

REPORT OF AUDIT

TOWNSHIP OF SPARTA

COUNTY OF SUSSEX

DECEMBER 31, 2016

TOWNSHIP OF SPARTA, N.J.
YEAR ENDED DECEMBER 31, 2016

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TOWNSHIP OF SPARTA

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Council
Township of Sparta
Sparta, NJ 07871

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Sparta in the County of Sussex, as of December 31, 2016, and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Honorable Mayor and
Members of the Township Council
Page 2

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Sparta on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Sparta as of December 31, 2016 and 2015 or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully describe in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2016, and 2015, stated as \$53,855,790.00 and \$39,205,438.00, respectively.

Honorable Mayor and
Members of the Township Council
Page 3

Basis for Qualified Opinion on Regulatory Basis Accounting Principles (continued)

As described in Note 17 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$154,977.07 and \$120,579.15 for 2016 and 2015, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in “Basis for Qualified Opinion on Regulatory Basis Accounting Principles” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Sparta’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Honorable Mayor and
Members of the Township Council
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017 on our consideration of the Township of Sparta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Sparta's internal control over financial reporting and compliance.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

June 14, 2017

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Current Fund:			
Cash-Treasurer	A-4	9,944,149.57	8,473,329.53
Change Fund	A-5	450.00	450.00
		<u>9,944,599.57</u>	<u>8,473,779.53</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	1,518,391.57	1,302,216.93
Tax Title Liens	A-9	42,882.61	43,502.02
Property Acquired for Taxes -			
Assessed Valuation	A-10	3,058,000.00	3,068,880.00
Interfund Accounts Receivable	A-12	5,123.78	2,021.22
		<u>4,624,397.96</u>	<u>4,416,620.17</u>
Deferred Charges:			
Special Emergency Authorizations	A-13	<u>360,000.00</u>	<u>643,000.00</u>
		<u>14,928,997.53</u>	<u>13,533,399.70</u>
Federal and State Grant Fund:			
Grants Receivable	A-20	32,405.36	48,683.14
Interfund - Current Fund	A-23	343,195.31	261,818.66
		<u>375,600.67</u>	<u>310,501.80</u>
		<u>15,304,598.20</u>	<u>13,843,901.50</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-14	1,930,412.17	1,618,179.34
Encumbered	A-3;A-14	270,433.20	490,793.48
Total Appropriation Reserves		2,200,845.37	2,108,972.82
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	46,280.46	46,280.46
Interfund Accounts Payable	A-12	343,195.31	261,818.66
Encumbrances Payable - Various Reserves	A-15	20,788.67	133,867.26
Prepaid Taxes	A-16	657,389.37	528,738.67
County Tax Payable	A-18	21,572.88	31,192.72
Tax Overpayments	A-19	71,606.04	29,253.59
Due to State of New Jersey:			
Construction Code Surcharge	A-19	7,168.00	6,285.00
Marriage License Surcharge	A-19	800.00	350.00
Reserve for:			
Tax Maps	A-19	14,276.55	14,276.55
Revaluation of Taxes	A-19	205,172.50	205,172.50
		3,589,095.15	3,366,208.23
Reserve for Receivables	Contra	4,624,397.96	4,416,620.17
Fund Balance	A-1	6,715,504.42	5,750,571.30
		14,928,997.53	13,533,399.70
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-21	250,527.07	196,687.96
Unappropriated Reserve for Grants	A-22	111,422.10	87,669.73
Encumbrances Payable	A-24	13,651.50	26,144.11
		375,600.67	310,501.80
		15,304,598.20	13,843,901.50

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	Ref.	2016	2015
Revenues and Other Income:			
Fund Balance Utilized	A-2	2,800,000.00	2,550,000.00
Miscellaneous Revenue Anticipated	A-2	4,073,135.77	4,203,716.15
Receipts from Delinquent Taxes	A-2	1,219,390.19	1,466,689.07
Receipts from Current Taxes	A-2	91,604,136.18	89,593,850.47
Non-Budget Revenue	A-2	159,621.97	84,647.92
Other Credits to Income:			
Interfunds Returned	A-12	2,021.22	
Unappropriated Reserves Cancelled	A-12	1.73	4.06
Unexpended Balance of Appropriation Reserves	A-14	1,133,306.75	891,096.58
Canceled School Tax	A-17	1.00	
Cancel Reserve for Hurricane Irene			43,985.28
Total Revenues and Other Income		<u>100,991,614.81</u>	<u>98,833,989.53</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	8,288,484.00	8,265,435.00
Other Expenses	A-3	6,953,940.00	6,587,144.00
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	A-3	2,170,358.00	2,359,909.00
Operations - Excluded from "CAPS"			
Salaries and Wages	A-3	463,305.00	462,165.00
Other Expenses	A-3	1,242,699.00	1,368,801.00
Capital Improvement Fund	A-3	1,250,000.00	1,000,000.00
Municipal Debt Service	A-3	1,444,136.90	1,618,473.09
Deferred Charges and Statutory Expenditures - Municipal - Excluded from "CAPS"	A-3	283,000.00	290,236.51
Judgment			
Refund of Prior Year Revenue	A-4	53.00	
Refund of Prior Year Tax Appeals	A-4	63,885.52	182,343.57
Interfund Advances	A-12	5,123.78	
Municipal Open Space Tax	A-12	327,767.00	257,178.36
Local District School Tax	A-17	58,901,130.00	57,572,424.00
County Taxes including Added Taxes	A-18	<u>15,832,799.49</u>	<u>15,348,623.40</u>
Total Expenditures		<u>97,226,681.69</u>	<u>95,312,732.93</u>
Statutory Excess to Fund Balance		3,764,933.12	3,521,256.60
Fund Balance, January 1,	A	<u>5,750,571.30</u>	<u>4,779,314.70</u>
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>2,800,000.00</u>	<u>2,550,000.00</u>
Fund Balance, December 31,	A	<u>6,715,504.42</u>	<u>5,750,571.30</u>

Township of Sparta, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>2,800,000.00</u>	<u>2,800,000.00</u>	<u></u>
Miscellaneous Revenues:				
Licenses:				
Other	A-11	5,000.00	5,470.00	470.00
Alcoholic Beverages	A-11	13,000.00	16,280.00	3,280.00
Fees and Permits	A-2	530,450.00	662,950.58	132,500.58
Fines and Costs:				
Municipal Court	A-11	220,000.00	254,395.81	34,395.81
Interest and Costs on Taxes	A-6	335,000.00	336,641.33	1,641.33
Interest on Investments and Deposits	A-11	42,000.00	89,947.48	47,947.48
Payments in Lieu of Taxes on Senior Housing	A-11	155,000.00	168,649.21	13,649.21
Consolidated Municipal Property Tax Relief Aid	A-11	47,814.00	47,814.00	0.00
Energy Receipts	A-11	1,187,607.00	1,187,607.00	0.00
Watershed Moratorium Offset	A-11	29,328.00	29,328.00	0.00
Garden State Trust	A-11	28,476.00	28,476.00	0.00
Uniform Construction	A-11	375,000.00	381,210.25	6,210.25
Interlocal Dispatch Costs	A-11	410,320.00	410,320.19	0.19
Interlocal Finance Hardyston BOE	A-11	5,519.00	5,588.31	69.31
Interlocal Finance Hardyston	A-11	32,576.00	32,576.00	0.00
Interlocal Finance Hardyston MUA	A-11	14,890.00	14,890.00	0.00
Public and Private Revenues:				
Recycling Grant	A-20	24,898.00	24,898.00	0.00
Clean Communities	A-20	48,810.00	48,810.00	0.00
Body Armor Grant	A-20	3,110.00	3,110.00	0.00
Municipal Alliance on Alcoholism and Drug Abuse	A-20	18,092.00	18,092.00	0.00
Drive Sober or Get Pulled Over	A-20	8,800.00	8,800.00	0.00
Highlands Grant	A-20	25,000.00	25,000.00	0.00
Other Special Items:				
Uniform Fire Safety	A-11	25,000.00	27,705.61	2,705.61
Fire Prevention Fees	A-11	10,000.00	26,995.00	16,995.00
Cable TV Franchise	A-11	81,646.00	80,025.00	(1,621.00)
Solar Renewable Energy Credit	A-11	115,000.00	137,556.00	22,556.00
Total Miscellaneous Revenues	A-1	<u>3,792,336.00</u>	<u>4,073,135.77</u>	<u>280,799.77</u>
Receipts from Delinquent Taxes	A-1;A-2	<u>1,150,000.00</u>	<u>1,219,390.19</u>	<u>69,390.19</u>
Subtotal General Revenues		<u>7,742,336.00</u>	<u>8,092,525.96</u>	<u>350,189.96</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>18,105,846.00</u>	<u>20,294,697.69</u>	<u>2,188,851.69</u>
Budget Totals		<u>25,848,182.00</u>	<u>28,387,223.65</u>	<u>2,539,041.65</u>
Non-Budget Revenue	A-1;A-2		<u>159,621.97</u>	<u>159,621.97</u>
		<u>25,848,182.00</u>	<u>28,546,845.62</u>	<u>2,698,663.62</u>
		A-3		

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2016

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1; A-8	91,604,136.18
Allocated to School and County Taxes	A-8	<u>75,061,696.49</u>
Balance for Support of Municipal Budget Appropriations		16,542,439.69
Add : Appropriation - Reserve for Uncollected Taxe	A-3	<u>3,752,258.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>20,294,697.69</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	1,214,643.57
Tax Title Liens	A-9	<u>4,746.62</u>
	A-2	<u>1,219,390.19</u>
Fees and Permits - Other:		
Board of Health - Registrar	A-11	18,941.00
Board of Health - Sewer	A-11	20,365.00
Marriage License	A-11	369.00
Clerk	A-11	14,773.27
Zoning	A-11	25,528.00
Planning Board	A-11	23,722.76
Tax Assessor	A-11	941.40
Police	A-11	17,327.27
Leaf Bags	A-11	2,466.40
Cell Tower	A-11	352,158.64
Quarry Royalties	A-11	169,220.19
Host Community Fee	A-11	17,087.65
Tax Office	A-6	<u>50.00</u>
	A-2	<u>662,950.58</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Reimbursements		7,910.35
Court - Stale Checks/NSF Fees		30.00
Void Checks		2,672.06
FEMA Reimbursements		19,149.95
PILOTs - Tax Settlement Agreements		74,337.35
Proceeds from Sale of Municipal Assets		1,030.00
Cancelled Land Use Escrow		6.01
Senior & Veteran Deduction - Admin. Fee		2,475.00
Cancel Tax Sale Premiums		17,800.00
Admin Fees Police O/S Details		4,311.25
Proceeds Stan Corp Stock		<u>29,900.00</u>
	A-4	<u>159,621.97</u>

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

<u>General Appropriations</u>	<u>Ref.</u>	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - within "CAPS"						
General Administration						
Salaries and Wages		218,800.00	218,800.00	211,972.94		6,827.06
Other Expenses		11,250.00	11,250.00	10,632.60		617.40
Purchasing						
Other Expenses		79,250.00	79,250.00	76,751.04		2,498.96
Township Council						
Salaries and Wages		26,050.00	26,050.00	26,000.42		49.58
Other Expenses		64,600.00	64,600.00	30,323.96		34,276.04
Clerk						
Salaries and Wages		109,440.00	109,440.00	109,407.95		32.05
Other Expenses		15,800.00	15,800.00	7,696.12		8,103.88
Elections						
Salaries and Wages		3,525.00	3,525.00	3,515.21		3,009.79
Other Expenses		17,100.00	17,100.00	15,257.74		1,842.26
Financial Administration						
Salaries and Wages		137,110.00	137,110.00	130,983.15		6,126.85
Other Expenses		32,145.00	32,145.00	26,982.08		5,162.92
Annual Audit						
Computerized Data Processing		29,450.00	29,450.00	11,247.50		18,202.50
Salaries and Wages		105,000.00	105,000.00	104,725.21		274.79
Other Expenses		93,302.00	93,302.00	42,346.73		50,955.27
Collection of Taxes						
Salaries and Wages		73,000.00	73,000.00	69,702.83		3,297.17
Other Expenses		21,380.00	21,380.00	16,234.39		5,145.61

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

General Appropriations	Ref.	Appropriated		Expended		Unexpended Balance <u>Cancelled</u>
		Budget	After <u>Modification</u>	Paid or <u>Charged</u>	Reserved	
Assessment of Taxes						
Salaries and Wages		137,500.00	137,500.00	134,663.38		2,836.62
Other Expenses		69,950.00	69,950.00	59,934.94		10,015.06
Legal Services and Costs						
Other Expenses		170,000.00	170,000.00	121,277.54		48,722.46
Municipal Court						
Salaries and Wages		184,694.00	184,694.00	178,851.68		5,842.32
Other Expenses		19,050.00	19,050.00	7,060.70		11,989.30
Public Defender						
Other Expenses		15,000.00	15,000.00	14,988.00		12.00
Engineering Services and Costs						
Salaries and Wages		100,500.00	100,500.00	63,894.89		36,605.11
Other Expenses		13,075.00	13,075.00	7,215.86		5,859.14
Planning Board						
Salaries and Wages		20,665.00	20,665.00	19,550.14		1,114.86
Other Expenses		54,150.00	54,150.00	45,375.65		8,774.35
Planning Department						
Salaries and Wages		73,125.00	73,125.00	72,991.66		133.34
Other Expenses		6,450.00	6,450.00	1,872.20		4,577.80
Economic Development						
Salaries and Wages		5,830.00	5,830.00			5,830.00
Other Expenses		13,450.00	13,450.00			13,450.00

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

General Appropriations	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Board of Adjustment						
Salaries and Wages		23,095.00	23,095.00	22,139.21		955.79
Other Expenses		16,250.00	16,250.00	9,248.00		7,002.00
Insurance:						
General Liability		320,000.00	320,000.00	279,115.14		40,884.86
Workers Compensation Insurance		259,900.00	259,900.00	254,613.07		5,286.93
Employee Group Health		2,913,480.00	2,913,480.00	2,637,179.50		276,300.50
Unemployment Compensation Insurance		1,000.00	1,000.00			1,000.00
Police						
Salaries and Wages		4,185,465.00	4,185,465.00	4,113,984.44		71,480.56
Other Expenses		170,000.00	170,000.00	109,562.05		60,437.95
Purchase of Police Cars		128,000.00	128,000.00	115,773.39		12,226.61
Police Dispatch/911						
Salaries and Wages		445,500.00	445,500.00	427,340.22		18,159.78
Other Expenses		3,500.00	3,500.00	2,729.24		770.76
Emergency Management Services						
Salaries and Wages		15,000.00	15,000.00	15,000.00		
Other Expenses		12,845.00	12,845.00	11,758.08		1,086.92
Aid to Volunteer Fire Companies						
Other Expenses		16,400.00	16,400.00	16,399.77		0.23
Aid to Volunteer Ambulance Companies						
Other Expenses		45,000.00	45,000.00	12,813.34		32,186.66
Fire		67,000.00	67,000.00	45,469.43		21,530.57
Other Expenses						

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	General Appropriations	Appropriated		Expended		Unexpended Balance Cancelled
		Ref.	Budget	Budget After Modification	Paid or Charged	
	Fire Hydrant Service		13,000.00	13,000.00	13,000.00	
	Other Expenses					
	Uniform Fire Safety		53,065.00	53,065.00	25,868.97	27,196.03
	Salaries and Wages		5,012.00	5,012.00	2,487.50	2,524.50
	Other Expenses					
	Municipal Prosecutor		37,010.00	37,010.00	33,916.63	3,093.37
	Other Expenses					
	Public Works Functions					
	Road Repairs and Maintenance		612,000.00	612,000.00	544,788.83	67,211.17
	Salaries and Wages		189,880.00	189,880.00	145,476.05	44,403.95
	Other Expenses					
	Garage and Trash Removal		55,300.00	55,300.00	31,778.87	23,521.13
	Other Expenses					
	Public Building and Grounds					
	Salaries and Wages		59,670.00	59,670.00	54,506.63	5,163.37
	Other Expenses		103,120.00	103,120.00	94,726.22	8,393.78
	Vehicle Maintenance					
	Salaries and Wages		269,675.00	269,675.00	253,976.40	15,698.60
	Other Expenses		184,030.00	184,030.00	148,019.80	36,010.20
	Snow Removal					
	Salaries and Wages		250,000.00	250,000.00	84,505.25	165,494.75
	Other Expenses		400,000.00	400,000.00	138,587.12	261,412.88
	DPW Administration					
	Salaries and Wages		176,480.00	176,480.00	136,792.93	39,687.07
	Other Expenses		10,200.00	10,200.00	2,772.70	7,427.30

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

<u>General Appropriations</u>	<u>Ref.</u>	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Services Act - Condo Costs		56,200.00	56,200.00			56,200.00
Other Expenses						
Health and Human Services Function						
Health and Welfare Department						
Other Expenses		1,360.00	1,360.00	578.50		781.50
Environmental Commission (NJSA 40:56A-1 etc.)						
Salaries and Wages		1,840.00	1,840.00			1,840.00
Other Expenses		3,125.00	3,125.00			2,730.00
Animal Regulations						
Salaries and Wages		19,435.00	19,435.00			19,435.00
Other Expenses		20,000.00	20,000.00			20,000.00
Committee on Aging						
Salaries and Wages		112,275.00	112,275.00	112,107.85		167.15
Other Expenses		30,735.00	30,735.00	22,588.38		8,146.62
Parks and Recreation Functions						
Recreation Services Functions						
Salaries and Wages		137,965.00	137,965.00	120,655.58		17,309.42
Other Expenses		32,662.00	32,662.00	21,736.61		10,925.39
Maintenance of Parks						
Salaries and Wages		416,000.00	416,000.00	399,008.57		16,991.43
Other Expenses		125,760.00	125,760.00	75,727.43		50,032.57
Celebration of Public Events						
Other Expenses		24,000.00	24,000.00	21,883.65		2,116.35

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

General Appropriations	Ref.	Appropriated		Expendited		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Utility Expenses and Bulk Purchases						
Electricity		155,000.00	155,000.00	137,907.64		17,092.36
Street Lighting		80,000.00	80,000.00	54,326.96		25,673.04
Telephone		70,000.00	70,000.00	64,200.83		5,799.17
Water		10,800.00	10,800.00	5,011.02		5,788.98
Natural Gas		71,000.00	71,000.00	36,034.50		34,965.50
Sewerage Processing and Disposal		10,000.00	10,000.00	3,001.52		6,998.48
Gasoline		250,679.00	250,679.00	111,214.71		139,464.29
State Uniform Construction Code Construction Code Official						
Salaries and Wages		315,780.00	315,780.00	287,678.63		28,101.37
Other Expenses		86,290.00	86,290.00	78,262.41		8,027.59
Accumulated Absences						
Other Expenses		250,000.00	250,000.00	248,082.73		1,917.27
Total Operations within "CAPS"		15,242,424.00	15,242,424.00	13,203,187.81		2,039,236.19
Detail:						
Salaries and Wages	A-1	8,288,484.00	8,288,484.00	7,721,612.97		566,871.03
Other Expenses	A-1	6,953,940.00	6,953,940.00	5,481,574.84		1,472,365.16
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		565,843.00	565,843.00	565,842.79		0.21
Social Security System (O.A.S.I.)		684,930.00	684,930.00	647,945.22		36,984.78

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Statutory Expenditures:
Contribution to:

 Public Employees' Retirement System
 Social Security System (O.A.S.I.)

