%
Wage		3.25%
 Salary increases (based on years of service)		 2.75 - 6.55%
 Investment rate of return		 7.00%

Preretirement 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 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 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments and the municipal bond rate was applied to all projected benefit payments to determine the total pension liability.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2022, measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$ 11,714,759
At a 1% lower rate (6.00%)	15,177,491
At a 1% higher rate (8.00%)	8,951,479

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 84,552	\$ 74,563
Changes of assumptions	36,296	1,754,163
Net difference between projected and actual earnings on pension plan investments	484,863	-
Changes in proportion and differences between district contributions and proportionate share of contributions	481,060	1,034,139
Total	<u>\$ 1,086,771</u>	<u>\$ 2,862,865</u>

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2022 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 84,552	\$ 84,552
Changes of assumptions	51,661	(15,365)	36,296
Differences between expected and experience	156,446	328,417	484,863
Changes in proportion	897,231	(897,231)	-
District contribution subsequent to measurement date	978,895	(978,895)	-
Deferred inflows of resources			
Differences between expected and actual experience	(71,013)	(3,550)	(74,563)
Changes of assumptions	(3,531,461)	1,777,298	(1,754,163)
Difference between projected and actual earnings on pension plan investments	(2,613,098)	2,613,098	-
Changes in proportion	(243,210)	243,210	-
Net of deferred outflows	<u>\$ (4,374,549)</u>	<u>\$ 3,151,534</u>	<u>\$ (1,223,015)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense (benefit) as follows:

<u>Fiscal Year Ended June 30,</u>	
2023	\$ (1,004,881)
2024	(511,953)
2025	(249,669)
2026	544,684
2027	(1,196)
Total	<u>\$ (1,223,015)</u>

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (benefit)

For the fiscal year ended June 30, 2023, the District recognized net pension expense (benefit) of (\$801,612), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$848,391), plus the net amortization of deferred amounts from changes in proportion of \$45,041, and plus other adjustments to the net pension liability of 1,738. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$	564,665
Interest on total pension liability		2,264,718
Benefit changes		6,571
Member contributions		(470,899)
Administrative expense		10,113
Expected investment return net of investment expense		(1,511,769)
Pension expense related to specific liabilities of individual employers		(8,112)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		26,810
Changes of assumptions		(1,692,888)
Difference between projected and actual investment earnings on pension plan investments		-
		(37,600)
Pension expense (benefit)	\$	(848,391)

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a 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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's annual financial statement which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

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.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher’s pension and annuity fund (TPAF) (continued)  
Plan description (continued)

The following represents the membership tiers for TPAF:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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 employers. 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 the fiscal year 2022, the State’s pension contribution was more 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 non-employer 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. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities’ total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

During the State fiscal year ended June 30, 2022, the State of New Jersey contributed \$11,213,826 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District’s proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$ 204,156,461
Less: State proportionate share of net pension liability	<u>65,916,057</u>
Net pension liability	<u><u>\$ 138,240,404</u></u>

Proportionate share	0.2679367556%
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Plan fiduciary net position as a percentage of the total pension liability	32.29%
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Actuarial assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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 (based on years of service)	2.75 - 5.65%
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 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-2021.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Actuarial assumptions (continued)

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2022 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$ 138,240,404
At a 1% lower rate (6.00%)	162,089,811
At a 1% higher rate (8.00%)	118,150,275

Pension expense (benefit)

The components of allocable pension expense (benefit), which exclude amounts related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2022 measurement date are as follows:

Service cost	\$ 3,196,871
Interest on total pension liability	13,768,685
Benefit changes	-
Member contributions	(2,427,195)
Administrative expense	33,802
Expected investment return net of investment expense	(5,305,148)
Pension expense related to specific liabilities of individual employers	(1,058)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	536,866
Changes of assumptions	(6,410,787)
Difference between projected and actual investment earnings on pension plan investments	328,399
Pension expense (benefit)	<u>\$ 3,720,435</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$9,000 in 2023) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2023 was \$10,391.

D. Other pension plan information

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$3,011,450 to the TPAF for postretirement medical benefits, \$156,868 for non-contributory insurance premiums, \$4,056 for long-term disability insurance, and \$11,306,693 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,487,265 during the year ended June 30, 2023 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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 or more years 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 State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the District.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State’s level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District’s proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2022 measurement date is as follows:

State’s proportionate share of the OPEB liability	\$	50,646,462,966
District’s proportionate share of the State’s OPEB liability		123,650,490
Employer OPEB expense and related revenue		4,465,664
Allocable proportionate percentage		0.2441443741%

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)  
Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2021	\$ 145,108,919
Service cost	6,789,981
Interest cost	3,276,874
Change of benefit terms	-
Differences between expected and actual experiences	4,786,782
Changes of assumptions	(33,170,353)
Member contributions	104,128
Gross benefit payments	(3,245,841)
Total OPEB liability at June 30, 2022	\$ 123,650,490

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 plan measurement date to 3.54% as of the June 30, 2022 plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	<u>TPAF</u>	<u>PERS</u>
	(based on years of service)	(based on years of service)
Salary increases	2.75% - 4.25 %	2.75% - 6.55%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PERS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF and PERS.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after seven years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially 3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. 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.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.54%)	\$ 123,650,490
At a 1% lower rate (2.54%)	145,338,144
At a 1% higher rate (4.54%)	106,268,919

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 123,650,490
At a 1% lower rate (1% decrease)	102,204,688
At a 1% higher rate (1% increase)	151,820,853

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$4,465,664 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a Trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Postretirement benefits (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - 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:

Equitable	PenServ Plan Services	Fidelity Investments
Invesco	AIG Valic	Lincoln Investment Planning
Lincoln Financial	Security Benefit	

Note 9 - Inventory

Inventory in the food service fund as of June 30, 2023 consisted of the following:

Food	\$	10,187
Supplies		10,904
Total	\$	21,091

Note 10 - Contingent liabilities

Litigation

The District is involved in legal proceedings that are incidental to its operations. These legal proceedings are not likely to have material adverse effect on the financial position of the District.

Grantor agencies

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the Grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

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.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 11 - Risk management (continued)

*Property and Liability Insurance* - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Annual Comprehensive Financial Report.

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for Benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance available for claims of the District’s unemployment compensation insurance fund:

<u>Fiscal Year</u>	<u>Other</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance Available for Claims</u>
2022 - 2023	\$ -	\$ 6,664	\$ 71,992	\$ 89,570	\$ 363,545
2021 - 2022	-	-	64,513	-	374,459
2020 - 2021	-	-	58,112	28,578	309,946

Note 12 - Reserve accounts

A capital reserve account was established by the 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) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. The following schedule is a summarization of the reserve accounts for the current year:

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contrib.</u>	<u>Interest Earnings</u>	<u>Return Unused Withdrawal</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
Capital	\$ 3,918,607	\$ -	\$ 31,383	\$ 133,664	\$ 2,826,054	\$ 1,257,600
Maintenance	711,633	124,719	-	-	300,000	536,352
Total	<u>\$ 4,630,240</u>	<u>\$ 124,719</u>	<u>\$ 31,383</u>	<u>\$ 133,664</u>	<u>\$ 3,126,054</u>	<u>\$ 1,793,952</u>

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2023 is as follows:

	Receivable	Payable
General fund	\$ 52,429	\$ -
Special revenue fund	-	52,429
Total	\$ 52,429	\$ 52,429

As of June 30, 2023, the following interfund balances were on the District's records. The balance due from the special revenue fund to the general fund represents a loan from the general fund of \$52,429 due to cash flow issues relating to the delayed receipt of grant revenues.

Note 14 - Fund balances

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2023 is as follows:

Restricted

Excess surplus - designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 570,003
Excess surplus - represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	195,716
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	1,257,600
Maintenance reserve account - represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	536,352
Unemployment - represents funds accumulated for future unemployment claims.	363,545

Committed

Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	1,436,848
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Assigned

Designated for subsequent year's expenditures	700,000
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Unassigned

Undesignated - represents fund balance which has not been restricted or designated.	1,761,372
Total fund balance - budgetary basis (Exhibit C-1)	6,821,436
Last state aid payments not recognized on GAAP basis	(477,993)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 6,343,443

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved 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 reserve 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 years' budget. The excess fund balance at June 30, 2023 is \$570,003.

Note 16 - Restatement of prior year net position

During the fiscal year ended June 30, 2023, the District has determined a restatement of the prior year net position is necessary. Due to ongoing updates to the District's capital asset inventory, adjustments to the inventory report value are necessary. The following is a summary of the District's restatement of net position as of June 30, 2022:

	Governmental Activities	Business-Type Activities
Net position, June 30, 2022	\$ 10,498,969	\$ 540,121
Reductions		
Change in capital assets, net	(1,713,915)	(14,993)
Net position, June 30, 2022, as restated	\$ 8,785,054	\$ 525,128

Note 17 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2023 of (\$10,903,070) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.

Note 19 - Subsequent events

The District has evaluated subsequent events through December 6, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 62,281,956	\$ -	\$ 62,281,956	\$ 62,281,956	\$ -
Tuition from individuals	30,000	225,000	255,000	275,400	20,400
Tuition from other LEAs within the state	-	-	-	18,807	18,807
Rents and royalties	50,000	(5,000)	45,000	165,225	120,225
Unrestricted miscellaneous revenues	90,000	-	90,000	343,214	253,214
Interest earned on maintenance reserve	1,000	-	1,000	-	(1,000)
Interest earned on capital reserve funds	1,000	-	1,000	31,383	30,383
Other restricted miscellaneous revenues	-	-	-	6,664	6,664
<b>Total</b>	<b>62,453,956</b>	<b>220,000</b>	<b>62,673,956</b>	<b>63,122,649</b>	<b>448,693</b>
<b>State sources</b>					
Categorical transportation aid	1,128,376	-	1,128,376	1,128,376	-
Extraordinary aid	300,000	-	300,000	562,638	262,638
Categorical special education aid	2,030,137	-	2,030,137	2,030,137	-
Equalization aid	1,646,501	-	1,646,501	1,646,501	-
Categorical security aid	252,688	-	252,688	252,688	-
Other state aid	-	-	-	70,908	70,908
TPAF Pension (on-behalf)	-	-	-	11,306,693	11,306,693
TPAF Non-contributory insurance	-	-	-	156,868	156,868
TPAF Social Security (reimbursed)	-	-	-	2,487,265	2,487,265
TPAF Postretirement benefits	-	-	-	3,011,450	3,011,450
TPAF Long-term disability insurance	-	-	-	4,056	4,056
<b>Total</b>	<b>5,357,702</b>	<b>-</b>	<b>5,357,702</b>	<b>22,657,580</b>	<b>17,299,878</b>
<b>Federal Sources</b>					
Medicaid reimbursement	22,657	-	22,657	9,582	(13,075)
<b>Total</b>	<b>22,657</b>	<b>-</b>	<b>22,657</b>	<b>9,582</b>	<b>(13,075)</b>
<b>Total revenues</b>	<b>\$ 67,834,315</b>	<b>\$ 220,000</b>	<b>\$ 68,054,315</b>	<b>\$ 85,789,811</b>	<b>\$ 17,735,496</b>

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures					
Current					
Instruction - regular program					
Salaries of Teachers					
Preschool	\$ 870	\$ 251,173	\$ 252,043	\$ 250,782	\$ 1,261
Kindergarten	947,477	(61,226)	886,251	886,250	1
Grades 1-5	5,886,926	(159,969)	5,726,957	5,726,947	10
Grades 6-8	5,562,322	100,470	5,662,792	5,662,727	65
Grades 9-12	7,824,427	47,962	7,872,389	7,872,348	41
Home instruction					
Other salaries for instruction	10,568	11,685	22,253	22,253	-
Purchased professional - educational services	45,000	3,063	48,063	44,583	3,480
Regular programs - undistributed instruction					
Other salaries for instruction	123,868	102,438	226,306	225,110	1,196
Purchased professional - educational services	22,100	(17,989)	4,111	4,086	25
Other purchased services	743,562	(104,055)	639,507	621,517	17,990
General supplies	719,658	(254,144)	465,514	442,516	22,998
Textbooks	261,607	(50,065)	211,542	211,542	-
Other objects	1,500	(1,292)	208	204	4
Total	<u>22,149,885</u>	<u>(131,949)</u>	<u>22,017,936</u>	<u>21,970,865</u>	<u>47,071</u>
Special education					
Learning and/or language disabilities					
Salaries of Teachers	392,633	86,770	479,403	479,401	2
Other salaries for instruction	192,345	10,350	202,695	202,456	239
Other purchased services	15,837	(11,488)	4,349	4,349	-
General supplies	7,190	(2,669)	4,521	4,509	12
Total	<u>608,005</u>	<u>82,963</u>	<u>690,968</u>	<u>690,715</u>	<u>253</u>
Emotional regulation impairment					
Salaries of Teachers	83,494	84,233	167,727	167,724	3
Other salaries for instruction	19,924	51,943	71,867	71,866	1
General supplies	4,000	(4,000)	-	-	-
Total	<u>107,418</u>	<u>132,176</u>	<u>239,594</u>	<u>239,590</u>	<u>4</u>
Multiple disabilities					
Salaries of Teachers	378,646	11,309	389,955	389,953	2
Other salaries for instruction	215,461	(91)	215,370	215,368	2
Other purchased services	19,100	1,375	20,475	20,475	-
General supplies	7,828	(742)	7,086	4,942	2,144
Total	<u>621,035</u>	<u>11,851</u>	<u>632,886</u>	<u>630,738</u>	<u>2,148</u>
Resource room/resource center					
Salaries of Teachers	3,738,418	(90,880)	3,647,538	3,646,068	1,470
Other salaries for instruction	514,345	(109,796)	404,549	404,049	500
Other purchased services	22,351	3,243	25,594	25,591	3
General supplies	8,550	(2,424)	6,126	6,126	-
Total	<u>4,283,664</u>	<u>(199,857)</u>	<u>4,083,807</u>	<u>4,081,834</u>	<u>1,973</u>

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Preschool disabilities - full-time					
Salaries of Teachers	\$ 291,600	\$ 38,478	\$ 330,078	\$ 329,112	\$ 966
Other salaries for instruction	80,864	229,737	310,601	309,467	1,134
General supplies	200	9,412	9,612	9,611	1
Total	<u>372,664</u>	<u>277,627</u>	<u>650,291</u>	<u>648,190</u>	<u>2,101</u>
Home instruction					
Salaries of Teachers	15,852	(2,802)	13,050	13,050	-
Purchased professional-educational services	55,000	(42,630)	12,370	10,359	2,011
Total	<u>70,852</u>	<u>(45,432)</u>	<u>25,420</u>	<u>23,409</u>	<u>2,011</u>
Total special education	<u>6,063,638</u>	<u>259,328</u>	<u>6,322,966</u>	<u>6,314,476</u>	<u>8,490</u>
Bilingual education - instruction					
Salaries of Teachers	134,852	30,056	164,908	164,908	-
General supplies	500	(456)	44	44	-
Total	<u>135,352</u>	<u>29,600</u>	<u>164,952</u>	<u>164,952</u>	<u>-</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	341,002	51,842	392,844	392,844	-
Purchased services	50,990	(32,199)	18,791	15,742	3,049
Supplies and materials	48,019	(32,736)	15,283	13,639	1,644
Other objects	10,415	(4,642)	5,773	5,748	25
Total	<u>450,426</u>	<u>(17,735)</u>	<u>432,691</u>	<u>427,973</u>	<u>4,718</u>
School-sponsored athletics - instruction					
Salaries	587,525	97,392	684,917	678,764	6,153
Purchased services	241,167	(18,319)	222,848	212,759	10,089
Supplies and materials	119,757	(9,237)	110,520	109,456	1,064
Other objects	46,172	2,306	48,478	48,024	454
Total	<u>994,621</u>	<u>72,142</u>	<u>1,066,763</u>	<u>1,049,003</u>	<u>17,760</u>
Instructional alternative ed program - instruction					
Salaries of Teachers	-	289,306	289,306	288,785	521
General supplies	-	4,386	4,386	3,988	398
Other objects	-	294	294	119	175
Total	<u>-</u>	<u>293,986</u>	<u>293,986</u>	<u>292,892</u>	<u>1,094</u>
Other supplemental/at-risk programs - instruction					
Salaries of Teachers	1,350,244	(20,345)	1,329,899	1,329,894	5
Other purchased services	10,920	(2,200)	8,720	8,720	-
General supplies	3,500	(1,200)	2,300	1,802	498
Total	<u>1,364,664</u>	<u>(23,745)</u>	<u>1,340,919</u>	<u>1,340,416</u>	<u>503</u>
Other supplemental/at-risk prog - support services					
Salaries	35,467	73,779	109,246	109,245	1
Total	<u>35,467</u>	<u>73,779</u>	<u>109,246</u>	<u>109,245</u>	<u>1</u>

See independent auditor's report.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Other instructional programs - instruction					
Salaries	\$ 291,011	\$ (291,011)	\$ -	\$ -	\$ -
Supplies and materials	5,046	(5,046)	-	-	-
Other objects	430	(430)	-	-	-
Total	296,487	(296,487)	-	-	-
<b>Total instruction regular</b>	<b>\$ 31,490,540</b>	<b>\$ 258,919</b>	<b>\$ 31,749,459</b>	<b>\$ 31,669,822</b>	<b>\$ 79,637</b>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - special	\$ 214,615	\$ 74,606	\$ 289,221	\$ 289,221	\$ -
Tuition to county vocational school district - regular	110,000	(8,819)	101,181	101,181	-
Tuition to county vocational school district - special	30,000	(11,921)	18,079	18,079	-
Tuition to private school for the disabled within state	1,236,232	413,712	1,649,944	1,649,943	1
Total	1,590,847	467,578	2,058,425	2,058,424	1
Undistributed expenditures - attendance and social work					
Salaries	117,174	7,087	124,261	124,203	58
Total	117,174	7,087	124,261	124,203	58
Undistributed expenditures - health services					
Salaries	558,848	63,758	622,606	622,605	1
Purchased professional and technical services	29,100	17,983	47,083	46,317	766
Other purchased services	2,580	(675)	1,905	1,468	437
Supplies and materials	30,233	(9,125)	21,108	19,392	1,716
Other objects	740	(125)	615	425	190
Total	621,501	71,816	693,317	690,207	3,110
Undistributed expenditures - speech/ot/pt and related services					
Salaries	1,035,786	12,987	1,048,773	1,048,673	100
Purchased professional - educational services	370,351	(264,893)	105,458	96,770	8,688
Supplies and materials	3,680	(2,370)	1,310	1,249	61
Total	1,409,817	(254,276)	1,155,541	1,146,692	8,849
Undistributed expend - other supp. service stds. - extra service					
Salaries	422,006	231,931	653,937	653,339	598
Purchased professional - educational services	178,000	(41,055)	136,945	127,334	9,611
Supplies and materials	25,500	2,149	27,649	27,311	338
Other objects	3,900	(3,899)	1	-	1
Total	629,406	189,126	818,532	807,984	10,548

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - guidance					
Salaries of other Professional Staff	\$ 1,175,456	\$ (15,004)	\$ 1,160,452	\$ 1,160,442	\$ 10
Salaries of Secretarial and Clerical Assistants	155,621	(9,970)	145,651	145,648	3
Other salaries	260,862	(258)	260,604	260,604	-
Unused vacation payment to terminated/retired staff	5,255	(5,255)	-	-	-
Purchased professional - educational services	8,000	(1,450)	6,550	6,550	-
Other purchased professional and technical services	2,500	(2,500)	-	-	-
Other purchased services	11,421	(2,589)	8,832	5,833	2,999
Supplies and materials	27,811	(17,373)	10,438	10,425	13
Other objects	3,971	(2,391)	1,580	1,490	90
<b>Total</b>	<b>1,650,897</b>	<b>(56,790)</b>	<b>1,594,107</b>	<b>1,590,992</b>	<b>3,115</b>
Undistributed expenditures - child study teams					
Salaries of other Professional Staff	1,484,392	(4,048)	1,480,344	1,480,342	2
Salaries of Secretarial and Clerical Assistants	137,624	3,817	141,441	141,441	-
Unused vacation payment to terminated/retired staff	-	3,671	3,671	3,671	-
Purchased professional - educational services	54,485	(48,945)	5,540	5,440	100
Other purchased professional & technical services	27,500	(5,866)	21,634	21,634	-
Other purchased services	25,700	(5,347)	20,353	18,256	2,097
Supplies and materials	12,942	(3,998)	8,944	8,944	-
Other objects	6,507	(954)	5,553	5,553	-
<b>Total</b>	<b>1,749,150</b>	<b>(61,670)</b>	<b>1,687,480</b>	<b>1,685,281</b>	<b>2,199</b>
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	721,007	(29,703)	691,304	665,893	25,411
Salaries of other Professional Staff	291,516	677	292,193	292,193	-
Salaries of Secretarial and Clerical Assist	97,119	(4,725)	92,394	92,049	345
Other salaries	17,517	16,571	34,088	34,088	-
Unused vacation payment to terminated/retired staff	7,652	(7,652)	-	-	-
Other purchased services	49,754	(19,391)	30,363	24,858	5,505
Supplies and materials	16,000	(5,967)	10,033	10,024	9
Other objects	20,200	(3,568)	16,632	16,632	-
<b>Total</b>	<b>1,220,765</b>	<b>(53,758)</b>	<b>1,167,007</b>	<b>1,135,737</b>	<b>31,270</b>
Undistributed expenditures - edu. media service/sch. library					
Salaries	481,053	(1,686)	479,367	478,746	621
Salaries of technology coordinators	549,020	(47,925)	501,095	498,196	2,899
Unused vacation payment to terminated/retired staff	-	7,385	7,385	7,384	1
Other purchased services	42,183	(3,625)	38,558	38,558	-
Supplies and materials	29,611	(7,468)	22,143	20,831	1,312
<b>Total</b>	<b>1,101,867</b>	<b>(53,319)</b>	<b>1,048,548</b>	<b>1,043,715</b>	<b>4,833</b>
Undistributed expenditures - instructional staff training services					
Other salaries	11,308	(7,013)	4,295	4,295	-
Other purchased professional and technical services	76,775	(50,900)	25,875	25,875	-
Other purchased services	67,545	(40,433)	27,112	25,625	1,487
Supplies and materials	8,800	(8,800)	-	-	-
Other objects	2,108	(1,092)	1,016	1,004	12
<b>Total</b>	<b>166,536</b>	<b>(108,238)</b>	<b>58,298</b>	<b>56,799</b>	<b>1,499</b>

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - support service - general admin.					
Salaries	\$ 269,445	\$ 436	\$ 269,881	\$ 269,880	\$ 1
Legal services	150,000	87,997	237,997	222,410	15,587
Audit fees	149,000	1,250	150,250	75,850	74,400
Architectural/engineering services	116,996	(70,000)	46,996	28,510	18,486
Other purchased professional services	75,850	(29,651)	46,199	46,199	-
Purchased technical services	3,600	(3,600)	-	-	-
Communications/telephone	112,762	(22,670)	90,092	87,519	2,573
BOE other purchased services	10,299	(4,710)	5,589	5,133	456
Miscellaneous purchased services	30,693	(11,857)	18,836	18,255	581
General supplies	1,615	2,080	3,695	3,694	1
BOE in-house training/meeting supplies	2,310	(1,696)	614	614	-
Judgments against the school district	-	96,881	96,881	96,881	-
Miscellaneous expenditures	40,460	(29,414)	11,046	11,046	-
BOE membership dues and fees	28,000	(1,119)	26,881	26,881	-
<b>Total</b>	<b>991,030</b>	<b>13,927</b>	<b>1,004,957</b>	<b>892,872</b>	<b>112,085</b>
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	1,597,991	(7,251)	1,590,740	1,590,736	4
Salaries of other professional staff	489,222	-	489,222	489,219	3
Salaries of secretarial and clerical assistants	682,607	(12,339)	670,268	669,976	292
Unused vacation payment to terminated/retired staff	9,136	15,869	25,005	25,005	-
Purchased professional and technical services	-	7,134	7,134	-	7,134
Other purchased services	24,693	5,651	30,344	21,383	8,961
Supplies and materials	74,530	(21,444)	53,086	33,951	19,135
Other objects	17,460	(605)	16,855	14,430	2,425
<b>Total</b>	<b>2,895,639</b>	<b>(12,985)</b>	<b>2,882,654</b>	<b>2,844,700</b>	<b>37,954</b>
Undistributed expenditures - central services					
Salaries	573,957	(5,889)	568,068	568,068	-
Purchased technical services	45,883	7,639	53,522	23,822	29,700
Miscellaneous purchased services	35,945	(14,413)	21,532	20,917	615
Sale/lease-back payments	4,601	(480)	4,121	4,121	-
Supplies and materials	11,530	(351)	11,179	10,771	408
Other objects	2,750	(235)	2,515	2,515	-
<b>Total</b>	<b>674,666</b>	<b>(13,729)</b>	<b>660,937</b>	<b>630,214</b>	<b>30,723</b>
Undistributed expenditures - admin. info. technology					
Salaries	302,029	10,882	312,911	310,068	2,843
Unused vacation payment to terminated/retired staff	7,578	(7,578)	-	-	-
Purchased technical services	114,246	(100,178)	14,068	14,068	-
Other purchased services	351,598	52,318	403,916	402,656	1,260
Supplies and materials	44,431	(28,205)	16,226	16,226	-
<b>Total</b>	<b>819,882</b>	<b>(72,761)</b>	<b>747,121</b>	<b>743,018</b>	<b>4,103</b>

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Undistributed expenditures - req. maint. for school facilities</b>					
Salaries	\$ 449,144	\$ (13,832)	\$ 435,312	\$ 434,265	\$ 1,047
Unused vacation payment to terminated/retired staff	-	6,325	6,325	6,325	-
Cleaning, repair, and maintenance services	404,041	23,225	427,266	421,490	5,776
General supplies	137,462	(25,099)	112,363	105,195	7,168
Other objects	6,100	(4,926)	1,174	1,169	5
<b>Total</b>	<b>996,747</b>	<b>(14,307)</b>	<b>982,440</b>	<b>968,444</b>	<b>13,996</b>
<b>Undistributed expenditures - custodial services</b>					
Salaries	1,615,411	(1,480,195)	135,216	135,216	-
Salaries of non-instructional aides	133,271	1,477,755	1,611,026	1,606,472	4,554
Unused vacation payment to terminated/retired staff	2,722	20,188	22,910	22,910	-
Purchased professional and technical services	18,000	(2,543)	15,457	15,457	-
Cleaning, repair, and maintenance service	212,502	(57,110)	155,392	153,565	1,827
Lease purchase pymts - energy savings impr prog	1,200	38,222	39,422	39,339	83
Other purchased property services	144,105	(17,170)	126,935	126,935	-
Insurance	701,335	39,520	740,855	740,855	-
Miscellaneous purchased services	6,800	(357)	6,443	6,387	56
General supplies	238,362	(59,226)	179,136	168,101	11,035
Energy (natural gas)	123,000	17,772	140,772	134,477	6,295
Energy (electricity)	945,950	(234,141)	711,809	705,321	6,488
Energy (oil)	219,000	25,822	244,822	244,822	-
Energy (gasoline)	10,500	2,134	12,634	5,511	7,123
<b>Total</b>	<b>4,372,158</b>	<b>(229,329)</b>	<b>4,142,829</b>	<b>4,105,368</b>	<b>37,461</b>
<b>Undistributed expenditures - care and upkeep of grounds</b>					
Salaries	278,510	(7,832)	270,678	265,924	4,754
Cleaning, repair, and maintenance service	53,500	804	54,304	28,985	25,319
General supplies	96,606	(8,484)	88,122	80,676	7,446
Other objects	7,200	(7,000)	200	60	140
<b>Total</b>	<b>435,816</b>	<b>(22,512)</b>	<b>413,304</b>	<b>375,645</b>	<b>37,659</b>
<b>Undistributed expenditures - security</b>					
Salaries	305,095	84,096	389,191	384,877	4,314
Purchased professional and technical services	100,000	(41,014)	58,986	58,986	-
Cleaning, repair, and maintenance service	5,200	(5,000)	200	200	-
General supplies	91,387	(83,923)	7,464	7,464	-
<b>Total</b>	<b>501,682</b>	<b>(45,841)</b>	<b>455,841</b>	<b>451,527</b>	<b>4,314</b>