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

<u>General Appropriations</u>	<u>Ref.</u>	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
		<u>Budget</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Police and Firemen's Retirement System of N.J.		919,585.00	919,585.00	919,584.78	0.22	
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	A-1	2,170,358.00	2,170,358.00	2,133,372.79	36,985.21	
Total General Appropriations for Municipal Purposes within "CAPS"		17,412,782.00	17,412,782.00	15,336,560.60	2,076,221.40	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		1,035,719.00	1,035,719.00	936,095.03	99,623.97	
Emergency Services Volunteer Length of Service Award Program		25,000.00	25,000.00		25,000.00	
Insurance						
Employee Group Health		49,020.00	49,020.00	49,020.00		
Interlocal Municipal Service Agreements:						
Other Municipalities Share of Radio System Costs						
Police Dispatch/911		410,320.00	410,320.00	410,320.00		
Salaries and Wages						
Township of Hardyston Finance Officer		32,576.00	32,576.00	32,576.00		
Salaries and Wages						
Hardyston MUA Finance Officer		14,890.00	14,890.00	14,890.00		
Salaries and Wages						

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

<u>General Appropriations</u>	<u>Ref.</u>	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Hardyston BOE Finance Salaries and Wages		5,519.00	5,519.00			5,519.00
Public and Private Programs Offset by Revenues						
Recycling Tonnage Grant		24,898.00	24,898.00			24,898.00
Clean Communities Program		48,810.00	48,810.00			48,810.00
Municipal Alliance on Alcoholism and Drug Abuse		16,042.00	16,042.00			16,042.00
Body Armor Grant		3,110.00	3,110.00			3,110.00
Drive Sober or Get Pulled Over		8,800.00	8,800.00			8,800.00
Municipal Alliance on Alcoholism and Drug Abuse - Approp Res		2,050.00	2,050.00			2,050.00
Matching Funds for Grants:						
Municipal Alliance on Alcoholism and Drug Abuse		4,250.00	4,250.00			4,250.00
Other Expenses		25,000.00	25,000.00			25,000.00
Highlands Grant		1,706,004.00	1,706,004.00			1,581,380.03
Total Operations - Excluded from "CAPS"						124,623.97
Detail:						
Salaries & Wages	A-1	463,305.00	463,305.00			463,305.00
Other Expenses	A-1	1,242,699.00	1,242,699.00			1,118,075.03
Capital Improvements:						
Capital Improvement Fund		1,250,000.00	1,250,000.00			1,250,000.00
Total Capital Improvements Excluded from "CAPS"	A-1	1,250,000.00	1,250,000.00			1,250,000.00
Municipal Debt Service:						
Payment of Bond Principal		940,000.00	940,000.00			940,000.00
Payment of Bond Anticipation Notes		250,000.00	250,000.00			250,000.00

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

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Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	General Appropriations	Appropriated		Expended		Unexpended Balance Cancelled
		Ref.	Budget	Budget After Modification	Paid or Charged	
Interest on Bonds			241,713.00	241,713.00	241,712.50	0.50
Interest on Notes			12,425.00	12,425.00	12,424.40	0.60
Total Municipal Debt Service-Excluded from "CAPS"	A-1		1,444,138.00	1,444,138.00	1,444,136.90	1.10
Deferred Charges:						
5 Year Special Emergency			283,000.00	283,000.00	283,000.00	
Total Deferred Charges - Municipal - Excluded		A-1	283,000.00	283,000.00	283,000.00	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"			4,683,142.00	4,683,142.00	4,558,516.93	1.10
Subtotal General Appropriations			22,095,924.00	22,095,924.00	19,895,077.53	1.10
Reserve for Uncollected Taxes			3,752,258.00	3,752,258.00	3,752,258.00	
Total General Appropriations			25,848,182.00	25,848,182.00	23,647,335.53	1.10
					A-2	

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

General Appropriations	Appropriated		Expended		Unexpended Balance Cancelled
	Ref.	Budget	Budget After Modification	Paid or Charged	
<u>Analysis of Paid or Charged</u>					
Reserve for Uncollected Taxes	A-2			3,752,258.00	
Cash Disbursed	A-4			19,479,117.53	
Deferred Charges					
Special Emergency Authorization	A-13			283,000.00	
Reserve for Federal and State Grants	A-21			128,710.00	
Matching Funds for Federal and State Grants	A-12			4,250.00	
				<u>23,647,335.53</u>	
<u>Analysis of Appropriation Reserves</u>					
Unencumbered				1,930,412.17	
Encumbered	A			<u>270,433.20</u>	
				<u><u>2,200,845.37</u></u>	

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Assessment Fund:			
Cash	B-1;B-2	5,101.38	
Assessment Receivable	B-3	866,055.87	
Deferred Charge Emergency Authorization	B-4	54,629.80	-
		<u>925,787.05</u>	<u>-</u>
Animal Control Trust Fund:			
Cash	B-1	36,346.67	42,120.00
Change Fund	B-6	25.00	25.00
		<u>36,371.67</u>	<u>42,145.00</u>
Other Trust Funds:			
Cash	B-1	<u>3,700,693.16</u>	<u>3,712,649.31</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	121,627.07	103,099.15
Contributions Receivable	B-15	33,350.00	17,480.00
		<u>154,977.07</u>	<u>120,579.15</u>
Total Assets		<u>4,817,828.95</u>	<u>3,875,373.46</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Sparta, N.J.**Comparative Balance Sheet - Regulatory Basis****Trust Funds****December 31,**

		<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Fund:			
NJDEP Loan Payable	B-7	792,132.25	
Reserve for Assessments and Liens	B-8	133,654.80	
		<u>925,787.05</u>	<u> </u>
Animal Control Trust Fund:			
Prepaid Licenses	B-10	16,013.00	17,657.00
Reserve for Animal Control			
Fund Expenditures	B-13	19,719.82	23,644.60
Reserve for Encumbrances	B-12	638.85	835.00
Due to State Department of Health	B-14	<u>8.40</u>	<u>8.40</u>
		<u>36,371.67</u>	<u>42,145.00</u>
Other Trust Fund:			
Interfund - Current Fund	B-9	5,123.78	2,021.22
Various Reserves	B-11	3,582,426.12	3,688,530.04
Reserve for Encumbrances	B-12	<u>113,143.26</u>	<u>22,098.05</u>
		<u>3,700,693.16</u>	<u>3,712,649.31</u>
Emergency Services Volunteer Length of			
Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-16	<u>154,977.07</u>	<u>120,579.15</u>
Total Liabilities, Reserves and Fund Balance		<u>4,817,828.95</u>	<u>3,875,373.46</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	C-2;C-3	1,914,103.39	1,746,484.86
Deferred Charges to Future Taxation:			
Funded	C-4	7,835,000.00	8,775,000.00
Unfunded	C-5	2,125,000.00	1,200,000.00
		<u>11,874,103.39</u>	<u>11,721,484.86</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	7,835,000.00	8,775,000.00
Bond Anticipation Notes	C-7	950,000.00	1,200,000.00
Improvement Authorizations:			
Funded	C-8	886,201.32	780,006.87
Unfunded	C-8	250,808.08	15,795.09
Capital Improvement Fund	C-9	201,304.16	291,304.16
Reserve for Encumbrances	C-10	1,396,838.31	305,427.22
Reserve for Developers Contribution	C-11	74,566.00	74,566.00
Fund Balance	C-1	279,385.52	279,385.52
		<u>11,874,103.39</u>	<u>11,721,484.86</u>

There were Bonds and Notes Authorized But Not Issued in the Amount of \$1,175,000 as of December 31, 2016 and \$-0- as of December 31, 2015 per Exhibit C-12.

Township of Sparta, N.J.

Comparative Statement of Surplus - Regulatory Basis

General Capital Fund

Year Ended December 31,

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
Balance - January 31,	C	<u>279,385.52</u>	<u>273,006.69</u>
Increased by:			
Reserve for Bond Closing Costs Cancelled		6,892.16	
		<u>279,898.85</u>	
Decreased by:			
Audit Adjustment		513.33	
Balance - December 31,	C	<u>279,385.52</u>	<u>279,385.52</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
Assets			
Operating Fund:			
Cash	D-7	1,001,834.51	<u>1,479,726.79</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-10	363,174.65	287,788.19
Liens Receivable	D-11	0.92	
		<u>363,174.65</u>	<u>287,789.11</u>
Total Operating Fund		<u>1,365,009.16</u>	<u>1,767,515.90</u>
Water Assessment Fund			
Cash	D-7;D-8	45,750.18	41,288.93
Assessment Receivable	D-12	49,699.82	95,411.07
Total Water Assessment Fund		<u>95,450.00</u>	<u>136,700.00</u>
Capital Fund:			
Cash	D-7;D-9	547,741.43	547,885.43
Fixed Capital	D-13	27,983,323.34	27,742,645.43
Fixed Capital Authorized and Uncompleted	D-14	<u>2,898,500.00</u>	<u>2,008,500.00</u>
Total Capital Fund		<u>31,429,564.77</u>	<u>30,299,030.86</u>
Total Assets		<u>32,890,023.93</u>	<u>32,203,246.76</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-15	221,380.33	91,906.74
Encumbered	D-4;D-15	<u>66,612.65</u>	<u>51,484.75</u>
Total Appropriation Reserves:		287,992.98	143,391.49
Water Rents Overpayments	D-16	20,861.41	8,966.68
Accrued Interest on Bonds	D-17	86,181.39	136,059.03
Accrued Interest on Loans	D-18		198.46
Accrued Interest on Notes	D-19	<u>11,269.08</u>	<u>43,134.58</u>
		<u>406,304.86</u>	<u>331,750.24</u>
Reserve for Receivables	Contra	363,174.65	287,789.11
Fund Balance	D-1	<u>595,529.65</u>	<u>1,147,976.55</u>
Total Operating Fund		<u>1,365,009.16</u>	<u>1,767,515.90</u>
Water Assessment Fund:			
Bond Anticipation Notes	D-21	65,450.00	106,700.00
Reserve for Assessments Receivable	D-23	<u>30,000.00</u>	<u>30,000.00</u>
Total Water Assessment Fund:		<u>95,450.00</u>	<u>136,700.00</u>
Capital Fund:			
Serial Bonds Payable	D-20	8,239,000.00	8,991,000.00
Bond Anticipation Notes	D-21	5,323,000.00	5,503,000.00
Water Supply Fund Loan Payable	D-22		13,594.74
Improvement Authorizations:			
Funded	D-24	37,403.85	44,656.57
Unfunded	D-24	310,088.99	29,139.62
Capital Improvement Fund	D-25	45,939.00	45,939.00
Encumbrances Payable	D-26	60,958.15	58,703.89
Reserve for Amortization	D-27	15,908,983.15	14,452,710.50
Reserve for Deferred Amortization	D-28	1,440,000.00	820,000.00
Fund Balance	D-3	<u>64,191.63</u>	<u>340,286.54</u>
Total Capital Fund		<u>31,429,564.77</u>	<u>30,299,030.86</u>
Total Liabilities, Reserves and Fund Balances		<u>32,890,023.93</u>	<u>32,203,246.76</u>

The fixed capital reported is taken from the municipal records
and does not necessarily reflect the true condition of such fixed capital.

There were bonds and notes authorized but not issued in the amount of \$195,840.19 and \$195,840.19
on December 31, 2016 and 2015 per Exhibit D-29.

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-2	737,000.00	815,000.00
Water Rents	D-2	2,965,949.44	3,046,920.70
Fire Hydrant Service	D-2	43,906.28	45,375.83
Cell Tower Fees	D-2	195,530.50	187,093.56
Miscellaneous Revenues Anticipated	D-2	156,665.18	144,000.92
Other Credits to Income:			
Miscellaneous Revenues Not Anticipated	D-2	103,836.49	132,153.29
Unexpended Balance of Appropriation Reserves	D-15	<u>66,024.21</u>	<u>237,409.50</u>
Total Income		<u>4,268,912.10</u>	<u>4,607,953.80</u>
Expenditures:			
Operating	D-4	1,902,565.00	1,737,942.00
Capital Improvements	D-4	510,000.00	510,000.00
Debt Service	D-4	1,558,694.00	1,552,670.00
Deferred Charges and Statutory Expenditures	D-4	<u>113,100.00</u>	<u>112,100.00</u>
Total Expenditures		<u>4,084,359.00</u>	<u>3,912,712.00</u>
Statutory Excess to Surplus		184,553.10	695,241.80
Fund Balance - January 1,	D	<u>1,147,976.55</u>	<u>1,267,734.75</u>
		<u>1,332,529.65</u>	<u>1,962,976.55</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>737,000.00</u>	<u>815,000.00</u>
Fund Balance - December 31,	D	<u>595,529.65</u>	<u>1,147,976.55</u>

Township of Sparta, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2016

		<u>Anticipated</u>		Excess or (Deficit)
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	
Surplus Anticipated	D-1	737,000.00	737,000.00	
Water Rents	D-1;D-10	2,977,959.00	2,965,949.44	(12,009.56)
Fire Hydrant Service	D-1;D-7	45,300.00	43,906.28	(1,393.72)
Miscellaneous Anticipated	D-1	143,900.00	156,665.18	12,765.18
Water Tower Cell Phone	D-1;D-7	<u>180,200.00</u>	<u>195,530.50</u>	<u>15,330.50</u>
 Budget Totals		 <u>4,084,359.00</u>	 <u>4,099,051.40</u>	 <u>14,692.40</u>
		D-4		

Analysis of Miscellaneous Revenue Anticipated

Interest on Delinquent Rents	80,469.97
Meters Sold	7,134.92
Sprinklers	39,762.95
Various Miscellaneous	<u>29,297.34</u>
	D-7
	<u>156,665.18</u>

Analysis of Miscellaneous Revenue Not Anticipated

Interest on Investment	9,326.63
Connection Fees	92,599.30
Water Assessment Interest	<u>1,910.56</u>
	D-1; D-7
	<u>103,836.49</u>

Township of Sparta, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

Water Capital Utility Fund

Year Ended December 31,

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
Balance - January 1,	D	340,286.54	444,862.54
Increased by:			
Cancellation of Funded Improvement Authorizations	D-24	30,322.09	
Premium on Sale of Bond Anticipation Notes	D-7	<u>54,583.00</u>	<u>45,424.00</u>
		425,191.63	490,286.54
Decreased by:			
Appropriated to Finance Improvement Authorizations	D-28	<u>361,000.00</u>	<u>150,000.00</u>
Balance - December 31,	D	<u>64,191.63</u>	<u>340,286.54</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2016

Ref.	Appropriated		Expendited	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	874,490.00	874,490.00	824,669.56	49,820.44
Other Expenses	1,028,075.00	1,028,075.00	806,450.37	221,624.63
Total Operating	1,902,565.00	1,902,565.00	1,631,119.93	271,445.07
Capital Improvements				
Capital Improvement Fund	500,000.00	500,000.00	500,000.00	
Capital Outlay	10,000.00	10,000.00	9,076.46	923.54
	510,000.00	510,000.00	509,076.46	923.54
Debt Service:				
Payment of Bond and Loan Principal	752,000.00	752,000.00	752,000.00	
Payment of Bond Anticipation Notes	480,000.00	480,000.00	480,000.00	
Interest on Bonds	260,918.00	260,918.00	260,918.00	
Interest on Notes	52,043.00	52,043.00	52,043.00	
Payment of Loan Principal	13,595.00	13,595.00	13,595.00	
Interest on Loans	138.00	138.00	138.00	
Total Debt Service	1,558,694.00	1,558,694.00	1,558,694.00	
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Public Employee' Retirement System	47,000.00	47,000.00	47,000.00	
Social Security System (O.A.S.I.)	66,100.00	66,100.00	50,475.63	15,624.37
Total Deferred Charges and Statutory Expenditures	D-1	113,100.00	97,475.63	15,624.37
Analysis of Paid or Charged				
Cash Disbursed	D-7	3,483,267.02		
Interest on Bonds	D-17	260,918.00		
Interest on Loans	D-18	138.00		
Interest on Notes	D-19	52,043.00		
		3,796,366.02	287,992.98	
Analysis of Appropriation Reserve				
Unencumbered	D			
Encumbered	D			
		221,380.33	66,612.65	
				287,992.98

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.**Schedule of Revenues - Regulatory Basis****Water Utility Assessment Fund****Year Ended December 31, 2016**

	<u>Anticipated</u> <u>Budget</u>	<u>Realized</u>
Assessment Cash	<u>41,250.00</u> D-6	<u>41,250.00</u> D-21

Schedule of Revenues - Regulatory Basis**Water Utility Assessment Fund****Year Ended December 31, 2016**

	<u>Anticipated</u> <u>Budget</u>	<u>Realized</u>
Payment of Bond Anticipation Notes	<u>41,250.00</u> D-5	<u>41,250.00</u>

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	Ref	2016	2015
<u>Assets</u>			
Operating Fund:			
Cash	E-6	<u>86,428.68</u>	<u>150,631.51</u>
Receivables with Full Reserves:			
Consumers Account Receivable	E-10	<u>55,881.52</u>	<u>42,033.35</u>
Total Operating Fund		<u>142,310.20</u>	<u>192,664.86</u>
Sewer Assessment Fund			
Cash	E-6;E-7	13,455.28	12,241.65
Assessment Receivable	E-11	<u>8,457.67</u>	<u>9,671.30</u>
Total Sewer Assessment Fund		<u>21,912.95</u>	<u>21,912.95</u>
Capital Fund:			
Cash	E-6;E-8	49,603.50	49,603.50
Fixed Capital	E-12	<u>8,711,594.25</u>	<u>8,711,594.25</u>
Fixed Capital Authorized and Uncompleted	E-13	<u>142,000.00</u>	<u>142,000.00</u>
Total Capital Fund		<u>8,903,197.75</u>	<u>8,903,197.75</u>
Total Assets		<u>9,067,420.90</u>	<u>9,117,775.56</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-5;E-14	6,990.27	2,401.07
Encumbered	E-5;E-14	11,454.56	17,056.37
Total Appropriation Reserves:		18,444.83	19,457.44
Sewer Charge Overpayments	E-15	740.13	2,310.97
Accrued Interest on Bonds	E-16	45,326.59	46,637.72
Accrued Interest on Notes	E-17	100.30	100.30
		<u>64,611.85</u>	<u>68,506.43</u>
Reserve for Receivables	Contra	55,881.52	42,033.35
Fund Balance	E-1	21,816.83	82,125.08
Total Operating Fund		<u>142,310.20</u>	<u>192,664.86</u>
Sewer Assessment Fund:			
Reserve for Assessments Receivable	E-20	8,457.67	9,671.30
Fund Balance	E-4	13,455.28	12,241.65
Total Sewer Assessment Fund:		<u>21,912.95</u>	<u>21,912.95</u>
Capital Fund:			
Serial Bonds Payable	E-18	3,230,000.00	3,520,000.00
Bond Anticipation Notes	E-19	48,000.00	54,000.00
Improvement Authorizations:			
Funded	E-21	132.50	132.50
Unfunded	E-21	44,855.03	44,855.03
Capital Improvement Fund	E-22	8,500.00	8,500.00
Reserve for Amortization	E-23	5,477,338.22	5,187,338.22
Reserve for Deferred Amortization	E-24	94,000.00	88,000.00
Fund Balance	E-3	372.00	372.00
Total Capital Fund		<u>8,903,197.75</u>	<u>8,903,197.75</u>
Total Liabilities, Reserves and Fund Balances		<u>9,067,420.90</u>	<u>9,117,775.56</u>

The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

There were bonds and notes authorized but not issued on December 31, 2016 and 2015 in the amount \$4,256.03 and \$4,256.03 per Exhibit E-25.

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31,

	Ref.	2016	2015
Revenue and Other Income Realized:			
Surplus Anticipated	E-2	80,400.00	94,000.00
Sewer Service Charges	E-2	876,796.87	907,523.73
Board of Education Debt Service	E-2	84,927.32	108,757.28
Sewer Reservation Fees	E-2	10,002.70	13,767.00
Sewer Connection Fees	E-2	6,507.60	19,346.13
Miscellaneous	E-2	73,164.26	17,518.69
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-14	<u>390.00</u>	<u>31,082.86</u>
Total Income		<u>1,132,188.75</u>	<u>1,191,995.69</u>
Expenditures:			
Operating	E-5	690,220.00	730,432.00
Capital Improvements			5,000.00
Debt Service	E-5	417,302.00	389,094.13
Deferred Charges and Statutory Expenditures	E-5	<u>4,575.00</u>	<u>1,900.00</u>
Total Expenditures		<u>1,112,097.00</u>	<u>1,126,426.13</u>
Statutory Excess to Surplus		20,091.75	65,569.56
Fund Balance - January 1,	E	<u>82,125.08</u>	<u>110,555.52</u>
		<u>102,216.83</u>	<u>176,125.08</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>80,400.00</u>	<u>94,000.00</u>
Fund Balance - December 31,	E	<u>21,816.83</u>	<u>82,125.08</u>

Township of Sparta, N.J.

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2016

		<u>Anticipated</u>		Excess or (Deficit)
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	
Surplus Anticipated	E-1	80,400.00	80,400.00	
Sewer Rents	E-1;E-10	874,997.00	876,796.87	1,799.87
Sewer Connection Fees	E-1E-6	19,000.00	6,507.60	(12,492.40)
Sewer Reservation Fees	E-1;E-10	13,700.00	10,002.70	(3,697.30)
Miscellaneous Fees	E-1; E-2	16,000.00	73,164.26	57,164.26
Board of Education Share of Debt Service	E-1;E-10	108,000.00	84,927.32	(23,072.68)
Budget Totals		<u>1,112,097.00</u>	<u>1,131,798.75</u>	<u>19,701.75</u>
		E-5		

Miscellaneous Revenues Not Anticipated

Interest on Sewer Assessments	E-9	18.19
Interest on Sewer Rents		16,808.54
Interest on Investments - Operating		1,522.38
Miscellaneous Reimbursements		<u>54,815.15</u>
	E-6	73,146.07
	E-2	<u>73,164.26</u>

Township of Sparta, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

Sewer Utility Capital Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Balance - January 1,	E	<u>372.00</u>	<u>372.00</u>
Balance - December 31,	E	<u>372.00</u>	<u>372.00</u>

E-4

Comparative Statement of Assessment Trust Fund Balance - Regulatory Basis

Sewer Assessment Trust Fund

Year Ended December 31,

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
Balance - January 1,	E	<u>12,241.65</u>	<u>10,509.77</u>
Increased by:			
Collection of Unpledged Assessments and Liens	E-20	<u>1,213.63</u>	<u>1,731.88</u>
Balance - December 31,	E	<u>13,455.28</u>	<u>12,241.65</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2016

Ref.	Appropriated		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	29,815.00	29,815.00	28,815.15	999.85
Other Expenses	189,620.00	189,620.00	172,180.02	17,439.98
Other Expenses - SCMUJA	470,785.00	470,785.00	470,785.00	
Total Operating	E-1 690,220.00	690,220.00	671,780.17	18,439.83
 Debt Service:				
Payment of Bond Principal	290,000.00	290,000.00	290,000.00	
Payment of Bond Anticipation Notes	6,000.00	6,000.00	6,000.00	
Interest on Bonds	120,492.00	120,492.00	120,492.00	
Interest on Notes	830.00	810.00	810.00	
Total Debt Service	E-1 417,322.00	417,302.00	417,302.00	
 Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	4,555.00	4,575.00	4,570.00	5.00
Total Deferred Charges and Statutory Expenditures	E-1 4,555.00	4,575.00	4,570.00	5.00
Analysis of Paid or Charged				
Cash Disbursed	E-6			
Interest on Bonds	E-16			
Interest on Notes	E-17			
Analysis of Appropriation Reserves				
Unencumbered	E			
Encumbered	E			

6,990.27

11,454.56

18,444.83

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Solid Waste Utility Fund

December 31,

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Operating Fund:			
Cash	F-4	<u>2,092,703.31</u>	<u>1,950,017.98</u>
Receivables with Full Reserves:			
Consumers Account Receivable	F-5	140,478.33	127,574.68
Liens Receivable	F-6	79.27	79.27
		<u>140,557.60</u>	<u>127,653.95</u>
Total Operating Fund		<u>2,233,260.91</u>	<u>2,077,671.93</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	F-3;F-7	146,338.69	133,249.51
Encumbered	F-3;F-7	138,624.72	137,184.03
Total Appropriation Reserves		<u>284,963.41</u>	<u>270,433.54</u>
Accounts Payable	F-8		180.00
Prepaid Solid Waste User Fees	F-9	169,633.64	257,325.45
		<u>454,597.05</u>	<u>527,938.99</u>
Reserve for Receivables	Contra	140,557.60	127,653.95
Fund Balance	F-1	<u>1,638,106.26</u>	<u>1,422,078.99</u>
Total Operating Fund		<u>2,233,260.91</u>	<u>2,077,671.93</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Solid Waste Operating Utility Fund

Year Ended December 31,

	Ref.	2016	2015
Revenue and Other Income Realized:			
Surplus Anticipated	F-2	175,000.00	164,500.00
Solid Waste User Fees	F-2	1,990,754.68	1,998,328.36
Miscellaneous	F-2	22,053.02	22,113.46
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	F-7	<u>130,069.57</u>	<u>114,352.31</u>
Total Income		<u>2,317,877.27</u>	<u>2,299,294.13</u>
Expenditures:			
Operating	F-3	1,915,850.00	1,908,350.00
Deferred Charges and Statutory Expenditures	F-3	<u>11,000.00</u>	<u>10,000.00</u>
Total Expenditures		<u>1,926,850.00</u>	<u>1,918,350.00</u>
Statutory Excess to Surplus		391,027.27	380,944.13
Fund Balance - January 1,	F	<u>1,422,078.99</u>	<u>1,205,634.86</u>
		<u>1,813,106.26</u>	<u>1,586,578.99</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>175,000.00</u>	<u>164,500.00</u>
Fund Balance - December 31,	F	<u>1,638,106.26</u>	<u>1,422,078.99</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Sparta, N.J.

Statement of Revenues - Regulatory Basis

Solid Waste Operating Utility Fund

Year Ended December 31, 2016

	Anticipated		Excess or (Deficit)
	Ref.	Budget	
Surplus Anticipated	F-1	175,000.00	175,000.00
Solid Waste User Fees	F-1;F-5	1,746,850.00	1,990,754.68
Miscellaneous Fees	F-1;F-2	5,000.00	22,053.02
 Budget Totals		<u>1,926,850.00</u>	<u>22,053.02</u>
		F-3	

Analysis Realized Revenues

Interest & Penalties on Solid Waste Fees	14,995.38
NSF Check Fees	140.00
Interest on Investments - Operating	<u>6,917.64</u>
F-2;F-4	<u>22,053.02</u>

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Solid Waste Operating Utility Fund

Year Ended December 31, 2016

Operating:

Salaries and Wages
Other Expenses
Total Operating

Deferred Charges and Statutory Expenditures: Statutory Expenditures:

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contribution to:

Social Security System (O.A.S.I.)
Total Deferred Charges and Statutory Expenditures

1,926,850.00	1,926,850.00	1,926,850.00	1,926,850.00
	F-2		F-4
		1,641,886.59	284,963.41

Unencumbered	F	146,338.69
Encumbered	F	138,624.72
		<u><u>284,963.41</u></u>

Township of Sparta, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

(Unaudited)

	<u>2016</u>	<u>2015</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	39,513,645.00	25,171,500.00
Machinery and Equipment	<u>14,342,145.00</u>	<u>14,033,938.00</u>
	<u><u>53,855,790.00</u></u>	<u><u>39,205,438.00</u></u>
Investment in Fixed Assets	<u><u>53,855,790.00</u></u>	<u><u>39,205,438.00</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Township of Sparta have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of Sparta (the "Township") operates under a Mayor/Council form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will be by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the operations of the Municipal Library, Volunteer Fire Department, and First Aid Squad which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Township has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust Fund - This fund deals with the handling of special assessment levies against property for the cost of an improvement. The whole or a part of which costs are levied against the property receiving the benefit.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

Sewer Operating and Sewer Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

Solid Waste Operating Fund - Account for the operations of the Solid Waste Utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

A modified accrual basis of accounting is followed by the Township of Sparta. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remain in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund and Water Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund and the water operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The Township is not required to adopt budgets for the following funds:

General Capital Fund	Sewer Capital Fund
Animal Control Trust Fund	Solid Waste Capital Fund
Public Assistance Fund	Trust Fund
Water Capital Fund	

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2016, the Governing Body did increase the original Current Fund budget. Also, several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

General Fixed Assets - The Township of Sparta has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

Fixed Assets used in Governmental Operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that all fixed assets be capitalized at historical cost if actual historical cost is not available.

Recent Accounting Pronouncements

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Recent Accounting Pronouncements (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Recent Accounting Pronouncements (continued)

68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, Blending Requirements for Certain Component Units, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Township does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Township does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 statutory budget included a reserve for uncollected taxes in the amount of \$3,752,258.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 statutory budget was \$2,800,000.00.

Inter department budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Mayor and Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2016, there were no items of special revenue and appropriation inserted into the budget.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2016, there were no emergency authorizations.

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the Township had the following deferred charges:

	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Current Fund:			
Special Emergency Authorization -			
Revision of Tax Maps	\$ 40,000.00	\$ 40,000.00	\$ -
Revaluation of Taxes	<u>320,000.00</u>	<u>160,000.00</u>	<u>160,000.00</u>
	<u>\$360,000.00</u>	<u>\$200,000.00</u>	<u>\$160,000.00</u>

NOTE 4: GENERAL FIXED ASSETS (UNAUDITED)

The following schedule is a summarization of changes in the general fixed assets account group for the year 2016.

	<u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Dec. 31, 2016</u>
Land, Land Improvements & Buildings	\$25,171,500.00	\$14,342,145.00 (1)	\$ -	\$39,513,645.00
Machinery & Equipment	<u>14,033,938.00</u>	<u>1,060,883.00</u>	<u>752,676.00</u>	<u>14,342,145.00</u>
	<u>\$39,205,438.00</u>	<u>\$15,403,028.00</u>	<u>\$752,676.00</u>	<u>\$53,855,790.00</u>

(1) Previous reports did not include buildings

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2016 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Amount Due</u> <u>Within One Year</u>
General Capital Fund: Bonds Payable	<u>\$ 8,775,000.00</u>	<u>\$ -</u>	<u>\$ 940,000.00</u>	<u>\$ 7,835,000.00</u>	<u>\$ 990,000.00</u>
Assessment Trust Fund: N.J. D.E.P. Loan	<u>-</u>	<u>846,762.05</u>	<u>54,629.80</u>	<u>792,132.25</u>	<u>41,141.10</u>
Water Capital Fund: Bonds Payable Water Supply Loan Payable	<u>8,991,000.00</u>	<u>-</u>	<u>752,000.00</u>	<u>8,239,000.00</u>	<u>750,000.00</u>
	<u>13,594.74</u>	<u>-</u>	<u>13,594.74</u>	<u>-</u>	<u>-</u>
	<u>9,004,594.74</u>	<u>-</u>	<u>765,594.74</u>	<u>8,239,000.00</u>	<u>750,000.00</u>
Sewer Capital Fund: Serial Bonds Payable	<u>3,520,000.00</u>	<u>-</u>	<u>290,000.00</u>	<u>3,230,000.00</u>	<u>300,000.00</u>
Compensated Absences Payable	<u>4,162,913.00</u>	<u>-</u>	<u>539,324.41 (1)</u>	<u>3,623,588.59</u>	<u>-</u>
	<u>\$25,462,507.74</u>	<u>\$846,762.05</u>	<u>\$2,589,548.95</u>	<u>\$23,719,720.84</u>	<u>\$2,081,141.10</u>

(1) Net Additions, including retirements, resignations and time used.

The Local Bond law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligations bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The Township's debt is summarized as follows:

<u>Issued</u>	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
General:			
Bonds and Notes	8,785,000.00	9,975,000.00	11,848,200.00
Assessment Trust Fund:			
Loan Payable	792,132.25		
Water Utility:			
Bonds, Notes and Loans	13,562,000.00	14,507,594.74	15,280,635.78
Assessment Notes	65,450.00	106,700.00	146,300.00
Sewer Utility:			
Bonds and Notes	<u>3,278,000.00</u>	<u>3,574,000.00</u>	<u>3,857,000.00</u>
Total Issued	<u>26,482,582.25</u>	<u>28,163,294.74</u>	<u>31,132,135.78</u>
<u>Less</u>			
Funds Temporarily Held by Pay			
Bonds, Notes and Loans:			
Assessment Trust Assessments	5,101.38		
Water Utility Assessments	<u>45,750.18</u>	<u>41,288.93</u>	<u>39,697.95</u>
Total Deductions	<u>50,851.56</u>	<u>41,288.93</u>	<u>39,697.95</u>
Net Debt Issued	<u>26,431,730.69</u>	<u>28,122,005.81</u>	<u>31,092,437.83</u>
<u>Authorized but not Issued</u>			
General Capital:			
Bonds and Notes	1,175,000.00		7,236.51
Water Utility:			
Bonds and Notes	195,840.19	195,840.19	694,340.19
Sewer Utility:			
Bonds and Notes	<u>4,256.03</u>	<u>4,256.03</u>	<u>4,256.03</u>
Total Authorized but not Issued	<u>1,375,096.22</u>	<u>200,096.22</u>	<u>705,832.73</u>
<u>Less:</u>			
Self Liquidating - Utility	<u>17,040,096.22</u>	<u>18,281,690.96</u>	<u>19,836,232.00</u>
Net Debt	<u>10,766,730.69</u>	<u>10,040,411.07</u>	<u>11,962,038.56</u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.347%.

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Dist. Debt	\$65,000,000.00	\$65,000,000.00	\$ -
Sewer Utility Debt	3,282,256.03	3,282,256.03	-
Water Utility Debt	13,757,840.19	13,757,840.19	-
Water Assessment Debt	65,450.00	45,750.18	19,699.82
General Debt	9,960,000.00	-	9,960,000.00
Assessment Trust Fund	<u>792,132.25</u>	<u>5,101.38</u>	<u>787,030.87</u>
	<u>\$92,065,546.22</u>	<u>\$82,090,948.02</u>	<u>\$10,766,730.69</u>

Net Debt \$10,766,730.69 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, 3,104,799,918.00 = 0.347%.

SUMMARY EQUALIZED VALUATION PER N.J.S. 40A:2-2 AS AMENDED

2016	3,104,799,918.00
2015	3,127,965,039.33
2014	3,197,988,008.33

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3.50% of Equalized Valuation Basis (Municipal)	\$108,667,997.13
Net Debt	<u>10,766,730.69</u>
Remaining Borrowing Power	<u>\$ 97,901,266.44</u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from fees, rents or other charges for year	\$4,099,051.40
Deductions:	
Operating and Maintenance Cost	\$2,015,665.00
Net Debt	<u>1,558,694.00</u>
Total Deductions	<u>3,574,359.00</u>
Excess/(Deficit) in Revenue	<u><u>\$ 524,692.40</u></u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

CALCULATION OF "SELF-LIQUIDATING PURPOSE", SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from fees, rents or other charges for year	\$1,131,798.75
Deductions:	
Operating and Maintenance Cost	\$694,795.00
Net Debt	<u>417,302.00</u>
Total Deductions	<u>1,112,097.00</u>
Excess/(Deficit) in Revenue)	<u><u>\$ 19,701.75</u></u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

CALCULATION OF "SELF-LIQUIDATING PURPOSE", SOLID WASTE UTILITY PER N.J.S. 40A:2-45

Cash Receipts from fees, rents or other charges for year	\$2,187,807.70
Deductions:	
Operating and Maintenance Cost	<u>1,926,850.00</u>
Excess/(Deficit) in Revenue	<u><u>\$ 260,957.70</u></u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer, a revised copy will be filed.

An analysis of long-term debt as of December 31, 2016, consisted of the following:

Paid from Current Fund:

Refunding Bond of 2011 - dated 9/08/2011, in the amount of \$5,015,000.00. This bond is payable in annual installments through 4/01/2023. Interest is paid semi-annually at a rate of 2.00-5.00% per annum. The balance as of December 31, 2016 was \$3,395,000.00. Outstanding bond principal and interest are paid from the Current Fund of the Township.

General Bond of 2013 - dated 10/15/2013, in the amount of \$4,590,000.00. This bond is payable in annual installments through 10/15/2024. Interest is paid semi-annually at a rate of 1.00-3.00% per annum. The balance as of December 31, 2016 was \$3,590,000.00. Outstanding bond principal and interest are paid from the Current Fund of the Township.

Refunding Bond of 2014 - dated 9/10/2014, in the amount of \$1,010,000.00. This bond is payable in annual installments through 1/01/2021. Interest is paid semi-annually at a rate of 3.00-5.00% per annum. The balance as of December 31, 2016 was \$850,000.00. Outstanding bond principal and interest are paid from the Current Fund of the Township.

Paid from Water Utility Fund:

Water Bond of 2011- dated 4/28/2011, in the amount of \$2,310,000.00. This bond is payable in annual installments through 4/01/2026. Interest is paid semi-annually at a rate of 2.00-4.00% per annum. The balance as of December 31, 2016 was \$1,535,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township.

Water Bond of 2013- dated 10/15/2013, in the amount of \$1,424,000.00. This bond is payable in annual installments through 10/15/2033. Interest is paid semi-annually at a rate of 1.00-4.00% per annum. The balance as of December 31, 2016 was \$1,269,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township.

Water Refunding Bond of 2014- dated 9/10/2014, in the amount of \$5,828,000.00. This bond is payable in annual installments through 1/01/2026. Interest is paid semi-annually at a rate of 3.50-5.00% per annum. The balance as of December 31, 2016 was \$5,435,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

Paid from Sewer Utility Fund:

Sewer Bond of 2011- dated 4/28/2011, in the amount of \$2,317,000.00. This bond is payable in annual installments through 4/01/2026. Interest is paid semi-annually at a rate of 2.00-4.00% per annum. The balance as of December 31, 2016 was \$1,720,000.00. Outstanding bond principal and interest are paid from the Sewer Operating Fund of the Township.

Sewer Refunding Bond of 2014- dated 9/10/2014, in the amount of \$1,627,000.00. This bond is payable in annual installments through 1/01/2026. Interest is paid semi-annually at a rate of 3.00-5.00% per annum. The balance as of December 31, 2016 was \$1,510,000.00. Outstanding bond principal and interest are paid from the Sewer Operating Fund of the Township.

Paid from Assessment Trust Fund:

On August 25, 2015, the Township entered into an agreement for a loan repayment for the Glen Lake Dam Restoration Project in the amount of \$846,762.05, which includes principal and interest. Payments are made semi-annually on May 24 and November 24 in the amount of \$27,314.91, at an interest rate of 2.00%. At December 31, 2016, the balance remaining is \$792,132.25.

Total General Capital Bond - listed in above	<u>\$7,835,000.00</u>
Total Water Utility Capital Bonds and Loans - listed in above	<u>\$8,239,000.00</u>
Total Sewer Utility Capital Bonds and Loans - listed in above	<u>\$3,230,000.00</u>
<u>Total Assessment Trust Loan</u>	<u>\$ 792,132.25</u>

**SCHEDEULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT
ISSUED AND OUTSTANDING**

Calendar Year	General			Water Fund		
	Principal	Interest	Total	Principal	Interest	Total
2017	990,000.00	215,862.50	1,205,862.50	750,000.00	283,753.76	1,033,753.76
2018	1,020,000.00	191,506.25	1,211,506.25	755,000.00	257,753.76	1,012,753.76
2019	1,060,000.00	165,437.50	1,225,437.50	760,000.00	228,731.89	988,731.89
2020	1,105,000.00	137,650.00	1,242,650.00	765,000.00	200,597.51	965,597.51
2021	1,120,000.00	107,375.00	1,227,375.00	760,000.00	177,597.51	937,597.51
2022-2026	2,540,000.00	127,725.00	2,667,725.00	3,855,000.00	445,409.37	4,300,409.37
2027-2031	-	-	-	420,000.00	83,725.00	503,725.00
2032-2034	-	-	-	174,000.00	10,520.00	184,520.00
	<u>7,835,000.00</u>	<u>945,556.25</u>	<u>8,780,556.25</u>	<u>8,239,000.00</u>	<u>1,688,088.80</u>	<u>9,927,088.80</u>

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING (continued)

	Sewer Fund			Assessment Trust Fund		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	300,000.00	111,431.25	411,431.25	41,141.10	13,488.71	54,629.81
2018	305,000.00	101,206.25	406,206.25	41,968.04	12,661.77	54,629.81
2019	315,000.00	89,928.12	404,928.12	42,811.59	11,818.21	54,629.80
2020	325,000.00	78,287.50	403,287.50	43,672.11	10,957.70	54,629.81
2021	325,000.00	67,650.00	392,650.00	44,549.92	10,079.90	54,629.82
2022-2026	1,660,000.00	150,062.50	1,810,062.50	236,546.83	36,602.22	273,149.05
2027-2031	-	-	-	233,979.96	11,854.19	245,834.15
2032-2034	-	-	-	-	-	-
	<u>3,230,000.00</u>	<u>598,565.62</u>	<u>3,828,565.62</u>	<u>684,669.55</u>	<u>107,462.70</u>	<u>792,132.25</u>

	Yearly Total		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	2,081,141.10	624,536.22	2,705,677.32
2018	2,121,968.04	563,128.03	2,685,096.07
2019	2,177,811.59	495,915.72	2,673,727.31
2020	2,238,672.11	427,492.71	2,666,164.82
2021	2,249,549.92	362,702.41	2,612,252.33
2022-2026	8,291,546.83	759,799.09	9,051,345.92
2027-2031	653,979.96	95,579.19	749,559.15
2032-2034	<u>174,000.00</u>	<u>10,520.00</u>	<u>1884,520.00</u>
	<u>19,988,669.55</u>	<u>3,339,673.37</u>	<u>23,328,342.97</u>

NOTE 6: BOND ANTICIPATION NOTES

The Township issued bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of such notes issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 6: BOND ANTICIPATION NOTES (CONTINUED)

The following activity related to Bond Anticipation Notes occurred during the calendar year ended December 31, 2016:

	<u>Balance</u>		<u>Balance</u>	
	<u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Dec. 31, 2016</u>
General Capital:				
TD Securities	<u>\$1,200,000.00</u>	<u>\$ -</u>	<u>\$1,200,000.00</u>	<u>\$ -</u>
Jefferies, LLC	<u>-</u>	<u>950,000.00</u>	<u>-</u>	<u>950,000.00</u>
Water Capital Fund:				
TD Securities	<u>5,503,000.00</u>	<u>-</u>	<u>5,503,000.00</u>	<u>-</u>
Jefferies, LLC	<u>-</u>	<u>5,323,000.00</u>	<u>-</u>	<u>5,323,000.00</u>
Water Assessment:				
TD Securities	<u>106,700.00</u>	<u>-</u>	<u>106,700.00</u>	<u>-</u>
Jefferies, LLC	<u>-</u>	<u>65,450.00</u>	<u>-</u>	<u>65,450.00</u>
Sewer Capital Fund:				
TD Securities	<u>54,000.00</u>	<u>-</u>	<u>54,000.00</u>	<u>-</u>
Jefferies LLC	<u>-</u>	<u>48,000.00</u>	<u>-</u>	<u>48,000.00</u>
	<u>\$6,863,700.00</u>	<u>\$6,434,450.00</u>	<u>\$6,863,700.00</u>	<u>\$6,434,450.00</u>

The Township has outstanding at December 31, 2016, a bond anticipation note in the amount of \$950,000.00 payable to Jefferies, LLC. This note will mature on October 27, 2017 and it is the intent of the Township Council to renew this note for another one year period. The current interest rate on this note is 2.00%. Principal and interest on this note is paid from the Current Fund Budget of the Township.