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - student transportation service					
Salaries for pupil trans. (between home & school) - reg.	\$ 430,265	\$ (139,522)	\$ 290,743	\$ 290,724	\$ 19
Salaries for pupil trans (between home & school) - sp ed	247,940	16,992	264,932	264,663	269
Salaries for pupil trans (other than between home & school)	54,690	839	55,529	52,391	3,138
Other purchased professional and technical service	15,526	1,996	17,522	17,038	484
Cleaning, repair, and maint. services	91,000	(13,410)	77,590	75,351	2,239
Lease purchase payments - school buses	111,732	(108,412)	3,320	2,994	326
Contract service-aid in lieu pymts. - non-public schools	102,000	53,755	155,755	154,700	1,055
Contract service (between home & school) - vendors	2,608,152	58,436	2,666,588	2,666,588	-
Contr service (oth. than between home & school) - vend	167,484	(52,000)	115,484	111,915	3,569
Contr service (between home & school) - joint agreements	35,700	(35,700)	-	-	-
Contract service (sp. ed. stds) - vendors	51,213	(27,353)	23,860	23,859	1
Contract service (sp. ed. stds) - joint agreements	3,500	(893)	2,607	2,607	-
Contract service (reg. students) - ESCs and CTSAs	235,000	(2,230)	232,770	231,571	1,199
Contract service (spl. ed. students) - ESCs and CTSAs	941,332	629,282	1,570,614	1,538,380	32,234
Miscellaneous purchased services - transportation	4,700	-	4,700	3,848	852
General supplies	4,500	(3,368)	1,132	1,132	-
Transportation supplies	180,500	(23,607)	156,893	135,085	21,808
Other objects	525	-	525	200	325
<b>Total</b>	<b>5,285,759</b>	<b>354,805</b>	<b>5,640,564</b>	<b>5,573,046</b>	<b>67,518</b>
Unallocated benefits - employee benefits					
Social Security contributions	816,771	20,422	837,193	837,193	-
Other retirement contributions - PERS	1,233,386	(231,860)	1,001,526	999,724	1,802
Unemployment compensation	-	17,578	17,578	17,578	-
Workmen's compensation	378,995	(60,165)	318,830	318,830	-
Health benefits	6,704,749	762,452	7,467,201	7,464,760	2,441
Tuition reimbursement	200,000	15,350	215,350	215,350	-
Other employee benefits	537,051	23,053	560,104	557,127	2,977
Unused sick payment to terminated/retired staff	75,000	(597)	74,403	74,138	265
<b>Total</b>	<b>9,945,952</b>	<b>546,233</b>	<b>10,492,185</b>	<b>10,484,700</b>	<b>7,485</b>
On-behalf TPAF Pension contribution	-	-	-	11,306,693	(11,306,693)
On-behalf TPAF Non-contributory insurance	-	-	-	156,868	(156,868)
On-behalf TPAF Postretirement medical benefits	-	-	-	3,011,450	(3,011,450)
On-behalf TPAF Long-term disability insurance	-	-	-	4,056	(4,056)
Reimbursed TPAF Social Security contribution	-	-	-	2,487,265	(2,487,265)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,966,332</b>	<b>(16,966,332)</b>
<b>Total undistributed expenditures</b>	<b>\$ 37,177,291</b>	<b>\$ 651,057</b>	<b>\$ 37,828,348</b>	<b>\$ 54,375,900</b>	<b>\$ (16,547,552)</b>
<b>Total current</b>	<b>\$ 68,667,831</b>	<b>\$ 909,976</b>	<b>\$ 69,577,807</b>	<b>\$ 86,045,722</b>	<b>\$ (16,467,915)</b>

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Capital outlay					
Equipment					
Grades 9-12	\$ 9,086	\$ 29,126	\$ 38,212	\$ 38,211	\$ 1
Vocational programs					
School-sponsored and other instructional programs	20,000	(10,657)	9,343	4,850	4,493
Undistributed					
Undistributed expend. - school admin.	3,000	(3,000)	-	-	-
Undistributed expenditures - admin. info. technology	4,709	-	4,709	4,709	-
Undistributed expend. - care and upkeep of grounds	198,989	(80,000)	118,989	118,989	-
Total equipment	<u>235,784</u>	<u>(64,531)</u>	<u>171,253</u>	<u>166,759</u>	<u>4,494</u>
Facilities acquisition and construction service					
Architectural/engineering services	303,965	(31,000)	272,965	190,544	82,421
Construction services	2,180,352	125,665	2,306,017	889,334	1,416,683
Lease purchase agreements - principal	-	257,238	257,238	257,238	-
Assessment for debt service on SDA funding	14,763	-	14,763	14,763	-
Total facilities acquisition and construction service	<u>2,499,080</u>	<u>351,903</u>	<u>2,850,983</u>	<u>1,351,879</u>	<u>1,499,104</u>
Assets acquired under leases (non-budgeted)					
Undistributed					
Undistributed expend. - required maint. for school facilities	-	-	-	57,489	(57,489)
Total assets acquired under leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,489</u>	<u>(57,489)</u>
Total capital outlay	<u>\$ 2,734,864</u>	<u>\$ 287,372</u>	<u>\$ 3,022,236</u>	<u>\$ 1,576,127</u>	<u>\$ 1,446,109</u>
Transfer of funds to charter schools	<u>266,268</u>	<u>3,635</u>	<u>269,903</u>	<u>269,800</u>	<u>103</u>
Total expenditures	<u>\$ 71,668,963</u>	<u>\$ 1,200,983</u>	<u>\$ 72,869,946</u>	<u>\$ 87,891,649</u>	<u>\$ (15,021,703)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (3,834,648)	\$ (980,983)	\$ (4,815,631)	\$ (2,101,838)	\$ 2,713,793
Other financing sources (uses)					
Operating transfer out					
Transfer to food service fund - board contribution	-	(234)	(234)	(150)	84
Capital reserve - transfer to capital projects fund	-	-	-	(541,054)	(541,054)
Leases (non-budgeted)	-	-	-	57,489	57,489
Total other financing sources (uses)	<u>-</u>	<u>(234)</u>	<u>(234)</u>	<u>(483,715)</u>	<u>(483,481)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,834,648)	(981,217)	(4,815,865)	(2,585,553)	2,230,312
Fund balances, July 1	9,406,989	-	9,406,989	9,406,989	-
Fund balances, June 30	<u>\$ 5,572,341</u>	<u>\$ (981,217)</u>	<u>\$ 4,591,124</u>	<u>\$ 6,821,436</u>	<u>\$ 2,230,312</u>

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (501,648)	\$ -	\$ (501,648)	\$ (501,648)	\$ -
Increase in capital reserve	-	133,664	133,664	133,664	-
Interest deposit to capital reserve	1,000	-	1,000	31,383	30,383
Withdrawal from capital reserve	(2,285,000)	(541,054)	(2,826,054)	(2,826,054)	-
Increase in maintenance reserve	-	124,719	124,719	124,719	-
Interest earned on maintenance reserve	1,000	-	1,000	-	(1,000)
Withdrawal from maintenance reserve	(300,000)	-	(300,000)	(300,000)	-
Interest earned on unemployment compensation	-	-	-	6,664	6,664
Withdrawal from unemployment compensation	-	(17,578)	(17,578)	(17,578)	-
Budgeted fund balance	(750,000)	(680,968)	(1,430,968)	763,297	2,194,265
<b>Total</b>	<b>\$ (3,834,648)</b>	<b>\$ (981,217)</b>	<b>\$ (4,815,865)</b>	<b>\$ (2,585,553)</b>	<b>\$ 2,230,312</b>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 195,716	
Excess surplus - current year				570,003	
Capital reserve				1,257,600	
Maintenance reserve				536,352	
Unemployment compensation				363,545	
Committed fund balance					
Year-end encumbrances				1,436,848	
Assigned fund balance					
Designated for subsequent year's expenditures				700,000	
Unassigned fund balance				<u>1,761,372</u>	
Fund balance per budgetary basis				6,821,436	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(477,993)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 6,343,443</u>	

See independent auditor's report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
<b>Revenues</b>					
Federal sources	\$ 2,395,619	\$ 405,735	\$ 2,801,354	\$ 1,535,091	\$ (1,266,263)
State sources	992,309	1,865	994,174	782,642	(211,532)
Local sources	-	222,467	222,467	625,392	402,925
<b>Total revenues</b>	<b>\$ 3,387,928</b>	<b>\$ 630,067</b>	<b>\$ 4,017,995</b>	<b>\$ 2,943,125</b>	<b>\$ (1,074,870)</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Salaries	\$ 181,612	\$ 34,513	\$ 216,125	\$ 160,866	\$ 55,259
Employee benefits	-	459	459	459	-
Purchased professional & technical services	194,312	1,865	196,177	103,108	93,069
Other purchased services	464,299	(462,699)	1,600	1,575	25
Supplies	200,760	146,237	346,997	230,462	116,535
Textbooks	85,074	-	85,074	80,861	4,213
Other objects	31,831	3,565	35,396	3,615	31,781
<b>Total</b>	<b>1,157,888</b>	<b>(276,060)</b>	<b>881,828</b>	<b>580,946</b>	<b>300,882</b>
<b>Support services</b>					
Tuition	353,278	600,186	953,464	791,160	162,304
Salaries	267,257	36,320	303,577	199,658	103,919
Employee benefits	24,330	3,427	27,757	15,561	12,196
Purchased professional & technical services	1,286,901	(234,060)	1,052,841	567,304	485,537
Purchased property services	89,689	-	89,689	83,933	5,756
Travel	1,473	-	1,473	1,472	1
Miscellaneous purchased services	15,500	-	15,500	15,500	-
Supplies	102,957	4,016	106,973	86,740	20,233
Other objects	10,552	-	10,552	10,552	-
Scholarships awarded	-	5,000	5,000	5,000	-
Student activities	-	405,733	405,733	405,733	-
<b>Total</b>	<b>2,151,937</b>	<b>820,622</b>	<b>2,972,559</b>	<b>2,182,613</b>	<b>789,946</b>
<b>Capital outlay</b>					
Building	78,103	-	78,103	78,103	-
Equipment	-	85,505	85,505	85,505	-
<b>Total</b>	<b>78,103</b>	<b>85,505</b>	<b>163,608</b>	<b>163,608</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 3,387,928</b>	<b>\$ 630,067</b>	<b>\$ 4,017,995</b>	<b>\$ 2,927,167</b>	<b>\$ 1,090,828</b>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 15,958	\$ 15,958
Fund balances, July 1	205,902	-	205,902	205,902	-
Fund balances, June 30	<b>\$ 205,902</b>	<b>\$ -</b>	<b>\$ 205,902</b>	<b>\$ 221,860</b>	<b>\$ 15,958</b>
<b>Recapitulation of fund balance</b>					
Restricted fund balance					
Scholarships				\$ 33,430	
Student activities				188,430	
Fund balance per budgetary basis				<b>\$ 221,860</b>	

See independent auditors' report.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2023**

Explanation of Differences Between Budgetary Inflows and  
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 85,789,811	\$ 2,943,125
Differences - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	37,354
Outstanding encumbrances - current year	-	(73,479)
Differences - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	513,717	-
State aid receivable current year	(477,993)	-
Total revenues (GAAP basis)	<u>\$ 85,825,535</u>	<u>\$ 2,907,000</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 87,891,649	\$ 2,927,167
Differences - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	37,354
Outstanding encumbrances - current year	-	(73,479)
Total expenditures (GAAP basis)	<u>\$ 87,891,649</u>	<u>\$ 2,891,042</u>

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR PENSIONS (GASB 68)  
(UNAUDITED)**

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement System**  
**Last Ten Fiscal Years**

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2014	0.0751741682%	\$ 14,074,660	N/A	N/A	52.08%
2015	0.0768273311%	17,246,196	\$ 5,084,021	339.22%	47.93%
2016	0.0802807819%	23,776,865	5,370,633	442.72%	40.14%
2017	0.0746375296%	17,374,424	5,137,929	338.16%	48.10%
2018	0.0784852834%	15,453,361	5,235,245	295.18%	53.60%
2019	0.0828922067%	14,935,918	5,733,801	260.49%	56.27%
2020	0.0845062726%	13,780,763	5,958,254	231.29%	58.32%
2021	0.0837349000%	9,919,654	6,101,321	162.58%	70.33%
2022	0.0776255133%	11,714,759	5,592,092	209.49%	62.91%
2023	N/A	N/A	6,380,329	N/A	N/A

N/A = Information not available

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of District's Contributions**  
**Public Employees Retirement System**  
**Last Ten Fiscal Years**

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	N/A	N/A	N/A	N/A	N/A
2015	\$ 619,725	\$ (619,725)	\$ -	\$ 5,084,021	12.19%
2016	660,509	(660,509)	-	5,370,633	12.30%
2017	730,259	(730,259)	-	5,137,929	14.21%
2018	715,762	(715,762)	-	5,235,245	13.67%
2019	785,678	(785,678)	-	5,733,801	13.70%
2020	811,181	(811,181)	-	5,958,254	13.61%
2021	924,456	(924,456)	-	6,101,321	15.15%
2022	980,633	(980,633)	-	5,592,092	17.54%
2023	978,895	(978,895)	-	6,380,329	15.34%

N/A = Information not available

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	Proportionate share of net pension liability (asset)				District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	0.2665855069%	\$ -	\$142,481,277	\$ 142,481,277	\$ 25,292,572	0.00%	0.3364
2015	0.2512752554%	-	158,816,692	158,816,692	25,734,948	0.00%	28.71%
2016	0.2552440455%	-	200,791,218	200,791,218	25,904,648	0.00%	22.33%
2017	0.2554278667%	-	172,218,678	172,218,678	27,078,583	0.00%	25.41%
2018	0.2527631385%	-	160,802,479	160,802,479	28,329,425	0.00%	26.49%
2019	0.2587500539%	-	158,797,350	158,797,350	28,545,804	0.00%	26.95%
2020	0.2645594088%	-	174,209,187	174,209,187	29,883,372	0.00%	24.60%
2021	0.2621709121%	-	126,039,161	126,039,161	31,244,591	0.00%	35.52%
2022	0.2679367556%	-	138,240,404	138,240,404	32,210,104	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	34,425,281	N/A	N/A