The Township has outstanding at December 31, 2016, a bond anticipation note in the amount of \$5,323,000.00 payable to Jefferies, LLC. This note will mature on October 27, 2017 and it is the intent of the Township Council to renew this note. The current interest rate on this note is 2.00%. Principal and interest on this note is paid from the Water Operating Fund Budget of the Township.

The Township has outstanding at December 31, 2016, a bond anticipation note in the amount of \$65,450.00 payable to Jefferies, LLC. This note will mature on October 27, 2017 and it is the intent of the Township Council to renew this note for another one year period. The current interest rate on this note is 2.00%. Principal and interest on this note is paid from the Water Assessment Budget of the Township.

The Township has outstanding at December 31, 2016, a bond anticipation note in the amount of \$48,000.00 payable to Jefferies, LLC. This note will mature on October 27, 2017 and it is the intent of the Township Council to renew this note. The current interest rate on this note is 2.00%. Principal and interest on this note is paid from the Sewer Operating Fund Budget of the Township.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016 and 2015 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	<u>\$3,250,000.00</u>	<u>\$2,800,000.00</u>
Water Utility Operating Fund	<u>\$ 600,000.00</u>	<u>\$ 737,000.00</u>
Sewer Utility Operating Fund	<u>\$ 21,000.00</u>	<u>\$ 80,400.00</u>
Solid Waste Operating Fund	<u>\$ 184,000.00</u>	<u>\$ 175,000.00</u>

NOTE 8: ACCRUED VACATION AND SICK BENEFITS

The Township allows employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. However, it is expected that the cost of such unpaid compensation would be included in the Township budget operating expenditures in the year in which it is used. It is estimated that the current cost of such unpaid compensation would approximate \$3,623,588.59.

The amount is not reported either as an expenditure or a liability. The Township has reserved \$355,631.80 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. See Exhibit B-11 for an analysis. It is expected that any remaining cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

NOTE 9: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2016 consist of the following:

\$343,195.31 Due to Federal and State Grant Fund from Current Fund for receipts and disbursements made from Current Fund for the Federal and State Grant Fund

5,123.78 Due from Other Trust Fund to the Current Fund for receipts and disbursements.

\$348,319.09

It is anticipated that all interfunds will be liquidated during the calendar year.

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 10: PENSION PLANS

Description of Plans:

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS), (continued)

Benefits Provided, (continued)

5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemens' Retirement System (PFRS), (continued)

Benefits Provided, (continued)

60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Contribution Requirements, (continued)

defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2016	\$637,842.79	\$919,584.78	\$2,922.13
2015	611,865.47	1,148,542.82	1,623.60
2014	548,053.00	808,081.76	2,691.05

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2016, the Township had a liability of \$21,152,820.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Township's proportion was 0.0714208916 percent, which was an increase/(decrease) of (0.0002353839) percent from its proportion measured as of June 30, 2015.

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2016, the Township recognized pension expense of \$565,842.79. At December 31, 2016, 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>
Difference between expected and actual experience	\$393,378.00	\$ -
Changes of assumptions	4,381,734.00	-
Net difference between projected and actual earnings on pension plan investments	806,576.00	-
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	92,422.00	37,565.00
Township contributions subsequent to the measurement date	<u>652,629.00</u>	-
Total	<u>\$6,326,739.00</u>	<u>\$37,565.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:

2017	1,256,667.00
2018	1,256,667.00
2019	1,455,890.00
2020	1,223,161.00
2021	389,304.00

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts respectively.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
Township's Proportion	0.0714208916 %	0.0716562755 %

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Mortality Rates (continued)

were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, 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 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2016		
	1%	At Current Discount Rate	1%
	Decrease <u>2.98%</u>	<u>3.98%</u>	Increase <u>4.98%</u>
Township's proportionate share of the pension liability	\$25,920,311	\$21,152,820	\$17,216,842

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS)

At December 31, 2016, the Township had a liability of \$21,572,492.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Township's proportion was 0.1129298612 percent, which was an increase/(decrease) of (0.0020763326) percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized pension expense of \$919,584.78. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$ -	\$141,411.00
Changes of assumptions	2,987,967.00	-
Net difference between projected and actual earnings on pension plan investments	1,511,541.00	-
Changes in proportion and differences between Township contributions and proportionate share of contributions	547,493.00	334,216.00
Township contributions subsequent to the measurement date	<u>920,763.00</u>	<u>-</u>
 Total	 <u>\$5,967,764.00</u>	 <u>\$475,627.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:

2017	\$1,043,224.00
2018	1,043,224.00
2019	1,405,630.00
2020	831,197.00
2021	34,823.00

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$4,547,316,543	\$3,512,729,953
Collective deferred inflows of resources	688,197,590	871,083,367
Collective net pension liability	20,706,699,056	16,656,514,197
Township's Proportion	0.1129298612%	0.1150061938%

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.65 Percent

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

Mortality Rates

Pre-mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System, (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, respectively, 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 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Township's proportionate share of the pension liability	\$30,152,013	\$21,572,492	\$17,865,177

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 11: LOCAL SCHOOL DISTRICT AND REGIONAL HIGH SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Sparta has not elected to defer school taxes.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2016, \$121,627.07 of the Township's bank balance of \$19,921,749.16 was exposed to custodial credit risk. In comparison, as of December 31, 2015, \$103,099.15 of the Township's bank balance of \$18,383,997.18 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the Townships or bonds or other obligations of the local unit or units within which the Township is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Unaudited Investments

As more fully described in NOTE 17, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Variable Annuity Life Insurance Co., which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2016 and 2015 amounted to \$121,627.07 and \$103,099.15 respectively.

The following investments represent 5% or more of the total invested with Variable Annuity Life Insurance Co. on December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Investments under 5%	\$ 11,672.58	\$ 8,288.24
Fidelity VIP ContraFund Portfolio	6,950.97	5,385.69
Fixed	46,622.28	41,311.12
LVIP SSgA S&P 500 Index Fund	<u>56,381.24</u>	<u>48,114.10</u>
 Total	 <u>\$121,627.07</u>	 <u>\$103,099.15</u>

NOTE 13: RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2016 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 14: LEASES

On July 19, 2011 the Township entered into a long-term lease for the purchase of eleven (11) copiers, totaling \$84,822.46. The lease is for a three (3) year term expiring on 9/15/2014. On January 12, 2014, the Township entered into a long-term lease for twelve (12) copiers to replace the eleven (11) contracted on July 19, 2011. This lease is for a 36 month term beginning 4/1/2014, expiring on 3/1/2017.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 14: LEASES (CONTINUED)

The following is a schedule of future minimum lease payments as of December 31, 2016:

Total minimum lease payment			\$7,575.00
Less: amount representing interest			<u>48.97</u>
Present Value of net minimum lease payments			<u><u>\$7,526.03</u></u>
Calendar Year	Principal	Interest	Total Lease Payments
2017	<u>7,526.03</u>	<u>48.97</u>	<u>7,575.00</u>

NOTE 15: PUBLIC ASSISTANCE

The Township of Sparta has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Township of Sparta no longer has a public assistance director.

NOTE 16: HEALTH INSPECTIONS

The Township of Sparta has elected to have the County of Sussex, Department of Health, do all the health inspections. Therefore, the Township does not have a health inspector.

NOTE 17: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On November 9, 2010, the Division of Local Government Services approved the Township's LOSAP plan, provided by Lincoln Financial. The purpose of this plan is to enhance the Township's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan's contribution requirements are as follows: the contribution for each participating active volunteer member shall be between the minimum contribution of \$115.00 and the maximum contribution of \$1,150.00. The Township's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

**NOTE 17: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN
(LOSAP) (CONTINUED)**

We have reviewed the plan for the year ended December 31, 2016 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 18. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2016</u>	<u>Balance Dec 31, 2015</u>
Prepaid Taxes	<u>\$657,389.37</u>	<u>\$528,738.67</u>
Cash Liability for Taxes		
Collected in Advance	<u>\$657,389.37</u>	<u>\$528,738.67</u>

NOTE 19: RELATED PARTY TRANSACTIONS

During 2016, Christine Quinn was a Trustee of the Free Public Library as well as Mayor of the Township of Sparta. In 2016, \$936,095.03 was paid from 2016 municipal appropriations and \$57,517.22 was paid from the 2015 reserves to the Township of Sparta Free Public Library.

NOTE 20: POST-RETIREMENT BENEFITS

A. PLAN OVERVIEW

Township of Sparta ("Sparta") provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. As a result of offering such benefits, Sparta will be required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting "by Employers for Postemployment Benefits Other Than Pensions ("GASB 45").

Sparta provides medical benefits to retirees who retired from Sparta with 20 years of service for Police and 25 years of service for others.

The summary below presents the results of the actuarial valuation of the post-retirement medical obligations as of December 31, 2014, including a determination of financial reporting information for the year ending December 31, 2014.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 20: POST-RETIREMENT BENEFITS (CONTINUED)

Results of Valuation

• *Actuarial Accrued Liability*

The Actuarial Accrued Liability (“AAL”) as of December 31, 2014 is \$59,711,504.00 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2014.

• *Annual Required Contribution*

The Annual Required Contribution (“ARC”) is the measure of annual cost on an accrual basis. It is comprised of the “Normal Cost” which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability (“UAAL”). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

The ARC as of December 31, 2014 is \$5,503,034.00 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2014. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 1,837,253.00
(2) Actuarial Accrued Liability	\$ 59,711,504.00
(3) Assets	-
(4) UAAL = (2)-(3)	\$ 59,711,504.00
(5) 30 Year Amortization of UAAL at Discount Rate	\$ 3,665,781.00
(6) ARC = (1)+(5)	\$ 5,503,034.00

Basis of Valuation

This valuation has been conducted as of December 31, 2014 based upon census, plan design and claims information provided by The Fund. Census includes 41 participants currently receiving retiree benefits, and 100 active participants of whom 11 are eligible to retirees of the valuation date. The average age of the active population is 47 and the average age of the retiree population is 64.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 20: POST-RETIREMENT BENEFITS (CONTINUED)

Basis of Valuation (continued)

Demographic assumptions were selected based on those used in by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2013 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2013 report from Aon Consultants.

Key Actuarial Assumptions

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates- prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 20 years of service for police; 25 years of service for all others</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.50%</i>
<i>Medical Trend</i>	<i>8% in 2014, reducing by 0.5% per annum, leveling at 5% per annum in 2020</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

- Attribution period - The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods - The valuation reflects per capita net premium costs based on actual 2014 medical, and prescription drug premiums and the plan option selected. Dental benefits are covered at the retiree's expense except for those current retirees where otherwise reported. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (47) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 medical costs were decreased using the assumption that Medicare picks up 66.7%. The 2014 employer cost for retiree benefits as reported by the Fund was \$860 thousand.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 20: POST-RETIREMENT BENEFITS (CONTINUED)

Key Actuarial Assumptions (continued)

- Retiree Contributions - NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation, we have assumed that future retiree contribution percentages will be equal to the current percentages of premium as reported by the Fund so as not to understate actuarial measurements.
- Actuarial valuation method - Projected Unit Credit Funding Method.

NOTE 21: COMMITMENTS AND CONTINGENT LIABILITIES

Counsel for the Township has advised us of the following:

There are some matters being defended by the Joint Insurance Fund that the amount either cannot be determined at this time or will not result in a material detrimental effect on the Township's financial position.

NOTE 22: SUBSEQUENT EVENT

The Township has evaluated subsequent events through June 14, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

TOWNSHIP OF SPARTA, N.J.
OFFICIALS IN OFFICE AND SURETY BONDS

YEAR ENDED DECEMBER 31, 2016

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Christine Quinn	Mayor		
Molly Whilesmith	Deputy Mayor		
Gilbert Gibbs	Councilperson		
Joshua Hertberg	Councilperson		
Jerard Murphy	Councilperson		
William E. Close	Township Manager		
Mary J. Coe	Municipal Clerk		
Grant Rome	Director of Finance; Purchasing Agent; Treasurer	1,000,000	(1)
Dianne O'Connor	Tax Collector	1,000,000	(1)
Joseph Ferraris	Tax Assessor		
Thomas Ryan	Attorney		
Ernest Reigstad	Chief of Police; Emergency Management Coordinator		
John Opt'hof	Construction Official		
Eric Powell	Engineer; Director Community Development		
Kathleen Chambers	Registrar of Vital Statistics		
John E. Mulhern	Judge	1,000,000	(1)
Bonnie Diamond	Court Administrator	1,000,000	(1)
Roxanne Landy	Deputy Court Administrator	1,000,000	(1)
Thomas G. Miller	Violations Clerk	1,000,000	(1)
Donald Critchlaw	Animal Control Officer		
Jim Zepp	Director of Public Works		
Philip Spaldi	Director of Utilities		
Thomas M. Ferry, C.P.A., R.M.A.	Auditor		

(1) MEL/JIF Underwriting Unit

All of the Bonds were examined and were properly executed.

The surety bonds for the Tax Collector, Utility Collector and the Municipal Court personnel were in accordance with the Local Finance Board promulgated schedule.

Schedule 1

Township of Sparta

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	State Account Number	Program or Award Amount	Grant Period To/From	12/31/2015		12/31/2016		MEMO Cumulative Total Expenditures
					Reserve Balance	Receipts	Expended	Reserve Balance	
FEDERAL AND STATE GRANT FUND									
United States Department of Transportation (Passed through NJ Division of Highway Traffic Safety)									
20.61.6	1160-100-066-1160-155		5,000.00	1/1/16-12/31/16	5,000.00			5,000.00	
20.61.6	1160-100-066-1160-157		8,800.00	1/1/15-12/31/15	8,800.00			8,800.00	
20.61.6	1160-100-066-1160-157		5,000.00	1/1/16-12/31/16	5,000.00			5,000.00	
TOTAL FEDERAL AND STATE GRANT FUND									
					8,800.00	10,000.00	8,800.00	10,000.00	
					8,800.00	10,000.00	8,800.00	10,000.00	
					8,800.00	10,000.00	8,800.00	10,000.00	
					8,800.00	10,000.00	8,800.00	10,000.00	

Township of Sparta
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2015		Reserve Balance	Reserve (Receivable)	Reserve Cancelled	12/31/2016		Total Expenditures
				Receipts	Expended				12/31/2016	Reserve	
FEDERAL AND STATE GRANT FUND											
NJ Department of Environmental Protection:	4900-765-4900-004-V42Y-6020	42,908.53	1/1/13-12/31/13		1,070.54						42,908.00
Clean Communities	4900-765-042-4900-004	40,169.91	1/1/13-12/31/14		40,169.00						12,815.46
Clean Communities	4900-765-042-4900-004	48,810.80	1/1/15-12/31/15		48,810.80						48,810.00
Clean Communities	4900-765-042-4900-004	55,921.25	1/1/16-12/31/16		55,921.25						55,921.25
Highlands Assessment	09-033-011-2116	20,339.65	Prior Years	(4,933.14)	8,445.65						20,839.65
Highlands Grant	N/A	60,499.30	Prior Years	(7,500.00)	519.74						60,499.30
Highlands Grant	N/A	25,000.00									3,548.55
Total NJ Department of Environmental Protection:				(12,433.14)	98,495.99						140,610.76
NJ Department of Community Affairs:											
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	21,041.01	Prior Years		13,180.84		1,999.14				11,181.70
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	1,510.00	1/1/11-12/31/11		1,510.00						1,510.00
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	539.63	1/1/12-12/31/12		539.00						539.00
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	527.75	1/1/13-12/31/13		527.00						527.00
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	354.48	1/1/14-12/31/14		334.00						354.00
Municipal Alliance	N/A	16,042.80	1/1/13-12/31/13								16,042.00
Municipal Alliance	N/A	3,717.10	1/1/14-12/31/14								3,717.00
Municipal Alliance	N/A	18,092.00	1/1/15-12/31/15								10,455.07
Municipal Alliance	N/A	16,042.00	1/1/16-12/31/16								16,042.00
Total NJ Department of Community Affairs:					45,289.67						40,073.38
NJ Division of Motor Vehicles:											
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	10,785.60	1/1/12-12/31/12		5,364.82		727.88				4,636.94
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	18,794.15	1/1/13-12/31/14		18,794.15						18,794.15
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	16,974.62	1/1/16-12/31/16								16,974.62
Total NJ Division of Motor Vehicles:					24,158.97		16,974.62				40,405.71
NJ Department of Solid Waste Protection:											
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	33,331.98	1/1/12-12/31/12		4,530.26						33,331.00
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	27,651.81	1/1/13-12/31/13		27,651.26		4,919.79				4,919.79
Recycling Tonnage	4910-100-042-4910-224	26,303.88	1/1/14-12/31/14		26,302.00						26,302.00
Recycling Tonnage	4910-100-042-4910-224	24,898.91	1/1/15-12/31/15		24,898.91						24,898.00
Recycling Tonnage	4910-100-042-4910-224	25,455.87	1/1/16-12/31/16								25,459.87
Total Department of Environmental Solid Waste Protection:					83,382.17		25,459.87				38,250.79
NJ Department of Law and Public Safety											
Body Armor	1020-718-066-1020-001	3,030.54	1/1/14-12/31/14		1,036.50						3,030.00
Body Armor	1020-718-066-1020-001	3,110.02	1/1/15-12/31/15		3,110.02						3,094.50
Body Armor	1020-718-066-1020-001	3,066.36	1/1/16-12/31/16								3,066.36
Total NJ Department of Law and Public Safety					4,146.52		3,066.36				6,124.50
NJ Department of Transportation											
Municipal Aid - Demarest Rd I	6320-480-078-6320-A1	145,000.00	1/1/15-12/31/15		(36,250.00)		36,250.00				145,000.00
TOTAL FEDERAL AND STATE GRANT FUND					(48,683.14)		255,473.32				376,208.09
TOTAL STATE AID					(48,683.14)		255,473.32				376,208.09

Note: This schedule was not subject to an audit in accordance with N.J.OMB Circular 15-08.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2016</u>	<u>Year 2015</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Revenue and Other Income Realized				
Fund Balance Utilized	2,800,000.00	2.773%	2,550,000.00	2.580%
Miscellaneous - From Other Than Local Property Tax Levies	4,073,135.77	4.033%	4,203,716.15	4.253%
Collection of Delinquent Taxes and Tax Title Liens	1,219,390.19	1.207%	1,466,689.07	1.484%
Collection of Current Tax Levy	91,604,136.18	90.705%	89,593,850.47	90.651%
Other Credits to Income	<u>1,294,952.67</u>	<u>1.282%</u>	<u>1,019,733.84</u>	<u>1.032%</u>
Total Revenue and Other Income Realized	100,991,614.81	100.000%	98,833,989.53	100.000%
Expenditures				
Budget Expenditures:				
Municipal Purposes	22,095,922.90	22.726%	21,952,163.60	23.032%
Local School Taxes	58,901,130.00	60.581%	57,572,424.00	60.404%
Local Open Space Taxes	327,767.00	0.337%	257,178.36	0.270%
County Taxes	15,832,799.49	16.284%	15,348,623.40	16.103%
Other Expenditures	<u>69,062.30</u>	<u>0.071%</u>	<u>182,343.57</u>	<u>0.191%</u>
Total Expenditures	97,226,681.69	100.000%	95,312,732.93	100.000%
Statutory Excess to Fund Balance	3,764,933.12		3,521,256.60	
Fund Balance, January 1,	<u>5,750,571.30</u>		<u>4,779,314.70</u>	
Less:				
Utilized as Anticipated Revenue	<u>2,800,000.00</u>		<u>2,550,000.00</u>	
Fund Balance, December 31,	<u>6,715,504.42</u>		<u>5,750,571.30</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER UTILITY OPERATING FUND

	<u>Year 2016</u>	<u>Year 2015</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	737,000.00	17.264%	815,000.00	17.687%
Collection of Water Rents	2,965,949.44	69.478%	3,046,920.70	66.123%
Miscellaneous - From Other Than Water Rents	499,938.45	11.711%	508,623.60	11.038%
Other Credits to Income	<u>66,024.21</u>	<u>1.547%</u>	<u>237,409.50</u>	<u>5.152%</u>
<u>Total Revenue and Other Income Realized</u>	<u>4,268,912.10</u>	<u>100.000%</u>	<u>4,607,953.80</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,902,565.00	46.582%	1,737,942.00	44.418%
Capital Improvements	510,000.00	12.487%	510,000.00	13.034%
Debt Service	1,558,694.00	38.163%	1,552,670.00	39.683%
Deferred Charges and Statutory Expenditures	<u>113,100.00</u>	<u>2.769%</u>	<u>112,100.00</u>	<u>2.865%</u>
<u>Total Expenditures</u>	<u>4,084,359.00</u>	<u>100.000%</u>	<u>3,912,712.00</u>	<u>100.00%</u>
<u>Excess (Deficit) in Revenue</u>	<u>184,553.10</u>		<u>695,241.80</u>	
<u>Fund Balance, January 1,</u>	<u>1,147,976.55</u>		<u>1,267,734.75</u>	
	<u>1,332,529.65</u>		<u>1,962,976.55</u>	
<u>Less:</u>				
Utilized as Anticipated Revenue	<u>737,000.00</u>		<u>815,000.00</u>	
<u>Fund Balance, December 31,</u>	<u>595,529.65</u>		<u>1,147,976.55</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

SEWER UTILITY OPERATING FUND

	<u>Year 2016</u>	<u>Year 2015</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	80,400.00	7.101%	94,000.00	7.886%
Collection of Sewer User Fees	876,796.87	77.443%	907,523.73	76.135%
Miscellaneous - From Other Than Sewer Rents	73,164.26	6.462%	17,518.69	1.470%
Board of Education - Share of Debt Service	84,927.32	7.501%	108,757.28	9.124%
Sewer Reservation Fees	10,002.70	0.883%	13,767.00	1.155%
Sewer Connection Fees	6,507.60	0.575%	19,346.13	1.623%
Other Credits to Income	390.00	0.034%	31,082.86	2.608%
<u>Total Revenue and Other Income Realized</u>	<u>1,132,188.75</u>	<u>100.000%</u>	<u>1,191,995.69</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	690,220.00	62.065%	730,432.00	64.845%
Capital Improvements		0.000%	5,000.00	0.444%
Debt Service	417,302.00	37.524%	389,094.13	34.542%
Deferred Charges and Statutory Expenditures	4,575.00	0.411%	1,900.00	0.169%
<u>Total Expenditures</u>	<u>1,112,097.00</u>	<u>100.000%</u>	<u>1,126,426.13</u>	<u>100.00%</u>
<u>Excess (Deficit) in Revenue</u>	<u>20,091.75</u>		<u>65,569.56</u>	
<u>Fund Balance, January 1,</u>	<u>82,125.08</u>		<u>110,555.52</u>	
	<u>102,216.83</u>		<u>176,125.08</u>	
Less:				
Utilized as Anticipated Revenue	<u>80,400.00</u>		<u>94,000.00</u>	
<u>Fund Balance, December 31,</u>	<u>21,816.83</u>		<u>82,125.08</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

SOLID WASTE UTILITY OPERATING FUND

	<u>Year 2016</u>	<u>Year 2015</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	175,000.00	7.550%	164,500.00	7.154%
Collection of Solid Waste Fees	1,990,754.68	85.887%	1,998,328.36	86.911%
Miscellaneous - From Other Than Sewer Rents	22,053.02	0.951%	22,113.46	0.962%
Other Credits to Income	<u>130,069.57</u>	<u>5.612%</u>	<u>114,352.31</u>	<u>4.973%</u>
<u>Total Revenue and Other Income Realized</u>	<u>2,317,877.27</u>	<u>100.000%</u>	<u>2,299,294.13</u>	<u>100.000%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,915,850.00	99.429%	1,908,350.00	99.479%
Deferred Charges and Statutory Expenditures	<u>11,000.00</u>	<u>0.571%</u>	<u>10,000.00</u>	<u>0.521%</u>
<u>Total Expenditures</u>	<u>1,926,850.00</u>	<u>100.000%</u>	<u>1,918,350.00</u>	<u>100.000%</u>
<u>Excess (Deficit) in Revenue</u>	<u>391,027.27</u>		<u>380,944.13</u>	
<u>Fund Balance, January 1,</u>	<u>1,422,078.99</u>		<u>1,205,634.86</u>	
	<u>1,813,106.26</u>		<u>1,586,578.99</u>	
Less:				
Utilized as Anticipated Revenue	<u>175,000.00</u>		<u>164,500.00</u>	
<u>Fund Balance, December 31,</u>	<u>1,638,106.26</u>		<u>1,422,078.99</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>3.127</u>	<u>3.889</u>	<u>3.826</u>

Apportionment of Tax Rate:

Municipal (1)	.618	0.770	.751
County	.532	0.657	.653
Local School	1.977	2.462	2.422

(1) Municipal includes Municipal Library and Municipal Open Space tax.

Assessed Valuation:

2016	2,979,700,200
2015	2,337,985,083
2014	2,338,354,165

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	93,302,081.52	91,604,136.18	98.18%
2015	90,922,613.96	89,593,850.47	98.54%
2014	89,828,473.94	87,873,746.37	97.82%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decrease in budgeted expenditures.

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Dec 31, Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	1,518,391.57	42,822.61	1,561,274.18	1.67%
2015	1,302,216.93	43,502.02	1,345,718.95	1.48%
2014	1,496,578.15	635,365.16	2,131,943.31	2.37%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2016	3,058,000.00
2015	3,068,880.00
2014	652,580.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2016	3,041,335.90	2,965,949.44
2015	3,041,391.69	3,046,920.70
2014	2,932,179.38	2,918,934.60

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2016	985,575.06	971,726.89
2015	1,011,349.41	1,030,048.01
2014	973,661.73	975,100.64

COMPARISON OF SOLID WASTE UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2016	2,003,658.33	1,990,754.68
2015	1,996,684.27	1,998,328.36
2014	2,003,043.45	2,025,804.24

* Includes collection of prior year receivables.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund:</u>			
	2016	6,715,504.42	3,250,000.00
	2015	5,750,571.30	2,800,000.00
	2014	4,779,314.70	2,550,000.00
	2013	4,371,762.91	2,550,000.00
	2012	3,943,998.92	2,300,000.00
<u>Water Utility:</u>			
Operating Fund:	2016	595,529.65	600,000.00
	2015	1,147,976.55	737,000.00
	2014	1,267,734.75	815,000.00
	2013	811,436.11	424,001.00
	2012	647,537.38	155,727.00
<u>Sewer Utility:</u>			
Operating Fund:	2016	21,816.83	21,000.00
	2015	82,125.08	80,400.00
	2014	110,555.52	94,000.00
	2013	47,037.10	47,000.00
	2012	75,998.70	70,000.00
<u>Solid Waste Utility:</u>			
Operating Fund:	2016	1,638,106.26	184,000.00
	2015	1,422,078.99	175,000.00
	2014	1,205,634.86	164,500.00
	2013	913,932.07	150,000.00
	2012	637,726.30	125,500.00

Township of Sparta, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	8,473,329.53
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	159,621.97
Collector of Taxes	A-6	93,165,118.40
Due To State - Senior Citizen and Veteran Deductions	A-7	123,750.00
Revenue Accounts Receivable	A-11	3,607,734.44
Interfunds	A-12	2,089,718.39
Various Cash Liabilities and Reserves	A-19	<u>299,058.69</u>
		<u>99,445,001.89</u>
		107,918,331.42
Decreased by Disbursements:		
Refund of Prior Year Revenue	A-1	53.00
Refund of Prior Year Tax Appeals	A-1	63,885.52
Current Year Budget Appropriations	A-3	19,479,117.53
Interfunds	A-12	2,343,459.57
Appropriation Reserves	A-14	975,666.07
Encumbrances Payable - Various Reserves	A-15	133,867.26
Local District School Taxes	A-17	58,901,129.00
County Taxes Payable	A-18	15,842,419.33
Various Cash Liabilities and Reserves	A-19	<u>234,584.57</u>
		<u>97,974,181.85</u>
Balance - December 31, 2016	A	<u>9,944,149.57</u>

Township of Sparta, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	<u>450.00</u>
Balance - December 31, 2016	A	<u>450.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		200.00
Deputy Clerk		50.00
Municipal Court		100.00
Construction		100.00
		<u>450.00</u>

A-6

Schedule of Cash - Collector

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Increased by:		
Interest and Costs on Taxes	A-2	336,641.33
Tax Office Fees	A-2	50.00
Taxes Receivable	A-8	92,166,291.08
Tax Title Liens	A-9	4,746.62
2017 Prepaid Taxes	A-16	<u>657,389.37</u>
		<u>93,165,118.40</u>
Decreased by:		
Turned over to Treasurer	A-4	<u>93,165,118.40</u>

Township of Sparta, N.J.

Schedule of Amount Due To State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	46,280.46
Increased by:		
Cash Receipts	A-4	123,750.00
		170,030.46
Decreased by:		
Senior Citizens' and Veterans'		
Deductions Per Tax Billings		124,500.00
Senior Citizens' and Veterans'		
Deductions Allowed by Tax Collector		
2015 Taxes		250.00
Less: Senior Citizens' and Veterans'		
Deductions Disallowed by Tax Collector		
Current Year		1,000.00
	A-8	123,750.00
Balance - December 31, 2016	A	46,280.46

Township of Sparta, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current End

Year Ended December 31, 2016

Analysis of Tax Levy

Tax yield:

General Purpose Tax
Added Tax (R.S. 54:4-63.1 et seq.)

93,302,081.52

327,767.00
58,901,130.00

15,832,799.49
75,061,696.49

18,240,385.03
93,302,081.52

15,811,226.61

18,105,846.00
134,539.03

A-12 A-17 A-18

2

ax Levy:
Municipal Open Space Tax
Local District School Tax
County Tax
Added County Taxes

Local Tax for Municipal Purposes Additional Taxes

Township of Sparta, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	A	43,502.02
Increased by:		
Interest and Costs Accrued by Sale		1,856.26
Transfers from Taxes Receivable	A-8	<u>38,973.48</u>
		84,331.76
Decreased by:		
Canceled		13,615.47
Cash Receipts	A-2;A-6	4,746.62
Transfer to Property Acquired for Taxes - Assessed Valuation	A-10	<u>23,087.06</u>
		<u>41,449.15</u>
Balance - December 31, 2016	A	<u>42,882.61</u>

A-10

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	A	3,068,880.00
Increased by		
Transfer from Tax Title Liens	A-9	23,087.06
Adjustment to Assessed Valuation		<u>118,312.94</u>
		<u>141,400.00</u>
		3,210,280.00
Decreased by:		
Canceled by Resolution		<u>152,280.00</u>
Balance - December 31, 2016	A	<u>3,058,000.00</u>

Township of Sparta, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Other	A-2	5,470.00	5,470.00
Alcoholic beverages	A-2	16,280.00	16,280.00
Fees and Permits			
Board of Health - Sewer	A-2	20,365.00	20,365.00
Host Community Fee	A-2	17,087.65	17,087.65
Police	A-2	17,327.27	17,327.27
Clerk	A-2	14,773.27	14,773.27
Marriage License	A-2	369.00	369.00
Planning Board	A-2	23,722.76	23,722.76
Zoning	A-2	25,528.00	25,528.00
Registrar	A-2	18,941.00	18,941.00
Tax Assessor	A-2	941.40	941.40
Leaf Bags	A-2	2,466.40	2,466.40
Cell Tower	A-2	352,158.64	352,158.64
Quarry Royalties	A-2	169,220.19	169,220.19
Municipal Court :			
Fines and Costs	A-2	254,395.81	254,395.81
Watershed Moratorium	A-2	29,328.00	29,328.00
Garden State Trust Pilot	A-2	28,476.00	28,476.00
Payments in Lieu of Taxes on Senior Housing	A-2	168,649.21	168,649.21
Uniform Construction	A-2	381,210.25	381,210.25
Consolidated Municipal Property Tax			
Relief Aid	A-2	47,814.00	47,814.00
Energy Receipts Tax	A-2	1,187,607.00	1,187,607.00
Interest on Investments and Deposits	A-2	89,947.48	89,947.48
Interlocal Dispatch Costs	A-2	410,320.19	410,320.19
Interlocal Finance Hardyston BOE	A-2	5,588.31	5,588.31
Interlocal Finance Hardyston	A-2	32,576.00	32,576.00
Interlocal Finance Hardyston MUA	A-2	14,890.00	14,890.00
Solar Renewable Energy Credits	A-2	137,556.00	137,556.00
Uniform Fire Safety	A-2	27,705.61	27,705.61
Fire Prevention Fees	A-2	26,995.00	26,995.00
Cable TV Franchise Fee	A-2	80,025.00	80,025.00
		<u>3,607,734.44</u>	<u>3,607,734.44</u>

Township of Sparta, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2016

Fund	Ref.	Due From/(To)		Due From/(To)	
		Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Other Trust Fund	A	2,021.22	2,120,033.51	2,123,136.07	5,123.78
Federal and State Grant Fund	A	(261,818.66)	301,701.88	220,325.23	(343,195.31)
		<u><u>(259,797.44)</u></u>	<u><u>2,421,735.39</u></u>	<u><u>2,343,461.30</u></u>	<u><u>(338,071.53)</u></u>
Analysis					
Interfund Accounts Receivable	A-1	2,021.22			5,123.78
Interfund Accounts Payable		<u><u>(261,818.66)</u></u>			<u><u>(343,195.31)</u></u>
		<u><u>(259,797.44)</u></u>			<u><u>(338,071.53)</u></u>
Unappropriated Reserves Cancelled	A-1			4,250.00	1.73
Matching Funds for Grants	A-3				
Disbursed	A-4				
Received	A-4				
Municipal Open Space Tax	A-1; A-8				
				<u><u>2,421,735.39</u></u>	<u><u>2,343,461.30</u></u>

Township of Sparta, N.J.

Schedule of Deferred Charges - Special Emergency Authorization (40A:4-55)

Current Fund

Year Ended December 31, 2016

Date <u>Authorized</u>	Purpose	Amount <u>Authorized</u>	1/5 of Net Amount <u>Authorized</u>	Balance, Dec. 31, <u>2015</u>	Reduced in 2016	Balance, Dec. 31, <u>2016</u>
09/27/11	Hurricane Irene Damage	415,000.00	83,000.00	83,000.00	83,000.00	40,000.00
11/27/12	Revision of Tax Map	200,000.00	40,000.00	80,000.00	40,000.00	40,000.00
12/10/13	Revaluation of Taxes	800,000.00	160,000.00	480,000.00	160,000.00	320,000.00
		<u>1,415,000.00</u>	<u>283,000.00</u>	<u>643,000.00</u>	<u>283,000.00</u>	<u>360,000.00</u>
				<u>A</u>	<u>A-3</u>	<u>A</u>

Township of Sparta, N.J.

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Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2016

	Balance, Dec. 31, 2015	Balance after Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
General Administration	811.53	811.53		811.53
Township Council	34.14	34.14		34.14
Township Clerk	3,427.18	3,427.18		3,427.18
Financial Administration	6,632.71	10,059.71		10,059.71
Computerized Data Processing	320.04	320.04		320.04
Collection of Taxes	3,283.34	3,283.34		3,283.34
Assessment of Taxes	265.14	265.14		265.14
Municipal Court	20,449.77	20,449.77		20,449.77
Engineering Services and Costs	141.80	141.80		141.80
Planning Board	2,259.49	2,259.49		2,259.49
Planning Department	35,640.84	35,640.84		35,640.84
Economic Development	75.00	75.00		75.00
Board of Adjustment	2,033.87	2,033.87		2,033.87
Police	211,953.69	211,953.69		211,953.69
Police Dispatch 911	1,978.22	1,978.22		1,978.22
Uniform Fire Safety	25,713.43	25,713.43		25,713.43
Road Repair and Maintenance	66,865.43	66,865.43	66,865.43	0.00
Public Buildings and Grounds	2,129.97	8,129.97		8,129.97
Vehicle Maintenance	25,650.29	25,650.29		25,650.29
Snow Removal	5,236.48	5,236.48	5,236.48	0.00
DPW Administration	2,482.08	2,482.08	2,482.08	0.00
Environmental Commission	1,593.53	1,593.53		1,593.53
Animal Regulations	450.00	450.00		450.00
Committee on Aging	1,425.20	1,425.20		1,425.20
Recreation Services and Programs	332.84	332.84		332.84
Maintenance of Parks	8,289.32	8,289.32		8,289.32
Construction Official	13,387.18	13,387.18		13,387.18
 Total Salaries and Wages Within "CAPS"	 442,862.51	 452,289.51	 74,583.99	 377,705.52
 Other Expenses Within "CAPS":				
General Administration	5,502.98	5,502.98		5,502.98
Purchasing	15,384.74	15,384.74	3,436.49	11,948.25
Township Council	9,723.39	9,723.39	2,700.49	7,022.90
Township Clerk	8,736.38	8,736.38	2,408.79	6,327.59
Elections	2,761.78	2,761.78		2,761.78
Financial Administration	3,303.91	3,303.91	2,690.76	613.15
Audit Services	10,875.00	10,875.00	10,875.00	0.00
Computerized Data Processing	12,751.00	12,751.00	12,116.19	634.81

Township of Sparta, N.J.

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Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2016

	<u>Balance, Dec. 31, 2015</u>	<u>Balance after Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Collection of Taxes	5,145.26	5,145.26		5,145.26
Assessment of Taxes	36,246.67	36,246.67	4,517.70	31,728.97
Legal Services and Costs	46,577.28	46,577.28	17,181.15	29,396.13
Municipal Court	13,088.70	13,088.70	1,348.99	11,739.71
Engineering Services and Costs	7,580.74	7,580.74	40.34	7,540.40
Planning Board	23,064.06	23,064.06	10,962.95	12,101.11
Planning Department	4,468.04	4,468.04	831.26	3,636.78
Economic Development	13,306.00	13,306.00		13,306.00
Board of Adjustments	13,916.10	13,916.10	2,326.91	11,589.19
Insurance:				
General Liability	35,091.21	35,091.21	4,743.57	30,347.64
Employee Group Health	523,526.43	523,526.43	359,560.64	163,965.79
Unemployment Compensation Insurance	5,000.00	5,000.00		5,000.00
Police	54,849.83	54,849.83	52,859.66	1,990.17
Purchase of Police Cars	16.80	16.80	15.00	1.80
Police Dispatch 911	1,849.00	1,849.00	1,784.38	64.62
Emergency Management Services	291.41	291.41		291.41
Aid to Volunteer Fire Companies	104.77	104.77		104.77
Aid to Volunteer Ambulance Companies	23,809.47	23,809.47	3,155.83	20,653.64
Fire	23,443.43	23,443.43	23,293.25	150.18
Uniform Fire Safety	3,979.00	3,979.00	177.50	3,801.50
Municipal Prosecutor	3,093.37	3,093.37	3,083.33	10.04
Road Repairs and Maintenance	15,845.08	15,845.08	15,845.08	0.00
Garbage and Trash Removal	33,594.05	33,594.05	613.39	32,980.66
Public Buildings and Grounds	26,051.76	26,051.76	20,808.29	5,243.47
Vehicle Maintenance	39,770.82	39,770.82	14,945.84	24,824.98
Snow Removal	169,306.47	169,306.47	142,946.88	26,359.59
DPW Administration	2,482.56	2,482.56	2,482.56	0.00
Municipal Services Act-Condo Costs	56,200.00	56,200.00	52,688.60	3,511.40
Health and Human Service Function:				
Health and Welfare Department	794.92	794.92		794.92
Environmental Commission	2,155.04	2,155.04		2,155.04
Animal Regulation	4,868.64	4,868.64	300.00	4,568.64
Committee on Aging	475.42	475.42		475.42
Recreation Services and Programs	3,805.03	3,805.03	3,135.57	669.46
Maintenance of Parks	35,490.00	35,490.00	4,553.10	30,936.90
Celebration of Public Events	3,710.00	3,710.00	3,710.00	0.00
Electricity	32,103.96	32,103.96	10,067.88	22,036.08
Street Lighting	27,731.31	27,731.31	9,078.94	18,652.37
Telephone and Telegraph	4,493.14	4,493.14	4,357.08	136.06

Township of Sparta, N.J.