N/A = Information not available

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of District's Contributions**  
**Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2014	N/A	N/A	N/A	\$ 25,292,572	N/A
2015	\$ 7,666,830	\$ (1,358,486)	\$ 6,308,344	25,734,948	29.79%
2016	9,697,189	(2,043,583)	7,653,606	25,904,648	37.43%
2017	15,086,666	(2,772,603)	12,314,063	27,078,583	55.71%
2018	11,930,438	(3,722,309)	8,208,129	28,329,425	42.11%
2019	9,374,222	(5,088,987)	4,285,235	28,545,804	32.84%
2020	9,366,292	(5,802,801)	3,563,491	29,883,372	31.34%
2021	10,833,069	(7,620,991)	3,212,078	31,244,591	34.67%
2022	2,965,757	(11,030,036)	(8,064,279)	32,210,104	9.21%
2023	11,213,826	(11,213,826)	-	34,425,281	32.57%

N/A = Information not available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75)  
(UNAUDITED)**



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Other**  
**Postemployment Employee Benefits Liability**  
**Last Ten Fiscal Years**

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 126,569,401	\$ 126,569,401	\$ 32,216,512	0.00%	0.00%
2018	0.00%	-	110,508,100	110,508,100	33,564,670	0.00%	0.00%
2019	0.00%	-	100,065,325	100,065,325	34,279,605	0.00%	0.00%
2020	0.00%	-	161,339,447	161,339,447	35,841,626	0.00%	0.00%
2021	0.00%	-	145,108,919	145,108,919	37,345,912	0.00%	0.00%
2022	0.00%	-	123,650,490	123,650,490	37,802,196	0.00%	0.00%
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2023**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions – PERS  
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2021 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

## **SPECIAL REVENUE FUND**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2023**

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	Total
<b>Revenues</b>						
Federal sources	\$ 510,574	\$ 906,493	\$ 30,545	\$ 60,932	\$ 26,547	\$ 1,535,091
State sources	782,642	-	-	-	-	782,642
Local sources	625,392	-	-	-	-	625,392
<b>Total revenues</b>	<b>\$ 1,918,608</b>	<b>\$ 906,493</b>	<b>\$ 30,545</b>	<b>\$ 60,932</b>	<b>\$ 26,547</b>	<b>\$ 2,943,125</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Salaries	\$ 116,324	\$ 2,887	\$ -	\$ 41,655	\$ -	\$ 160,866
Employee benefits	459	-	-	-	-	459
Purchased professional & technical services	56,737	46,371	-	-	-	103,108
Other purchased services	1,575	-	-	-	-	1,575
Supplies	205,343	22,594	-	2,525	-	230,462
Textbooks	80,861	-	-	-	-	80,861
Other objects	3,615	-	-	-	-	3,615
<b>Total</b>	<b>464,914</b>	<b>71,852</b>	<b>-</b>	<b>44,180</b>	<b>-</b>	<b>580,946</b>
<b>Support services</b>						
Tuition	334,917	425,698	30,545	-	-	791,160
Salaries	177,816	-	-	12,602	9,240	199,658
Employee benefits	10,483	221	-	4,150	707	15,561
Purchased professional & technical services	163,264	387,440	-	-	16,600	567,304
Purchased property services	83,933	-	-	-	-	83,933
Miscellaneous purchased services	-	15,500	-	-	-	15,500
Travel	1,472	-	-	-	-	1,472
Supplies	80,958	5,782	-	-	-	86,740
Other objects	10,552	-	-	-	-	10,552
Scholarships awarded	5,000	-	-	-	-	5,000
Student activities	405,733	-	-	-	-	405,733
<b>Total</b>	<b>1,274,128</b>	<b>834,641</b>	<b>30,545</b>	<b>16,752</b>	<b>26,547</b>	<b>2,182,613</b>
<b>Capital outlay</b>						
Building	78,103	-	-	-	-	78,103
Equipment	85,505	-	-	-	-	85,505
<b>Total</b>	<b>163,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,608</b>
<b>Total expenditures</b>	<b>\$ 1,902,650</b>	<b>\$ 906,493</b>	<b>\$ 30,545</b>	<b>\$ 60,932</b>	<b>\$ 26,547</b>	<b>\$ 2,927,167</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 15,958	\$ -	\$ -	\$ -	\$ -	\$ 15,958
Fund balances, July 1	205,902	-	-	-	-	205,902
Fund balances, June 30	\$ 221,860	\$ -	\$ -	\$ -	\$ -	\$ 221,860

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	Total Brought Forward	ESSA Title IV	CRRSA ESSER II	CRRSA Learning Acceleration	CRRSA Mental Health	ACSERS	Total Carried Forward
<b>Revenues</b>							
Federal sources	\$ 427,734	\$ 8,639	\$ 18,252	\$ 7,729	\$ 2,629	\$ 45,591	\$ 510,574
State sources	782,642	-	-	-	-	-	782,642
Local sources	625,392	-	-	-	-	-	625,392
<b>Total revenues</b>	<b>\$ 1,835,768</b>	<b>\$ 8,639</b>	<b>\$ 18,252</b>	<b>\$ 7,729</b>	<b>\$ 2,629</b>	<b>\$ 45,591</b>	<b>\$ 1,918,608</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 82,757	\$ -	\$ -	\$ -	\$ -	\$ 33,567	\$ 116,324
Employee benefits	459	-	-	-	-	-	459
Purchased professional & technical services	56,737	-	-	-	-	-	56,737
Other purchased services	-	1,575	-	-	-	-	1,575
Supplies	196,651	7,064	1,628	-	-	-	205,343
Textbooks	80,861	-	-	-	-	-	80,861
Other objects	3,615	-	-	-	-	-	3,615
<b>Total</b>	<b>421,080</b>	<b>8,639</b>	<b>1,628</b>	<b>-</b>	<b>-</b>	<b>33,567</b>	<b>464,914</b>
<b>Support services</b>							
Tuition	334,917	-	-	-	-	-	334,917
Salaries	173,336	-	4,480	-	-	-	177,816
Employee benefits	10,140	-	343	-	-	-	10,483
Purchased professional & technical services	155,535	-	-	7,729	-	-	163,264
Purchased property services	83,933	-	-	-	-	-	83,933
Miscellaneous purchased services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	1,472	1,472
Supplies	66,528	-	11,801	-	2,629	-	80,958
Other objects	-	-	-	-	-	10,552	10,552
Scholarships awarded	5,000	-	-	-	-	-	5,000
Student activities	405,733	-	-	-	-	-	405,733
<b>Total</b>	<b>1,235,122</b>	<b>-</b>	<b>16,624</b>	<b>7,729</b>	<b>2,629</b>	<b>12,024</b>	<b>1,274,128</b>
<b>Capital outlay</b>							
Building	78,103	-	-	-	-	-	78,103
Equipment	85,505	-	-	-	-	-	85,505
<b>Total</b>	<b>163,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,608</b>
<b>Total expenditures</b>	<b>\$ 1,819,810</b>	<b>\$ 8,639</b>	<b>\$ 18,252</b>	<b>\$ 7,729</b>	<b>\$ 2,629</b>	<b>\$ 45,591</b>	<b>\$ 1,902,650</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 15,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,958
Fund balances, July 1	205,902	-	-	-	-	-	205,902
Fund balances, June 30	\$ 221,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,860

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	Total Brought Forward	ARP ESSER	ARP Accelerated Learning	ARP NJTSS Mental Health	ARP Summer Learning	ARP Beyond the School Day	Total Carried Forward
<b>Revenues</b>							
Federal sources	\$ 103,997	\$ 131,633	\$ 133,006	\$ 3,013	\$ 39,938	\$ 16,147	\$ 427,734
State sources	782,642	-	-	-	-	-	782,642
Local sources	625,392	-	-	-	-	-	625,392
<b>Total revenues</b>	<b>\$ 1,512,031</b>	<b>\$ 131,633</b>	<b>\$ 133,006</b>	<b>\$ 3,013</b>	<b>\$ 39,938</b>	<b>\$ 16,147</b>	<b>\$ 1,835,768</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 12,148	\$ -	\$ 33,609	\$ -	\$ 22,000	\$ 15,000	\$ 82,757
Employee benefits	459	-	-	-	-	-	459
Purchased professional & technical services	56,737	-	-	-	-	-	56,737
Other purchased services	-	-	-	-	-	-	-
Supplies	169,992	26,659	-	-	-	-	196,651
Textbooks	80,861	-	-	-	-	-	80,861
Other objects	2,945	670	-	-	-	-	3,615
<b>Total</b>	<b>323,142</b>	<b>27,329</b>	<b>33,609</b>	<b>-</b>	<b>22,000</b>	<b>15,000</b>	<b>421,080</b>
<b>Support services</b>							
Tuition	334,917	-	-	-	-	-	334,917
Salaries	118,808	3,803	35,475	150	15,100	-	173,336
Employee benefits	567	291	5,285	12	2,838	1,147	10,140
Purchased professional & technical services	648	93,750	58,637	2,500	-	-	155,535
Purchased property services	83,933	-	-	-	-	-	83,933
Miscellaneous purchased service	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Supplies	59,717	6,460	-	351	-	-	66,528
Other objects	-	-	-	-	-	-	-
Scholarships awarded	5,000	-	-	-	-	-	5,000
Student activities	405,733	-	-	-	-	-	405,733
<b>Total</b>	<b>1,009,323</b>	<b>104,304</b>	<b>99,397</b>	<b>3,013</b>	<b>17,938</b>	<b>1,147</b>	<b>1,235,122</b>
<b>Capital outlay</b>							
Building	78,103	-	-	-	-	-	78,103
Equipment	85,505	-	-	-	-	-	85,505
<b>Total</b>	<b>163,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,608</b>
<b>Total expenditures</b>	<b>\$ 1,496,073</b>	<b>\$ 131,633</b>	<b>\$ 133,006</b>	<b>\$ 3,013</b>	<b>\$ 39,938</b>	<b>\$ 16,147</b>	<b>\$ 1,819,810</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 15,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,958
Fund balances, July 1	205,902	-	-	-	-	-	205,902
Fund balances, June 30	\$ 221,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,860

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	Total Brought Forward	ARP IDEA Basic	ARP IDEA Preschool	SDA Emergent and Capital Maintenance Needs	School Climate Change	Non-public	Total Carried Forward
<b>Revenues</b>							
Federal sources	\$ -	\$ 100,853	\$ 3,144	\$ -	\$ -	\$ -	\$ 103,997
State sources	-	-	-	78,103	6,460	698,079	782,642
Local sources	625,392	-	-	-	-	-	625,392
<b>Total revenues</b>	<b>\$ 625,392</b>	<b>\$ 100,853</b>	<b>\$ 3,144</b>	<b>\$ 78,103</b>	<b>\$ 6,460</b>	<b>\$ 698,079</b>	<b>\$ 1,512,031</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 6,000	\$ 6,148	\$ -	\$ -	\$ -	\$ -	\$ 12,148
Employee benefits	459	-	-	-	-	-	459
Purchased professional & technical services	-	-	-	-	-	56,737	56,737
Other purchased services	-	-	-	-	-	-	-
Supplies	106,737	2,826	3,144	-	3,515	53,770	169,992
Textbooks	-	-	-	-	-	80,861	80,861
Other objects	-	-	-	-	2,945	-	2,945
<b>Total</b>	<b>113,196</b>	<b>8,974</b>	<b>3,144</b>	<b>-</b>	<b>6,460</b>	<b>191,368</b>	<b>323,142</b>
<b>Support services</b>							
Tuition	-	88,954	-	-	-	245,963	334,917
Salaries	-	1,260	-	-	-	117,548	118,808
Employee benefits	-	567	-	-	-	-	567
Purchased professional & technical services	-	648	-	-	-	-	648
Purchased property services	-	-	-	-	-	83,933	83,933
Miscellaneous purchased services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Supplies	-	450	-	-	-	59,267	59,717
Other objects	-	-	-	-	-	-	-
Scholarships awarded	5,000	-	-	-	-	-	5,000
Student activities	405,733	-	-	-	-	-	405,733
<b>Total</b>	<b>410,733</b>	<b>91,879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>506,711</b>	<b>1,009,323</b>
<b>Capital outlay</b>							
Building	-	-	-	78,103	-	-	78,103
Equipment	85,505	-	-	-	-	-	85,505
<b>Total</b>	<b>85,505</b>	<b>-</b>	<b>-</b>	<b>78,103</b>	<b>-</b>	<b>-</b>	<b>163,608</b>
<b>Total expenditures</b>	<b>\$ 609,434</b>	<b>\$ 100,853</b>	<b>\$ 3,144</b>	<b>\$ 78,103</b>	<b>\$ 6,460</b>	<b>\$ 698,079</b>	<b>\$ 1,496,073</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 15,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,958
Fund balances, July 1	205,902	-	-	-	-	-	205,902
Fund balances, June 30	\$ 221,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,860

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	Local	Scholarships	Student Activities	Total Carried Forward
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Local sources	198,701	672	426,019	625,392
Total revenues	<u>\$ 198,701</u>	<u>\$ 672</u>	<u>\$ 426,019</u>	<u>\$ 625,392</u>
Expenditures				
Instruction				
Salaries	\$ 6,000	\$ -	\$ -	\$ 6,000
Employee benefits	459	-	-	459
Purchased professional & technical services	-	-	-	-
Other purchased services	-	-	-	-
Supplies	106,737	-	-	106,737
Textbooks	-	-	-	-
Other objects	-	-	-	-
Total	<u>113,196</u>	<u>-</u>	<u>-</u>	<u>113,196</u>
Support services				
Tuition	-	-	-	-
Salaries	-	-	-	-
Employee benefits	-	-	-	-
Purchased professional & technical services	-	-	-	-
Purchased property services	-	-	-	-
Miscellaneous purchased services	-	-	-	-
Travel	-	-	-	-
Supplies	-	-	-	-
Other objects	-	-	-	-
Scholarships awarded	-	5,000	-	5,000
Student activities	-	-	405,733	405,733
Total	<u>-</u>	<u>5,000</u>	<u>405,733</u>	<u>410,733</u>
Capital outlay				
Building	-	-	-	-
Equipment	85,505	-	-	85,505
Total	<u>85,505</u>	<u>-</u>	<u>-</u>	<u>85,505</u>
Total expenditures	<u>\$ 198,701</u>	<u>\$ 5,000</u>	<u>\$ 405,733</u>	<u>\$ 609,434</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (4,328)	\$ 20,286	\$ 15,958
Fund balances, July 1	-	37,758	168,144	205,902
Fund balances, June 30	<u>\$ -</u>	<u>\$ 33,430</u>	<u>\$ 188,430</u>	<u>\$ 221,860</u>

See independent auditors' report.