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Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Water	3,185.99	3,185.99	3,185.99	0.00
Natural Gas	24,237.79	24,237.79	2,016.91	22,220.88
Diesel Fuel, Fuel Oil	1,000.00	1,000.00		1,000.00
Sewerage Processing and Disposal	5,601.74	5,601.74	1,045.28	4,556.46
Gasoline	107,866.04	107,866.04	8,675.77	99,190.27
Construction Official	15,230.26	15,230.26	2,997.52	12,232.74
Total Other expenses Within "CAPS"	<u>1,523,486.77</u>	<u>1,523,486.77</u>	<u>823,564.86</u>	<u>699,921.91</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System - ERIP	130.51	130.51		130.51
Social Security (O.A.S.I.)	18,395.69	55,548.63		55,548.63
Police and Firemen's Retirement System of NJ	0.18	0.18		0.18
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>18,526.38</u>	<u>55,679.32</u>	<u>0.00</u>	<u>55,679.32</u>
Total Reserves Within "CAPS"	<u>1,984,875.66</u>	<u>2,031,455.60</u>	<u>898,148.85</u>	<u>1,133,306.75</u>
Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library	104,097.16	57,517.22	57,517.22	0.00
Emergency Services Volunteer Length of Service Award Program	<u>20,000.00</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>0.00</u>
Total Other Expenses Excluded from "CAPS"	<u>124,097.16</u>	<u>77,517.22</u>	<u>77,517.22</u>	<u>0.00</u>
Total Reserves Excluded from "CAPS"	<u>124,097.16</u>	<u>77,517.22</u>	<u>77,517.22</u>	<u>0.00</u>
Total Reserves	<u>2,108,972.82</u>	<u>2,108,972.82</u>	<u>975,666.07</u>	<u>1,133,306.75</u>

Ref.

Analysis of Appropriation Reserve

Unencumbered	A	1,618,179.34
Encumbered	A	490,793.48
		<u>2,108,972.82</u>

A-4 A-1

Township of Sparta, N.J.**Schedule of Encumbrances Payable - Various Reserves****Current Fund****Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	A	133,867.26
Increased by:		
Various Cash Liabilities and Reserves	A-19	<u>20,788.67</u>
		<u>154,655.93</u>
Decreased by:		
Cash Disbursements	A-4	<u>133,867.26</u>
Balance - December 31, 2016	A	<u>20,788.67</u>

Township of Sparta, N.J.**Schedule of Prepaid Taxes****Current Fund****Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	A	528,738.67
Increased by:		
Receipts - Prepaid 2017 Taxes	A-6	<u>657,389.37</u>
		<u>1,186,128.04</u>
Decreased by:		
Applied to 2016 Taxes	A-8	<u>528,738.67</u>
Balance - December 31, 2016	A	<u>657,389.37</u>

Township of Sparta, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year 2016	A-1; A-8	<u>58,901,130.00</u>
Decreased by:		
Canceled	A-1	1.00
Payments	A-4	<u>58,901,129.00</u>
		<u>58,901,130.00</u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	31,192.72
Increased by:		
Levy	A-8	15,811,226.61
Added and Omitted Taxes	A-8	<u>21,572.88</u>
	A-1	<u>15,832,799.49</u>
Decreased by:		
Payments	A-4	<u>15,842,419.33</u>
Balance - December 31, 2016	A	<u>21,572.88</u>

Township of Sparta, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2016

<u>Liabilities and Reserves</u>	Balance, Dec. 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2016</u>
<u>Liabilities:</u>				
Tax Overpayments	29,253.59	270,000.69	227,648.24	71,606.04
<u>Due to State of New Jersey:</u>				
Construction Code Surcharge	6,285.00	25,983.00	25,100.00	7,168.00
Marriage License Surcharge	350.00	3,075.00	2,625.00	800.00
<u>Reserves for:</u>				
Revaluation of Taxes	205,172.50			205,172.50
Tax Maps	14,276.55			14,276.55
	<u>255,337.64</u>	<u>299,058.69</u>	<u>255,373.24</u>	<u>299,023.09</u>
	A			A

	<u>Ref.</u>	
Receipts	A-4	299,058.69
Disbursed	A-4	234,584.57
Reserve for Encumbrances	A-15	20,788.67
		<u>299,058.69</u>
		<u>255,373.24</u>

Township of Sparta, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2016

	Balance, Dec. 31, 2015	Budget Revenue	Received	Transfer from Unappropriated Reserves	Balance, Dec. 31, 2016
Federal Grants:					
Drive Sober or Get Pulled Over			8,800.00		8,800.00
			8,800.00		8,800.00
State Grants					
Recycling Tonnage Grant				24,898.00	
Clean Communities Grant				48,810.00	
Body Armor Grant				3,110.00	
Highlands Grant	12,433.14	25,000.00	5,452.88		31,980.26
Municipal Alliance Program		18,092.00	15,616.90	2,050.00	425.10
DOT Grant - Demerest Road	36,250.00		36,250.00		
	48,683.14	119,910.00	57,319.78	78,868.00	32,405.36
	<u>48,683.14</u>	<u>128,710.00</u>	<u>57,319.78</u>	<u>87,668.00</u>	<u>32,405.36</u>
	<u>A</u>	<u>A-2</u>	<u>A-23</u>	<u>A-22</u>	<u>A</u>

Township of Sparta, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2016

	<u>Grant</u>	<u>Balance, Dec. 31, 2015</u>	<u>Transfer From 2016 Budget</u>	<u>Expended</u>	<u>Balance, Dec. 31, 2016</u>
Federal Grants:					
Drive Sober or Get Pulled Over			8,800.00	8,800.00	
			8,800.00	8,800.00	
State Grants:					
Recycling Tonnage Grant		58,483.26	24,898.00	9,450.05	73,931.21
Drunk Driving Enforcement Fund		24,158.97		727.88	23,431.09
Clean Communities		41,239.54	48,810.00	13,886.00	76,163.54
Alcohol Education & Rehab Grant		16,110.84		1,999.14	14,111.70
Municipal Alliance on Alcoholism and Drug Abuse					
State Share		27,128.83	18,092.00	21,541.90	23,678.93
Local Share		20,084.37	4,250.00	6,590.92	17,743.45
Body Armor Replacement		1,036.50	3,110.00	4,131.00	15.50
Highlands Commission Grant		8,445.65	25,000.00	11,994.00	21,451.65
		196,687.96	124,160.00	70,320.89	250,527.07
		<u>196,687.96</u>	<u>132,960.00</u>	<u>79,120.89</u>	<u>250,527.07</u>
		A			A
Ref.					
		128,710.00			
A-3		4,250.00			
A-23					65,469.39
A-23					13,651.50
A-24					<u>132,960.00</u>
					<u>79,120.89</u>

State and Federal Grants
Matching Funds for Grants
Interfund - Current Fund
Encumbrances Payable

Township of Sparta, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Transfer To 2016 Budget	Received	Canceled	Balance Dec. 31, 2016
Grant					
Federal Grants:					
Click It or Ticket					
Drive Sober or Get Pulled Over					
	<u>8,800.00</u>	<u>8,800.00</u>	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,000.00</u>
	<u>8,800.00</u>	<u>8,800.00</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>
State Grants					
Recycling Tonnage Grant	24,898.91	24,898.00	25,459.87	0.91	25,459.87
Clean Communities	48,810.80	48,810.00	55,921.25	0.80	55,921.25
Drunk Driving Enforcement Fund	0.00		16,974.62		16,974.62
Body Armor Replacement Fund	3,110.02	3,110.00	3,066.36	0.02	3,066.36
Municipal Alliance on Alcoholism and Drug Abuse	2,050.00	2,050.00	101,422.10		
	<u>78,869.73</u>	<u>78,868.00</u>	<u>101,422.10</u>	<u>1.73</u>	<u>101,422.10</u>
	<u>87,669.73</u>	<u>87,668.00</u>	<u>111,422.10</u>	<u>A-23</u>	<u>111,422.10</u>
	<u>A</u>	<u>A-20</u>			<u>A</u>

Township of Sparta, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2016

		Due From/(To)	
		Balance	Dec. 31, 2016
Ref.	Due From	Increased	Decreased
A	<u>261,818.66</u>	<u>172,991.88</u>	<u>91,615.23</u>
Current Fund			<u>343,195.31</u>
State Grant Receipts	A-20	57,319.78	
Matching Funds for State Grants	A-21	4,250.00	
State Grant Expenditures	A-21		65,469.39
Unappropriated Reserves	A-22	111,422.10	1.73
Encumbrances	A-24		26,144.11
		<u>172,991.88</u>	<u>91,615.23</u>

Township of Sparta, N.J.

Schedule of Encumbrances Payable**Federal and State Grant Fund****Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	A	26,144.11
Increased by:		
Appropriated Reserves	A-21	<u>13,651.50</u>
		<u>39,795.61</u>
Decreased by:		
Interfund - Current Fund	A-23	<u>26,144.11</u>
Balance - December 31, 2016	A	<u>13,651.50</u>

Township of Sparta, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2016

	Emergency Services	Volunteer Length of Service Award	Assessment Trust Fund	Animal Control Trust Fund	Other Trust Funds
<u>Ref.</u>	<u>Program</u>	<u>Length of Service Award</u>	<u>Assessment Trust Fund</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2015	B	103,099.15		42,120.00	3,712,649.31
Increased by Receipts:					
Assessments Receivable	B-3		59,692.13		
Interest on Assessments	B-8		39.05		
Interfund - Current Fund	B-9				5,123.78
Prepaid Dog Licenses	B-10			10,096.00	
Other Trust Funds	B-11				22,099,173.13
Dog License Fees - Township Share	B-13			12,565.00	
Cat License Fees	B-13			2,924.60	
Dog Late Fees	B-13			1,246.00	
Cat Late Fees	B-13			210.00	
Miscellaneous	B-13			687.00	
Dog License Fees - State Share	B-14			2,476.20	
Township Contributions	B-15	17,480.00			
Increase in Investment Value	B-16	7,145.85			
Total Receipts		24,625.85	59,731.18	30,204.80	22,104,296.91
		127,725.00	59,731.18	72,324.80	25,816,946.22
Decreased by Disbursements:					
Payment of Principal & Interest	B-5		54,629.80		
Interfund - Current Fund	B-9				2,021.22
Other Trust Funds	B-11				22,092,133.79
Reserve from Encumbrances	B-12			835.00	22,098.05
Reserve (Deficit) for Animal Control Expenditures	B-13			32,658.53	
State Share - Dog Licenses	B-14			2,484.60	
Accounting Charge	B-16	1,128.69			
Distributions	B-16	4,969.24			
Total Disbursements		6,097.93	54,629.80	35,978.13	22,116,253.06
Balance - December 31, 2016	B	121,627.07	5,101.38	36,346.67	3,700,693.16

Township of Sparta, N.J.**Analysis of Assessment Cash****Assessment Trust Fund****Year Ended December 31, 2016**

<u>Receipts</u>			<u>Balance</u>
<u>Assessments</u>	<u>Other</u>	<u>Disbursements</u>	
<u>And Liens</u>			<u>Dec. 31, 2016</u>
Glen Lake Dam			
	<u>59,692.13</u>	<u>39.05</u>	<u>54,629.80</u>
	B-3	B-8	B-5
			<u>5,101.38</u>
			B

Township of Sparta, N.J.

Schedule of Assessments Receivable

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Confir- mation	Assessments Confirmed	Collected	Balance Pledged to		
					Dec. 31, 2016	NJ DEP Loan	Reserve
16-03	Glen Lake Dam	10/25/2016	<u>925,748.00</u>	<u>59,692.13</u>	<u>866,055.87</u>	<u>792,132.25</u>	<u>73,923.62</u>
			B-1; B-2	B	B-7	B-7	
			Ref.				
			B-7	846,762.05			
			B-8	<u>78,985.95</u>			
				<u>925,748.00</u>			

B-4

Township of Sparta, N.J.

Schedule of Deferred Charges - Emergency Authorization (40A:4-46)

Assessment Trust Fund

Year Ended December 31, 2016

<u>Date</u>	<u>Purpose</u>	<u>Amount</u>	<u>Dec. 31,</u>
<u>Authorized</u>			<u>2016</u>
10/25/2016	Glen Lake Assessment	<u>54,629.80</u>	<u>54,629.80</u>
		<u>B-5</u>	<u>B</u>

B-5

Statement of Expenditures

Assessment Trust Fund

Year Ended December 31, 2016

<u>Appropriated</u>	<u>Paid or</u>	<u>Charged</u>
<u>54,629.80</u>	<u>54,629.80</u>	<u>B-1;B-2</u>
<u>B-4</u>		

Township of Sparta, N.J.

Schedule of Change Fund

Animal Control Trust Fund

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	B	<u>25.00</u>
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Balance - December 31, 2016	B	<u>25.00</u>
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Schedule of NJ Department of Environmental Protection Loan Payable
Assessment Trust Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Increased by:		
Loan Amount	B-3	846,762.05
Decreased by:		
Loan Paid by Current Year		
Special Emergency	B-8	<u>54,629.80</u>
Balance - December 31, 2016	B; B-3	<u><u>792,132.25</u></u>

<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
05/24/17	6,846.70	20,468.21	764,817.33
11/24/17	6,642.01	20,672.89	737,502.43
05/24/18	6,435.28	20,879.62	710,187.53
11/24/18	6,226.49	21,088.42	682,872.62
05/24/19	6,015.60	21,299.30	655,557.72
11/24/19	5,802.61	21,512.29	628,242.82
05/24/20	5,587.49	21,727.42	600,927.91
11/24/20	5,370.21	21,944.69	573,613.01
05/24/21	5,150.77	22,164.14	546,298.10
11/24/21	4,929.13	22,385.78	518,983.19
05/24/22	4,705.27	22,609.64	491,668.28
11/24/22	4,479.17	22,835.73	464,353.38
05/24/23	4,250.81	23,064.09	437,038.48
11/24/23	4,020.17	23,294.73	409,723.58
05/24/24	3,787.23	23,527.68	382,408.67
11/24/24	3,551.95	23,762.95	355,093.77
05/24/25	3,314.32	24,000.59	327,778.86
11/24/25	3,074.31	24,240.59	300,463.96
05/24/26	2,831.91	24,483.00	273,149.05
11/24/26	2,587.08	24,727.83	245,834.14
05/24/27	2,339.80	24,975.11	218,519.23
11/24/27	2,090.05	25,224.86	191,204.32
05/24/28	1,837.80	25,477.10	163,889.42
11/24/28	1,583.03	25,731.88	136,574.51

**Schedule of NJ Department of Environmental Protection Loan Payable
Assessment Trust Fund**

Year Ended December 31, 2016

<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Loan Balance</u>
05/24/29	1,325.71	25,989.19	109,259.61
11/24/29	1,065.82	26,249.09	81,944.70
05/24/30	803.33	26,511.58	54,629.79
11/24/30	538.21	26,776.69	27,314.89
05/24/31	270.44	27,044.46	
	<u>107,462.70</u>	<u>684,669.55</u>	

Township of Sparta, N.J.

Schedule of Reserve for Assessments and Liens

Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Municipal Interest on Assessments</u>	<u>In-Kind Contribution</u>	<u>Paydown on DEP Loan</u>	<u>Balance Dec. 31, 2016</u>
16-03	Glen Lake Dam	<u>39.05</u> B-1;B-2	<u>78,985.95</u> B-3	<u>54,629.80</u> B-7	<u>133,654.80</u> B

Township of Sparta, N.J.

Schedule of Interfunds

Other Trust Fund

Year Ended December 31, 2016

	Due From/(To) Balance <u>Dec. 31, 2015</u>	Increased	Decreased	Due From/(To) Balance <u>Dec. 31, 2016</u>
Interfund - Current	<u>(2,021.22)</u> B	<u>2,021.22</u> B-1	<u>5,123.78</u> B-1	<u>(5,123.78)</u> B

Township of Sparta, N.J.

Schedule of Prepaid Licenses - Animal Control

Trust Funds

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	B	17,657.00
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Increased by:

Cash Receipts	B-1	10,096.00
		<hr/>
		27,753.00

Decreased by:

Prepaid Dog Licenses Applied	B-13	<hr/> 11,740.00
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Balance - December 31, 2016	B	<hr/> 16,013.00
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Township of Sparta, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Reserve for P.O.A.A.	2,164.54	56.00	-	2,220.54
Reserve for Recreation Activities	122,492.55	398,773.34	377,863.88	143,402.01
Reserve for Health Plan	2,983.04	5,763.50	1,530.00	7,216.54
Reserve for Outside Police Employment	48,510.33	127,315.69	126,333.24	49,492.78
Reserve for Public Defender	1,735.80	7,616.00	6,065.12	3,286.68
Reserve for Cash Bonds	78,948.70	-	1,549.61	77,399.09
Reserve for Snow Removal	160,447.04	160,233.55	55,935.66	264,744.93
Reserve for Public Safety Donation	5,614.19	400.00	-	6,014.19
Reserve for Fire Safety	4,150.00	400.00	-	4,550.00
Reserve for State Unemployment Insurance Tax	146,694.19	14,062.30	1,343.86	159,412.63
Reserve for C.O.A.H. Fees	467,272.28	87,944.35	47,986.32	507,230.31
Reserve for Performance Bonds	556,533.19	102,857.16	30,474.28	628,916.07
Reserve for Developer's Escrow	76,707.19	91,845.35	69,538.30	99,014.24
Reserve for Accrued Leave	418,592.49	-	62,960.69	355,631.80
Reserve for Open Space	516,154.24	331,133.76	300,433.99	546,854.01
Reserve for Payroll	3,244.77	19,190,147.78	19,185,577.14	7,815.41
Reserve for Flexible Spending Account	5,765.51	45,870.21	44,543.64	7,092.08
Reserve for Video Camera Funds		700.00	-	700.00
Reserve for Premium on Tax Sale	1,063,100.00	700,500.00	1,058,900.00	704,700.00
Reserve for Outside Lienholder	7,419.99	833,554.14	834,241.32	6,732.81
	<u>3,688,530.04</u>	<u>22,099,173.13</u>	<u>22,205,277.05</u>	<u>3,582,426.12</u>
	B			B

	Ref.	
Encumbrances	B-12	113,143.26
Cash Receipts	B-1	22,099,173.13
Cash Disbursements	B-1	22,092,133.79
	<u>22,099,173.13</u>	<u>22,205,277.05</u>

Township of Sparta, N.J.**Schedule of Reserve for Encumbrances****Trust Funds****Year Ended December 31, 2016**Ref.

Balance - December 31, 2015	B	22,933.05
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Increased by:

Charges to Animal Control Fund	B-13	638.85
Charges to Other Trust Reserves	B-11	<u>113,143.26</u>
		<u>113,782.11</u>
		136,715.16

Decreased by:

Animal Control Disbursed	B-1	835.00
Other Trust Disbursed	B-1	<u>22,098.05</u>
		<u>22,933.05</u>

Balance - December 31, 2016	<u>113,782.11</u>
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Analysis of Balance

Animal Control Trust Fund	B	638.85
Other Trust Funds	B	<u>113,143.26</u>
		<u>113,782.11</u>

Township of Sparta, N.J.

Reserve (Deficit) for Animal Control Fund Expenditures

Animal Control Trust Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	23,644.60
Increased by:		
Dog License Fees	B-1	12,565.00
Prepaid Dog Licenses Applied	B-10	11,740.00
Cat License Fees	B-1	2,924.60
Dog Late Fees	B-1	1,246.00
Cat Late Fees	B-1	210.00
Miscellaneous	B-1	<u>687.00</u>
		29,372.60
		<u>53,017.20</u>
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	32,658.53
Encumbrances	B-12	<u>638.85</u>
		<u>33,297.38</u>
Balance - December 31, 2016	B	<u>19,719.82</u>

License Fees Collected

<u>Year</u>	
2015	27,110.51
2014	<u>26,660.00</u>
	<u>53,770.51</u>

B-14

Schedule of Due To/(From) State Department of Health

Animal Control Trust Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	8.40
Increased by:		
State Fees Collected	B-1	<u>2,476.20</u>
		<u>2,484.60</u>
Decreased by:		
Paid to State	B-1	<u>2,484.60</u>

Township of Sparta, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	17,480.00
Increased by:		
2016 Township Contributions	B-16	<u>33,350.00</u>
		<u>50,830.00</u>
Decreased by:		
Receipts	B-1	<u>17,480.00</u>
Balance - December 31, 2016	B	<u><u>33,350.00</u></u>

B-16

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	120,579.15
Increased by:		
2016 Township Contributions	B-15	33,350.00
Increase in Investment Value	B-1	<u>7,145.85</u>
		<u>40,495.85</u>
		<u>161,075.00</u>
Decreased by:		
Accounting Charge	B-1	1,128.69
Distributions	B-1	<u>4,969.24</u>
		<u>6,097.93</u>
Balance - December 31, 2016	B	<u><u>154,977.07</u></u>

Township of Sparta, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	C	1,746,484.86
Increased by Receipts:		
Capital Improvement Fund	C-9	<u>1,550,000.00</u>
		<u>3,296,484.86</u>
Decreased by Disbursements:		
Improvement Authorizations	C-8	1,076,954.25
Encumbrances Payable	C-10	<u>305,427.22</u>
		<u>1,382,381.47</u>
Balance - December 31, 2016	C	<u>1,914,103.39</u>

Township of Sparta, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2016

	Receipts			Disbursements			Balance or (Deficit) Dec. 31, 2016
	Balance or (Deficit) Dec. 31, 2015	Budget Appropriations	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	279,385.52						279,385.52
Capital Improvement Fund	291,304.16	1,550,000.00					201,304.16
Reserve for Encumbrances	305,427.22				305,427.22		1,396,838.31
Reserve for Developers Contribution	74,566.00						74,566.00
Improvement Authorizations:							
125 99-04 2005 General Improvements	30.42						30.42
07-18 Acquisition of Lands	15,795.09						15,795.09
07-25 Improvements of White Lake Park	4,589.29						4,589.29
08-17 Acquisition of Communication/911 Equipment	16,216.62						16,216.62
09-14 2009 - Various Improvements and Equipment:	15,823.14						15,823.14
09-26 Acquisition and Installation of Sustainable Energy Solar Panels	14,036.78						14,036.78
10-16 2010 - Various Improvements and Equipment	627.31						627.31
10-18 2010 - Various Improvements or Purposes	221,341.29						221,341.29
10-23 Installation of Solar Panels at Germany Flats	46,763.36						46,763.36
12-10 Various Improvements and Purposes	73,981.93						73,981.93
12-11 Various Capital I Improvements	41,928.00						41,928.00
13-06 Various Capital I Improvements	24,342.37						24,342.37
14-05 Various Capital I Improvements	143,107.77						143,107.77
14-07 Purchase Emergency Traffic Devices	16,041.60						16,041.60
15-05 Various Capital I Improvements	161,176.99						161,176.99
16-10 Various Capital I Improvements	596,662.65						596,662.65
16-13 Improvements to 911 Comm Center							314,487.95
16-15 Improvements to Recreation Turf Field							253,922.86
16-18 Purchase of Fire Truck							289,235.47
							519,777.00
							300,000.00
							30,000.00
							489,777.00
							(193,922.86)
							(252,943.29)
							(489,777.00)
							1,396,838.31
							3,036,908.31
							3,036,908.31
							1,914,103.39
							C

Township of Sparta, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded****General Capital Fund****Year Ended December 31, 2016**Ref.

Balance - December 31, 2015	C	8,775,000.00
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Decreased by:

Serial Bonds Paid by Current Year		
Budget Appropriations	C-6	<u>940,000.00</u>

Balance - December 31, 2016	C	<u>7,835,000.00</u>
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Township of Sparta, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2016

Township of Sparta, N.J.

C-6

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2016</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds of 2011	09/08/2011	5,015,000.00	04/01/17	345,000.00	2.000%			
			04/01/17	100,000.00	4.000%			
			04/01/18	455,000.00	2.250%			
			04/01/19	465,000.00	2.500%			
			04/01/20	480,000.00	2.750%			
			04/01/21	300,000.00	3.000%			
			04/01/21	200,000.00	5.000%			
			04/01/22	525,000.00	5.000%			
			04/01/23	525,000.00	3.500%			
						3,825,000.00	430,000.00	3,395,000.00
General Bonds of 2013	10/15/2013	4,590,000.00	10/15/17	375,000.00	2.000%			
			10/15/18	400,000.00	2.000%			
			10/15/19	425,000.00	2.000%			
			10/15/20	450,000.00	2.000%			
			10/15/21	450,000.00	2.125%			
			10/15/22	475,000.00	3.000%			
			10/15/23	500,000.00	3.000%			
			10/15/24	515,000.00	3.000%			
						3,940,000.00	350,000.00	3,590,000.00
Refunding Bonds of 2014	09/10/2014	1,010,000.00	01/01/17	170,000.00	4.000%			
			01/01/18	165,000.00	3.500%			
			01/01/19	170,000.00	5.000%			
			01/01/20	175,000.00	3.000%			
			01/01/21	170,000.00	3.000%			
						1,010,000.00	160,000.00	850,000.00
						8,775,000.00	940,000.00	7,835,000.00
							<u><u>C-4</u></u>	<u><u>C</u></u>

Township of Sparta, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital I Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Original Note	Date of Original Issue	Date of Issue	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
07-18	Acquisition of Land	2,000,000.00	05/30/08	10/29/2015	10/28/2016	1.03%	1,200,000.00	950,000.00	1,200,000.00
C									
Ref.									
Renewals									
C-5									
Paid by Current Fund Budget Appropriation									
950,000.00									
250,000.00									
950,000.00									
1,200,000.00									
C; C-5									

Township of Sparta, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date	Balance		Balance	
			Ordinance Amount	Funded	Dec. 31, 2015 Unfunded	Funded
General Improvements:						
99-04	General Improvements	04/27/99	1,000,000.00	30.42		30.42
07-18	Acquisition of Lands	08/28/07	2,100,000.00		15,795.09	3,343.86
07-25	Improvements of White Lake Park	11/08/07	1,000,000.00			4,589.29
08-17	Acquisition of Communication/911 Equipment	06/26/08	199,272.00		16,216.62	
09-14	2009 - Various Improvements and Equipment	05/26/09	554,300.00		15,823.14	
09-26	Acquisition and Installation of Sustainable Energy Solar Panels	08/18/09	700,000.00		14,036.78	
10-16	2010 - Various Improvements and Equipment:	08/24/10	311,670.00		627.31	
10-18	2010 - Various Improvements or Purposes:	08/24/10	337,050.00			18,924.00
10-23	Installation of Solar Panels at Germany Flats	11/30/10	1,732,500.00		221,341.29	
12-10	Various Improvements and Purposes	07/10/12	631,000.00		73,981.93	
12-11	Various Capital Improvements	07/10/12	586,000.00		41,928.00	
13-06	Various Capital Improvements	05/14/14	1,000,000.00		24,342.37	
14-05	Various Capital Improvements	07/22/14	1,000,000.00		143,107.77	
14-07	Purchase Emergency Traffic Devices	08/26/14	50,000.00		16,041.60	
15-05	Various Capital Improvements	05/12/15	1,000,000.00		161,176.99	
16-10	Various Capital Improvements	06/14/16	1,250,000.00			
16-13	Improvements to "911" Comm Center	07/12/16	260,000.00			
16-15	Improvements to Recreation Turf Field	08/09/16	775,000.00			
16-18	Purchase of Fire Truck	10/25/16	530,000.00			
			<u>780,006.87</u>	<u>C</u>	<u>15,795.09</u>	<u>C</u>
					<u>2,815,000.00</u>	<u>2,473,792.56</u>
					<u>886,201.32</u>	<u>250,808.08</u>
					<u>C</u>	<u>C</u>
Deferred Charges to Future Taxation - Unfunded Capital Improvement Fund		Ref.				
			C-5		1,175,000.00	
			C-9		1,640,000.00	
					<u>2,815,000.00</u>	<u>2,473,792.56</u>
Cash Disbursements		C-2				1,076,954.25
		C-10				1,396,838.31
						<u>2,473,792.56</u>

Township of Sparta, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	C	291,304.16
Increased by:		
Budget Appropriation		1,250,000.00
Open Space Trust Appropriated		<u>300,000.00</u>
	C-2	<u>1,550,000.00</u>
		<u>1,841,304.16</u>
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	C-8	<u>1,640,000.00</u>
Balance - December 31, 2016	C	<u>201,304.16</u>

Township of Sparta, N.J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	C	305,427.22
Increased by:		
Improvement Authorizations	C-8	<u>1,396,838.31</u>
		<u>1,702,265.53</u>
Decreased by:		
Cash Disbursed	C-2	<u>305,427.22</u>
Balance - December 31, 2016	C	<u>1,396,838.31</u>

Schedule of Reserve for Developers Contribution

General Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	C	<u>74,566.00</u>
Balance - December 31, 2016	C	<u>74,566.00</u>

Township of Sparta, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>2016 Authorizations</u>	<u>Balance Dec. 31, 2016</u>
16-13	Improvements to "911" Comm Center	200,000.00	200,000.00
16-15	Improvements to Recreation Turf Field	475,000.00	475,000.00
16-18	Purchase of Fire Truck	500,000.00	500,000.00
		<u>1,175,000.00</u>	<u>1,175,000.00</u>
		C-5	Footnote C

Township of Sparta, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance - December 31, 2015	D	<u>1,479,726.79</u>	<u>41,288.93</u>	<u>547,885.43</u>
Increased by Receipts:				
Fire Hydrant Service	D-2	43,906.28		
Miscellaneous Revenues	D-2	156,665.18		
Water Tower Cell Phone Lease	D-2	195,530.50		
Miscellaneous Revenues not Anticipated	D-2	103,836.49		
Water Capital Surplus	D-3			54,583.00
Consumer Accounts Receivable	D-10	2,936,478.22		
Water Assessments Receivable	D-12		45,711.25	
Water Rents Overpayments	D-16	42,023.30		
Bond Anticipation Notes	D-21			300,000.00
Capital Improvement Fund	D-25			500,000.00
		<u>3,478,439.97</u>	<u>45,711.25</u>	<u>854,583.00</u>
Decreased by Disbursements:				
Budget Appropriations	D-4	3,483,267.02		
Water Rents Overpayments	D-16	657.35		
Appropriation Reserves	D-15	77,367.28		
Interest on Bonds	D-17	310,795.64		
Interest on Loans	D-18	336.46		
Interest on Notes	D-19	83,908.50		
Assessment Bond Anticipation Notes	D-21		41,250.00	
Improvement Authorizations	D-24			796,023.11
Encumbrances Payable	D-26			58,703.89
		<u>3,956,332.25</u>	<u>41,250.00</u>	<u>854,727.00</u>
Balance - December 31, 2016	D	<u>1,001,834.51</u>	<u>45,750.18</u>	<u>547,741.43</u>

Township of Sparta, N.J.

Schedule of Analysis of Water Utility Assessment Trust Cash

Water Utility Fund

Year Ended December 31, 2016

	Receipts		Disbursements		Balance Dec. 31, 2016
	Assessments	Notes Receivable	Notes Paid	Paid	
Balance Dec. 31, 2015					
34,193.54	19,803.09	32,250.00	21,746.63		
7,095.39	25,908.16	9,000.00	24,003.55		
41,288.93	45,711.25	41,250.00	45,750.18		
				D	

Interfund Payable - Water Operating Fund

Assessment Notes:

Ord. No. 06-16
Ord. No. 09-04

Township of Sparta, N.J.

Schedule of Water Utility Capital Cash

Water Utility Fund

Year Ended December 31, 2016

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2016

	Balance <u>Dec. 31, 2015</u>	<u>Charges</u>	<u>Collections</u>	Balance <u>Dec. 31, 2016</u>
Water Rents & Capacity Charges	<u>287,788.19</u>	<u>3,041,335.90</u>	<u>2,965,949.44</u>	<u>363,174.65</u>
	D			D
		<u>Ref.</u>		
Cash Receipts	D-7		2,936,478.22	
Overpaid Rents Applied	D-16		<u>29,471.22</u>	
			<u>2,965,949.44</u>	
			D-2	

Schedule of Water Liens Receivable

Water Utility Operating Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	<u>0.92</u>
Decreased by:		
Canceled		<u>0.92</u>

Township of Sparta, N.J.

Schedule of Assessment Receivables

Water Utility Assessment Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Date	Balance Dec. 31 2015	Receipts	Balance Dec. 31 2016	Balance Pledged To	
								Assessment Notes	
06-16	Improvement to Water Supply and Distribution System	02/12/2008	10	07/01/08-17	34,606.46	19,803.09	14,803.37		14,803.37
09-04	Improvement to Water Supply and Distribution System	02/24/2009	10	11/02/09-18	60,804.61 95,411.07	25,908.16 45,711.25	34,896.45 49,699.82		34,896.45 49,699.82

Township of Sparta, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2016

Ref.

			27,742,645.43
Balance December 31, 2015	D		
Increased by:			
Improvement Authorizations Completed	D-14	<u>240,677.91</u>	
			<u>240,677.91</u>
Balance December 31, 2016	D	<u>27,983,323.34</u>	

Township of Sparta, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2015	2016 Authorizations			Costs to Fixed Capital	Improvement Authorization Cancelled	Balance Dec. 31, 2016
					Deferred Reserve for Amortization	2016 Authorizations	Deferred Reserve for Amortization			
13-07	Improvement to The Water Supply and Distribution System	5/28/2013	760,000.00	760,000.00						760,000.00
14-06	Improvement to The Water Supply and Distribution System	7/22/2014	598,500.00	598,500.00						598,500.00
15-06	Improvement to The Water Supply and Distribution System	5/12/2015	650,000.00	650,000.00						650,000.00
16-01	Improvements to Highland Well	1/26/2016	175,000.00	175,000.00	582.25	174,417.75				
16-05	Purchase of Backhoe	2/23/2016	96,000.00	96,000.00	29,739.84	66,260.16				
16-11	Improvement to The Water Supply and Distribution System	6/14/2016	800,000.00	800,000.00						800,000.00
16-14	Improvements to Highland Well (supp.)	8/9/2016	90,000.00	90,000.00						90,000.00
			<u>2,008,500.00</u>	<u>2,008,500.00</u>	<u>30,322.09</u>	<u>30,322.09</u>	<u>30,322.09</u>	<u>D-24</u>	<u>D-24</u>	<u>2,898,500.00</u>
			<u>D</u>	<u>D</u>	<u>D</u>	<u>D</u>	<u>D</u>	<u>D</u>	<u>D</u>	<u>D</u>

Township of Sparta, N.J.

Schedule of Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2016

	Balance, Dec. 31, 2015	Balance After Transfers	Paid	Balance Lapsed
Operating:				
Salaries and Wages	68,728.65	68,728.65	39,542.43	29,186.22
Other Expenses	53,570.33	53,570.33	37,824.85	15,745.48
Capital Improvement Fund:				
Capital Outlay	1,004.41	1,004.41		1,004.41
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System	20,088.10	20,088.10		20,088.10
	<u>143,391.49</u>	<u>143,391.49</u>	<u>77,367.28</u>	<u>66,024.21</u>
	Ref.		D-7	D-1
Unencumbered	D	91,906.74		
Encumbered	D	51,484.75		
		<u>143,391.49</u>		

Schedule of Utility Charge Overpayments

Water Utility Operating Fund

Year Ended December 31, 2016

	Ref.	
Balance - December 31, 2015	D	8,966.68
Increased by;		
Cash Receipts	D-7	42,023.30
		<u>50,989.98</u>
Decreased by:		
Applied	D-10	29,471.22
Refunded	D-7	657.35
		<u>30,128.57</u>
Balance - December 31, 2016	D	<u>20,861.41</u>

Township of Sparta, N.J.

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year Ended December 31, 2016

							<u>Ref.</u>
Balance - December 31, 2015				D			136,059.03
Increased by:							
Budget Appropriation for Interest on Bonds				D-4			260,918.00
							<u>396,977.03</u>
Decreased by:							
Interest Paid				D-7			<u>310,795.64</u>
Balance - December 31, 2016				D			<u>86,181.39</u>
<hr/>							
Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	Period (days)	Required Amount	Actual Amount	
1,535,000.00	Various	10/1/2016	12/31/2016	91	13,463.58	9,363.17	
1,269,000.00	Various	10/15/2016	12/31/2016	77	8,484.17	5,900.27	
5,435,000.00	Various	7/1/2016	12/31/2016	183	101,975.00	70,917.95	
<u>8,239,000.00</u>					<u>123,922.75</u>	<u>86,181.39</u>	
D-20							

Schedule of Accrued Interest on Loans

Water Utility Operating Fund

Year Ended December 31, 2016

							<u>Ref.</u>
Balance - December 31, 2015				D			198.46
Increased by:							
Budget Appropriation for Interest on Loans				D-4			138.00
							<u>336.46</u>
Decreased by:							
Interest Paid				D-7			<u>336.46</u>

Township of Sparta, N.J.

Schedule of Accrued Interest on Notes

Water Utility Operating Fund

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	D	43,134.58
Increased by:		
Budget Appropriation for Interest on Notes	D-4	52,043.00
		<u>95,177.58</u>
Decreased by:		
Interest Paid	D-7	<u>83,908.50</u>
Balance - December 31, 2016	D	<u>11,269.08</u>

Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	Period (days)	Required Amount	Actual Amount
<u>5,323,000.00</u>	<u>2.00%</u>	<u>10/27/2016</u>	<u>12/31/2016</u>	<u>65</u>	<u>18,958.63</u>	<u>11,269.08</u>

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Township of Sparta, N.J.

Schedule of Water Serial Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturity of Bonds Outstanding Dec. 31,2016		Interest Rate	Balance, Dec. 31,2015	Decreased by	Balance, Dec. 31,2016
			Date	Amount				
Improvements to the Water Utility System	01/01/2006	3,941,000.00	04/01/17	155,000.00	3.0000%	197,000.00	197,000.00	
Water Bonds of 2011	04/28/2011	2,310,000.00	04/01/18	155,000.00	3.0000%	1,690,000.00	155,00.00	1,535,000.00
			04/01/19	155,000.00	3.125%			
			04/01/20	155,000.00	3.500%			
			04/01/21	155,000.00	3.500%			
			04/01/22	155,000.00	3.500%			
			04/01/23	155,000.00	3.500%			
			04/01/24	155,000.00	3.625%			
			04/01/25	155,000.00	4.000%			
			04/01/26	140,000.00	4.000%			
Water Bonds of 2013	10/15/2013	1,424,000.00	10/15/17	55,000.00	2.0000%	1,324,000.00	55,00.00	1,269,000.00
			10/15/18	60,000.00	2.0000%			
			10/15/19	60,000.00	2.0000%			
			10/15/20	65,000.00	2.0000%			
			10/15/21	65,000.00	2.125%			
			10/15/22	70,000.00	2.250%			
			10/15/23	70,000.00	3.000%			
			10/15/24	75,000.00	3.000%			
			10/15/25	75,000.00	3.250%			
			10/15/26	80,000.00	3.250%			
			10/15/27	80,000.00	3.250%			
			10/15/28	85,000.00	3.250%			
			10/15/29	85,000.00	4.000%			
			10/15/30	85,000.00	4.000%			
			10/15/31	85,000.00	4.000%			
			10/15/32	85,000.00	4.000%			
			10/15/33	89,000.00	4.000%			

Township of Sparta, N.J.

Schedule of Water Serial Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2016

Township of Sparta, N.J.

Schedule of Water Capital Bond Anticipation Notes

Water Utility Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Original Note Date of Issue	Amount of Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2015	Increased	Decreased	Balance, Dec. 31, 2016
WATER CAPITAL NOTES										
07-11	Improvements to Water Utility System	05/20/08	783,500.00	10/29/15	10/28/16	1.50%	471,500.00			471,500.00
08-15	Improvements to Water Utility System	05/28/09	783,500.00	10/27/16	10/27/17	2.00%	531,500.00			271,500.00
09-16	Improvements to Water Utility System	05/27/10	1,250,000.00	10/29/15	10/28/16	1.50%	1,100,000.00			431,500.00
09-25	Improvements to Water Utility System	05/27/10	475,000.00	10/29/15	10/28/16	1.50%	398,000.00			1,055,000.00
10-08	Improvements to Water Utility System	05/26/11	1,000,000.00	10/29/15	10/28/16	1.50%	890,000.00			373,000.00
11-12	Improvements to Water Utility System	05/25/12	443,500.00	10/29/15	10/28/16	1.50%	373,500.00			373,500.00
12-13	Improvements to Water Utility System	05/25/13	570,000.00	10/29/15	10/28/16	1.50%	550,000.00			348,500.00
13-07	Improvements to Water Utility System	10/31/13	710,000.00	10/29/15	10/28/16	1.50%	690,000.00			670,000.00
14-06	Improvements to Water Utility System	10/29/15	498,500.00	10/29/15	10/28/16	1.50%	498,500.00			488,500.00
16-11	Improvements to Water Utility System	10/27/16	300,000.00	10/27/16	10/27/17	2.00%	300,000.00			300,000.00
TOTAL WATER CAPITAL NOTES							<u>5,503,000.00</u>	<u>5,323,000.00</u>	<u>5,503,000.00</u>	<u>5,323,000.00</u>
WATER ASSESSMENT NOTES										
06-16	Improvements to Water Utility System	06/01/07	275,000.00	10/29/15	10/28/16	1.50%	38,800.00			38,800.00
09-04	Improvements to Water Utility System	05/27/10	238,000.00	10/29/15	10/28/16	1.50%	67,900.00			67,900.00
TOTAL WATER ASSESSMENT NOTES							<u>106,700.00</u>	<u>65,450.00</u>	<u>106,700.00</u>	<u>65,450.00</u>
Ref. Renewals Issued for Cash D-7,D-29 Paid by Assessment Cash D-5,D-7 Reserve for Amortization D-27 Reserve for Deferred Amortization D-28										
5,088,450.00 300,000.00 41,250.00 450,000.00 30,000.00 5,609,700.00 <u>5,388,450.00</u> <u>5,609,700.00</u> <u>5,388,450.00</u>										

Township of Sparta, N.J.

Schedule of Water Supply Fund Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	<u>13,594.74</u>
Decreased by:		
Loan Paid in 2016	D-27	<u>13,594.74</u>

Township of Sparta, N.J.