## **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2023**

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/23
			Prior Years	Current Year	
Energy savings improvement program	2022	\$ 7,914,837	\$ 2,212,135	\$ 1,891,622	\$ 3,811,080
		<u>\$ 7,914,837</u>	<u>\$ 2,212,135</u>	<u>\$ 1,891,622</u>	<u>\$ 3,811,080</u>

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2023**

Revenues and other financing sources	
Local sources	
Transfer from capital reserve	\$ 541,054
Interest earned	12,528
Total revenues and other financing sources	<u>553,582</u>
Expenditures and other financing uses	
Purchased professional & technical services	35,340
Construction	1,856,282
Total expenditures	<u>1,891,622</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures & other financing uses	(1,338,040)
Fund balance - beginning	<u>5,161,648</u>
Fund balance - ending	<u><u>\$ 3,823,608</u></u>

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Energy Savings Improvement Program (ESIP)**  
**For the Fiscal Year Ended June 30, 2023**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources				
Transfers in from capital reserve	\$ -	\$ 541,054	\$ 541,054	\$ 541,054
Financed purchase proceeds	7,373,783	-	7,373,783	7,373,783
Total revenues	<u>7,373,783</u>	<u>541,054</u>	<u>7,914,837</u>	<u>7,914,837</u>
Expenditures and other financing uses				
Purchased professional & technical services	-	35,340	35,340	200,000
Construction	2,212,135	1,856,282	4,068,417	7,714,837
Total expenditures	<u>2,212,135</u>	<u>1,891,622</u>	<u>4,103,757</u>	<u>7,914,837</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,161,648</u>	<u>\$ (1,350,568)</u>	<u>\$ 3,811,080</u>	<u>\$ -</u>

Additional Project Information

Project number	N/A
Authorization date	N/A
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 7,373,783
Additional authorized cost	541,054
Revised authorized cost	7,914,837
Percentage completion	51.85%

See independent auditors' report.

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under leases, and early retirement program.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**June 30, 2023**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/22	Issued	Retired	Balance 06/30/23
			Date	Amount					
2015 School Refunding Bonds	02/18/15	\$ 54,355,000	02/15/24	\$ 2,785,000	2.50%	\$ 8,040,000	\$ -	\$ 2,525,000	\$ 5,515,000
			02/15/25	2,730,000	3.00%	-	-	-	-
2018 School Refunding Bonds	06/06/18	7,830,000	09/01/23	965,000	5.00%	4,725,000	-	980,000	3,745,000
			09/01/24	945,000	5.00%	-	-	-	-
			09/01/25	930,000	5.00%	-	-	-	-
			09/01/26	400,000	4.25%	-	-	-	-
			09/01/26	505,000	5.00%	-	-	-	-
2020 School Refunding Bonds	08/15/20	41,405,000	02/15/24	755,000	0.76%	40,205,000	-	750,000	39,455,000
			02/15/25	765,000	0.89%	-	-	-	-
			02/15/26	3,600,000	1.13%	-	-	-	-
			02/15/27	3,610,000	1.23%	-	-	-	-
			02/15/28	3,860,000	1.39%	-	-	-	-
			02/15/29	3,760,000	1.49%	-	-	-	-
			02/15/30	3,610,000	1.64%	-	-	-	-
			02/15/31	3,465,000	1.74%	-	-	-	-
			02/15/32	3,380,000	1.84%	-	-	-	-
			02/15/33	3,290,000	1.94%	-	-	-	-
			02/15/34	3,205,000	1.99%	-	-	-	-
			02/15/35	3,115,000	2.04%	-	-	-	-
			02/15/36	3,040,000	2.09%	-	-	-	-
						<u>\$ 52,970,000</u>	<u>\$ -</u>	<u>\$ 4,255,000</u>	<u>\$ 48,715,000</u>

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Obligations Under Leases**  
**For the Fiscal Year Ended June 30, 2023**

Description	Interest Rate	Amount of Original Issue	Balance 07/01/22	Issued	Retired	Balance 06/30/23
Buses	2.835%	\$ 198,806	\$ 41,182	\$ -	\$ 41,182	\$ -
Buses	2.339%	227,501	92,015	-	45,476	46,539
Buses	1.616%	105,366	63,209	-	21,754	41,455
Chromebooks	0.988%	250,000	165,846	-	82,515	83,331
Technology equipment	0.738%	500,000	430,512	-	66,311	364,201
Energy savings incentive program	2.101%	7,431,272	7,373,783	57,489	-	7,431,272
			<u>\$ 8,166,547</u>	<u>\$ 57,489</u>	<u>\$ 257,238</u>	<u>\$ 7,966,798</u>

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 4,815,616	\$ -	\$ 4,815,616	\$ 4,815,616	\$ -
State sources					
Debt service aid	570,702	-	570,702	570,702	-
Total revenues	<u>5,386,318</u>	<u>-</u>	<u>5,386,318</u>	<u>5,386,318</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	1,134,621	-	1,134,621	1,134,621	-
Redemption of principal	4,255,000	-	4,255,000	4,255,000	-
Total expenditures	<u>5,389,621</u>	<u>-</u>	<u>5,389,621</u>	<u>5,389,621</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3,303)	-	(3,303)	(3,303)	-
Fund balance, July 1	<u>3,303</u>	<u>-</u>	<u>3,303</u>	<u>3,303</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.



## **STATISTICAL SECTION**

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Statistical Section J Series**

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend 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 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 3,971,598	\$ 10,690,576	\$ 12,953,122	\$ 10,732,742	\$ 12,462,718	\$ 14,414,009	\$ 18,656,271	\$ 19,779,508	\$ 17,465,216	\$ 14,850,078
Restricted	5,090,465	4,133,114	4,318,653	6,992,480	9,272,742	7,022,305	8,076,372	7,889,804	5,409,620	6,202,965
Unrestricted	(12,931,801)	(20,634,271)	(23,352,947)	(24,575,528)	(25,679,469)	(23,485,640)	(24,803,168)	(21,294,145)	(12,375,867)	(10,903,070)
Total governmental activities	\$ (3,869,738)	\$ (5,810,581)	\$ (6,081,172)	\$ (6,850,306)	\$ (3,944,009)	\$ (2,049,326)	\$ 1,929,475	\$ 6,375,167	\$ 10,498,969	\$ 10,149,973
Business-type activities										
Net investment in capital assets	\$ 323,838	\$ 269,323	\$ 293,342	\$ 264,319	\$ 246,002	\$ 212,478	\$ 183,631	\$ 166,015	\$ 135,609	\$ 139,162
Unrestricted	92,433	15,829	53,383	80,303	114,842	187,596	164,482	77,772	404,512	594,742
Total business-type activities	\$ 416,271	\$ 285,152	\$ 346,725	\$ 344,622	\$ 360,844	\$ 400,074	\$ 348,113	\$ 243,787	\$ 540,121	\$ 733,904
District-wide										
Net investment in capital assets	\$ 4,295,436	\$ 10,959,899	\$ 13,246,464	\$ 10,997,061	\$ 12,708,720	\$ 14,626,487	\$ 18,839,902	\$ 19,945,523	\$ 17,600,825	\$ 14,989,240
Restricted	5,090,465	4,133,114	4,318,653	6,992,480	9,272,742	7,022,305	8,076,372	7,889,804	5,409,620	6,202,965
Unrestricted	(12,839,368)	(20,618,442)	(23,299,564)	(24,495,225)	(25,564,627)	(23,298,044)	(24,638,686)	(21,216,373)	(11,971,355)	(10,308,328)
Total district-wide	\$ (3,453,467)	\$ (5,525,429)	\$ (5,734,447)	\$ (6,505,684)	\$ (3,583,165)	\$ (1,649,252)	\$ 2,277,588	\$ 6,618,954	\$ 11,039,090	\$ 10,883,877

\*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 27,536,321	\$ 30,414,029	\$ 30,790,085	\$ 35,691,558	\$ 34,606,214	\$ 32,631,972	\$ 31,274,965	\$ 33,462,907	\$ 29,957,773	\$ 42,538,529
Special education	7,191,422	8,112,234	8,724,631	10,300,417	10,914,087	9,786,081	9,093,125	9,856,718	9,346,444	12,287,274
Other special education	1,078,212	316,459	627,416	553,048	527,022	136,566	148,246	127,279	180,359	1,580,703
Other instruction	1,512,164	2,734,382	2,865,976	3,061,034	3,262,993	4,042,438	3,990,531	4,191,390	3,807,100	5,559,991
Support services										
Tuition	2,321,241	2,759,807	2,684,197	2,655,176	2,420,389	2,155,425	2,121,825	1,861,446	2,144,761	2,727,529
Student & instruction related services	7,157,913	9,123,395	9,935,714	11,439,504	12,527,448	11,971,491	12,509,087	12,791,885	11,570,715	17,055,709
General & business administrative services	2,202,295	2,544,838	2,679,319	2,661,686	2,403,072	1,842,802	1,880,714	2,093,916	1,889,193	2,105,902
School administration	4,596,451	4,856,431	5,453,989	5,561,776	5,572,995	5,274,584	4,955,490	5,332,025	4,785,722	5,232,907
Plant operations & maintenance	5,098,475	6,767,680	6,833,619	6,886,289	7,246,144	7,626,788	7,419,712	7,371,420	7,381,472	7,110,163
Pupil transportation	4,459,335	4,992,244	4,705,065	4,819,551	4,816,163	4,729,532	4,513,546	4,587,568	5,005,378	6,639,883
Transfer to Charter School	428,077	233,906	373,175	174,152	254,577	419,066	385,792	287,660	218,288	269,800
Interest on long-term debt	3,389,406	4,289,072	2,695,757	2,591,096	2,347,551	2,239,534	2,122,943	1,203,615	679,487	1,383,794
Unallocated Debt Service	2,570,248	2,570,248	2,570,248	2,638,904	2,646,075	2,627,029	2,703,966	2,823,002	2,823,002	-
Total governmental activities expenses	69,541,560	79,714,725	80,939,191	89,034,191	89,544,730	85,483,308	83,119,942	85,990,831	79,789,694	104,492,184
Business-type activities										
Food services	860,552	955,855	891,526	902,693	881,323	904,348	729,559	645,146	1,135,520	1,174,456
Total business-type activities	860,552	955,855	891,526	902,693	881,323	904,348	729,559	645,146	1,135,520	1,174,456
Total district expenses	\$ 70,402,112	\$ 80,670,580	\$ 81,830,717	\$ 89,936,884	\$ 90,426,053	\$ 86,387,656	\$ 83,849,501	\$ 86,635,977	\$ 80,925,214	\$ 105,666,640

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,806	\$ 587,724	\$ 7,571,123
Operating grants & contributions	12,606,704	19,615,528	21,978,507	27,768,329	30,825,749	22,349,553	19,891,811	21,584,507	14,492,613	2,480,309
Capital grants & contributions	-	229,910	-	-	-	-	-	-	-	-
Total governmental activities	12,606,704	19,845,438	21,978,507	27,768,329	30,825,749	22,349,553	19,891,811	22,065,313	15,080,337	10,051,432
Business-type activities										
Charges for services										
Food service	703,066	702,817	743,090	744,113	694,065	786,527	544,862	16,211	81,964	917,519
Operating grants & contributions	110,639	115,540	135,530	156,140	149,476	155,818	131,885	524,430	1,349,890	446,748
Total business-type activities	813,705	818,357	878,620	900,253	843,541	942,345	676,747	540,641	1,431,854	1,364,267
Total district-wide program revenues	\$ 13,420,409	\$ 20,663,795	\$ 22,857,127	\$ 28,668,582	\$ 31,669,290	\$ 23,291,898	\$ 20,568,558	\$ 22,605,954	\$ 16,512,191	\$ 11,415,699
Net (expense) revenues										
Governmental activities	\$ (56,934,856)	\$ (59,869,287)	\$ (58,960,684)	\$ (61,265,862)	\$ (58,718,981)	\$ (63,133,755)	\$ (63,228,131)	\$ (63,925,518)	\$ (64,709,357)	\$ (94,440,752)
Business-type activities	(46,847)	(137,498)	(12,906)	(2,440)	(37,782)	37,997	(52,812)	(104,505)	296,334	189,811
Total district-wide net expenses	\$ (56,981,703)	\$ (60,006,785)	\$ (58,973,590)	\$ (61,268,302)	\$ (58,756,763)	\$ (63,095,758)	\$ (63,280,943)	\$ (64,030,023)	\$ (64,413,023)	\$ (94,250,941)
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ 50,702,294	\$ 52,416,339	\$ 53,464,665	\$ 54,533,958	\$ 55,624,637	\$ 56,737,130	\$ 58,309,089	\$ 59,863,472	\$ 61,060,741	\$ 62,281,956
Taxes levied for debt service	5,491,678	4,674,200	4,589,644	5,213,991	5,149,102	4,664,384	5,023,263	5,100,371	4,683,004	4,815,616
Unrestricted grants & contributions	627,132	614,990	631,919	575,191	594,728	3,351,018	3,231,251	3,282,404	2,844,105	28,313,752
Investment earnings	-	-	-	-	-	-	-	-	-	196,457
Miscellaneous income	275,427	222,915	210,441	173,588	256,811	275,906	157,451	124,963	245,309	198,040
Transfer in(out)	-	-	-	-	-	-	-	-	-	(150)
Total governmental activities	57,096,531	57,928,444	58,896,669	60,496,728	61,625,278	65,028,438	66,721,054	68,371,210	68,833,159	95,805,671

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ 339	\$ 215	\$ 256	\$ 337	\$ 435	\$ 1,233	\$ 1,188	\$ 179	\$ -	\$ -
Miscellaneous income	-	-	-	-	-	-	-	-	-	18,815
Transfer in (out)	-	-	-	-	-	-	-	-	-	150
Other	(1,111)	6,164	7,030	-	53,569	-	(337)	-	-	-
Total business-type activities	<u>(772)</u>	<u>6,379</u>	<u>7,286</u>	<u>337</u>	<u>54,004</u>	<u>1,233</u>	<u>851</u>	<u>179</u>	<u>-</u>	<u>18,965</u>
Total district-wide	<u>\$ 57,095,759</u>	<u>\$ 57,934,823</u>	<u>\$ 58,903,955</u>	<u>\$ 60,497,065</u>	<u>\$ 61,679,282</u>	<u>\$ 65,029,671</u>	<u>\$ 66,721,905</u>	<u>\$ 68,371,389</u>	<u>\$ 68,833,159</u>	<u>\$ 95,824,636</u>
Change in net position										
Governmental activities	\$ 161,675	\$ (1,940,843)	\$ (64,015)	\$ (769,134)	\$ 2,906,297	\$ 1,894,683	\$ 3,492,923	\$ 4,445,692	\$ 4,123,802	\$ 1,364,919
Business-type activities	(47,619)	(131,119)	(5,620)	(2,103)	16,222	39,230	(51,961)	(104,326)	296,334	208,776
Total district	<u>\$ 114,056</u>	<u>\$ (2,071,962)</u>	<u>\$ (69,635)</u>	<u>\$ (771,237)</u>	<u>\$ 2,922,519</u>	<u>\$ 1,933,913</u>	<u>\$ 3,440,962</u>	<u>\$ 4,341,366</u>	<u>\$ 4,420,136</u>	<u>\$ 1,573,695</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 3,109,825	\$ 2,876,640	\$ 3,818,836	\$ 6,506,652	\$ 8,793,911	\$ 6,949,135	\$ 7,797,736	\$ 7,632,232	\$ 5,200,415	\$ 2,923,216
Committed	-	-	-	-	-	-	-	-	-	1,436,848
Assigned	403,991	231,916	546,237	725,863	267,440	2,293,931	883,781	1,751,889	1,251,648	700,000
Unassigned	590,531	608,338	638,261	718,973	746,696	904,374	937,131	1,707,034	2,441,209	1,283,379
Total general fund	<u>\$ 4,104,347</u>	<u>\$ 3,716,894</u>	<u>\$ 5,003,334</u>	<u>\$ 7,951,488</u>	<u>\$ 9,808,047</u>	<u>\$ 10,147,440</u>	<u>\$ 9,618,648</u>	<u>\$ 11,091,155</u>	<u>\$ 8,893,272</u>	<u>\$ 6,343,443</u>
							*			
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,466	\$ 181,099	\$ 205,902	\$ 221,860
Capital projects fund	1,980,640	1,256,474	499,817	485,828	478,831	-	-	-	-	3,823,608
Debt service fund	-	-	-	-	-	73,170	73,170	76,473	3,303	-
Committed	344,872	-	-	-	-	-	-	-	5,161,648	-
Total all other governmental funds	<u>\$ 2,325,512</u>	<u>\$ 1,256,474</u>	<u>\$ 499,817</u>	<u>\$ 485,828</u>	<u>\$ 478,831</u>	<u>\$ 73,170</u>	<u>\$ 278,636</u>	<u>\$ 257,572</u>	<u>\$ 5,370,853</u>	<u>\$ 4,045,468</u>
							*			

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Tax levy	\$ 56,193,972	\$ 57,090,539	\$ 58,054,309	\$ 59,747,949	\$ 60,773,739	\$ 61,401,514	\$ 63,332,352	\$ 64,963,843	\$ 65,743,745	\$ 67,097,572
Tuition charges	-	-	-	-	-	-	-	-	-	294,207
Interest earnings	-	-	-	-	-	-	-	-	-	195,869
Rents and royalties	-	-	-	-	-	-	-	-	-	165,225
Miscellaneous	374,516	281,326	313,285	415,547	490,317	491,843	356,465	673,206	908,851	822,263
State sources	12,201,660	12,984,712	13,818,404	14,715,699	15,937,956	17,244,500	17,875,938	20,058,648	23,531,372	24,030,053
Federal sources	933,087	1,108,963	1,035,572	1,071,800	1,017,528	1,069,685	999,128	1,285,681	1,730,419	1,526,192
<b>Total revenues</b>	<b>69,703,235</b>	<b>71,465,540</b>	<b>73,221,570</b>	<b>75,950,995</b>	<b>78,219,540</b>	<b>80,207,542</b>	<b>82,563,883</b>	<b>86,981,378</b>	<b>91,914,387</b>	<b>94,131,381</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	19,226,460	18,650,137	18,374,951	18,258,970	18,556,960	20,034,556	20,214,702	21,104,091	21,737,277	21,970,865
Special education instruction	5,095,527	5,134,815	5,494,437	5,939,373	6,238,741	5,997,725	5,752,437	6,361,320	7,055,137	6,314,476
Other special instruction	681,420	110,397	128,871	80,320	69,686	71,025	84,267	71,798	123,678	164,952
Other instruction	1,097,282	1,754,976	2,163,204	2,204,766	2,356,085	2,483,470	2,560,827	2,665,224	2,848,251	3,219,529
<b>Support services</b>										
Tuition	2,321,241	2,759,807	2,684,197	2,655,176	2,420,389	2,155,425	2,121,825	1,861,446	2,144,761	2,058,424
Student & instructional related services	5,362,002	5,849,522	6,243,081	6,063,175	6,842,423	7,632,390	8,324,860	8,421,854	8,769,867	8,281,610
General administration	1,137,417	1,150,852	1,205,045	1,206,367	896,532	651,684	699,249	903,475	911,097	892,873
School administration services	2,928,836	2,901,024	2,904,882	3,021,794	3,048,905	3,253,964	3,192,739	3,461,469	3,584,508	3,587,718
Central services	516,809	587,857	586,055	559,098	558,563	622,402	644,460	675,239	710,804	630,213
Plant operations & maintenance	5,244,821	5,112,652	5,109,466	4,838,195	4,970,295	5,591,245	5,657,184	5,655,833	6,109,762	5,900,984
Pupil transportation	\$4,108,161	\$4,445,043	\$4,187,130	\$4,176,448	\$4,130,652	\$4,132,202	\$4,034,299	\$4,120,998	\$4,700,862	5,573,046
Employee benefits	1,028,928	1,154,708	1,252,847	1,189,714	1,430,710	1,406,694	1,314,722	1,502,452	1,407,849	10,484,700
On-behalf TPAF Pension & Social Security contributions	-	-	-	-	-	-	-	-	-	16,966,332
Capital outlay	800,312	2,592,996	818,592	2,708,870	1,871,505	2,954,304	3,876,071	1,657,160	6,386,625	1,304,126
Transfer to charter schools	-	-	-	-	-	-	-	-	-	269,800
Capital projects	-	-	-	-	-	-	-	-	-	1,891,622
Special revenue funds	-	-	-	-	-	-	-	-	-	2,891,042
<b>Debt service</b>										
Principal	2,705,000	2,680,000	2,910,000	2,875,000	2,930,000	3,100,000	3,070,000	3,755,000	4,000,000	4,512,238
Interest & other charges	3,413,809	3,309,190	3,011,563	2,914,181	2,813,832	2,567,694	2,535,081	1,943,472	1,315,146	1,149,384
<b>Total expenditures</b>	<b>55,668,025</b>	<b>58,193,976</b>	<b>57,074,321</b>	<b>58,691,447</b>	<b>59,135,278</b>	<b>62,654,780</b>	<b>64,082,723</b>	<b>64,160,831</b>	<b>71,805,624</b>	<b>98,063,934</b>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ (858,045)	\$ (1,981,109)	\$ 529,783	\$ 966,172	\$ 1,849,562	\$ (1,075,374)	\$ (1,036,705)	\$ 1,346,077	\$ (5,208,385)	\$ (3,932,553)
Other financing sources (uses)										
Lease purchase	-	-	-	-	-	-	-	-	-	57,489
Transfers out	(391,486)	(702,897)	(804,990)	(1,000)	-	(479,618)	-	-	-	(150)
Total other financing sources (uses)	(391,486)	(702,897)	(804,990)	(1,000)	-	(479,618)	-	-	-	57,339
Net change in fund balances	\$ (1,249,531)	\$ (2,684,006)	\$ (275,207)	\$ 965,172	\$ 1,849,562	\$ (1,554,992)	\$ (1,036,705)	\$ 1,346,077	\$ (5,208,385)	\$ (3,875,214)
Debt service as a percentage of non-capital expenditures	12.55%	12.07%	11.76%	11.53%	11.15%	10.49%	10.27%	10.03%	8.84%	6.35%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.  
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**General Fund - Other Local Revenues by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest income	\$ 11,347	\$ 21,361	\$ 14,740	\$ 15,301	\$ 28,602	\$ 68,988	\$ 55,104	\$ 40,370	\$ 43,672	\$ 183,341
Tuition	109,657	97,593	68,817	88,567	191,732	139,215	135,782	76,766	162,867	294,207
Building use fees	-	-	-	-	-	-	-	-	-	143,975
Equipment rental	-	-	-	-	-	-	-	-	-	21,250
Prior year refunds	21,412	-	-	-	11,554	16,333	-	-	-	182,915
Miscellaneous other	-	-	-	-	-	-	-	-	-	7,784
Event admissions	-	-	-	-	-	-	-	-	-	7,221
Annual totals	<u>\$ 142,416</u>	<u>\$ 118,954</u>	<u>\$ 83,557</u>	<u>\$ 103,868</u>	<u>\$ 231,888</u>	<u>\$ 224,536</u>	<u>\$ 190,886</u>	<u>\$ 117,136</u>	<u>\$ 206,539</u>	<u>\$ 840,693</u>

Source: District records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 50,916,100	\$ 47,935,200	\$ 56,577,700	\$ 54,904,000	\$ 54,369,700	\$ 63,779,600	\$ 63,641,500	\$ 52,845,600	\$ 44,418,700	\$ 42,347,500
Residential	2,039,954,500	2,038,625,800	2,585,713,700	2,581,343,000	2,575,471,100	2,573,020,900	2,582,484,000	2,603,349,200	2,630,593,600	2,635,749,000
Farm regular	19,743,600	21,973,200	30,199,100	29,704,700	29,756,800	30,403,800	31,900,900	31,199,800	31,251,400	32,302,800
Qualified farm	722,300	762,600	839,200	816,700	811,100	813,600	852,900	828,500	825,700	756,400
Commercial	186,099,100	186,852,900	259,597,800	259,127,000	263,296,200	266,270,600	268,530,200	295,778,800	297,996,300	303,374,800
Industrial	32,594,700	32,594,700	40,849,800	41,094,600	41,080,800	41,838,700	41,955,800	41,955,800	41,955,800	41,955,800
Apartment	3,588,700	3,588,700	5,922,900	5,922,900	12,147,900	12,147,900	12,147,900	16,839,900	16,839,900	16,839,900
<b>Total assessed value</b>	<b>2,333,619,000</b>	<b>2,332,333,100</b>	<b>2,979,700,200</b>	<b>2,972,912,900</b>	<b>2,976,933,600</b>	<b>2,988,275,100</b>	<b>3,001,513,200</b>	<b>3,042,797,600</b>	<b>3,063,881,400</b>	<b>3,073,326,200</b>
Public utilities (a)	4,735,165	5,651,983	-	-	-	-	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 2,338,354,165</b>	<b>\$ 2,337,985,083</b>	<b>\$ 2,979,700,200</b>	<b>\$ 2,972,912,900</b>	<b>\$ 2,976,933,600</b>	<b>\$ 2,988,275,100</b>	<b>\$ 3,001,513,200</b>	<b>\$ 3,042,797,600</b>	<b>\$ 3,063,881,400</b>	<b>\$ 3,073,326,200</b>
Estimated actual county equalized value	\$ 3,142,122,505	\$ 3,134,299,119	\$ 3,045,962,744	\$ 3,083,772,077	\$ 3,111,077,036	\$ 3,203,716,178	\$ 3,297,251,767	\$ 3,310,614,834	\$ 3,528,597,720	\$ 3,933,605,785
Percentage of net valuation to estimated actual equalized value	74.42%	74.59%	97.82%	96.41%	95.69%	93.28%	91.03%	91.91%	86.83%	78.13%
<b>Total direct school tax rate (b)</b>	<b>\$ 2.420</b>	<b>\$ 2.460</b>	<b>\$ 1.980</b>	<b>\$ 2.030</b>	<b>\$ 2.040</b>	<b>\$ 2.090</b>	<b>\$ 2.170</b>	<b>\$ 2.120</b>	<b>\$ 2.168</b>	<b>\$ 2.243</b>

Source: Municipal tax assessor

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 the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.
- (b) Tax rates are per \$100.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate			Municipality	County		
2014	\$ 2.184	\$ 0.236	\$ 2.420	-	\$ 0.750	\$ 0.650	\$ -	\$ 3.820	
2015	2.259	0.201	2.460	-	0.770	0.660	-	3.890	
2016	1.823	0.157	1.980	-	0.620	0.530	-	3.130	
2017	1.853	0.177	2.030	-	0.620	0.560	-	3.210	
2018	1.867	0.173	2.040	-	0.630	0.570	-	3.240	
2019	1.931	0.159	2.090	-	0.640	0.580	-	3.310	
2020	1.998	0.172	2.170	-	0.640	0.600	-	3.410	
2021	1.954	0.166	2.120	-	0.630	0.590	-	3.340	
2022	2.014	0.154	2.168	-	0.629	0.605	-	3.402	
2023	2.082	0.161	2.243	-	0.627	0.616	-	3.486	

Sources: Municipal Tax Collector

Note: N.J.S.A.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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(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.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
NV Retail Holdings, LLC	\$ 23,742,100	1	0.77%	\$ -		0.00%
Jersey Investors Growth	19,654,000	2	0.64%	12,710,700	1	0.54%
Sparta Senior Living	9,122,400	3	0.30%	-		0.00%
Braen Royalty LLC	8,137,900	4	0.26%	6,069,700	3	0.26%
376 Lafayette JV, LLC	7,075,100	5	0.23%	-		0.00%
Sparta Ecumential Council	6,225,000	6	0.20%	-		0.00%
AHS Hospital Corp	5,828,900	7	0.19%	-		0.00%
Heller Property Partners, LP	5,616,800	8	0.18%	-		0.00%
Lake Mohawk Country Club	5,465,300	9	0.18%	5,441,100	4	0.23%
Sparta Residence	4,692,000	10	0.15%	-		0.00%
Cofrancesco/Grinnell	-		0.00%	9,044,500	2	0.39%
Newton Memorial Hospital	-		0.00%	4,756,000	5	0.20%
Sparta Builders	-		0.00%	4,713,800	6	0.20%
United Tel of NJ % Embarq	-		0.00%	4,469,184	7	0.19%
Heller Sparta, LLC	-		0.00%	3,878,600	8	0.17%
Ashdown Forest Estates	-		0.00%	3,656,500	9	0.16%
ABJC Investments, LLC	-		0.00%	3,589,100	10	0.15%
	<u>\$ 95,559,500</u>		<u>3.10%</u>	<u>\$ 58,329,184</u>		<u>2.18%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Years**

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2014	\$ 56,193,972	\$ 56,193,972	100.00%
2015	57,090,539	57,090,539	100.00%
2016	58,054,309	58,054,309	100.00%
2017	59,747,949	59,747,949	100.00%
2018	60,773,739	60,773,739	100.00%
2019	61,401,514	61,401,514	100.00%
2020	63,332,352	63,332,352	100.00%
2021	64,963,843	64,963,843	100.00%
2022	65,743,745	65,743,745	100.00%
2023	67,097,572	67,097,572	100.00%

Source: District records including the Certificate and Report of School Taxes (A4F Form)

- (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.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2014	\$ 77,588,000	\$ -	\$ 362,284	\$ -	\$ -	\$ 77,950,284	7.83%	\$ 4,048
2015	69,050,000	-	573,996	-	-	69,623,996	6.73%	3,642
2016	66,140,000	-	170,829	-	-	66,310,829	6.29%	3,503
2017	63,265,000	-	1,783,057	-	-	65,048,057	6.03%	3,457
2018	59,765,000	-	1,169,171	-	-	60,934,171	5.51%	3,256
2019	56,665,000	-	1,158,214	-	-	57,823,214	5.04%	3,100
2020	53,595,000	-	708,109	-	-	54,303,109	4.54%	2,919
2021	56,970,000	-	508,035	-	-	57,478,035	4.56%	3,091
2022	52,970,000	-	8,166,547	-	-	61,136,547	4.31%	3,060
2023	48,715,000	-	7,966,798	-	-	56,681,798	N/A	2,822

Notes: 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.

N/A Information is not available

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 77,588,000	\$ -	\$ 77,588,000	3.32%	\$ 4,029
2015	69,050,000	-	69,050,000	2.95%	3,612
2016	66,140,000	-	66,140,000	2.22%	3,494
2017	63,265,000	-	63,265,000	2.13%	3,362
2018	59,765,000	-	59,765,000	2.01%	3,194
2019	56,665,000	-	56,665,000	1.90%	3,038
2020	53,595,000	-	53,595,000	1.79%	2,881
2021	56,970,000	-	56,970,000	1.87%	3,063
2022	52,970,000	-	52,970,000	1.73%	2,652
2023	48,715,000	-	48,715,000	1.59%	2,425

Notes: 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.
- (b) Population data can be found in Exhibit J-14.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2022**

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 4,246,400	100.00%	\$ 4,246,400
County general obligation debt	95,444,925	18.48%	17,636,584
Subtotal, overlapping debt			21,882,984
School District direct debt			51,990,000
Total direct and overlapping debt			\$ 73,872,984

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each Governmental Unit.

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 the Municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, 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 payment.

- (a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another Governmental Unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT  
Legal Debt Margin Information  
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis	
	2022	\$ 3,921,517,215
	2021	3,504,316,020
	2020	3,261,805,260
		<u>\$ 10,687,638,495</u>
Average equalized valuation of taxable property		<u>\$ 3,562,546,165</u>
Debt limit (4.0% of average equalization value)	(a)	\$ 142,501,847
Total net debt applicable to limit		<u>48,715,000</u>
Legal debt margin		<u>\$ 93,786,847</u>

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 125,031,659	\$ 127,591,152	\$ 129,709,549	\$ 133,931,944	\$ 142,501,847
Total net debt applicable	<u>56,665,000</u>	<u>53,595,000</u>	<u>56,970,000</u>	<u>52,970,000</u>	<u>48,715,000</u>
Legal debt margin	<u>\$ 68,366,659</u>	<u>\$ 73,996,152</u>	<u>\$ 72,739,549</u>	<u>\$ 80,961,944</u>	<u>\$ 93,786,847</u>
Total net debt applicable to the limit as a percentage of debt limit	45.32%	42.01%	43.92%	39.55%	34.19%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 132,074,480	\$ 127,919,520	\$ 125,118,602	\$ 124,191,997	\$ 123,883,265
Total net debt applicable	<u>77,588,000</u>	<u>69,050,000</u>	<u>66,140,000</u>	<u>63,265,000</u>	<u>59,765,000</u>
Legal debt margin	<u>\$ 54,486,480</u>	<u>\$ 58,869,520</u>	<u>\$ 58,978,602</u>	<u>\$ 60,926,997</u>	<u>\$ 64,118,265</u>
Total net debt applicable to the limit as a percentage of debt limit	58.75%	53.98%	52.86%	50.94%	48.24%

Source: Equalized valuation basis obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2014	19,256	\$ 995,997,344	\$ 51,724	5.0%
2015	19,119	1,034,643,804	54,116	4.3%
2016	18,932	1,054,928,904	55,722	3.8%
2017	18,816	1,078,664,832	57,327	3.4%
2018	18,714	1,106,820,816	59,144	3.2%
2019	18,650	1,147,553,150	61,531	2.8%
2020	18,604	1,195,939,536	64,284	8.0%
2021	18,598	1,261,204,772	67,814	5.0%
2022	19,976	1,419,474,584	71,059	3.0%
2023	20,085	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept 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 County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Principal Employers**  
**Current Year and Nine Years Ago**

2023

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<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2014

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<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Full Time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	270.0	248.2	256.6	245.5	249.0	252.0	257.3	251.0	271.0	278.7
Special education	54.0	70.5	67.0	69.8	65.0	69.0	75.4	82.0	84.8	79.2
Support services										
Student and instruction related services	42.0	88.0	97.1	97.0	94.0	94.0	100.0	92.0	90.0	109.0
General administration	5.0	4.0	4.0	4.0	6.0	6.0	4.0	4.0	5.0	8.0
School administration services	29.0	41.5	42.1	41.6	41.0	41.0	47.6	37.5	47.0	36.5
Plant operations and maintenance	41.0	38.0	38.5	40.0	41.0	46.0	40.1	45.0	38.0	44.0
Pupil transportation	20.0	25.0	21.7	19.0	21.0	21.0	23.5	20.5	20.0	16.0
Business and other support services	8.5	7.0	7.0	6.0	6.0	6.0	6.2	6.2	7.0	10.0
<b>Total</b>	<b>469.5</b>	<b>522.2</b>	<b>534.0</b>	<b>522.9</b>	<b>523.0</b>	<b>535.0</b>	<b>554.1</b>	<b>538.2</b>	<b>562.8</b>	<b>581.4</b>

Source: District Personnel Records

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years**

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b)	Teacher Ratio					Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School			Middle School	High School				
						Helen Morgan	Alpine	Mohawk Avenue						
2014	3,539	\$ 48,748,904	\$ 13,775	3.73%	304.0	1:11.0	1:12.2	1:21.4	1:10.1	1:11.2	3,475.1	3,274.0	-2.74%	94.21%
2015	3,328	49,611,790	14,907	8.22%	319.0	1:10.5	1:12.0	1:10.1	1:9.8	1:10.2	3,305.7	3,153.0	-4.87%	95.38%
2016	3,292	50,334,166	15,290	2.57%	323.0	1:10.6	1:11.0	1:10.2	1:9.5	1:10.0	3,269.5	3,125.0	-1.10%	95.58%
2017	3,252	50,193,396	15,435	0.95%	315.0	1:11.4	1:11.0	1:11.1	1:9.6	1:9.8	3,209.0	3,101.0	-1.85%	96.63%
2018	3,187	51,519,941	16,166	4.74%	322.0	1:6.8	1:6.6	1:5.3	1:6.6	1:6.8	3,219.0	3,093.0	0.31%	96.09%
2019	3,224	54,032,782	16,760	3.67%	327.0	1:5.7	1:6.5	1:5.5	1:6.4	1:6.8	3,113.5	2,997.0	-3.28%	96.26%
2020	3,113	54,601,571	17,540	4.65%	333.0	1:9.4	1:11.1	1:9.5	1:8.4	1:9.2	3,135.5	3,036.0	0.71%	96.83%
2021	3,037	56,805,199	18,704	6.64%	333.0	1:9.2	1:10.4	1:7.9	1:8.5	1:8.8	3,068.1	2,982.0	-2.15%	97.19%
2022	3,186	60,103,853	18,865	0.86%	343.0	1:9.5	1:9.4	1:10.8	1:12.8	1:10.9	3,209.9	2,962.0	4.62%	92.28%
2023	3,233	88,936,764	27,509	45.82%	357.9	1:10.4	1:9.9	1:11.0	1:12.0	1:11.7	3,234.1	3,011.2	0.76%	93.11%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary</u>										
<u>Helen Morgan (1958)</u>										
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	530	509	494	470	467	444	429	442	473	471
<u>Alpine (1964)</u>										
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	683	631	631	664	664	692	671	621	703	737
<u>Mohawk Avenue (1935)</u>										
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	227	221	225	222	196	224	212	206	231	219
<u>Middle</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	816	825	799	801	768	753	724	714	721	744
<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	1,207	1,142	1,122	1,095	1,092	1,111	1,077	1,054	1,058	1,062

<u>Number of schools at June 30, 2023:</u>	
Elementary	3
Middle School	1
High School	1
Other	-

Source: District Records

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of Required Maintenance**  
**Last Ten Fiscal Years**

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	Helen Morgan School	Alpine School	Mohawk Avenue School	Middle Total	Senior High School	Total
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
2022	159,760	93,304	190,449	224,060	380,626	1,048,199
2023	180,821	121,656	82,939	184,663	398,365	968,444
Total school facilities						<u>\$ 8,927,720</u>

\* School Facilities as Defined Under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2023**  
**(Unaudited)**

	Coverage	Deductible
School Alliance Insurance Fund:		
School package policy (fund aggregate)	\$ 500,000,000	\$ 2,500
Building & personal property		
Inland marine - auto physical damage	-	1,000
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		
Cyber Liability 750,000 PerOcc/Aggregate		Multiple Deductibles
Environmental Impairment Liab (Fund Aggregate)		
Excluding mold/fungi/legionella/PFAS)	1,000,000/25,000,000	10,000
Crime Coverage	50,000	-
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	2,500
Excess Liability (AL/GL)	5,000,000	10,000
School Board Legal Liability	5,000,000	-
Excess SLPL	5,000,000	-
Workers' Compensation Employer's Liability		
Supplemental Indemnity	Statutory	-
Surety Bond - Selective Insurance Company		
Treasurer of School Monies	500,000	-
Business Administrator	500,000	-
Student Accident - Bollinger Insurance athletes & gym	5,000,000	-
Athletic Disability	550,000	-

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART I**



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**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***

Honorable President and  
Members of the Board of Education  
Sparta Township Public School District  
Sparta, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Sparta Township Public School District (the District) in the County of Sussex, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sparta Township Public High School 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 entity'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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA  
NO. 20CS00265600

December 6, 2023  
Flemington, New Jersey



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance  
and the New Jersey OMB Circular 15-08**

Honorable President and  
Members of the Board of Education  
Sparta Township Public School District  
Sparta, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Sparta Township School District's (the District) compliance with the types of compliance requirements as subject to audit 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 year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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Report on 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 and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 and 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 and 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**BKC, CPAs, PC**



Michael A. Holk, CPA,  
PSA NO. 20CS00265600

December 6, 2023  
Flemington, New Jersey



**SUPPLEMENTARY INFORMATION**

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/22	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023				
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
<b>General Fund</b>																	
U.S. Department of Health and Human Services																	
Medicaid Cluster																	
Medicaid Assistance Program	93.778	N/A	N/A	\$ 9,291	07/01/21	06/30/22	\$ (4,204)	\$ -	\$ 4,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Medicaid Assistance Program	93.778	N/A	N/A	9,582	07/01/22	06/30/23	-	-	9,582	9,582	-	-	-	-	-	-	
<b>Total General Fund</b>							<b>(4,204)</b>	<b>-</b>	<b>13,786</b>	<b>9,582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Special Revenue Fund</b>																	
U.S. Department of Education passed through State Department of Education																	
Special education cluster (IDEA)																	
ARP - Part B, Basic	84.027X	H027X210100	IDEA-4960-22	192,729	07/01/21	09/30/22	(63,234)	-	161,305	100,853	-	-	(2,782)	-	-	-	
IDEA Part B, Basic	84.027A	H027A220100	IDEA-4960-23	1,303,397	07/01/22	06/30/23	-	-	611,943	906,493	-	-	(294,550)	-	-	-	
IDEA Part B, Basic	84.027A	H027A220100	IDEA-4960-22	1,200,146	07/01/21	06/30/22	(217,730)	-	217,730	-	-	-	-	-	-	-	
ARP - Part B, Preschool	84.173X	H173X210114	IDEA-4960-22	16,458	07/01/21	06/30/22	(13,314)	-	16,458	3,144	-	-	-	-	-	-	
IDEA Preschool	84.173A	H173S220114	IDEA-4960-23	30,545	07/01/22	06/30/23	-	-	30,545	30,545	-	-	-	-	-	-	
Total special education cluster (IDEA)							(294,278)	-	1,037,981	1,041,035	-	-	(297,332)	-	-	-	
Title I A	84.010	S010A210030	ESEA-4960-22	89,025	07/01/21	09/30/22	(31,276)	-	31,276	-	-	-	-	-	-	-	
Title I A	84.010	S010A220030	ESEA-4960-23	85,418	07/01/22	09/30/23	-	-	55,915	60,932	-	-	(5,017)	-	-	-	
Title II A	84.367A	S367A210029	ESEA-4960-22	78,600	07/01/21	09/30/22	(31,694)	-	31,694	-	-	-	-	-	-	-	
Title II A	84.367A	S367A220029	ESEA-4960-23	74,846	07/01/22	09/30/23	-	-	8,409	26,547	-	-	(18,138)	-	-	-	
Title IV A	84.424A	S424210031	ESEA-4960-22	20,000	07/01/21	09/30/22	-	-	8,639	8,639	-	-	-	-	-	-	
Title IV A	84.424A	S424220031	ESEA-4960-23	30,563	07/01/22	09/30/23	(16,661)	-	16,661	-	-	-	-	-	-	-	
COVID-19																	
CARES Emergency Grant	84.425D	S425D200027	CARES-4960-21	86,573	03/13/20	09/30/22	(88)	-	88	-	-	-	-	-	-	-	
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-4960-23	259,733	03/13/20	09/30/23	(7,014)	-	18,876	18,252	-	-	(6,390)	-	-	-	
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-4960-23	25,000	03/13/20	09/30/23	-	-	7,729	7,729	-	-	-	-	-	-	
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-4960-23	45,000	03/13/20	09/30/23	(4,199)	-	4,198	2,629	-	-	(2,630)	-	-	-	
ARP ESSER																	
ARP - ESSER	84.425U	S425U210027	ESSER-4960-24	583,732	03/13/20	09/30/24	(251,753)	-	366,905	131,633	-	-	(16,481)	-	-	-	
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-4960-24	248,057	03/13/20	09/30/24	(20,000)	-	114,513	133,006	-	-	(38,493)	-	-	-	
Evidenced Based Summer Learning and Enrichment	84.425U	S425U210027	ESSER-4960-24	40,000	03/13/20	09/30/24	-	-	39,938	39,938	-	-	-	-	-	-	
Evidenced Based Beyond the School Day	84.425U	S425U210027	ESSER-4960-24	40,000	03/13/20	09/30/24	(21,530)	-	37,677	16,147	-	-	-	-	-	-	
NJTSS Mental Health Support Staffing	84.425U	S425U210027	ESSER-4960-24	45,000	03/13/20	09/30/24	(3,303)	-	6,117	3,013	-	-	(199)	-	-	-	
							(681,796)	-	1,786,616	1,489,500	-	-	(384,680)	-	-	-	
U.S. Department of Treasury																	
Passed-through State Department of Education																	
COVID-19 ACSERS (Additional or Compensatory Special Education and Related Services to Students with Disabilities)																	
COVID-19 ACSERS (Additional or Compensatory Special Education and Related Services to Students with Disabilities)	21.027	SFLRDOE1SES	N/A	139,377	7/1/2021	06/30/22	(72,317)	-	72,317	-	-	-	-	-	-	-	
COVID-19 ACSERS (Additional or Compensatory Special Education and Related Services to Students with Disabilities)	21.027	SFLRDOE1SES	N/A	45,591	7/1/2022	06/30/23	-	-	21,970	45,591	-	-	(23,621)	-	-	-	
							(72,317)	-	94,287	45,591	-	-	(23,621)	-	-	-	
<b>Total Special Revenue Fund</b>							<b>(754,113)</b>	<b>-</b>	<b>1,880,903</b>	<b>1,535,091</b>	<b>-</b>	<b>-</b>	<b>(408,301)</b>	<b>-</b>	<b>-</b>	<b>-</b>	

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/22	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023			
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
Enterprise Fund																
U.S. Department of Agriculture passed through State Department of Agriculture																
Child Nutrition Cluster																
National School Lunch Program																
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	\$ 69,068	10/01/21	09/30/22	\$ 11,102	\$ -	\$ -	\$ 11,102	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Cash Assistance (Commodities)	10.555	231NJ304N1199	N/A	70,893	10/01/22	09/30/23	-	-	70,893	69,044	-	-	-	1,849	-	
COVID-19 Seamless Summer Option																
Breakfast	10.553	221NJ304N1099	N/A	50,496	10/01/21	09/30/22	(3,751)	-	3,751	-	-	-	-	-	-	
Breakfast	10.553	221NJ304N1199	N/A	3,978	10/01/22	09/30/23	-	-	3,645	3,978	-	-	(333)	-	-	
Lunch	10.555	221NJ304N1099	N/A	1,202,786	10/01/21	09/30/22	(88,841)	-	88,841	-	-	-	-	-	-	
Lunch	10.555	231NJ304N1199	N/A	194,067	10/01/22	09/30/23	-	-	180,298	194,067	-	-	(13,769)	-	-	
Total Child Nutrition Cluster							(81,490)	-	347,428	278,191	-	-	(14,102)	1,849	-	
Supply Chain Assistance	10.555	231NJ304N1199	N/A	156,427	10/01/22	09/30/23	-	-	156,427	156,427	-	-	-	-	-	
Total Enterprise Fund							(81,490)	-	503,855	434,618	-	-	(14,102)	1,849	-	
Total Federal Awards							\$ (839,807)	\$ -	\$ 2,398,544	\$ 1,979,291	\$ -	\$ -	\$ (422,403)	\$ 1,849	\$ -	

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments/Repayments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	23-495-034-5120-089	\$2,030,137	07/01/22	06/30/23	\$ -	\$ -	\$ 1,838,272	\$ 2,030,137	\$ -	\$ -	\$ -	\$ -	\$ 191,865	\$ 2,030,137
Equalization Aid	23-495-034-5120-078	1,646,501	07/01/22	06/30/23	-	-	1,490,894	1,646,501	-	-	-	-	155,607	1,646,501
Security Aid	23-495-034-5120-084	252,688	07/01/22	06/30/23	-	-	228,807	252,688	-	-	-	-	23,881	252,688
Transportation Aid	23-495-034-5120-014	1,128,376	07/01/22	06/30/23	-	-	1,021,736	1,128,376	-	-	-	-	106,640	1,128,376
Extraordinary Aid	22-100-034-5120-044	460,757	07/01/21	06/30/22	(460,757)	-	460,757	-	-	-	-	-	-	460,757
Extraordinary Aid	23-100-034-5120-044	562,638	07/01/22	06/30/23	-	-	-	562,638	-	(562,638)	-	-	-	562,638
Non-Public Transportation Aid	22-495-034-5120-014	10,796	07/01/21	06/30/22	(10,796)	-	10,796	-	-	-	-	-	-	10,796
Non-Public Transportation Aid	23-495-034-5120-014	70,908	07/01/22	06/30/23	-	-	-	70,908	-	(70,908)	-	-	-	70,908
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002	11,306,693	07/01/22	06/30/23	-	-	11,306,693	11,306,693	-	-	-	-	-	11,306,693
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	156,868	07/01/22	06/30/23	-	-	156,868	156,868	-	-	-	-	-	156,868
On-Behalf TPAF Pension Contribution - Post Retirement Medical	23-495-034-5094-001	3,011,450	07/01/22	06/30/23	-	-	3,011,450	3,011,450	-	-	-	-	-	3,011,450
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-001	4,056	07/01/22	06/30/23	-	-	4,056	4,056	-	-	-	-	-	4,056
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	2,398,903	07/01/21	06/30/22	(117,908)	-	117,908	-	-	-	-	-	-	2,398,903
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	2,487,265	07/01/22	06/30/23	-	-	2,365,487	2,487,265	-	(121,778)	-	-	-	2,487,265
<b>Total General Fund</b>					<b>(589,461)</b>	<b>-</b>	<b>22,013,724</b>	<b>22,657,580</b>	<b>-</b>	<b>(755,324)</b>	<b>-</b>	<b>-</b>	<b>477,993</b>	<b>25,528,036</b>
Special Revenue Fund														
N.J. Nonpublic Textbook Aid	22-495-034-5120-064	82,828	07/01/21	06/30/22	-	3,068	-	-	3,068	-	-	-	-	79,760
N.J. Nonpublic Textbook Aid	23-495-034-5120-064	85,074	07/01/22	06/30/23	-	-	85,074	80,860	-	-	4,214	-	-	80,860
N.J. Nonpublic Nursing Services	22-100-034-5120-070	157,024	07/01/21	06/30/22	-	5,346	-	-	5,346	-	-	-	-	151,678
N.J. Nonpublic Nursing Services	23-100-034-5120-070	145,936	07/01/22	06/30/23	-	-	145,936	55,779	-	-	90,157	-	-	55,779
N.J. Nonpublic Security Aid	22-100-034-5120-509	245,350	07/01/21	06/30/22	-	22,750	-	-	22,750	-	-	-	-	222,600
N.J. Nonpublic Security Aid	23-100-034-5120-509	267,115	07/01/22	06/30/23	-	-	267,115	258,238	-	-	8,877	-	-	258,238
N.J. Nonpublic Technology Aid	22-100-034-5120-373	57,960	07/01/21	06/30/22	-	3,656	-	-	3,656	-	-	-	-	54,304
N.J. Nonpublic Technology Aid	23-100-034-5120-373	54,138	07/01/22	06/30/23	-	-	54,138	53,770	-	-	368	-	-	53,770

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B (continued)**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments/ Repayments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education (continued)														
Special Revenue Fund (continued)														
N.J. Nonpublic Auxiliary Services														
Compensatory Education	22-100-034-5120-067	\$ 105,167	07/01/21	06/30/22	\$ -	\$ 3,942	\$ -	\$ -	\$ 3,942	\$ -	\$ -	\$ -	\$ -	\$ 101,225
Compensatory Education	23-100-034-5120-067	145,776	07/01/22	06/30/23	-	-	145,776	119,916	-	-	-	25,860	-	119,916
English as a Second Language	22-100-034-5120-067	1,644	07/01/21	06/30/22	-	274	-	-	274	-	-	-	-	1,370
English as a Second Language	23-100-034-5120-067	2,005	07/01/22	06/30/23	-	-	2,005	1,603	-	-	-	402	-	1,603
Home Instruction	22-100-034-5120-067	1,503	07/01/21	06/30/22	(1,503)	-	1,503	-	-	-	-	-	-	1,503
Home Instruction	23-100-034-5120-067	1,866	07/01/22	06/30/23	-	-	-	1,866	-	(1,866)	-	-	-	1,866
N.J. Nonpublic Handicapped														
Supplemental Instruction	22-100-034-5120-066	83,426	07/01/21	06/30/22	-	24,367	-	-	24,367	-	-	-	-	59,059
Supplemental Instruction	23-100-034-5120-066	93,426	07/01/22	06/30/23	-	-	83,426	45,265	-	-	-	38,161	-	55,265
Exam & Classification	22-100-034-5120-066	77,576	07/01/21	06/30/22	-	17,449	-	-	17,449	-	-	-	-	60,127
Exam & Classification	23-100-034-5120-066	77,576	07/01/22	06/30/23	-	-	77,576	51,208	-	-	-	26,368	-	51,208
Speech	23-100-034-5120-066	46,500	07/01/22	06/30/23	-	-	46,500	29,574	-	-	-	16,926	-	29,574
School Climate	23-WB01-G02	6,660	07/01/22	06/30/23	-	-	6,660	6,460	-	-	-	200	-	6,460
School Development Authority														
Emergent and Capital Maintenance Needs	N/A	77,164	11/19/2021	06/30/21	(77,164)	-	77,164	-	-	-	-	-	-	77,164
Emergent and Capital Maintenance Needs	N/A	78,103	7/1/2022	06/30/23	-	-	78,103	78,103	-	-	-	-	-	78,103
<b>Total Special Revenue Fund</b>					<b>(78,667)</b>	<b>80,852</b>	<b>1,070,976</b>	<b>782,642</b>	<b>80,852</b>	<b>(1,866)</b>	<b>-</b>	<b>211,533</b>	<b>-</b>	<b>1,601,432</b>
Debt Service Fund														
Debt Service Aid	23-495-034-5120-017	570,702	07/01/22	06/30/23	-	-	570,702	570,702	-	-	-	-	-	570,702
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	22-100-010-3350-023	28,305	07/01/21	06/30/22	(2,044)	-	2,044	-	-	-	-	-	-	28,305
State School Lunch Program	23-100-010-3350-023	12,100	07/01/22	06/30/23	-	-	11,225	12,100	-	(875)	-	-	-	12,100
State School Breakfast Program	23-100-010-3350-023	30	07/01/22	06/30/23	-	-	27	30	-	(3)	-	-	-	30
<b>Total Enterprise Fund</b>					<b>(2,044)</b>	<b>-</b>	<b>13,296</b>	<b>12,130</b>	<b>-</b>	<b>(878)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,435</b>
<b>Total State Financial Assistance</b>					<b>\$ (670,172)</b>	<b>\$ 80,852</b>	<b>\$ 23,668,698</b>	<b>\$ 24,023,054</b>	<b>\$ 80,852</b>	<b>\$ (758,068)</b>	<b>\$ -</b>	<b>\$211,533</b>	<b>\$ 477,993</b>	<b>\$ 27,740,605</b>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002		07/01/22	06/30/23				11,306,693						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004		07/01/22	06/30/23				156,868						
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001		07/01/22	06/30/23				3,011,450						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-001		07/01/22	06/30/23				4,056						
<b>Total for State Financial Assistance - Major Program Determination</b>								<b>\$ 9,543,987</b>						

See independent auditors' report.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Sparta Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$35,724 for the general fund and (\$36,215) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ 9,582	\$ 22,693,304	\$ 22,702,886
Special revenue fund	1,516,610	766,047	2,282,657
Debt service fund	-	570,702	570,702
Food service fund	434,618	12,130	446,748
Total awards and financial assistance	\$ 1,960,810	\$ 24,042,183	\$ 26,002,993

Note 4 - 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 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the fiscal year ended June 30, 2023. TPAF Social Security contribution represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2023.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART II**



**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Internal Control Over Major Programs:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

What was the type of auditor's report issued on compliance for major programs?

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes  No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		<i>IDEA Cluster:</i>
<i>84.027A</i>	<i>H027A220100</i>	<i>IDEA Basic</i>
<i>84.173A</i>	<i>H173S220114</i>	<i>IDEA Preschool</i>
<i>84.027X</i>	<i>H027X210100</i>	<i>ARP IDEA Basic</i>
<i>84.173X</i>	<i>H173X210114</i>	<i>ARP IDEA Preschool</i>

What was the dollar threshold used to distinguish between Type A and Type B programs?

\$750,000

Did the auditee qualify as a low-risk auditee?

Yes  No

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes     No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified?     Yes   X   No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses?     Yes   X   None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable?     Yes   X   No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>23-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>23-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
<u>23-495-034-5120-014</u>	<u>Categorical Transportation Aid</u>

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2023.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the fiscal year ended June 30, 2023.

**SPARTA TOWNSHIP PUBLIC SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2023**

Status of Prior Year Findings

There were no prior year findings or questioned costs.