Schedule of Reserve for Water Assessments Receivable

Water Utility Assessment Fund

Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2015</u>	<u>Balance, Dec. 31,2016</u>
06-10	Water Supply and Distribution System	<u>30,000.00</u> D	<u>30,000.00</u> D

Township of Sparta, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2016

Township of Sparta, N.J.**Schedule of Capital Improvement Fund****Water Utility Capital Fund****Year Ended December 31, 2016**Ref.

Balance - December 31, 2015	D	45,939.00
Increased by:		
Budget Appropriation	D-7	500,000.00
		<u>545,939.00</u>
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	D-28	500,000.00
Balance - December 31, 2016	D	<u>45,939.00</u>

Schedule of Encumbrances Payable**Water Utility Capital Fund****Year Ended December 31, 2016**Ref.

Balance - December 31, 2015	D	58,703.89
Increased by:		
Improvement Authorizations	D-24	60,958.15
		<u>119,662.04</u>
Decreased by:		
Cash Disbursements	D-7	58,703.89
Balance - December 31, 2016	D	<u>60,958.15</u>

Township of Sparta, N.J.**Schedule of Reserve for Amortization****Water Utility Capital Fund****Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	D	14,452,710.50
Increased by:		
Serial Bonds Paid by Operating Budget	D-20	752,000.00
Bond Anticipation Notes Paid by Operating Budget	D-21	450,000.00
Transfer from Deferred Reserve for Amortization	D-28	240,677.91
Loans Paid by Operating Budget	D-22	<u>13,594.74</u>
		<u>1,456,272.65</u>
Balance - December 31, 2016	D	<u><u>15,908,983.15</u></u>

Township of Sparta, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31,2015	Fixed Capital Authorized	Paid From		To Reserve for Amortization	Balance, Dec. 31,2016
					Operating Budget	Notes		
<u>General Improvements:</u>								
13-07	Improvement to the Water Supply and System	5/28/2013	70,000.00		20,000.00		90,000.00	
14-06	Improvement to the Water Supply and System	7/22/2014	100,000.00		10,000.00		110,000.00	
15-06	Improvement to the Water Supply and System	5/12/2015	650,000.00		175,000.00		650,000.00	
16-01	Improvements to the Highlands Well	1/26/2016			96,000.00		174,417.75	
16-05	Purchase of Backhoe	2/23/2016			500,000.00		66,260.16	
16-11	Improvement to the Water Supply and System	6/14/2016			90,000.00		500,000.00	
16-14	Improvements to the Highlands Well (supp.)	8/9/2016			861,000.00		90,000.00	
			<u>820,000.00</u>	<u>861,000.00</u>	<u>30,000.00</u>		<u>240,677.91</u>	<u>1,440,000.00</u>
			<u>D</u>	<u>D-21</u>	<u>D-3</u>		<u>D-27</u>	<u>D</u>
						<u>Ref.</u>		
						D-3;D-24	361,000.00	
						D-25;D-24	500,000.00	
							<u>861,000.00</u>	<u>861,000.00</u>
<u>Fund Balance</u>								
<u>Capital Improvement Fund</u>								

Township of Sparta, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Balance, <u>Dec. 31, 2015</u>	2016 Authorizations	Bond Anticipation Notes Issued	Balance, <u>Dec. 31, 2016</u>
955	Improvements to the Water Utility System	195,840.19			195,840.19
16-11	Improvements to the Water Supply and Distribution System		300,000.00	300,000.00	
		<u>195,840.19</u>	<u>300,000.00</u>	<u>300,000.00</u>	<u>195,840.19</u>
		<u>Footnote D</u>	<u>D-24</u>	<u>D-21</u>	<u>Footnote D</u>

Township of Sparta, N.J.

Schedule of Cash

Sewer Utility Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance - December 31, 2015	E	150,631.51	12,241.65	49,603.50
Increased by Receipts:				
Sewer Connection Fees	E-2	6,507.60		
Miscellaneous Revenue	E-2	73,146.07		
Interfund Receipts	E-9	18.19	18.19	
Consumer Accounts Receivable	E-10	965,449.29		
Sewer Assessments Receivable	E-11		1,213.63	
Sewer Rents Overpayments	E-15	4,706.76		
		1,049,827.91	1,231.82	
Decreased by Disbursements:				
Budget Appropriations	E-5	972,350.17		
Interfund Disbursements	E-9		18.19	
Appropriation Reserves	E-14	19,067.44		
Interest on Bonds	E-16	121,803.13		
Interest on Notes	E-17	810.00		
		1,114,030.74	18.19	
Balance - December 31, 2016	E	86,428.68	13,455.28	49,603.50

Township of Sparta, N.J.

Analysis of Sewer Utility Assessment Trust Cash

Sewer Utility Fund

Year Ended December 31, 2016

Receipts	Assessments	Balance
Balance	Receivable	Dec. 31, 2016
Dec. 31, 2015	1,213.63	13,455.28
	<u>12,241.65</u>	<u>13,455.28</u>
	E-6	E

Township of Sparta, N.J.

Schedule of Sewer Utility Capital Cash

Sewer Utility Fund

Year Ended December 31, 2016

		Balance Dec. 31, 2015	Balance Dec. 31, 2016
Fund Balance		372.00	372.00
Capital Improvement Fund		8,500.00	8,500.00
ORD.	Improvement Authorizations		
<u>No.</u>			
05-18	Improvements to Sanitary Sewerage System	(4,256.03)	(4,256.03)
10-17	Pump Station Alarm Monitoring System	132.50	132.50
11-17	Improvements to Sanitary Sewerage System	44,855.03	44,855.03
		<u>49,603.50</u>	<u>49,603.50</u>
		E	E

Township of Sparta, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Sewer Utility Fund

Year Ended December 31, 2016

	Sewer Operating Fund	Sewer Assessment Fund	Sewer Assessment Trust Fund
	<u>Ref.</u>	<u>Fund</u>	<u>Fund</u>
Increased by:			
Revenues	E-2	<u>18.19</u>	
Receipts	E-6		<u>18.19</u>
Decreased by:			
Receipts	E-6	<u>18.19</u>	
Disbursements	E-6		<u>18.19</u>

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Sewer Utility Operating Fund

Year Ended December 31, 2016

	Balance <u>Dec. 31, 2015</u>	<u>Charges</u>	<u>Collections</u>	Balance <u>Dec. 31, 2016</u>
Sewer Rents & Capacity				
Charges	<u>42,033.35</u>	<u>985,575.06</u>	<u>971,726.89</u>	<u>55,881.52</u>
	E			E
		<u>Ref.</u>		
Cash Receipts		E-6	965,449.29	
Pre-Paid Rents Applied		E-15	6,277.60	
			<u>971,726.89</u>	
			E-2	

Township of Sparta, N.J.

Schedule of Assessment Receivables

Sewer Utility Assessment Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Date	Balance Dec. 31 2015		Cash Receipts	Balance Dec. 31 2016	Balance Pledged to Reserve
					E	E			
05-18	Improvements to Marian Road Sanitary Sewer System	08/23/05	10	1/1,4/1,7/1,10/1	9,671.30	E	1,213.63	8,457.67	8,457.67

Township of Sparta, N.J.

Schedule of Fixed Capital

Sewer Utility Capital Fund

Year Ended December 31, 2016

Ref.

		<u>8,711,594.25</u>
Balance December 31, 2015	E	
Balance December 31, 2016	E	<u>8,711,594.25</u>

Township of Sparta, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2015	Balance Dec. 31, 2016
		Date	Amount		
10-17	Pump Station Alarm Monitoring System	08/24/10	47,000.00	47,000.00	47,000.00
11-17	Improvement of Sanitary Sewerage System	10/25/11	95,000.00	<u>95,000.00</u>	<u>95,000.00</u>
				<u>142,000.00</u>	<u>142,000.00</u>
				E	E

Township of Sparta, N.J.

Schedule of Appropriation Reserves

Sewer Utility Operating Fund

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Balance After Transfers	Paid	Balance Lapsed
Operating:				
Salaries and Wages	390.00	390.00		390.00
Other Expenses	19,067.44	19,067.44	19,067.44	390.00
	<u>19,457.44</u>	<u>19,457.44</u>	<u>19,067.44</u>	<u>390.00</u>
	Ref.		E-6	E-1
Unencumbered	E 2,401.07			
Encumbered	E 17,056.37			
	<u>19,457.44</u>			

Schedule of Sewer Utility Charge Overpayments

Sewer Utility Operating Fund

Year Ended December 31, 2016

	Ref.	
Balance - December 31, 2015	E	2,310.97
Increased by;		
Cash Receipts	E-6	4,706.76
		<u>7,017.73</u>
Decreased by:		
Applied	E-10	6,277.60
Balance - December 31, 2016	E	<u>740.13</u>

Township of Sparta, N.J.

Schedule of Accrued Interest on Bonds

Sewer Utility Operating Fund

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	E	46,637.72
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Increased by:

Budget Appropriation for Interest on Bonds	E-5	120,492.00
		<u>167,129.72</u>

Decreased by:

Interest Paid	E-6	<u>121,803.13</u>
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Balance - December 31, 2016	E	<u>45,326.59</u>
-----------------------------	---	------------------

Principal Outstanding <u>Dec. 31, 2016</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	Period (days)	Required <u>Amount</u>	Actual <u>Amount</u>
1,720,000.00	Various	10/1/2016	12/31/2016	91	15,193.53	15,833.87
1,510,000.00	Various	7/1/2016	12/31/2016	183	28,300.00	29,492.72
<u>3,230,000.00</u>					<u>43,493.53</u>	<u>45,326.59</u>

E-18

Schedule of Accrued Interest on Bond Anticipation Notes

Sewer Utility Operating Fund

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	E	100.30
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Increased by:

Budget Appropriation for Interest on Notes	E-5	<u>810.00</u>
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Decreased by:

Interest Paid	E-6	<u>810.00</u>
---------------	-----	---------------

Balance - December 31, 2016	E	<u>100.30</u>
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Principal Outstanding <u>Dec. 31, 2016</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	Period (days)	Required <u>Amount</u>	Actual <u>Amount</u>
<u>48,000.00</u>	2.00%	10/27/16	12/31/2016	65	<u>170.96</u>	<u>100.30</u>

Township of Sparta, N.J.

Schedule of Sewer Serial Bonds Payable

Sewer Utility Capital Fund

Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31,2015	Decreased by	Balance, Dec. 31,2016
			Date	Dec. 31,2016 Amount				
Improvement to the Sanitary Sewer System	01/01/06	900,000.00				45,000.00	45,000.00	
Sewer Bonds of 2011	04/28/11	2,317,000.00	04/01/17	145,000.00	3.000%			
			04/01/18	155,000.00	3.000%			
			04/01/19	165,000.00	3.125%			
			04/01/20	175,000.00	3.500%			
			04/01/21	180,000.00	3.500%			
			04/01/22	180,000.00	3.500%			
			04/01/23	180,000.00	3.500%			
			04/01/24	180,000.00	3.625%			
			04/01/25	180,000.00	4.000%			
			04/01/26	180,000.00	4.000%			
						135,000.00	1,720,000.00	
Sewer Refunding Bonds of 2014	09/10/14	1,627,000	01/01/17	155,000.00	4.000%			
			01/01/18	150,000.00	3.500%			
			01/01/19	150,000.00	5.000%			
			01/01/20	150,000.00	3.000%			
			01/01/21	145,000.00	3.000%			
			01/01/22	145,000.00	5.000%			
			01/01/23	155,000.00	5.000%			
			01/01/24	155,000.00	5.000%			
			01/01/25	150,000.00	5.000%			
			01/01/26	155,000.00	5.000%			
						1,620,000.00	110,000.00	1,510,000.00
							3,520,000.00	290,000.00
								3,230,000.00
							E	E-23
								E

Township of Sparta, N.J.

Schedule of Sewer Capital Bond Anticipation Notes

Sewer Utility Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Original Note		Date of Maturity	Interest Rate	Balance, Dec. 31,2015	Increased	Decreased	Balance, Dec. 31,2016
		Date of Issue	Amount of Issue						
11-17	Improvement to the Sanitary Sewerage System	11/01/13	60,000.00	10/29/15	10/28/16	1.50%	54,000.00		54,000.00
E									
E									
Ref.									
Renewals									
Paid by Budget Appropriation									
E-24									
48,000.00									
6,000.00									
54,000.00									

Township of Sparta, N.J.

Schedule of Reserve for Sewer Assessments Receivable

Sewer Utility Assessment Fund

Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2015</u>	<u>Collections</u>	<u>Balance, Dec. 31,2016</u>
05-18	Improvements to Marian Road Sanitary Sewer System	9,671.30	1,213.63	8,457.67

Township of Sparta, N.J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance		Dec. 31,2015 Funded	Dec. 31,2016 Funded	Balance Unfunded
				Dec. 31,2015 Unfunded	Dec. 31,2016 Unfunded			
10-17	Pump Station Alarm Monitoring System	08/24/10	47,000.00		132.50		132.50	
11-17	Improvement of Sanitary Sewerage System	10/25/11	95,000.00			44,855.03		44,855.03
							E	
							E	

Township of Sparta, N.J.

Schedule of Capital Improvement Fund

Sewer Utility Capital Fund

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	E	<u>8,500.00</u>
Balance - December 31, 2016	E	<u>8,500.00</u>

Township of Sparta, N.J.

Schedule of Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2016

Ref.

Balance - December 31, 2015	E	5,187,338.22
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Increased by:

Serial Bonds Paid by Operating Budget	E-18	<u>290,000.00</u>
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Balance - December 31, 2016	E	<u>5,477,338.22</u>
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Township of Sparta, N.J.

Schedule of Deferred Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31,2015	Paid From Operating Budget - Notes	Balance, Dec. 31,2016
<u>General Improvements:</u>					
10-17	Pump Station Alarm Monitoring System	08/24/10	47,000.00		47,000.00
11-17	Improvement of Sanitary Sewerage System	10/25/11	41,000.00	6,000.00	47,000.00
			<u>88,000.00</u>	<u>6,000.00</u>	<u>94,000.00</u>
			E	E-19	E

Township of Sparta, N.J.**Schedule of Bonds and Notes Authorized But Not Issued****Sewer Utility Capital Fund****Year Ended December 31, 2016**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2015</u>	<u>Balance, Dec. 31,2016</u>
05-18	Improvements to Marian Road Sanitary Sewer System	4,256.03	4,256.03

Footnote E

Footnote E

Township of Sparta, N.J.**Schedule of Cash****Solid Waste Operating Utility Fund****Year Ended December 31, 2016**

	<u>Ref.</u>	
Balance - December 31, 2015	F	1,950,017.98
Increased by Receipts:		
Miscellaneous Revenue	F-2	22,053.02
Consumer Accounts Receivable	F-5	1,880,040.84
Prepaid Solid Waste User Fees	F-9	23,097.03
		<hr/> 1,925,190.89
		<hr/> 3,875,208.87
Decreased by Disbursements:		
Budget Appropriations	F-3	1,641,886.59
Appropriation Reserves	F-7	140,363.97
Accounts Payable	F-8	180.00
Overpayments Refunded	F-9	75.00
		<hr/> 1,782,505.56
Balance - December 31, 2016	F	<hr/> 2,092,703.31

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Solid Waste Operating Utility Fund

Year Ended December 31, 2016

	Balance <u>Dec. 31, 2015</u>	Charges	Collections	Balance <u>Dec. 31, 2016</u>
Solid Waste User Fees	<u>127,574.68</u>	<u>2,003,658.33</u>	<u>1,990,754.68</u>	<u>140,478.33</u>
	F			F
		<u>Ref.</u>		
Cash Receipts	F-4		1,880,040.84	
Pre-Paid Rents Applied	F-9		110,713.84	
			<u>1,990,754.68</u>	
			F-2	

Schedule of Solid Waste Liens Receivable

Solid Waste Operating Utility Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	F	<u>79.27</u>
Balance - December 31, 2016	F	<u>79.27</u>

Township of Sparta, N.J.

Schedule of Appropriation Reserves

Solid Waste Operating Utility Fund

Year Ended December 31, 2016

	Balance, Dec. 31, 2015	After Transfers	Paid	Balance Lapsed
Operating:				
Salaries and Wages	25.00	25.00		25.00
Other Expenses	<u>270,408.54</u>	<u>270,408.54</u>	<u>140,363.97</u>	<u>130,044.57</u>
	<u>270,433.54</u>	<u>270,433.54</u>	<u>140,363.97</u>	<u>130,069.57</u>
			F-4	F-1
<u>Ref.</u>				
Unencumbered F	133,249.51			
Encumbered F	<u>137,184.03</u>			
	<u>270,433.54</u>			

F-8

Schedule of Accounts Payable

Solid Waste Operating Utility Fund

Year Ended December 31, 2016

<u>Ref.</u>		
Balance - December 31, 2015	F	<u>180.00</u>
Decreased by:		
Cash Disbursed	F-4	180.00

Township of Sparta, N.J.

Schedule of Solid Waste User Fee Overpayments

Solid Waste Operating Utility Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	F	257,325.45
Increased by:		
Cash Receipts	F-4	23,097.03
		<u>280,422.48</u>
Decreased by:		
Applied	F-5	110,713.84
Refunded	F-4	<u>75.00</u>
		<u>110,788.84</u>
Balance - December 31, 2016	F	<u>169,633.64</u>

TOWNSHIP OF SPARTA

PART II

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Township Council
Township of Sparta
Sparta, NJ 07871

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Township of Sparta in the County of Sussex as of and for the year ended December 31, 2016 and the related notes to the financial statements, and have issued our report thereon dated June 14, 2017, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Fixed Asset account group and the Length of Services Award Program not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Township of Sparta's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Sparta's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Sparta'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 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.



Honorable Mayor and
Members of the Township Council
Page 2

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Sparta's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township of Sparta in the accompanying comments and recommendations section of this report.

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 Township of Sparta internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Sparta internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

June 14, 2017



GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2016, and at June 14, 2017, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S. 40A:11-3 states:

- a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

GENERAL COMMENTS (CONTINUED)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (continued)

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$40,000.00.

The Governing Body of the Township of Sparta have the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

The minutes indicated the bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. None were noted.

Our review of the Township's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The Township is a member of the Morris County and Sussex County Co-op Pricing Council.

Collection of Interest on Delinquent Taxes and Assessments

R.S. 54:4-67 provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date they would become delinquent.

The governing body on January 12, 2016. adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments.

BE IT RESOLVED by the Township Council of the Township of Sparta, County of Sussex, that:

1. The rate of interest to be charged by the Tax Collector on delinquent taxes and assessments are fixed at the rate of eight (8) per cent per annum on the first \$1,500.00 of the delinquency, to remain in full force until January 1, 2017.

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

2. The rate of interest to be charged by the Tax Collector on delinquent taxes and assessments on any amount in excess of \$1,500.00 is hereby fixed at the rate of eighteen (18) per cent per annum, to be calculated from the date the tax was payable, until the date of actual payment, to remain in force until January 1, 2017
3. If payment of any installment is made within ten (10) calendar days following the date upon which the same became payable, no interest shall be charged.
4. If payment is made after the 10th calendar day; interest is to be calculated from the date the tax was payable until the date of actual payment.
5. If taxes are not paid by December 31, and the delinquent balance is \$10,000.00 including interest and taxes; a 6% penalty will be charged.

The governing body also on January 12, 2016, adopted the following resolution authorizing interest to be charged on delinquent water, sewer and solid waste charges:

BE IT RESOLVED by the Township Council of the Township of Sparta, County of Sussex, that:

1. The rate of interest to be charged by the Tax Collector on delinquent water, sewer and solid waste charges are fixed at the rate of ten (10) per cent of each delinquency, to remain in full force until January 1, 2017.
2. If payment of any installment is made within thirty (30) calendar days following the date upon which the same became payable, no interest shall be charged.
3. If payment is made after the 30th calendar day; interest is to be calculated on each delinquency that the water, sewer and solid waste charges were payable until the date of actual payment.

It appears from the examination of the Collector's records that the interest was collected in accordance with the foregoing resolutions.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 5, 2016, and was complete except for parties in bankruptcy court.

The following comparison is made of the number of tax title liens receivable on December 31st of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2016	18
2015	15
2014	56

GENERAL COMMENTS (CONTINUED)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The results of the test, which was made as of December 31, 2016 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

OTHER COMMENTS:

Municipal Court

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Judge, Township Clerk and Division of Local Government Services. We noted however, that there are internal control problems that are throughout the State of New Jersey Municipal Court System caused by the implementation of the Automated Traffic System and the Automated Complaint System.

Finance

- 1) The analysis of Water Utility Capital and Sewer Utility Capital Fund cash included cash deficits for ordinances over 5 years old.

Management Response:

The Township is aware of this and is funding through future budgets.

RECOMMENDATIONS

It is recommended:

1. That ordinances, with a cash deficit over 5 years, be funded.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year's recommendations and corrective action was taken on all, with the exception of the following, which are included in this year's recommendations:

1. That ordinances, with a cash deficit over 5 years, be funded.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Very Truly Yours,



Thomas M. Ferry, C.P.A.,
Registered Municipal Accountant
No. 497

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants