

**REPORT OF AUDIT**

**TOWNSHIP OF SPARTA**

**COUNTY OF SUSSEX**

**DECEMBER 31, 2018**

**TOWNSHIP OF SPARTA, N.J.**  
**YEAR ENDED DECEMBER 31, 2018**

**TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page</u>
<b>PART I</b>	
Independent Auditors' Report	1 - 4
<b>CURRENT FUND</b>	
A Comparative Balance Sheet - Current Fund	5 - 6
A-1 Comparative Statement of Operations and Change in Fund Balance	7
A-2 Statement of Revenues	8 - 9
A-3 Statement of Expenditures	10 - 19
<b>TRUST FUND</b>	
B Comparative Balance Sheet - Trust Fund	20 - 21
<b>GENERAL CAPITAL FUND</b>	
C Comparative Balance Sheet - General Capital Fund	22
C-1 Comparative Schedule of Surplus	23
<b>WATER UTILITY FUND</b>	
D Comparative Balance Sheet - Water Utility Fund	24 - 25
D-1 Comparative Statement of Operations and Change in Operating Fund Balance - Water Utility Fund	26
D-2 Statement of Revenues - Water Utility Operating Fund	27
D-3 Comparative Statement of Fund Balance - Water Utility Assessment Fund	28
D-4 Comparative Statement of Fund Balance - Water Capital Utility Fund	29
D-5 Statement of Expenditures - Water Utility Operating Fund	30
D-6 Schedule of Revenues - Water Utility Assessment Fund	31
D-7 Schedule of Expenditures - Water Utility Assessment Fund	31
<b>SEWER UTILITY FUND</b>	
E Comparative Balance Sheet - Sewer Utility Fund	32 - 33
E-1 Comparative Statement of Operations and Change in Operating Fund Balance	34
E-2 Statement of Revenues - Sewer Utility Operating Fund	35
E-3 Comparative Statement of Fund Balance - Sewer Capital Utility Fund	36
E-4 Comparative Statement of Assessment Trust Fund Balance - Sewer Assessment Trust Fund	36
E-5 Statement of Expenditures - Sewer Utility Operating Fund	37

	<u>Page</u>	
<b>SOLID WASTE UTILITY FUND</b>		
F	Comparative Balance Sheet - Solid Waste Utility Fund	38
F-1	Comparative Statement of Operations and Change in Operating Fund Balance - Solid Waste Utility Operating Fund	39
F-2	Statement of Revenues - Solid Waste Utility Operating Fund	40
F-3	Statement of Expenditures - Solid Waste Utility Operating Fund	41
 <b>GENERAL FIXED ASSETS</b>		
G	Comparative Statement of General Fixed Assets (Unaudited)	42
 <b>NOTES TO FINANCIAL STATEMENTS</b>		43 - 80
 <b><u>SUPPLEMENTARY DATA</u></b>		
 OFFICIALS IN OFFICE AND SURETY BONDS		81
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		82
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE		83
COMPARATIVE STATEMENTS		84 - 90
 <b><u>CURRENT FUND</u></b>		
A-4	Schedule of Cash - Collector - Treasurer	91
A-5	Schedule of Cash - Change Fund	92
A-6	Schedule of Cash - Collector	92
A-7	Schedule of Amount Due to State of N.J. for Sr. Citizen and Veterans Deductions	93
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	94
A-9	Schedule of Tax Title Liens	95
A-10	Schedule of Property Acquired for Taxes Assessed Valuation	95
A-11	Schedule of Revenue Accounts Receivable	96
A-12	Schedule of Interfunds	97
A-13	Schedule of Deferred Charges - Special Emergency Authorizations (N.J.S.A. 40A:4-55)	98
A-14	Schedule of Appropriation Reserves	99 - 101
A-15	Schedule of Encumbrances Payable - Current Fund	102
A-16	Schedule of Prepaid Taxes	102
A-17	Schedule of Local School District Taxes Payable	103
A-18	Schedule of County Taxes Payable	103
A-19	Schedule of Due to Library	104
A-20	Schedule of Various Cash Liabilities and Reserves	105
A-21	Schedule of Grants Receivable - Federal and State Grant Fund	106
A-22	Schedule of Appropriated Reserves for Grants - Federal and State Grant Fund	107

<u>Exhibit</u>		<u>Page</u>
<b>CURRENT FUND (continued)</b>		
A-23	Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund	108
A-24	Schedule of Interfunds - Federal and State Grant Fund	109
A-25	Schedule of Encumbrances Payable - Federal and State Grant Fund	110
 <b>TRUST FUND</b>		
B-1	Schedule of Cash	111
B-2	Schedule of Assessment Cash - Assessment Trust Fund	112
B-3	Schedule of Assessment Receivable - Assessment Trust Fund	113
B-4	Schedule of Revenues - Assessment Trust Fund	114
B-5	Schedule of Expenditures - Assessment Trust Fund	114
B-6	Schedule of Change Fund - Animal Control Fund	115
B-7	Schedule of NJ Dept. of Environmental Protection Loan Payable - Assessment Trust Fund	116
B-8	Schedule of Reserve for Assessments and Liens	117
B-9	Schedule of Prepaid Licenses - Animal Control Trust Fund	118
B-10	Schedule of Interfunds - Other Trust Fund	119
B-11	Schedule of Other Trust Funds	120
B-12	Schedule of Reserve for Encumbrances	121
B-13	Reserve/(Deficit) for Animal Control Trust Fund Expenditures	122
B-14	Schedule of Due to/(from) State Department of Health	122
B-15	Schedule of Contributions Receivable - Emergency Services Volunteer Length of Services Award Program	123
B-16	Schedule of Net Assets Available for Benefits- Emergency Services Volunteer Length of Services Award Program	123
 <b>CAPITAL IMPROVEMENT FUND</b>		
C-2	Schedule of Cash	124
C-3	Analysis of Cash	125
C-4	Schedule of Deferred Charges to Future Taxation - Funded	126
C-5	Schedule of Deferred Charges to Future Taxation - Unfunded	127
C-6	Schedule of Deferred Charges - Additional Note Paydown	128
C-7	Schedule of General Serial Bonds Payable	129
C-8	Schedule of Bond Anticipation Notes Payable	130
C-9	Schedule of Improvement Authorizations	131
C-10	Schedule of Capital Improvement Fund	132
C-11	Schedule of Reserve for Encumbrances	133
C-12	Schedule of Reserve for Developers Contribution	133
C-13	Schedule of Bonds and Notes Authorized but not Issued	134

<u>Exhibit</u>	<u>Page</u>	
<b>WATER UTILITY FUND</b>		
D-8	Schedule of Cash	135
D-9	Schedule of Analysis of Water Utility Assessment Trust Cash	136
D-10	Schedule of Interfund Accounts Receivable (Payable)	137
D-11	Schedule of Water Utility Capital Cash	138
D-12	Schedule of Consumer Accounts Receivable	139
D-13	Schedule of Assessment Receivables	140
D-14	Schedule of Fixed Capital	141
D-15	Schedule of Fixed Capital Authorized and Uncompleted	142
D-16	Schedule of Deferred Charges	143
D-17	Schedule of Appropriation Reserves	144
D-18	Schedule of Utility Charge Overpayments	144
D-19	Schedule of Accrued Interest on Bonds	145
D-20	Schedule of Accrued Interest on Notes	146
D-21	Schedule of Water Serial Bonds Payable	147 - 148
D-22	Schedule of Water Capital Bond Anticipation Notes	149
D-23	Schedule of Reserve for Water Assessments Receivable	150
D-24	Schedule of Improvement Authorizations	151
D-25	Schedule of Capital Improvement Fund	152
D-26	Schedule of Encumbrances Payable	152
D-27	Schedule of Reserve for Amortization	153
D-28	Schedule of Deferred Reserve for Amortization	154
D-29	Schedule of Bonds and Notes Authorized but not Issued	155
<b>SEWER UTILITY FUND</b>		
E-6	Schedule of Cash	156
E-7	Analysis of Sewer Utility Assessment Trust Cash	157
E-8	Schedule of Sewer Utility Capital Cash	158
E-9	Schedule of Consumer Accounts Receivable	159
E-10	Schedule of Assessment Receivables	160
E-11	Schedule of Fixed Capital	161
E-12	Schedule of Fixed Capital Authorized and Uncompleted	162
E-13	Schedule of Appropriation Reserves	163
E-14	Schedule of Sewer Utility Charge Overpayments	163
E-15	Schedule of Accrued Interest on Bonds	164
E-16	Schedule of Accrued Interest on Bond Anticipation Notes	164
E-17	Schedule of Sewer Serial Bonds Payable	165
E-18	Schedule of Sewer Capital Bond Anticipation Notes	166
E-19	Schedule of Reserve for Sewer Assessments Receivable	167
E-20	Schedule of Improvement Authorizations	168
E-21	Schedule of Capital Improvement Fund	169
E-22	Schedule of Encumbrances Payable	169
E-23	Schedule of Reserve for Amortization	170
E-24	Schedule of Deferred Reserve for Amortization	171
E-25	Schedule of Bonds and Notes Authorized but not Issued	172

<u>Exhibit</u>		<u>Page</u>
<b>SOLID WASTER UTILITY</b>		
F-4	Schedule of Cash	173
F-5	Schedule of Consumer Accounts Receivable	174
F-6	Schedule of Appropriation Reserves	175
F-7	Schedule of Solid Waste User Fee Overpayments	175

## **PART II**

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	176 - 177
<b>GENERAL COMMENTS</b>	
Cash Balances	178
Contracts and Agreements	178
Collection of Interest on Delinquent Taxes and Assessments	179
Delinquent Taxes and Tax Title Liens	180
Verification of Delinquent Taxes and Other Charges	181
Municipal Court	181
Finance	181
<b>RECOMMENDATIONS</b>	182
Status of Prior Year's Audit Findings/Recommendations	182

**TOWNSHIP OF SPARTA**

---

**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2018**

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## 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, 2018, and 2017, 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, 2018, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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, 2018 and 2017 or changes in financial position for the years then ended.

#### ***Basis for Qualified Opinion on Regulatory Basis Accounting Principles***

As described in Note 16 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 \$214,828.76 and \$201,853.61 for 2018 and 2017, 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 matters 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, 2018 and 2017, 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, 2018 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.

***Emphasis of Matter***

***Adoption of New Accounting Principle***

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Township adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

***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.



Honorable Mayor and  
Members of the Township Council  
Page 4

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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2019 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

August 6, 2019



## Township of Sparta, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash-Treasurer	A-4	12,633,587.89	17,767,649.79
Change Fund	A-5	450.00	450.00
		<u>12,634,037.89</u>	<u>17,768,099.79</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	1,265,201.71	1,155,358.63
Tax Title Liens	A-9	91,287.74	78,440.87
Property Acquired for Taxes -			
Assessed Valuation	A-10	3,058,000.00	3,058,000.00
		<u>4,414,489.45</u>	<u>4,291,799.50</u>
Deferred Charges:			
Special Emergency Authorizations	A-13		160,000.00
		<u>17,048,527.34</u>	<u>22,219,899.29</u>
Federal and State Grant Fund:			
Grants Receivable	A-21	14,144.75	13,227.75
Interfund - Current Fund	A-24	320,122.65	380,532.05
		<u>334,267.40</u>	<u>393,759.80</u>
		<u>17,382,794.74</u>	<u>22,613,659.09</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>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-14	2,088,039.73	2,280,856.58
Encumbered	A-3;A-14	180,707.34	272,026.04
Total Appropriation Reserves		2,268,747.07	2,552,882.62
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	44,064.93	44,030.46
Interfund Accounts Payable	A-12	320,830.42	380,532.05
Encumbrances Payable - Various Reserves	A-15	17,371.03	4,338.39
Prepaid Taxes	A-16	794,429.07	6,844,385.72
County Tax Payable	A-18	36,663.67	65,805.65
Library Tax Payable	A-19	2,251.23	4,057.30
Tax Overpayments	A-20	16,759.28	43,138.66
Due to State of New Jersey:			
Construction Code Surcharge	A-20		9,077.00
Marriage License Surcharge	A-20	875.00	550.00
Reserve for:			
Tax Maps	A-20		14,276.55
Revaluation of Taxes	A-20		205,172.50
		3,501,991.70	10,168,246.90
Reserve for Receivables	Contra	4,414,489.45	4,291,799.50
Fund Balance	A-1	9,132,046.19	7,759,852.89
		17,048,527.34	22,219,899.29
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	260,664.44	267,123.14
Unappropriated Reserve for Grants	A-23	55,592.88	94,843.81
Encumbrances Payable	A-25	18,010.08	31,792.85
		334,267.40	393,759.80
		17,382,794.74	22,613,659.09

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.	2018	2017
Revenues and Other Income:			
Fund Balance Utilized	A-2	3,250,000.00	3,250,000.00
Miscellaneous Revenue Anticipated	A-2	4,386,941.01	4,314,555.00
Receipts from Delinquent Taxes	A-2	1,115,512.29	1,483,068.40
Receipts from Current Taxes	A-2	95,293,056.82	94,084,884.28
Non-Budget Revenue	A-2	213,319.07	118,508.91
Other Credits to Income:			
Excess Emergency Approp. Cancelled			370.20
Petty Cash Returned			250.00
Tax Sale Premium Cancelled	A-4	3,600.00	
Interfunds Returned			5,123.78
Unappropriated Reserves Cancelled	A-12	1.81	2.10
Unexpended Balance of Appropriation Reserves	A-14	1,522,224.86	1,259,523.71
Cancel of Various Reserves	A-20	219,449.05	
Total Revenues and Other Income		<u>106,004,104.91</u>	<u>104,516,286.38</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	8,363,426.00	8,397,336.00
Other Expenses	A-3	7,347,369.00	7,141,488.00
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	A-3	2,289,873.00	2,284,803.00
Operations - Excluded from "CAPS"			
Salaries and Wages	A-3	299,068.00	474,423.00
Other Expenses	A-3	1,174,442.00	1,192,431.00
Capital Improvement Fund	A-3	1,700,000.00	1,500,000.00
Municipal Debt Service	A-3	1,669,331.75	1,668,210.56
Deferred Charges and Statutory Expenditures - Municipal - Excluded from "CAPS"	A-3	362,000.00	352,000.00
Judgment			
Refund of Prior Year Tax Appeals	A-4	17,314.20	
Municipal Open Space Tax including Added Tax	A-12	327,717.17	328,323.88
Local District School Tax	A-17	60,845,268.00	60,260,843.00
County Taxes including Added Taxes	A-18	16,983,851.26	16,618,022.17
Added Library Taxes	A-19	2,251.23	4,057.30
Total Expenditures		<u>101,381,911.61</u>	<u>100,221,937.91</u>
Excess (Deficit) Revenue Over Expenditures		4,622,193.30	4,294,348.47
Fund Balance, January 1,	A	<u>7,759,852.89</u>	<u>6,715,504.42</u>
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>3,250,000.00</u>	<u>3,250,000.00</u>
Fund Balance, December 31,	A	<u>9,132,046.19</u>	<u>7,759,852.89</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**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>3,250,000.00</u>	<u>3,250,000.00</u>	_____
Miscellaneous Revenues:				
Licenses:				
Other	A-11	14,000.00	16,608.00	2,608.00
Alcoholic Beverages	A-11	5,000.00	5,405.00	405.00
Fees and Permits	A-2	654,080.00	891,592.60	237,512.60
Fines and Costs:				
Municipal Court	A-11	220,000.00	242,879.26	22,879.26
Interest and Costs on Taxes	A-6	340,000.00	330,366.67	(9,633.33)
Interest on Investments and Deposits	A-11	100,000.00	305,675.72	205,675.72
Payments in Lieu of Taxes on Senior Housing	A-11	20,000.00	13,105.30	(6,894.70)
Consolidated Municipal Property Tax Relief Aid	A-11	41,559.00	11,201.00	(30,358.00)
Energy Receipts	A-11	1,193,862.00	1,224,220.00	30,358.00
Watershed Moratorium Offset	A-11	29,328.00	29,328.00	_____
Garden State Trust	A-11	28,476.00	28,476.00	_____
Uniform Construction	A-11	420,000.00	612,561.00	192,561.00
Interlocal Dispatch Costs	A-11	242,052.00	242,052.00	_____
Interlocal Finance Hardyston	A-11	43,436.00	43,436.00	_____
Interlocal Finance Hardyston MUA	A-11	5,723.00	5,723.04	0.04
Interlocal Finance Hardyston BOE	A-11	5,665.00	4,808.56	(856.44)
Public and Private Revenues:				
Recycling Grant	A-21	28,103.00	28,103.00	_____
Clean Communities	A-21	47,508.00	47,508.00	_____
Municipal Alliance on Alcoholism and Drug Abuse	A-21	16,042.00	16,042.00	_____
Body Armor Grant	A-21	3,231.00	3,231.00	_____
Drive Sober or Get Pulled Over	A-21	5,000.00	5,000.00	_____
Click It or Ticket	A-21	11,000.00	11,000.00	_____
Other Special Items:				
Uniform Fire Safety	A-11	27,000.00	29,987.00	2,987.00
Fire Prevention Fees	A-11	35,000.00	48,821.86	13,821.86
Cable TV Franchise	A-11	75,039.00	73,943.00	(1,096.00)
Solar Renewable Energy Credit	A-11	90,000.00	115,867.00	25,867.00
Total Miscellaneous Revenues	A-1	<u>3,701,104.00</u>	<u>4,386,941.01</u>	<u>685,837.01</u>
Receipts from Delinquent Taxes	A-1;A-2	<u>1,000,000.00</u>	<u>1,115,512.29</u>	<u>115,512.29</u>
Subtotal General Revenues		<u>7,951,104.00</u>	<u>8,752,453.30</u>	<u>801,349.30</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>18,369,605.00</u>	<u>20,249,168.16</u>	<u>1,879,563.16</u>
Budget Totals		<u>26,320,709.00</u>	<u>29,001,621.46</u>	<u>2,680,912.46</u>
Non-Budget Revenue	A-1;A-2		<u>213,319.07</u>	<u>213,319.07</u>
		<u>26,320,709.00</u>	<u>29,214,940.53</u>	<u>2,894,231.53</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, 2018**

**Analysis of Realized Revenues**

	<u>Ref.</u>	
Revenue from Collections	A-1; A-8	95,293,056.82
Allocated to School, County and Open Space Taxes	A-8	<u>78,159,087.66</u>
Balance for Support of Municipal Budget Appropriations		17,133,969.16
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>3,115,199.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>20,249,168.16</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-2; A-8	1,083,027.17
Tax Title Liens	A-9	<u>32,485.12</u>
		<u>1,115,512.29</u>
		A-2
Fees and Permits - Other:		
Board of Health - Registrar	A-11	18,342.15
Board of Health - Sewer	A-11	23,945.00
Marriage License	A-11	330.00
Clerk	A-11	8,720.90
Zoning	A-11	38,477.37
Planning Board	A-11	32,165.39
Tax Assessor	A-11	610.00
Police	A-11	35,925.08
Leaf Bags	A-11	1,466.00
Cell Tower	A-11	358,138.90
Quarry Royalties	A-11	351,952.71
Host Community Fee	A-11	<u>21,519.10</u>
		<u>891,592.60</u>
		A-2

**Analysis of Non-budget Revenues**

**Ref.**

Miscellaneous Reimbursements	32,586.26
Tax Search Fees	50.00
Prior Year Revenue	41,766.72
PILOT - Tax Settlement Agreement	14,481.23
Proceeds from Sale of Municipal Assets	21,411.12
Cancelled Land Use Escrow	800.35
Senior & Veteran Deduction - Admin. Fee	1,471.86
CXL Special Emergency	77,399.09
Farm Lease	1,000.00
Admin Fees Police O/S Detail	4,153.44
Fire Prevention Interlocal	<u>18,199.00</u>
	<u>213,319.07</u>
	A-2; A-4

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, 2018

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Appropriated</u>	<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
			Budget After Modification	Paid or Charged	Reserved	
Operations - within "CAPS"						
General Administration						
Salaries and Wages		248,003.00	248,003.00	247,611.27	391.73	
Other Expenses		16,250.00	16,250.00	3,126.92	13,123.08	
Purchasing						
Other Expenses		79,250.00	79,250.00	66,749.41	12,500.59	
Township Council						
Salaries and Wages		31,050.00	31,050.00	28,200.26	2,849.74	
Other Expenses		77,900.00	77,900.00	52,105.99	25,794.01	
Clerk						
Salaries and Wages		102,370.00	102,370.00	102,188.15	181.85	
Other Expenses		19,800.00	19,800.00	8,090.41	11,709.59	
Elections						
Salaries and Wages		4,500.00	4,500.00	4,328.05	171.95	
Other Expenses		17,300.00	17,100.00	14,583.90	2,516.10	
Financial Administration						
Salaries and Wages		148,375.00	148,375.00	137,085.55	11,289.45	
Other Expenses		32,145.00	32,145.00	26,966.46	5,178.54	
Annual Audit						
Computerized Data Processing						
Salaries and Wages		122,100.00	122,100.00	110,025.07	12,074.93	
Other Expenses		119,230.00	119,230.00	61,355.10	57,874.90	

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, 2018**

<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>	
Collection of Taxes						
Salaries and Wages		96,675.00	96,675.00	75,304.75	21,370.25	
Other Expenses		21,645.00	21,380.00	16,454.88	4,925.12	
Assessment of Taxes						
Salaries and Wages		142,245.00	142,245.00	134,930.10	7,314.90	
Other Expenses		69,950.00	69,950.00	61,093.77	8,856.23	
Legal Services and Costs						
Other Expenses		170,000.00	170,000.00	128,634.84	41,365.16	
Municipal Court						
Salaries and Wages		173,650.00	173,650.00	161,225.75	12,424.25	
Other Expenses		19,050.00	19,050.00	11,487.51	7,562.49	
Public Defender						
Other Expenses		15,000.00	15,000.00	15,000.00		
Engineering Services and Costs						
Salaries and Wages		104,040.00	104,040.00	102,657.27	1,382.73	
Other Expenses		13,265.00	13,075.00	4,793.02	8,281.98	
Planning Board						
Salaries and Wages		21,505.00	21,505.00	14,153.71	7,351.29	
Other Expenses		52,150.00	52,150.00	43,813.90	8,336.10	
Planning Department						
Salaries and Wages		75,840.00	75,840.00	75,062.87	777.13	
Other Expenses		7,700.00	9,200.00	2,636.48	6,563.52	

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, 2018**

<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>	
Economic Development						
Salaries and Wages		6,065.00	6,065.00	6,065.00		
Other Expenses		13,450.00	13,450.00	544.33	12,905.67	
Board of Adjustment						
Salaries and Wages		24,040.00	24,040.00	19,863.86	4,176.14	
Other Expenses		17,550.00	16,250.00	10,692.97	5,557.03	
Insurance:						
General Liability		341,000.00	340,070.00	276,610.53	63,459.47	
Workers Compensation Insurance		264,900.00	262,900.00	262,900.00		
Employee Group Health		3,135,000.00	3,135,000.00	2,605,948.15	529,051.85	
Unemployment Compensation Insurance		1,000.00	1,000.00		1,000.00	
Police						
Salaries and Wages		4,125,670.00	4,125,670.00	3,849,739.94	275,930.06	
Other Expenses		190,000.00	190,000.00	140,168.67	49,831.33	
Purchase of Police Cars		128,000.00	128,000.00	127,140.98	859.02	
Police Dispatch/911						
Salaries and Wages		447,348.00	447,348.00	428,547.19	18,800.81	
Other Expenses		6,400.00	7,000.00	3,304.66	3,695.34	
Emergency Management Services						
Salaries and Wages		15,000.00	15,000.00	15,000.00		
Other Expenses		13,060.00	12,845.00	10,259.62	2,585.38	
Aid to Volunteer Fire Companies						
Other Expenses		16,400.00	16,400.00	16,136.50	263.50	

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, 2018**

<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>	
Aid to Volunteer Ambulance Companies						
Other Expenses		45,000.00	45,000.00	12,770.93	32,229.07	
Fire						
Other Expenses		67,000.00	67,000.00	57,489.67	9,510.33	
Fire Hydrant Service						
Other Expenses		13,000.00	13,000.00	13,000.00		
Uniform Fire Safety						
Salaries and Wages		60,000.00	60,000.00	44,966.97	15,033.03	
Other Expenses		7,300.00	7,300.00	2,378.87	4,921.13	
Municipal Prosecutor						
Other Expenses		37,010.00	37,010.00	27,749.97	9,260.03	
Public Works Functions						
Road Repairs and Maintenance						
Salaries and Wages		645,000.00	645,000.00	619,110.55	25,889.45	
Other Expenses		233,380.00	233,380.00	210,650.75	22,729.25	
Garage and Trash Removal						
Other Expenses		55,300.00	55,300.00	15,210.87	40,089.13	
Public Building and Grounds						
Salaries and Wages		62,090.00	62,090.00	60,072.18	2,017.82	
Other Expenses		104,600.00	104,600.00	94,071.86	10,528.14	
Vehicle Maintenance						
Salaries and Wages		280,330.00	280,330.00	260,384.90	19,945.10	
Other Expenses		186,483.00	186,483.00	168,884.55	17,598.45	

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, 2018

<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>	
Snow Removal						
Salaries and Wages		250,000.00	250,000.00	236,461.45	13,538.55	
Other Expenses		400,000.00	400,000.00	299,639.06	100,360.94	
DPW Administration						
Salaries and Wages		183,615.00	183,615.00	160,013.62	23,601.38	
Other Expenses		17,000.00	17,000.00	10,430.56	6,569.44	
Municipal Services Act - Condo Costs						
Other Expenses		56,200.00	56,200.00		56,200.00	
Health and Human Services Function						
Health and Welfare Department						
Other Expenses		23,360.00	23,360.00	18,321.72	5,038.28	
Environmental Commission						
Salaries and Wages		1,920.00	1,920.00	1,920.00		
Other Expenses		3,125.00	3,125.00	350.00	2,775.00	
Animal Regulations						
Salaries and Wages		19,380.00	19,380.00		19,380.00	
Other Expenses		20,000.00	20,000.00		20,000.00	
Committee on Aging						
Salaries and Wages		116,650.00	116,650.00	110,140.14	6,509.86	
Other Expenses		31,235.00	34,235.00	16,302.87	17,932.13	
Parks and Recreation Functions						
Recreation Services Functions						
Salaries and Wages		146,865.00	146,865.00	146,525.07	339.93	
Other Expenses		32,662.00	32,662.00	25,806.68	6,855.32	

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, 2018**

<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>	
Maintenance of Parks						
Salaries and Wages		419,385.00	419,385.00	416,813.89	2,571.11	
Other Expenses		134,400.00	134,400.00	101,679.25	32,720.75	
Celebration of Public Events						
Other Expenses		25,000.00	25,000.00	21,000.00	4,000.00	
Utility Expenses and Bulk Purchases						
Electricity		155,000.00	155,000.00	112,866.44	42,133.56	
Street Lighting		80,000.00	80,000.00	54,121.41	25,878.59	
Telephone		70,000.00	70,000.00	68,842.90	1,157.10	
Water		10,850.00	10,850.00	10,248.42	601.58	
Natural Gas		52,090.00	52,090.00	46,851.91	5,238.09	
Sewerage Processing and Disposal		10,000.00	10,000.00	5,545.53	4,454.47	
Gasoline		250,679.00	250,679.00	160,557.53	90,121.47	
State Uniform Construction Code						
Construction Code Official						
Salaries and Wages		289,715.00	289,715.00	281,868.54	7,846.46	
Other Expenses		89,850.00	89,850.00	55,481.03	34,368.97	
Accumulated Absences						
Other Expenses		250,000.00	250,000.00	249,142.69	857.31	
Total Operations within "CAPS"		15,710,795.00	15,710,795.00	13,700,685.57	2,010,109.43	
Detail:						
Salaries and Wages	A-1	8,363,426.00	8,363,426.00	7,850,266.10	513,159.90	
Other Expenses	A-1	7,347,369.00	7,347,369.00	5,850,419.47	1,496,949.53	

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, 2018

<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>	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Deferred Charges						
Prior Year Deficit in Sewer Budget		25,327.00	25,327.00	25,327.00		
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		578,500.00	578,500.00	578,498.37	1.63	
Social Security System (O.A.S.I.)		694,330.00	694,330.00	605,722.52	88,607.48	
Police and Firemen's Retirement System of N.J.		991,716.00	991,716.00	991,716.00		
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	A-1	2,289,873.00	2,289,873.00	2,201,263.89	88,609.11	
Total General Appropriations for Municipal Purposes within "CAPS"		18,000,668.00	18,000,668.00	15,901,949.46	2,098,718.54	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		1,034,308.00	1,034,308.00	889,279.47	145,028.53	
Emergency Services Volunteer Length of Service Award Program		25,000.00	25,000.00		25,000.00	
Interlocal Municipal Service Agreements:						
Other Municipalities Share of Radio System Costs						
Police Dispatch/911						
Salaries and Wages		242,052.00	242,052.00	242,052.00		

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, 2018**

<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>	
Township of Hardyston Finance Officer						
Salaries and Wages		41,639.00	41,639.00	41,639.00		
Hardyston MUA Finance Officer						
Salaries and Wages		9,634.00	9,634.00	9,634.00		
Hardyston BOE Finance						
Salaries and Wages		5,743.00	5,743.00	5,743.00		
Public and Private Programs Offset by Revenues						
Recycling Tonnage Grant		28,103.00	28,103.00	28,103.00		
Clean Communities Program		47,508.00	47,508.00	47,508.00		
Municipal Alliance on Alcoholism and Drug Abuse		16,042.00	16,042.00	16,042.00		
Body Armor Grant		3,231.00	3,231.00	3,231.00		
Drive Sober or Get Pulled Over		5,000.00	5,000.00	5,000.00		
Click It or Ticket		11,000.00	11,000.00	11,000.00		
Matching Funds for Grants:						
Municipal Alliance on Alcoholism and Drug Abuse						
Other Expenses		4,250.00	4,250.00	4,250.00		
Total Operations - Excluded from "CAPS"		1,473,510.00	1,473,510.00	1,303,481.47	170,028.53	
Detail:						
Salaries & Wages	A-1	299,068.00	299,068.00	299,068.00		
Other Expenses	A-1	1,174,442.00	1,174,442.00	1,004,413.47	170,028.53	

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, 2018**

<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>	
Capital Improvements:						
Capital Improvement Fund		1,700,000.00	1,700,000.00	1,700,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	1,700,000.00	1,700,000.00	1,700,000.00		
Municipal Debt Service:						
Payment of Bond Principal		1,020,000.00	1,020,000.00	1,020,000.00		
Payment of Bond Anticipation Notes		450,000.00	450,000.00	450,000.00		
Interest on Bonds		191,506.00	191,506.00	191,506.00		
Interest on Notes		7,826.00	7,826.00	7,825.75		0.25
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,669,332.00	1,669,332.00	1,669,331.75		0.25
Deferred Charges:						
5 Year Special Emergency		160,000.00	160,000.00	160,000.00		
Deferred Charges to Future Taxation Unfunded:						
Ordinance No. 16-13		52,000.00	52,000.00	52,000.00		
Ordinance No. 16-18		100,000.00	100,000.00	100,000.00		
Ordinance No. 07-18		50,000.00	50,000.00	50,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	362,000.00	362,000.00	362,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		5,204,842.00	5,204,842.00	5,034,813.22	170,028.53	0.25
Subtotal General Appropriations		23,205,510.00	23,205,510.00	20,936,762.68	2,268,747.07	0.25
Reserve for Uncollected Taxes		3,115,199.00	3,115,199.00	3,115,199.00		

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, 2018

<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>	
Total General Appropriations		<u>26,320,709.00</u>	<u>26,320,709.00</u>	<u>24,051,961.68</u>	<u>2,268,747.07</u>	<u>0.25</u>
A-2						
<u>Analysis of Paid or Charged</u>	<u>Ref.</u>					
Reserve for Uncollected Taxes	A-2			3,115,199.00		
Cash Disbursed	A-4			20,661,628.68		
Matching Funds for Federal and State Grants	A-12			4,250.00		
Deferred Charges						
Special Emergency Authorization	A-13			160,000.00		
Reserve for Federal and State Grants	A-22			110,884.00		
				<u>24,051,961.68</u>		
A-2						
<u>Analysis of Appropriation Reserves</u>						
Unencumbered	A				2,088,039.73	
Encumbered	A				180,707.34	
					<u>2,268,747.07</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>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assessment Trust Fund:			
Cash	B-1;B-2	248,462.49	248,462.49
Assessment Receivable	B-3	622,694.75	622,694.75
		<u>871,157.24</u>	<u>871,157.24</u>
Animal Control Trust Fund:			
Cash	B-1	17,235.80	30,579.97
Change Fund	B-6	25.00	25.00
Deficit in Animal Control Expenditures	B-13	118.47	
		<u>17,379.27</u>	<u>30,604.97</u>
Other Trust Funds:			
Cash	B-1	4,773,177.42	4,850,573.49
Interfund - Current Fund	B-10	707.77	
		<u>4,773,885.19</u>	<u>4,850,573.49</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	187,458.76	166,853.61
Contributions Receivable	B-15	27,370.00	35,000.00
		<u>214,828.76</u>	<u>201,853.61</u>
Total Assets		<u>5,877,250.46</u>	<u>5,954,189.31</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>2018</u>	<u>2017</u>
<b><u>Liabilities, Reserves &amp; Fund Balance</u></b>			
Assessment Trust Fund:			
NJDEP Loan Payable	B-7	737,502.44	737,502.44
Reserve for Assessments and Liens	B-8	133,654.80	133,654.80
		<u>871,157.24</u>	<u>871,157.24</u>
Animal Control Trust Fund:			
Prepaid Licenses	B-9	14,861.67	15,116.66
Reserve for Encumbrances	B-12	2,517.60	499.00
Reserve for Animal Control			
Fund Expenditures	B-13		14,979.71
Due to State Department of Health	B-14		9.60
		<u>17,379.27</u>	<u>30,604.97</u>
Other Trust Fund:			
Various Reserves	B-11	4,742,535.66	4,831,286.17
Reserve for Encumbrances	B-12	31,349.53	19,287.32
		<u>4,773,885.19</u>	<u>4,850,573.49</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-16	214,828.76	201,853.61
Total Liabilities, Reserves and Fund Balance		<u>5,877,250.46</u>	<u>5,954,189.31</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>2018</u>	<u>2017</u>
<b><u>Assets</u></b>			
Cash	C-2;C-3	2,300,112.13	886,191.54
Deferred Charges to Future Taxation:			
Funded	C-4	5,825,000.00	6,845,000.00
Unfunded	C-5	1,645,500.00	1,244,250.00
Deferred Charges - Additional Note Paydown	C-6	<u>50,000.00</u>	<u>50,000.00</u>
		<u>9,770,612.13</u>	<u>9,025,441.54</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
General Serial Bonds	C-7	5,825,000.00	6,845,000.00
Bond Anticipation Notes	C-8	1,050,000.00	450,000.00
Improvement Authorizations:			
Funded	C-9	682,860.89	776,262.14
Unfunded	C-9	1,227,174.02	34,130.68
Capital Improvement Fund	C-10	62,054.16	197,554.16
Reserve for Encumbrances	C-11	660,116.24	368,543.04
Reserve for Developers Contribution	C-12	74,566.00	74,566.00
Fund Balance	C-1	<u>188,840.82</u>	<u>279,385.52</u>
		<u>9,770,612.13</u>	<u>9,025,441.54</u>

There were Bonds and Notes Authorized But Not Issued in the Amount of \$595,500 as of December 31, 2018 and \$794,250 as of December 31, 2017 per Exhibit C-13.

## Township of Sparta, N.J.

## Comparative Statement of Surplus - Regulatory Basis

## General Capital Fund

Year Ended December 31,

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
Balance - January 31,	C	279,385.52	<u>279,385.52</u>
Increased by:			
Premium on Bond Anticipation Note Sale	C-2	5,705.30	
Cancellation of Improvement Authorizations	C-9	<u>3,750.00</u>	
		<u>9,455.30</u>	
		<u>288,840.82</u>	
Decreased by:			
Appropriated to Finance			
Improvement Authorizations	C-9	<u>100,000.00</u>	
Balance - December 31,	C	<u>188,840.82</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>2018</u>	<u>2017</u>
<b><u>Assets</u></b>			
Operating Fund:			
Cash	D-8	582,429.20	658,843.92
Interfund Accounts Receivable	D-10	13,841.00	596,270.20
		<u>596,270.20</u>	<u>658,843.92</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-12	347,398.55	293,655.97
		<u>347,398.55</u>	<u>293,655.97</u>
Total Operating Fund		<u>943,668.75</u>	<u>952,499.89</u>
Water Assessment Fund			
Cash	D-8;D-9	30,000.00	40,995.29
Assessment Receivable	D-13	-	22,004.71
Total Water Assessment Fund		<u>30,000.00</u>	<u>63,000.00</u>
Capital Fund:			
Cash	D-8;D-11	762,707.95	703,616.61
Fixed Capital	D-14	28,743,323.34	28,743,323.34
Fixed Capital Authorized and Uncompleted	D-15	3,448,500.00	2,738,500.00
Deferred Charges - Additional Note Payment	D-16	500.00	500.00
Total Capital Fund		<u>32,955,031.29</u>	<u>32,185,939.95</u>
Total Assets		<u>33,928,700.04</u>	<u>33,201,439.84</u>

**Township of Sparta, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**Water Utility Fund**

**December 31,**

	<u>Ref</u>	<u>2018</u>	<u>2017</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-5;D-17	164,480.38	106,658.99
Encumbered	D-5;D-17	<u>111,764.30</u>	<u>56,155.87</u>
Total Appropriation Reserves:		276,244.68	162,814.86
Water Rents Overpayments	D-18	12,633.45	24,113.85
Accrued Interest on Bonds	D-19	111,362.91	111,362.63
Accrued Interest on Notes	D-20	<u>14,612.72</u>	<u>14,253.09</u>
		<u>414,853.76</u>	<u>312,544.43</u>
Reserve for Receivables	Contra	347,398.55	293,655.97
Fund Balance	D-1	<u>181,416.44</u>	<u>346,299.49</u>
Total Operating Fund		<u>943,668.75</u>	<u>952,499.89</u>
Water Assessment Fund:			
Bond Anticipation Notes	D-22	-	33,000.00
Reserve for Assessments Receivable	D-23	-	1,938.79
Fund Balance	D-3	<u>30,000.00</u>	<u>28,061.21</u>
Total Water Assessment Fund:		<u>30,000.00</u>	<u>63,000.00</u>
Capital Fund:			
Serial Bonds Payable	D-21	11,315,000.00	12,270,000.00
Bond Anticipation Notes	D-22	680,000.00	300,000.00
Interfund Accounts Payable	D-10	13,841.00	
Improvement Authorizations:			
Funded	D-24	41,953.62	223,165.85
Unfunded	D-24	302,331.57	155,883.71
Capital Improvement Fund	D-25	45,939.00	45,939.00
Encumbrances Payable	D-26	119,999.00	43,754.78
Reserve for Amortization	D-27	18,441,823.34	17,290,983.15
Reserve for Deferred Amortization	D-28	1,980,000.00	1,650,000.00
Fund Balance	D-4	<u>14,143.76</u>	<u>206,213.46</u>
Total Capital Fund		<u>32,955,031.29</u>	<u>32,185,939.95</u>
Total Liabilities, Reserves and Fund Balances		<u>33,928,700.04</u>	<u>33,201,439.84</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 \$0- and \$195,840.19  
on December 31, 2018 and 2017 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>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-2	300,000.00	600,000.00
Water Rents	D-2	2,930,635.72	3,031,187.99
Fire Hydrant Service	D-2	46,324.19	48,577.78
Cell Tower Fees	D-2	171,452.00	184,488.30
Water Capital Surplus	D-2	195,841.00	
Miscellaneous Revenues Anticipated	D-2	149,886.55	156,161.94
Other Credits to Income:			
Miscellaneous Revenues Not Anticipated	D-2	89,473.43	69,054.21
Unexpended Balance of Appropriation Reserves	D-17	<u>98,289.06</u>	<u>224,423.62</u>
Total Income		<u>3,981,901.95</u>	<u>4,313,893.84</u>
Expenditures:			
Operating	D-5	1,861,425.00	1,834,935.00
Capital Improvements	D-5	310,000.00	310,000.00
Debt Service	D-5	1,372,519.00	1,711,189.00
Deferred Charges and Statutory Expenditures	D-5	<u>302,841.00</u>	<u>107,000.00</u>
Total Expenditures		<u>3,846,785.00</u>	<u>3,963,124.00</u>
Statutory Excess to Surplus		135,116.95	350,769.84
Fund Balance - January 1,	D	<u>346,299.49</u>	<u>595,529.65</u>
		<u>481,416.44</u>	<u>946,299.49</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>300,000.00</u>	<u>600,000.00</u>
Fund Balance - December 31,	D	<u>181,416.44</u>	<u>346,299.49</u>

## Township of Sparta, N.J.

## Statement of Revenues - Regulatory Basis

## Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Anticipated</u>			Excess or (Deficit)
	Ref.	Budget	Realized	
Surplus Anticipated	D-1	300,000.00	300,000.00	
Water Rents	D-1;D-12	2,978,000.00	2,930,635.72	(47,364.28)
Fire Hydrant Service	D-1;D-8	43,000.00	46,324.19	3,324.19
Miscellaneous Anticipated	D-1	147,944.00	149,886.55	1,942.55
Water Tower Cell Phone	D-1;D-8	182,000.00	171,452.00	(10,548.00)
Water Capital Surplus	D-1; D-10	195,841.00	195,841.00	
Budget Totals		<u>3,846,785.00</u>	<u>3,794,139.46</u>	<u>(52,645.54)</u>
		D-5		

Analysis of Miscellaneous Revenue Anticipated

Miscellaneous Anticipated:

Interest on Delinquent Rents	70,765.61
Meters Sold	7,686.58
Sprinklers	43,986.25
Various Miscellaneous	27,448.11
D-8	<u>149,886.55</u>

Analysis of Miscellaneous Revenue Not Anticipated

Interest on Investment	23,082.04
Connection Fees	65,929.82
Water Assessment Interest	461.57
D-1; D-8	<u>89,473.43</u>

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

## Township of Sparta, N.J.

## Comparative Statement of Fund Balance - Regulatory Basis

## Water Utility Assessment Trust Fund

Year Ended December 31,

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
Balance - January 1,	D	28,061.21	28,061.21
Increased by:			
Assessment Cancelled	D-23	<u>1,938.79</u>	<u>          </u>
Balance - December 31,	D	<u>30,000.00</u>	<u>28,061.21</u>

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

## Township of Sparta, N.J.

## Comparative Statement of Fund Balance - Regulatory Basis

## Water Capital Utility Fund

Year Ended December 31,

		<u>2018</u>	<u>2017</u>
	<u>Ref.</u>		
Balance - January 1,	D	206,213.46	64,191.63
Increased by:			
Proceeds from Bond Sale			142,021.83
Premium on Sale of Bond			
Anticipation Notes	D-8	3,771.30	206,213.46
		<hr/> 209,984.76	<hr/>
Decreased by:			
Anticipated Revenue - Water Operating	D-10	<u>195,841.00</u>	<u>          </u>
Balance - December 31,	D	<u>14,143.76</u>	<u>206,213.46</u>

## Township of Sparta, N.J.

## Statement of Expenditures - Regulatory Basis

## Water Utility Operating Fund

Year Ended December 31, 2018

	Ref.	Appropriated		Expended	
		Budget	Budget After Modification	Paid or Charged	Reserved
Operating:					
Salaries and Wages		824,050.00	824,050.00	768,541.48	55,508.52
Other Expenses		1,037,375.00	1,037,375.00	836,779.69	200,595.31
Total Operating	D-1	<u>1,861,425.00</u>	<u>1,861,425.00</u>	<u>1,605,321.17</u>	<u>256,103.83</u>
Capital Improvements					
Capital Improvement Fund		300,000.00	300,000.00	300,000.00	
Capital Outlay		10,000.00	10,000.00	4,396.83	5,603.17
Total Capital Improvements	D-1	<u>310,000.00</u>	<u>310,000.00</u>	<u>304,396.83</u>	<u>5,603.17</u>
Debt Service:					
Payment of Bond and Loan Principal		955,000.00	955,000.00	955,000.00	
Payment of Bond Anticipation Notes		30,000.00	30,000.00	30,000.00	
Interest on Bonds		381,519.00	381,519.00	381,519.00	
Interest on Notes		6,000.00	6,000.00	6,000.00	
Total Debt Service	D-1	<u>1,372,519.00</u>	<u>1,372,519.00</u>	<u>1,372,519.00</u>	<u></u>
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Unfunded Ordinance #955		195,841.00	195,841.00	195,840.19	0.81
Statutory Expenditures:					
Contribution to:					
Public Employee' Retirement System		47,000.00	47,000.00	47,000.00	
Social Security System (O.A.S.I.)		60,000.00	60,000.00	45,463.13	14,536.87
Total Deferred Charges and Statutory Expenditures	D-1	<u>302,841.00</u>	<u>302,841.00</u>	<u>288,303.32</u>	<u>14,537.68</u>
		<u><u>3,846,785.00</u></u>	<u><u>3,846,785.00</u></u>	<u><u>3,570,540.32</u></u>	<u><u>276,244.68</u></u>
			D-2		
<u><u><u><u>Analysis of Paid or Charged</u></u></u></u>					
		Cash Disbursed	D-8		3,183,021.32
		Interest on Bonds	D-19		381,519.00
		Interest on Notes	D-20		6,000.00
					<u><u><u>3,570,540.32</u></u></u>
<u><u><u><u>Analysis of Appropriation Reserve</u></u></u></u>					
		Unencumbered	D		164,480.38
		Encumbered	D		111,764.30
					<u><u><u>276,244.68</u></u></u>

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, 2018**

	<u>Anticipated</u> <u>Budget</u>	<u>Realized</u>
Assessment Cash	<u>33,000.00</u> D-7	<u>33,000.00</u> D-7

**D-7****Schedule of Expenditures - Regulatory Basis****Water Utility Assessment Fund****Year Ended December 31, 2018**

	<u>Anticipated</u> <u>Budget</u>	<u>Expended</u>
Payment of Bond Anticipation Notes	<u>33,000.00</u> D-6	<u>33,000.00</u> D-6

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>2018</u>	<u>2017</u>
<b><u>Assets</u></b>			
Operating Fund:			
Cash	E-6	<u>104,390.72</u>	<u>142,488.40</u>
Receivables with Full Reserves:			
Consumers Account Receivable	E-9	<u>75,689.77</u>	<u>34,698.22</u>
Total Operating Fund		<u>180,080.49</u>	<u>177,186.62</u>
Sewer Assessment Fund			
Cash	E-6;E-7	<u>1,148.47</u>	<u>1,148.47</u>
Assessment Receivable	E-10	<u>7,764.48</u>	<u>7,764.48</u>
Total Sewer Assessment Fund		<u>8,912.95</u>	<u>8,912.95</u>
Capital Fund:			
Cash	E-6;E-8	<u>38,266.90</u>	<u>49,603.50</u>
Fixed Capital	E-11	<u>8,711,594.25</u>	<u>8,711,594.25</u>
Fixed Capital Authorized and Uncompleted	E-12	<u>142,000.00</u>	<u>142,000.00</u>
Total Capital Fund		<u>8,891,861.15</u>	<u>8,903,197.75</u>
Total Assets		<u><u>9,080,854.59</u></u>	<u><u>9,089,297.32</u></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,

	Ref	2018	2017
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-5;E-13	29,367.37	29,426.23
Encumbered	E-5;E-13	13,277.74	21,707.02
Total Appropriation Reserves:		42,645.11	51,133.25
Sewer Charge Overpayments	E-14	838.12	11,364.24
Accrued Interest on Bonds	E-15	38,959.09	39,139.34
Accrued Interest on Notes	E-16	303.17	160.30
		82,745.49	101,797.13
Reserve for Receivables	Contra	75,689.77	34,698.22
Fund Balance	E-1	21,645.23	40,691.27
Total Operating Fund		180,080.49	177,186.62
Sewer Assessment Fund:			
Reserve for Assessments Receivable	E-19	7,764.48	7,764.48
Fund Balance	E-4	1,148.47	1,148.47
Total Sewer Assessment Fund:		8,912.95	8,912.95
Capital Fund:			
Serial Bonds Payable	E-17	2,625,000.00	2,930,000.00
Bond Anticipation Notes	E-18	36,000.00	42,000.00
Improvement Authorizations:			
Funded	E-20	132.50	132.50
Unfunded	E-20	28,455.03	44,855.03
Capital Improvement Fund	E-21	8,500.00	8,500.00
Encumbrances Payable	E-22	4,870.00	-
Reserve for Amortization	E-23	6,082,338.22	5,777,338.22
Reserve for Deferred Amortization	E-24	106,000.00	100,000.00
Fund Balance	E-3	565.40	372.00
Total Capital Fund		8,891,861.15	8,903,197.75
Total Liabilities, Reserves and Fund Balances		9,080,854.59	9,089,297.32

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, 2018 and 2017 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,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Surplus Anticipated	E-2	40,000.00	21,000.00
Sewer Service Charges	E-2	863,039.75	887,414.60
Board of Education Debt Service	E-2	82,737.60	84,490.00
Interlocal Agreement Branchville	E-2	18,950.00	19,200.00
Sewer Assessment Fund Balance		-	13,000.00
Sewer Reservation Fees	E-2	2,852.20	1,560.00
Sewer Connection Fees	E-2	33,346.65	43,438.23
Current Fund Surplus Anticipated	E-2	25,327.00	43,481.00
Miscellaneous	E-2	16,693.26	15,463.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-13	29,324.50	2,428.05
Total Income		<u>1,112,270.96</u>	<u>1,131,475.44</u>
Expenditures:			
Operating	E-5	676,126.00	677,137.00
Debt Service	E-5	412,866.00	412,264.00
Deferred Charges and Statutory Expenditures	E-5	2,325.00	2,200.00
Total Expenditures		<u>1,091,317.00</u>	<u>1,091,601.00</u>
Statutory Excess to Surplus		20,953.96	39,874.44
Fund Balance - January 1,	E	<u>40,691.27</u>	<u>21,816.83</u>
		<u>61,645.23</u>	<u>61,691.27</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>40,000.00</u>	<u>21,000.00</u>
Fund Balance - December 31,	E	<u>21,645.23</u>	<u>40,691.27</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

## Sewer Utility Operating Fund

Year Ended December 31, 2018

	<u>Anticipated</u>			Excess or (Deficit)
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	
Surplus Anticipated	E-1	40,000.00	40,000.00	-
Sewer Rents	E-1;E-9	895,220.00	863,039.75	(32,180.25)
Sewer Connection Fees	E-1;E-6	14,000.00	33,346.65	19,346.65
Sewer Reservation Fees	E-1;E-9	1,500.00	2,852.20	1,352.20
Interest on Delinquent Rents	E-1;E-2	14,000.00	16,693.26	2,693.26
Interlocal Agreement Branchville	E-1;E-6	16,800.00	18,950.00	2,150.00
Board of Education Share of Debt Service	E-1;E-9	84,470.00	82,737.60	(1,732.40)
Current Fund Surplus Anticipated	E-1;E-6	25,327.00	25,327.00	-
Budget Totals		<u>1,091,317.00</u>	<u>1,082,946.46</u>	<u>(8,370.54)</u>
		E-5		

Miscellaneous Revenues Not Anticipated

Interest on Sewer Rents	15,372.34
Interest on Investments - Operating	1,320.92
E-2; E-6	<u>16,693.26</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>2018</u>	<u>2017</u>
Balance - January 1,	E	372.00	372.00
Increased by:			
Premium on Sale of Bond			
Anticipation Note	E-6	<u>193.40</u>	<u>          </u>
Balance - December 31,	E	<u>565.40</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>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - January 1,	E	<u>1,148.47</u>	13,455.28
Increased by:			
Collection of Unpledged Assessments and Liens		<u>693.19</u>	
			<u>14,148.47</u>
Decreased by:			
Payment to Sewer Operating Fund as Anticipated Revenue			<u>13,000.00</u>
Balance - December 31,	E	<u>1,148.47</u>	<u>1,148.47</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, 2018

	Ref.	Appropriated		Expended	
		Budget	Budget After Modification	Paid or Charged	Reserved
<b>Operating:</b>					
Salaries and Wages		30,386.00	30,386.00	30,380.00	6.00
Other Expenses		174,300.00	174,300.00	133,985.89	40,314.11
Other Expenses - SCMUA		471,440.00	471,440.00	471,440.00	-
<b>Total Operating</b>	<b>E-1</b>	<b>676,126.00</b>	<b>676,126.00</b>	<b>635,805.89</b>	<b>40,320.11</b>
<b>Debt Service:</b>					
Payment of Bond Principal		305,000.00	305,000.00	305,000.00	-
Payment of Bond Anticipation Notes		6,000.00	6,000.00	6,000.00	-
Interest on Bonds		101,026.00	101,026.00	101,026.00	-
Interest on Notes		840.00	840.00	840.00	-
<b>Total Debt Service</b>	<b>E-1</b>	<b>412,866.00</b>	<b>412,866.00</b>	<b>412,866.00</b>	<b>-</b>
<b>Deferred Charges and Statutory Expenditures:</b>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		2,325.00	2,325.00		2,325.00
<b>Total Deferred Charges and Statutory Expenditures</b>	<b>E-1</b>	<b>2,325.00</b>	<b>2,325.00</b>		<b>2,325.00</b>
		<b>1,091,317.00</b>	<b>1,091,317.00</b>	<b>1,048,671.89</b>	<b>42,645.11</b>
			E-2		
<u><b>Analysis of Paid or Charged</b></u>					
Cash Disbursed	E-6			946,805.89	
Interest on Bonds	E-15			101,026.00	
Interest on Notes	E-16			840.00	
				<b>1,048,671.89</b>	
<u><b>Analysis of Appropriation Reserves</b></u>					
Unencumbered	E			29,367.37	
Encumbered	E			13,277.74	
				<b>42,645.11</b>	

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>2018</u>	<u>2017</u>
<u>Assets</u>			
Operating Fund:			
Cash	F-4	2,673,836.31	2,452,514.31
Receivables with Full Reserves:			
Consumers Account Receivable	F-5	125,903.97	125,047.51
Total Operating Fund		<u>2,799,740.28</u>	<u>2,577,561.82</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:	<u>Ref</u>		
Appropriation Reserves:			
Unencumbered	F-3;F-6	130,557.40	135,961.21
Encumbered	F-3;F-6	159,717.04	137,710.00
Total Appropriation Reserves		<u>290,274.44</u>	<u>273,671.21</u>
Prepaid Solid Waste User Fees	F-7	314,519.87	274,472.27
		<u>604,794.31</u>	<u>548,143.48</u>
Reserve for Receivables	Contra	125,903.97	125,047.51
Fund Balance	F-1	<u>2,069,042.00</u>	<u>1,904,370.83</u>
Total Operating Fund		<u>2,799,740.28</u>	<u>2,577,561.82</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,

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Surplus Anticipated	F-2	195,000.00	184,000.00
Solid Waste User Fees	F-2	1,924,703.06	2,043,842.23
Miscellaneous	F-2	62,586.40	26,036.43
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	F-6	131,646.71	131,300.91
Total Income		<u>2,313,936.17</u>	<u>2,385,179.57</u>
Expenditures:			
Operating	F-3	1,942,765.00	1,923,915.00
Deferred Charges and Statutory Expenditures	F-3	11,500.00	11,000.00
Total Expenditures		<u>1,954,265.00</u>	<u>1,934,915.00</u>
Statutory Excess to Surplus		359,671.17	450,264.57
Fund Balance - January 1,	F	<u>1,904,370.83</u>	<u>1,638,106.26</u>
		2,264,042.00	2,088,370.83
Decreased by:			
Utilized as Anticipated Revenue		<u>195,000.00</u>	<u>184,000.00</u>
Fund Balance - December 31,	F	<u>2,069,042.00</u>	<u>1,904,370.83</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, 2018

	<u>Anticipated</u>			Excess or (Deficit)
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	
Surplus Anticipated	F-1	195,000.00	195,000.00	
Solid Waste User Fees	F-1;F-5	1,750,000.00	1,924,703.06	174,703.06
Miscellaneous Fees	F-1;F-2	9,265.00	62,586.40	53,321.40
Budget Totals		<u>1,954,265.00</u>	<u>2,182,289.46</u>	<u>228,024.46</u>
		F-3		

Analysis Realized Revenues

## Miscellaneous:

Interest on Investments	22,197.18
Interest & Penalties on Solid Waste Fees	40,231.24
NSF Check Fees	157.98
F-2;F-4	<u>62,586.40</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

## Solid Waste Operating Utility Fund

Year Ended December 31, 2018

	Ref.	Appropriated		Expended	
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>Operating:</b>					
Salaries and Wages		134,015.00	134,015.00	134,015.00	
Other Expenses		1,808,750.00	1,808,750.00	1,518,475.56	290,274.44
<b>Total Operating</b>	<b>F-1</b>	<b>1,942,765.00</b>	<b>1,942,765.00</b>	<b>1,652,490.56</b>	<b>290,274.44</b>
 Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		11,500.00	11,500.00	11,500.00	
<b>Total Deferred Charges and Statutory Expenditures</b>	<b>F-1</b>	<b>11,500.00</b>	<b>11,500.00</b>	<b>11,500.00</b>	<b></b>
		<b>1,954,265.00</b>	<b>1,954,265.00</b>	<b>1,663,990.56</b>	<b>290,274.44</b>
Unencumbered	F				
Encumbered	F				
			<b>F-2</b>	<b>F-4</b>	
					130,557.40
					159,717.04
					<b>290,274.44</b>

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

## Township of Sparta, N.J.

## Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	25,171,500.00	25,171,500.00
Machinery and Equipment	<u>15,340,081.00</u>	<u>14,715,912.00</u>
	<u><u>40,511,581.00</u></u>	<u><u>39,887,412.00</u></u>
Investment in Fixed Assets	<u><u>40,511,581.00</u></u>	<u><u>39,887,412.00</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, 2018 AND 2017

#### **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, 2018 AND 2017  
(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, 2018 AND 2017 (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 11<sup>th</sup> day of the 11<sup>th</sup> 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, 2018 AND 2017  
(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 2018, the Governing Body did not 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, 2018 AND 2017  
(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 NJSA 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 have not been presented in all statements and notes to financial statements because their inclusion would make certain statements and notes to financial 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, 2018 AND 2017  
(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.

**Impact of Recently Issued Accounting Principles**

**Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2018, the Township adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment 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. As a result of adopting this Statement, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Township.

## **TOWNSHIP OF SPARTA, N.J.**

### **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (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 2018 statutory budget included a reserve for uncollected taxes in the amount of \$3,115,199.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 statutory budget was \$3,250,000.00.

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 2018, 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 2018, there were no emergency authorizations.

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 3: GENERAL FIXED ASSETS**

The following schedule is a summarization of changes in the general fixed assets account group for the year 2018.

	<u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Dec. 31, 2018</u>
Land, Land Improvements				
& Buildings	\$25,171,500.00	\$ -	\$ -	\$25,171,500.00
Machinery & Equipment	<u>14,715,912.00</u>	<u>742,857.00</u>	<u>118,688.00</u>	<u>15,340,081.00</u>
	<u><b>\$39,887,412.00</b></u>	<u><b>\$742,857.00</b></u>	<u><b>\$118,688.00</b></u>	<u><b>\$40,511,581.00</b></u>

**NOTE 4: MUNICIPAL DEBT**

Long-term debt as of December 31, 2018 consisted of the following:

	<u>Balance</u>	<u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Dec. 31, 2018</u>	<u>Amount Due</u>	<u>Within One Year</u>
General Capital Fund:								
Bonds Payable	<u>\$6,845,000.00</u>	<u>\$</u>	<u>\$1,020,000.00</u>	<u>\$5,825,000.00</u>	<u>\$1,060,000.00</u>			
Assessment Trust Fund:								
N.J. D.E.P. Loan	<u>737,502.44</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>737,502.44</u>		<u>(2)</u>	
Water Capital Fund:								
Bonds Payable	<u>12,270,000.00</u>	<u>_____</u>	<u>955,000.00</u>	<u>11,315,000.00</u>	<u>985,000.00</u>			
Sewer Capital Fund:								
Serial Bonds Payable	<u>2,930,000.00</u>	<u>_____</u>	<u>305,000.00</u>	<u>2,625,000.00</u>	<u>315,000.00</u>			
Compensated Absences Payable	<u>3,456,781.85</u>	<u>104,197.34 (1)</u>	<u>_____</u>	<u>_____</u>	<u>3,560,979.19</u>			
	<u><b>\$26,239,284.29</b></u>	<u><b>\$104,197.34</b></u>	<u><b>\$2,280,000.00</b></u>	<u><b>\$24,063,481.63</b></u>	<u><b>\$2,360,000.00</b></u>			

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, 2018 AND 2017**  
**(CONTINUED)**

#### **NOTE 4: MUNICIPAL DEBT (CONTINUED)**

The Township's debt is summarized as follows:

<u>Issued</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
General:			
Bonds and Notes	\$6,875,000.00	7,295,000.00	8,785,000.00
Assessment Trust Fund:			
Loan Payable	737,502.44	737,502.44	792,132.25
Water Utility:			
Bonds, Notes and Loans	11,995,000.00	12,570,000.00	13,562,000.00
Assessment Notes		33,000.00	65,450.00
Sewer Utility:			
Bonds and Notes	<u>2,661,000.00</u>	<u>2,972,000.00</u>	<u>3,278,000.00</u>
Total Issued	\$22,268,502.44	\$23,607,502.44	\$26,482,582.25

Less

Authorized but not Issued

General Capital:			
Bonds and Notes	595,500.00	794,250.00	1,175,000.00
Water Utility:			
Bonds and Notes	-	195,840.19	195,840.19
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	599,756.03	994,346.22	1,375,096.22

Less.

Less:			
Self Liquidating - Utility	<u>13,986,305.23</u>	<u>15,742,096.22</u>	<u>17,040,096.22</u>
Net Debt	<u>\$ 8,633,490.75</u>	<u>\$8,570,294.70</u>	<u>\$10,766,730.69</u>

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 4: 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 0.276%.

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Dist. Debt	\$59,505,000.00	\$59,505,000.00	\$ -
Sewer Utility Debt	2,665,256.03	1,991,305.23	673,950.80
Water Utility Debt	11,995,000.00	11,995,000.00	-
General Debt	7,470,500.00	-	7,470,500.00
Assessment Trust Fund	<u>737,502.44</u>	<u>248,462.49</u>	<u>489,039.95</u>
	<u><u>\$82,373,258.47</u></u>	<u><u>\$73,739,767.72</u></u>	<u><u>\$8,633,490.75</u></u>

Net Debt \$8,633,490.75 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, 3,125,479.67 = 0.276%.

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

2018	3,125,791,479.67	
2017	3,097,081,619.00	
2016		3,104,799,918.00

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

3.50% of Equalized Valuation Basis (Municipal)	\$214,402,701.79
Net Debt	<u>8,633,490.75</u>
Remaining Borrowing Power	<u><u>\$205,769,211.04</u></u>

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

Cash Receipts from fees, rents or other charges for year	\$3,794,139.46
<b>Deductions:</b>	
Operating and Maintenance Cost	\$1,968,425.00
Net Debt	<u>1,372,519.00</u>
Total Deductions	<u><u>3,340,944.00</u></u>
Excess/(Deficit) in Revenue	<u><u>\$ 453,195.46</u></u>

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 4: MUNICIPAL DEBT (CONTINUED)**

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	\$1,057,619.46
<b>Deductions:</b>	
Operating and Maintenance Cost	\$678,451.00
Net Debt	<u>412,866.00</u>
Total Deductions	<u>1,091,317.00</u>
Excess/(Deficit) s in Revenue )	<u><u>\$(33,697.54)</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	\$2,182,289.46
<b>Deductions:</b>	
Operating and Maintenance Cost	<u>1,954,265.00</u>
Excess/(Deficit) in Revenue	<u><u>\$ 228,024.46</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.

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, 2018, 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 2.50-5.00% per annum. The balance as of December 31, 2018 was \$2,495,000.00. Outstanding bond principal and interest are paid from the Current Fund of the Township.

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 4: MUNICIPAL DEBT (CONTINUED)**

Paid from Current Fund (continued)

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 2.00-3.00% per annum. The balance as of December 31, 2018 was \$2,815,000.00. 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, 2018 was \$515,000.00. 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 3.125-4.00% per annum. The balance as of December 31, 2018 was \$1,225,000.00. 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 2.00-4.00% per annum. The balance as of December 31, 2018 was \$1,154,000.00. 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, 2018 was \$4,355,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township.

Water Bonds of 2017 - dated 10/1/2017, in the amount of \$4,781,000.00. This bond is payable in annual installments through 10/01/2032. Interest is paid semi-annually at a rate of 2.00-3.00% per annum. The balance as of December 31, 2018 was \$4,581,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township.

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, 2018 was \$1,420,000.00. Outstanding bond principal and interest are paid from the Sewer Operating Fund of the Township.

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 4: MUNICIPAL DEBT (CONTINUED)**

Paid from Sewer Utility Fund: (continued)

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, 2018 was \$1,205,000.00. 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, 2018, the balance remaining is \$737,502.44. Due to pending litigation, no payments were made on this loan in 2018. (See Note 19).

Total General Capital Bond - listed in above	<u>\$ 5,825,000.00</u>
Total Water Utility Capital Bonds and Loans - listed in above	<u>\$11,315,000.00</u>
Total Sewer Utility Capital Bonds and Loans - listed in above	<u>\$ 2,625,000.00</u>
Total Assessment Trust Loan - listed in above	<u>\$ 737,502.44</u>
	<u><b>\$20,502,502.44</b></u>

**SCHEDULE 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
2019	1,060,000.00	165,437.50	1,225,437.50	985,000.00	349,536.89	1,334,536.89
2020	1,105,000.00	137,650.00	1,242,650.00	1,015,000.00	316,902.51	1,331,902.51
2021	1,120,000.00	107,375.00	1,227,375.00	1,035,000.00	288,902.51	1,323,902.51
2022	1,000,000.00	72,637.50	1,072,637.50	1,070,000.00	254,871.25	1,324,871.25
2023	1,025,000.00	39,637.50	1,064,637.50	1,075,000.00	211,496.25	1,286,496.25
2024-2028	515,000.00	15,450.00	530,450.00	4,150,000.00	577,371.87	4,727,371.87
2029-2032				1,985,000.00	163,520.00	2,148,520.00
	<u>5,825,000.00</u>	<u>538,187.50</u>	<u>6,363,187.50</u>	<u>11,315,000.00</u>	<u>2,162,601.28</u>	<u>13,477,601.28</u>

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 4: 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>
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	325,000.00	55,550.00	380,550.00	45,445.37	9,184.44	54,629.81
2023	335,000.00	41,750.00	376,750.00	46,358.82	8,270.98	54,629.80
2024-2028	1,000,000.00	52,762.50	1,052,762.50	246,151.59	26,997.48	273,149.07
2029-2032	_____	_____	_____	132,571.01	4,003.51	136,574.52
	<u>2,625,000.00</u>	<u>385,928.12</u>	<u>3,010,928.12</u>	<u>601,560.41</u>	<u>81,312.22</u>	<u>682,872.63</u> (2)

	Yearly Total		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	2,402,811.59	616,720.72	3,019,532.31
2020	2,488,672.11	543,797.71	3,032,469.82
2021	2,524,549.92	474,007.41	2,998,557.33
2022	2,440,445.37	392,243.19	2,832,688.56
2023	2,481,358.82	301,154.73	2,782,513.55
2024-2028	5,911,151.59	672,581.85	6,583,733.44
2029-2032	<u>2,117,571.01</u>	<u>167,523.51</u>	<u>2,285,094.52</u>
	<u>20,366,560.41</u>	<u>3,168,029.12</u>	<u>23,534,589.53</u>

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

(2) Due to pending legal matters (discussed further in Note 19) payments are not being made on this NJ D.E.P. Loan relating to the Glen Lake Dam Assessment. At the conclusion of the legal proceedings, it may be necessary to adjust the loan payable and amortization table.

**NOTE 5: 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, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 5: BOND ANTICIPATION NOTES (CONTINUED)**

The following activity related to Bond Anticipation Notes occurred during the calendar year ended December 31, 2018:

	<u>Balance</u>		<u>Balance</u>	
	<u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Dec. 31, 2018</u>
<b>General Capital:</b>				
Township of East Brunswick	<u>\$450,000.00</u>	<u>\$ -</u>	<u>\$450,000.00</u>	<u>\$ -</u>
Oppenheimer & Co.	<u>-</u>	<u>1,050,000.00</u>	<u>-</u>	<u>1,050,000.00</u>
<b>Water Capital Fund:</b>				
Lakeland Bank	<u>300,000.00</u>	<u>-</u>	<u>300,000.00</u>	<u>-</u>
Oppenheimer & Co.	<u>-</u>	<u>680,000.00</u>	<u>-</u>	<u>680,000.00</u>
<b>Water Assessment:</b>				
Lakeland Bank	<u>33,000.00</u>	<u>-</u>	<u>33,000.00</u>	<u>-</u>
<b>Sewer Capital Fund:</b>				
Lakeland Bank	<u>42,000.00</u>	<u>-</u>	<u>42,000.00</u>	<u>-</u>
Oppenheimer & Co.	<u>-</u>	<u>36,000.00</u>	<u>-</u>	<u>36,000.00</u>
	<u><b>\$825,000.00</b></u>	<u><b>\$1,766,000.00</b></u>	<u><b>\$825,000.00</b></u>	<u><b>\$1,766,000.00</b></u>

The Township has outstanding at December 31, 2018, a bond anticipation note in the amount of \$1,050,000.00 payable to Oppenheimer & Co. This note will mature on October 3, 2019 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 3.00%. Principal and interest on this note is paid from the Current Fund Budget of the Township.

The Township has outstanding at December 31, 2018, a bond anticipation note in the amount of \$680,000.00 payable to Oppenheimer & Co. This note will mature on October 3, 2019 and it is the intent of the Township Council to renew this note. The current interest rate on this note is 3.00%. Principal and interest on this note is paid from the Water Operating Fund Budget of the Township.

The Township has outstanding at December 31, 2018, a bond anticipation note in the amount of \$36,000.00 payable to Oppenheimer & Co. This note will mature on October 3, 2019 and it is the intent of the Township Council to renew this note. The current interest rate on this note is 3.00%. 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, 2018 AND 2017 (CONTINUED)

#### **NOTE 6: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2018 and 2017 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	<u>\$3,250,000.00</u>	<u>\$3,250,000.00</u>
Water Utility Operating Fund	<u>\$ 150,000.00</u>	<u>\$ 300,000.00</u>
Sewer Utility Operating Fund	<u>\$ 21,000.00</u>	<u>\$ 40,000.00</u>
Solid Waste Operating Fund	<u>\$ 300,000.00</u>	<u>\$ 195,000.00</u>

#### **NOTE 7: 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 \$3,560,979.19

The amount is not reported either as an expenditure or a liability. The Township has reserved \$268,695.07 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 8: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2018 consist of the following:

\$320,122.65 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.

707.77 Due from Current Fund to Other Trust Fund for Open Space added and omitted taxes.

13,841.00 Due to Water Utility Operating Fund from Water Utility Capital Fund for Water Capital Surplus anticipated as revenue in 2018.

\$334,671.42

## TOWNSHIP OF SPARTA, N.J.

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

#### **NOTE 9: 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](http://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:

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

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

## TOWNSHIP OF SPARTA, N.J.

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

#### **NOTE 9: PENSION PLANS (CONTINUED)**

##### *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](http://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:

Tier	Definition
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 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.

## TOWNSHIP OF SPARTA, N.J.

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

#### **NOTE 9: PENSION PLANS (CONTINUED)**

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

##### Defined Contribution Retirement Program (continued)

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 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>
2018	\$650,498.00	\$991,716.00	\$5,687.50
2017	652,629.00	920,763.00	4,564.59
2016	637,842.79	919,584.78	2,922.13

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.

## TOWNSHIP OF SPARTA, N.J.

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

#### NOTE 9: PENSION PLANS (CONTINUED)

##### **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, 2018, the Township had a liability of \$12,880,740.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2018, the Township's proportion was 0.0654193301 percent, which was a decrease of 0.0025132712 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Township recognized pension expense of \$650,498.00. At December 31, 2018, 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	\$245,638.00	\$66,417.00
Changes of assumptions	2,122,533.00	4,118,576.00
Net difference between projected and actual earnings on pension plan investments	-	120,822.00
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>38,689.00</u>	<u>969,989.00</u>
 Total	 <u>\$2,406,860.00</u>	 <u>\$5,275,804.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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:

2019	\$89,399.00
2020	(123,774.00)
2021	(889,561.00)
2022	(769,352.00)
2023	(246,357.00)

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 9: PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS), (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 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

**Additional Information**

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Township's Proportion	0.0654193301%	0.0679326013%

**Actuarial Assumptions**

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

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 9: PENSION PLANS (CONTINUED)**

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

**Mortality Rates**

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

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 9: PENSION PLANS (CONTINUED)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U. S. Equity	30.00%	8.19%
Non-U. S. Developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 9: PENSION PLANS (CONTINUED)**

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 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:

	<u>June 30, 2018</u>		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Township's proportionate share of the pension liability	\$16,196,046	\$12,880,740	\$10,099,410

**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](http://www.state.nj.us/treasury/pensions).

**Police and Firemen's Retirement System (PFRS)**

At December 31, 2018, the Township had a liability of \$13,185,521.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2018, the Township's proportion was 0.0974420906 percent, which was a decrease of 0.0146138774 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Township recognized pension expense of \$991,716.00. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 9: PENSION PLANS (CONTINUED)**

**Police and Firemen's Retirement System, (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$134,145.00	\$54,565.00
Changes of assumptions	1,131,800.00	3,379,221.00
Net difference between projected and actual earnings on pension plan investments	-	72,137.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>243,041.00</u>	<u>2,131,436.00</u>
 Total	 <u>\$1,508,986.00</u>	 <u>\$5,637,359.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) 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:

2019	\$113,397.00
2020	(382,255.00)
2021	(1,069,410.00)
2022	(686,488.00)
2023	(215,221.00)

**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 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 9: PENSION PLANS (CONTINUED)**

**Police and Firemen's Retirement System, (continued)**

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	15,369,699,278	17,167,260,198
Township's Proportion	0.0974420906%	0.1120559680%

**Actuarial Assumptions**

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

Inflation	2.25 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	7.00 Percent

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Combined Health Mortality tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For pre-retirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 9: PENSION PLANS (CONTINUED)**

**Police and Firemen's Retirement System, (continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U. S. Equity	30.00%	8.19%
Non-U. S. Developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

## TOWNSHIP OF SPARTA, N.J.

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

#### **NOTE 9: PENSION PLANS (CONTINUED)**

##### **Police and Firemen's Retirement System, (continued)**

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

##### **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, 2018, 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, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.51%</u>	<u>6.51%</u>	<u>7.51%</u>
Township's proportionate share of the pension liability	\$20,044,262	\$13,185,521	\$10,796,622

##### ***Special Funding Situations - PFRS***

Under N.J.S.A.43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, p.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 9: PENSION PLANS (CONTINUED)**

**Police and Firemen's Retirement System, (continued)**

***Special Funding Situations - PFRS (continued)***

contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,791,035 and \$1,937,665, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$212,145 and \$237,020, respectively, which is more than the actual contributions the State made on behalf of the Township of \$106,073 and \$96,891, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

**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, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed at via the New Jersey, Division of Pension and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 10: 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, 2018 AND 2017  
(CONTINUED)**

**NOTE 11: 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, 2018, \$187,458.76 of the Township's bank balance of \$24,412,971.07 was exposed to custodial credit risk. In comparison, as of December 31, 2017, \$166,853.61 of the Township's bank balance of \$25,671,917.38 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, 2018 AND 2017 (CONTINUED)

#### **NOTE 11: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

##### Unaudited Investments

As more fully described in Note 16, 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, 2018 and 2017 amounted to \$187,458.76 and \$166,853.61 respectively.

The following investments represent 5% or more of the total invested with Variable Annuity Life Insurance Co. on December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investments under 5%	\$21,456.17	\$ 16,495.81
Fidelity VIP ContraFund Portfolio	9,948.59	9,645.28
Fixed	69,484.16	59,039.42
LVIP SSgA S&P 500 Index Fund	<u>86,569.84</u>	<u>81,673.10</u>
 Total	 <u>\$187,458.76</u>	 <u>\$166,853.61</u>

#### **NOTE 12: 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 2018 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**New Jersey Unemployment Compensation Insurance** - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years:

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 12: RISK MANAGEMENT (CONTINUED)**

<b><u>Fiscal year</u></b>	<b>Interest Earnings/</b>		<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance</u></b>
	<b><u>Township Contributions</u></b>	<b><u>Employee Contributions</u></b>		
2017-2018	\$2,705.59	\$13,711.51	\$17,828.06	\$167,743.87
2016-2017	1,354.84	13,254.81	4,867.45	169,154.83
2015-2016	960.92	13,101.38	1,343.86	159,412.63

**NOTE 13: LEASES**

On January 6, 2017 the Township entered into a long-term lease for fifteen (15) copiers to replace the twelve (12) contracted on January 12, 2014. This lease is for a 36 month term beginning 4/5/2017, expiring on 3/5/2020.

The following is a schedule of future minimum lease payments as of December 31, 2018:

Total minimum lease payment	\$36,375.00
Less: amount representing interest	<u>881.96</u>

Present Value of net minimum lease payments	<u>\$35,493.04</u>
---	--------------------

<b><u>Calendar Year</u></b>			<b><u>Total Lease Payments</u></b>
<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	
2019	28,262.69	837.31	29,100.00
2020	<u>7,230.35</u>	<u>44.65</u>	<u>7,275.00</u>
	<u><b>35,493.04</b></u>	<u><b>881.96</b></u>	<u><b>36,375.00</b></u>

**NOTE 14: 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.

## TOWNSHIP OF SPARTA, N.J.

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

#### **NOTE 15: 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.

We have reviewed the plan for the year ended December 31, 2018 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

#### **NOTE 16. 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:

	Balance <u>Dec 31, 2018</u>	Balance <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$794,429.07</u>	<u>\$6,844,385.72</u>
Cash Liability for Taxes Collected in Advance	<u>\$794,429.07</u>	<u>\$6,844,385.72</u>

#### **NOTE 17: RELATED PARTY TRANSACTIONS**

During 2018, Joshua Hertzberg was a Trustee of the Free Public Library as well as Councilperson of the Township of Sparta. In 2018, \$889,279.47 was paid from 2018 municipal appropriations and \$118,602.87 was paid from the 2017 reserves to the Township of Sparta Free Public Library.

## TOWNSHIP OF SPARTA, N.J.

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

#### **NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB)**

##### **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 75”).

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, 2018, including a determination of financial reporting information for the year ending December 31, 2018.

Contributions to pay for the health premiums of participating retirees in the NJMEBF are billed to the Township of Sparta on a monthly basis. Funds for retiree health premiums are raised each year in the municipality via property taxes. There is no cost sharing policies that the current retirees contribute.

#### **Results of Valuation**

- *Total OPEB Liability*

The Total OPEB Liability (“TOL”) is the actuarial accrued liability. As of December 31, 2018, it is \$79,213,998 based upon a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018. This liability is broken down as follows:

(1) Actives	\$ 25,229,153
(2) Retirees	\$ 53,984,845
(3) Total	\$ 79,213,998

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 18: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

• *Net OPEB Liability*

The Net OPEB Liability (“NOL”) as of December 31, 2018 is \$79,213,998 based upon a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018. There are no plan assets to offset the liability. The liability is broken out as follows:

(1) Total	\$ 79,213,998
(2) Fiduciary Net Position (Assets)	\$ 0
(3) NOL	\$ 79,213,998

• *Total OPEB Expense*

The Total OPEB Expense (“TOE”) is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the “Service Cost” (aka “normal cost”) which is the portion of future liabilities attributable to the measurement year, plus interest on the NOL during the year. As of the measurement date, the plan had no assets to offset any of the NOL.

The TOE as of December 31, 2018 is \$4,395,823 based upon a discount rate of 4.10% per annum and the plan provisions in effect on December 31, 2018.

• *Impact of 1% Change in Discount Rate*

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If the discount rate were to increase by 1% per annum, the TOL as of December 31, 2018 would decrease to \$70,950,580 and if it were to decrease by 1%, the TOL would increase to \$89,332,205.

• *Impact of 1% Change in Trend Rate*

Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. If medical trend were to increase by 1% per annum, the TOL as of December 31, 2018 would increase to \$88,025,902 and if it were to decrease by 1%, the TOL would decrease to \$71,982,170.

## TOWNSHIP OF SPARTA, N.J.

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017 (CONTINUED)

#### **NOTE 18: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

##### **Basis of Valuation**

This valuation has been conducted as of December 31, 2018 based upon census, plan design and claims information provided by the Fund. Census includes 77 retirees and spouses currently receiving retiree benefits, and 96 active participants of whom 8 are eligible to retire as of the valuation date. The average age of the active population is 46 and the average age of the retiree population is 62.

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 75.

Demographic assumptions were selected based on those used in the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2017 report from Conduent. 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, 2017 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>4.10% Based on the Bond Buyer 20 Index December 31, 2018</i>
<i>Rate of Salary Increase</i>	<i>2.5%</i>
<i>Consumer Price Index</i>	<i>2.5%</i>
<i>Medical Trend</i>	<i>Medical: 5.8% in 2018, reducing by 0.1% per annum, leveling at 5% per annum in 2026 Drugs: 10.0% in 2018, reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026 Dental: 3.5% per annum</i>
<i>Medical Cost Aging Factor</i>	<i>NJ SHBP Medical Morbidity Rates</i>

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 18: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

- 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 2018 medical premiums and the plan option selected. 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 (46) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payer of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of the medical costs.
- Retiree contribution - 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 and for conservation, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by the Township increased annually by the rate of medical trend.
- Actuarial valuation method - Entry Age Normal Funding Method based on a level percentage of salary. 2018 salaries were reported as \$7.911 million.

**Special Funding Situation PFRS**

In addition to the pension described in Note 9, the Township does not provide post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan. However, benefits are provided as describe below:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

**TOWNSHIP OF SPARTA, N.J.**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

**NOTE 18: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Special Funding Situation PFRS (continued)**

At December 31, 2018, the State's proportionate share of the net OPEB liability attributable to the Township for the PFRS special funding situation is \$6,122,874 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$185,347.

**NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES**

General Counsel for the Township has advised us of the following:

There is a matter pending in the New Jersey State Superior Court for property owners challenging the assessment of liability forecasts of dam repairs owned by a property association.

There are other pending matters being addressed and defended by the Townships' Insurance Carrier.

**NOTE 20: SUBSEQUENT EVENT**

The Township has evaluated subsequent events through August 6, 2019, 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, 2018**

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>
Joshua Hertzberg	Mayor		
Christine Quinn	Deputy Mayor		
Gilbert Gibbs	Councilperson		
Jerard Murphy	Councilperson		
Molly Whilesmith	Councilperson		
William E. Close	Township Manager		
Kathleen Chambers	Municipal Clerk; Registrar of Vital Statistics		
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		
Neil Spidaletto	Chief of Police; Emergency Management Coordinator		
Jan Opt'hof	Construction Official		
Eric Powell	Engineer; Director of Community Development		
Roxanne Landy	Deputy Registrar, Clerk		
Paris Eliades	Judge	1,000,000	(1)
Bonnie Messina	Court Administrator	1,000,000	(1)
Thomas G. Miller	Violations Clerk	1,000,000	(1)
Gina Miller	Clerk, Court	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.

## Township of Sparta

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	State Account Number	Program or Award Amount	Grant Period To/From	12/31/2017		12/31/2018		MEMO Cumulative Total Expenditures
					Reserve Balance	Receipts	Expended	Reserve Balance	
<b><u>FEDERAL AND STATE GRANT FUND</u></b>									
United States Department of Transportation (Passed through NJ Division of Highway Traffic Safety)									
Click it or Ticket	20.616	1160-100-066-1160-155	11,000.00	1/1/17-12/31/17	11,000.00		11,000.00	-	11,000.00
Drive Sober or Get Pulled Over	20.616	1160-100-066-1160-157	5,000.00	1/1/17-12/31/17	5,000.00		5,000.00	-	5,000.00
Drive Sober or Get Pulled Over	20.616	1160-100-066-1160-157	5,500.00	1/1/18-12/31/18		5,500.00		5,500.00	-
<b>Total US Department of Transportation</b>					<b>16,000.00</b>	<b>5,500.00</b>	<b>16,000.00</b>	<b>5,500.00</b>	<b>16,000.00</b>
<b>TOTAL FEDERAL AND STATE GRANT FUND</b>					<b>16,000.00</b>	<b>5,500.00</b>	<b>16,000.00</b>	<b>5,500.00</b>	<b>16,000.00</b>
			<b>TOTAL FEDERAL AID</b>		<b>16,000.00</b>	<b>5,500.00</b>	<b>16,000.00</b>	<b>5,500.00</b>	<b>16,000.00</b>

## Township of Sparta

## Schedule of Expenditures of State Awards

For the Year Ended December 31, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2017			Reserve Cancelled	12/31/2018			MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance	Receipts		(Receivable)	Reserve Balance		
<b>FEDERAL AND STATE GRANT FUND</b>											
NJ Department of Environmental Protection:											
Clean Communities	4900-765-042-4900-004	40,169.91	1/1/13-12/31/14	670.72	670.72						40,169.91
Clean Communities	4900-765-042-4900-004	48,810.80	1/1/15-12/31/15	48,810.00	48,810.00						-
Clean Communities	4900-765-042-4900-004	55,921.25	1/1/16-12/31/16	55,921.00	13,902.03						42,018.97
Clean Communities	4900-765-042-4900-004	47,508.61	1/1/17-12/31/17	47,508.61			0.61				47,508.00
Clean Communities	4900-765-042-4900-004	45,019.65	1/1/18-12/31/18		45,019.65						45,019.65
Highlands Grant	N/A	25,000.00		(13,054.65)	21,451.65						21,451.65
<b>Total NJ Department of Environmental Protection:</b>				(13,054.65)	174,361.98	45,019.65	63,382.75	0.61	(13,054.65)	155,998.27	40,169.91
NJ Department of Community Affairs:											
Alcohol Education Rehab Fund	9735-760-098-9735-001	21,041.01	Prior Years	5,181.70	4,175.00						1,006.70
Alcohol Education Rehab Fund	9735-760-098-9735-001	1,510.00	1/1/11-12/31/11	1,510.00							1,510.00
Alcohol Education Rehab Fund	9735-760-098-9735-001	539.63	1/1/12-12/31/12	539.00							539.00
Alcohol Education Rehab Fund	9735-760-098-9735-001	527.75	1/1/13-12/31/13	527.00							527.00
Alcohol Education Rehab Fund	9735-760-098-9735-001	354.48	1/1/14-12/31/14	354.00							354.00
Alcohol Education Rehab Fund	9735-760-098-9735-001	73.23	1/1/18-12/31/18		73.23						73.23
Municipal Alliance	N/A	16,042.00	1/1/16-12/31/16	(173.10)	14,999.97	14,999.97			(173.10)		-
Municipal Alliance	N/A	16,042.00	1/1/17-12/31/17		16,042.00	5,675.03					10,366.97
Municipal Alliance	N/A	16,042.00	1/1/18-12/31/18		15,125.00				(917.00)	16,042.00	-
<b>Total NJ Department of Community Affairs:</b>				(173.10)	39,153.67	15,198.23	24,850.00	-	(1,090.10)	30,418.90	-
NJ Division of Motor Vehicles:											
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	10,785.60	1/1/12-12/31/12	1,735.06	1,735.06						-
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	18,794.15	1/1/13-12/31/14	18,794.15	508.65						18,285.50
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	16,974.62	1/1/16-12/31/16	16,974.00							16,974.00
<b>Total NJ Division of Motor Vehicles:</b>				-	37,503.21	-	2,243.71	-	-		35,259.50
NJ Department of Solid Waste Protection:											
Recycling Tonnage	4910-100-042-49100-224	24,898.91	1/1/15-12/31/15	21,376.85	6,254.76						15,122.09
Recycling Tonnage	4910-100-042-49100-224	25,459.87	1/1/16-12/31/16	25,459.00							25,459.00
Recycling Tonnage	4910-100-042-49100-224	28,103.47	1/1/17-12/31/17	28,103.47		0.47					28,103.00
<b>Total Department of Environmental Solid Waste Protection:</b>				-	74,939.32	-	6,254.76	0.47	-		68,684.09
NJ Department of Law and Public Safety											
Body Armor	1020-718-066-1020-001	3,110.02	1/1/15-12/31/15	15.50	15.50						-
Body Armor	1020-718-066-1020-001	3,066.36	1/1/16-12/31/16	5,555.09	5,555.09						-
Body Armor	1020-718-066-1020-001	3,232	1/1/17-12/31/17	3,231.73	2,290.89	0.73					940.11
<b>Total NJ Department of Law and Public Safety</b>				-	8,802.32	-	7,861.48	0.73	-		940.11
<b>TOTAL FEDERAL AND STATE GRANT FUND</b>				(13,227.75)	334,760.50	60,217.88	104,592.70	1.81	(14,144.75)	291,300.87	40,169.91
<b>TOTAL STATE AID</b>				(13,227.75)	334,760.50	60,217.88	104,592.70	1.81	(14,144.75)	291,300.87	40,169.91

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 2018</u>	<u>Year 2017</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	3,250,000.00	3.066%	3,250,000.00	3.110%
Miscellaneous - From Other Than Local Property Tax Levies	4,386,941.01	4.138%	4,314,555.00	4.128%
Collection of Delinquent Taxes and Tax Title Liens	1,115,512.29	1.052%	1,483,068.40	1.419%
Collection of Current Tax Levy	95,293,056.82	89.896%	94,084,884.28	90.019%
Other Credits to Income	1,958,594.79	1.848%	1,383,778.70	1.324%
<b><u>Total Revenue and Other Income Realized</u></b>	<b><u>106,004,104.91</u></b>	<b><u>100.00%</u></b>	<b><u>104,516,286.38</u></b>	<b><u>100.00%</u></b>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	23,205,509.75	22.889%	23,010,691.56	22.960%
Local Open Space Taxes	327,717.17	0.323%	328,323.88	0.328%
Local School Taxes	60,845,268.00	60.016%	60,260,843.00	60.127%
County Taxes	16,983,851.26	16.752%	16,618,022.17	16.581%
Other Expenditures	19,565.43	0.019%	4,057.30	0.004%
<b><u>Total Expenditures</u></b>	<b><u>101,381,911.61</u></b>	<b><u>100.00%</u></b>	<b><u>100,221,937.91</u></b>	<b><u>100.00%</u></b>
<b><u>Excess (Deficit) in Revenue</u></b>	<b><u>4,622,193.30</u></b>		<b><u>4,294,348.47</u></b>	
<b><u>Fund Balance, January 1,</u></b>	<b><u>7,759,852.89</u></b>		<b><u>6,715,504.42</u></b>	
Less:				
Utilized as Anticipated Revenue	<u>3,250,000.00</u>		<u>3,250,000.00</u>	
<b><u>Fund Balance, December 31,</u></b>	<b><u>9,132,046.19</u></b>		<b><u>7,759,852.89</u></b>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**WATER UTILITY OPERATING FUND**

	<u>Year 2018</u>	<u>Year 2017</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	300,000.00	7.534%	600,000.00	13.909%
Collection of Water Rents	2,930,635.72	73.599%	3,031,187.99	70.266%
Miscellaneous - From Other Than Water Rents	563,503.74	14.152%	458,282.23	10.623%
Other Credits to Income	187,762.49	4.715%	224,423.62	5.202%
<b><u>Total Revenue and Other Income Realized</u></b>	<b><u>3,981,901.95</u></b>	<b><u>100.00%</u></b>	<b><u>4,313,893.84</u></b>	<b><u>100.00%</u></b>
 <b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	1,861,425.00	48.389%	1,834,935.00	46.300%
Capital Improvements	310,000.00	8.059%	310,000.00	7.822%
Debt Service	1,372,519.00	35.680%	1,711,189.00	43.178%
Deferred Charges and Statutory Expenditures	302,841.00	7.873%	107,000.00	2.700%
<b><u>Total Expenditures</u></b>	<b><u>3,846,785.00</u></b>	<b><u>100.00%</u></b>	<b><u>3,963,124.00</u></b>	<b><u>100.00%</u></b>
Excess (Deficit) in Revenue	135,116.95		350,769.84	
<b><u>Fund Balance, January 1,</u></b>	<b><u>346,299.49</u></b>		<b><u>595,529.65</u></b>	
	481,416.44		946,299.49	
Less:				
Utilized as Anticipated Revenue	300,000.00		600,000.00	
<b><u>Fund Balance, December 31,</u></b>	<b><u>181,416.44</u></b>		<b><u>346,299.49</u></b>	

## COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

### SEWER UTILITY OPERATING FUND

	<u>Year 2018</u>	<u>Year 2017</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	40,000.00	3.596%	21,000.00	1.856%
Collection of Sewer User Fees	863,039.75	77.593%	887,414.60	78.430%
Miscellaneous - From Other Than Sewer Rents	60,970.26	5.482%	91,144.56	8.055%
Board of Education - Share of Debt Service	82,737.60	7.439%	84,490.00	7.467%
Sewer Reservation Fees	2,852.20	0.256%	1,560.00	0.138%
Sewer Connection Fees	33,346.65	2.998%	43,438.23	3.839%
Other Credits to Income	29,324.50	2.636%	2,428.05	0.215%
<b><u>Total Revenue and Other Income Realized</u></b>	<b><u>1,112,270.96</u></b>	<b><u>100.00%</u></b>	<b><u>1,131,475.44</u></b>	<b><u>100.00%</u></b>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	676,126.00	61.955%	677,137.00	62.032%
Debt Service	412,866.00	37.832%	412,264.00	37.767%
Deferred Charges and Statutory Expenditures	2,325.00	0.213%	2,200.00	0.202%
<b><u>Total Expenditures</u></b>	<b><u>1,091,317.00</u></b>	<b><u>100.00%</u></b>	<b><u>1,091,601.00</u></b>	<b><u>100.00%</u></b>
<b><u>Excess (Deficit) in Revenue</u></b>	<b><u>20,953.96</u></b>		<b><u>39,874.44</u></b>	
<b><u>Fund Balance, January 1,</u></b>	<b><u>40,691.27</u></b>		<b><u>21,816.83</u></b>	
	<b><u>61,645.23</u></b>		<b><u>61,691.27</u></b>	
Less:				
<b><u>Utilized as Anticipated Revenue</u></b>	<b><u>40,000.00</u></b>		<b><u>21,000.00</u></b>	
<b><u>Fund Balance, December 31,</u></b>	<b><u>21,645.23</u></b>		<b><u>40,691.27</u></b>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**

**SOLID WASTE UTILITY OPERATING FUND**

	<u>Year 2018</u>	<u>Year 2017</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	195,000.00	8.427%	184,000.00	7.714%
Collection of Solid Waste Fees	1,924,703.06	83.179%	2,043,842.23	85.689%
Miscellaneous - From Other Than Sewer Rents	62,586.40	2.705%	26,036.43	1.092%
Other Credits to Income	131,646.71	5.689%	131,300.91	5.505%
<b><u>Total Revenue and Other Income Realized</u></b>	<b><u>2,313,936.17</u></b>	<b><u>100.00%</u></b>	<b><u>2,385,179.57</u></b>	<b><u>100.00%</u></b>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	1,942,765.00	99.412%	1,923,915.00	99.431%
Deferred Charges and Statutory Expenditures	11,500.00	0.588%	11,000.00	0.569%
<b><u>Total Expenditures</u></b>	<b><u>1,954,265.00</u></b>	<b><u>100.00%</u></b>	<b><u>1,934,915.00</u></b>	<b><u>100.00%</u></b>
<b><u>Excess (Deficit) in Revenue</u></b>	<b><u>359,671.17</u></b>		<b><u>450,264.57</u></b>	
<b><u>Fund Balance, January 1,</u></b>	<b><u>1,904,370.83</u></b>		<b><u>1,638,106.26</u></b>	
	2,264,042.00		2,088,370.83	
Less:				
Utilized as Anticipated Revenue	195,000.00		184,000.00	
<b><u>Fund Balance, December 31,</u></b>	<b><u>2,069,042.00</u></b>		<b><u>1,904,370.83</u></b>	

## COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>3.242</u>	<u>3.202</u>	<u>3.127</u>

### Apportionment of Tax Rate:

Municipal (1)	.628	.617	.618
County	.570	.558	.532
Local School	2.044	2.027	1.977

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

### Assessed Valuation:

2018	2,976,933.600
2017	2,972,912,900
2016	2,979,700,200

## 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>
2018	96,720,508.33	95,293,056.82	98.52%
2017	95,597,079.80	94,084,884.28	98.41%
2016	93,302,081.52	91,604,136.18	98.18%

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>
2018	1,256,201.71	91,287.74	1,356,489.45	1.40%
2017	1,155,358.63	78,440.87	1,233,799.50	1.29%
2016	1,518,391.57	42,822.61	1,561,274.18	1.67%

### 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>
2018	3,058,000.00
2017	3,058,000.00
2016	3,058,000.00

### COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2018	2,984,378.30	2,930,635.72
2017	2,961,669.31	3,031,187.99
2016	3,041,335.90	2,965,949.44

### COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2018	989,621.10	948,629.55
2017	952,281.30	973,464.60
2016	985,575.06	971,726.89

### COMPARISON OF SOLID WASTE UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2018	1,925,559.52	1,924,703.06
2017	2,028,411.41	2,043,842.23
2016	2,003,658.33	1,990,754.68

\* Includes collection of prior year receivables.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized In Budget</u> <u>of Succeeding</u> <u>Year</u>
<u>Current Fund:</u>			
	2018	9,132,046.19	3,250,000.00
	2017	7,759,852.89	3,250,000.00
	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
<u>Water Utility:</u>			
Operating Fund:	2018	181,416.44	150,000.00
	2017	346,299.49	300,000.00
	2016	595,529.65	600,000.00
	2015	1,147,976.55	737,000.00
	2014	1,267,734.75	815,000.00
<u>Sewer Utility:</u>			
Operating Fund:	2018	21,645.23	21,000.00
	2017	40,691.27	40,000.00
	2016	21,816.83	21,000.00
	2015	82,125.08	80,400.00
	2014	110,555.52	94,000.00
<u>Solid Waste Utility:</u>			
Operating Fund:	2018	2,069,042.00	300,000.00
	2017	1,904,370.83	195,000.00
	2016	1,638,106.26	184,000.00
	2015	1,422,078.99	175,000.00
	2014	1,205,634.86	164,500.00

## Township of Sparta, N.J.

## Schedule of Cash - Collector-Treasurer

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	17,767,649.79
Increased by Receipts:		
Tax Sale Premiums	A-1	3,600.00
Miscellaneous Revenue Not Anticipated	A-2	213,319.07
Collector of Taxes	A-6	90,572,025.25
Due To State - Senior Citizen and		
Veteran Deductions	A-7	116,988.35
Revenue Accounts Receivable	A-11	3,945,690.34
Interfunds	A-12	70,717.88
Various Cash Liabilities and Reserves	A-20	<u>200,610.61</u>
		<u>95,122,951.50</u>
		<u>112,890,601.29</u>
Decreased by Disbursements:		
Refund of Prior Year Tax Appeals	A-1	17,314.20
Current Year Budget Appropriations	A-3	20,661,628.68
Interfunds	A-12	462,384.87
Appropriation Reserves	A-14	1,030,657.76
Encumbrances Payable - Various Reserves	A-15	4,338.39
Local District School Taxes	A-17	60,845,268.00
County Taxes Payable	A-18	17,012,993.24
Library Taxes	A-19	4,057.30
Various Cash Liabilities and Reserves	A-20	<u>218,370.96</u>
		<u>100,257,013.40</u>
Balance - December 31, 2018	A	<u>12,633,587.89</u>

## Township of Sparta, N.J.

## Schedule of Cash - Change Fund

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	A	<u>450.00</u>
Balance - December 31, 2018	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>

## Schedule of Cash - Collector

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Increased by:		
Interest and Costs on Taxes	A-2	330,366.67
Taxes Receivable	A-8	89,414,744.39
Tax Title Liens	A-9	32,485.12
2019 Prepaid Taxes	A-16	<u>794,429.07</u>
		<u>90,572,025.25</u>
Decreased by:		
Turned over to Treasurer	A-4	<u>90,572,025.25</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, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	44,030.46
Increased by:		
Cash Receipts	A-4	116,988.35
		<hr/> 161,018.81
Decreased by:		
Senior Citizens' and Veterans'		
Deductions Per Tax Billings		115,000.00
Senior Citizens' and Veterans'		
Deductions Allowed by Tax Collector		
Current Year		3,500.00
Prior Year		250.00
Less: Senior Citizens' and Veterans'		
Deductions Disallowed by Tax Collector		
Current Year		536.30
Prior Year		<hr/> 1,259.82
	A-8	<hr/> 116,953.88
Balance - December 31, 2018	A	<hr/> 44,064.93

## Township of Sparta, N.J.

## Schedule of Taxes Receivable and Analysis of Property Tax Levy

## Current Fund

## Year Ended December 31, 2018

Year	Balance, Dec. 31, 2017	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2018
				2017	2018				
2014	321.38				272.45	(250.00)	355.21		321.38
2015	704.34				3,579.27		165.12		326.68
2016	6,062.69				1,080,185.27	(759.82)	7,717.02		2,318.30
2017	1,148,270.22				1,084,036.99	(1,009.82)	8,237.35	53,016.47	8,111.28
	1,155,358.63							53,016.47	11,077.64
2018	96,511,954.52	208,553.81	6,844,385.72	88,330,707.40	117,963.70	35,134.67	138,192.77		1,254,124.07
	1,155,358.63	96,511,954.52	208,553.81	6,844,385.72	89,414,744.39	116,953.88	43,372.02	191,209.24	1,265,201.71
	A			A-2; A-16	A-2; A-6	A-2; A-7	A-9		A

## Analysis of Tax Levy

## Tax yield:

## Ref.

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

96,511,954.52  
208,553.81  
  
96,720,508.33

## Tax Levy:

Municipal Open Space Tax	A-12	327,009.40
Added Municipal Open Space Tax	A-12	707.77
		327,717.17
Added Municipal Library Tax	A-19	2,251.23
Local District School Tax	A-17	60,845,268.00
County Tax	A-18	16,947,187.59
Added County Taxes	A-18	36,663.67
		16,983,851.26
	A-2	78,159,087.66

Local Tax for Municipal Purposes	18,369,605.00
Additional Taxes	191,815.67
	18,561,420.67
	96,720,508.33

## Township of Sparta, N.J.

## Schedule of Tax Title Liens

## Current Fund

Year Ended December 31, 2018

Ref.

Balance - December 31, 2017	A	78,440.87
-----------------------------	---	-----------

## Increased by:

Interest and Costs Accrued by Sale		
6% Penalty Accrued		1,959.97
Transfers from Taxes Receivable	A-8	43,372.02
		<u>45,331.99</u>
		123,772.86

## Decreased by:

Cash Receipts	A-2;A-6	<u>32,485.12</u>
Balance - December 31, 2018	A	<u>91,287.74</u>

Schedule of Property Acquired for  
Taxes Assessed Valuation

## Current Fund

Year Ended December 31, 2018

Ref.

Balance - December 31, 2017	A	<u>3,058,000.00</u>
-----------------------------	---	---------------------

Balance - December 31, 2018	A	<u>3,058,000.00</u>
-----------------------------	---	---------------------

## Township of Sparta, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Other	A-2	16,608.00	16,608.00
Alcoholic beverages	A-2	5,405.00	5,405.00
Fees and Permits			
Board of Health - Registrar	A-2	18,342.15	18,342.15
Board of Health - Sewer	A-2	23,945.00	23,945.00
Marriage License	A-2	330.00	330.00
Clerk	A-2	8,720.90	8,720.90
Zoning	A-2	38,477.37	38,477.37
Planning Board	A-2	32,165.39	32,165.39
Tax Assessor	A-2	610.00	610.00
Police	A-2	35,925.08	35,925.08
Leaf Bags	A-2	1,466.00	1,466.00
Cell Tower	A-2	358,138.90	358,138.90
Quarry Royalties	A-2	351,952.71	351,952.71
Host Community Fee	A-2	21,519.10	21,519.10
Municipal Court :			
Fines and Costs	A-2	242,879.26	242,879.26
Interest on Investments and Deposits	A-2	305,675.72	305,675.72
Payments in Lieu of Taxes on Senior Housing	A-2	13,105.30	13,105.30
Consolidated Municipal Property Tax			
Relief Aid	A-2	11,201.00	11,201.00
Energy Receipts Tax	A-2	1,224,220.00	1,224,220.00
Watershed Moratorium	A-2	29,328.00	29,328.00
Garden State Trust Pilot	A-2	28,476.00	28,476.00
Uniform Construction	A-2	612,561.00	612,561.00
Interlocal Dispatch Costs	A-2	242,052.00	242,052.00
Interlocal Finance Hardyston	A-2	43,436.00	43,436.00
Interlocal Finance Hardyston MUA	A-2	5,723.04	5,723.04
Interlocal Finance Hardyston BOE	A-2	4,808.56	4,808.56
Uniform Fire Safety	A-2	29,987.00	29,987.00
Fire Prevention Fees	A-2	48,821.86	48,821.86
Cable TV Franchise Fee	A-2	73,943.00	73,943.00
Solar Renewable Energy Credits	A-2	115,867.00	115,867.00
		<u>3,945,690.34</u>	<u>3,945,690.34</u>

## Township of Sparta, N.J.

## Schedule of Interfunds

## Current Fund

Year Ended December 31, 2018

Fund	Ref.	Due From/(To)		Due From/(To)	
		Balance	Dec. 31, 2017	Increased	Decreased
Other Trust Fund	A		327,717.17	327,009.40	(707.77)
Federal and State Grant Fund	A	(380,532.05)	74,967.88	135,377.28	(320,122.65)
		<u>(380,532.05)</u>	<u>402,685.05</u>	<u>462,386.68</u>	<u>(320,830.42)</u>
<b>Analysis</b>					
Interfund Accounts Payable			<u>(380,532.05)</u>		<u>(320,830.42)</u>
Unappropriated Reserves Cancelled	A-1				1.81
Matching Funds for Grants	A-3		4,250.00		
Disbursed	A-4				462,384.87
Received	A-4		70,717.88		
Municipal Open Space Tax	A-1; A-8		327,009.40		
Added Municipal Open Space Tax	A-1; A-8		707.77		
			<u>402,685.05</u>	<u>462,386.68</u>	

## Township of Sparta, N.J.

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

## Current Fund

Year Ended December 31, 2018

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2017</u>	<u>Reduced in 2018</u>
12/10/13	Revaluation of Taxes	<u>800,000.00</u>	<u>160,000.00</u>	<u>160,000.00</u> A	<u>160,000.00</u> A-3

## Township of Sparta, N.J.

Page 1 of 3

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages Within "CAPS":</b>				
General Administration	18.94	18.94		18.94
Township Council	49.74	49.74		49.74
Township Clerk	3,004.27	3,004.27		3,004.27
Elections	3,525.00	3,525.00		3,525.00
Financial Administration	13,003.81	13,003.81		13,003.81
Computerized Data Processing	2,888.83	2,888.83		2,888.83
Collection of Taxes	2,170.43	2,170.43		2,170.43
Assessment of Taxes	5,739.28	5,739.28		5,739.28
Municipal Court	15,625.08	15,625.08		15,625.08
Engineering Services and Costs	27,142.14	27,142.14		27,142.14
Planning Department	2,670.07	2,670.07		2,670.07
Economic Development	5,945.00	5,945.00		5,945.00
Board of Adjustment	977.69	977.69		977.69
Police	522,289.41	522,289.41	292,921.06	229,368.35
Police Dispatch 911	798.99	798.99		798.99
Uniform Fire Safety	18,710.59	18,710.59		18,710.59
Road Repair and Maintenance	49,400.39	49,400.39		49,400.39
Public Buildings and Grounds	8,557.80	8,557.80		8,557.80
Vehicle Maintenance	16,774.66	16,774.66		16,774.66
Snow Removal	122,312.84	122,312.84		122,312.84
DPW Administration	32,014.56	32,014.56		32,014.56
Animal Regulations	19,380.00	19,380.00		19,380.00
Committee on Aging	0.19	0.19		0.19
Recreation Services and Programs	17,205.03	17,205.03		17,205.03
Maintenance of Parks	24,357.93	24,357.93		24,357.93
Construction Official	2,475.06	2,475.06		2,475.06
<b>Total Salaries and Wages Within "CAPS"</b>	<b>917,037.73</b>	<b>917,037.73</b>	<b>292,921.06</b>	<b>624,116.67</b>
<b>Other Expenses Within "CAPS":</b>				
General Administration	7,714.18	7,714.18	270.00	7,444.18
Purchasing	13,280.96	13,280.96	6,352.26	6,928.70
Township Council	28,277.29	28,277.29	5,219.49	23,057.80
Township Clerk	3,587.74	3,587.74	1,710.95	1,876.79
Elections	2,439.70	2,439.70		2,439.70
Financial Administration	2,417.58	2,417.58	1,296.80	1,120.78
Audit Services	16,540.00	16,540.00	13,110.00	3,430.00
Computerized Data Processing	40,190.32	40,190.32	26,232.09	13,958.23
Collection of Taxes	4,647.55	4,647.55		4,647.55

**Schedule of Appropriation Reserves****Current Fund****Year Ended December 31, 2018**

	<u>Balance, Dec. 31, 2017</u>	<u>Balance after Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Assessment of Taxes	29,426.05	29,426.05	10,386.20	19,039.85
Legal Services and Costs	9,515.55	9,515.55	4,297.28	5,218.27
Municipal Court	13,637.92	13,637.92	3,463.79	10,174.13
Public Defender (P.L. 1997, c256)	1,200.00	1,200.00		1,200.00
Engineering Services and Costs	7,485.10	7,485.10	1,342.93	6,142.17
Planning Board	29.19	29.19	24.30	4.89
Planning Department	4,599.80	4,599.80	575.00	4,024.80
Economic Development	10,141.14	10,141.14	798.00	9,343.14
Board of Adjustments	7,315.00	7,315.00	6,801.48	513.52
Insurance:				
General Liability	8,250.30	8,250.30	4,847.12	3,403.18
Workers' Compensation Insurance	20,618.08	20,618.08		20,618.08
Employee Group Health	280,477.16	280,477.16	47,781.28	232,695.88
Unemployment Compensation Insurance	1,000.00	1,000.00		1,000.00
Police	67,048.65	67,048.65	34,905.90	32,142.75
Purchase of Police Cars	19,834.86	19,834.86	12,916.11	6,918.75
Police Dispatch 911	6,143.91	6,143.91	2,375.00	3,768.91
Emergency Management Services	1,989.60	1,989.60		1,989.60
Aid to Volunteer Ambulance Companies	30,472.72	30,472.72	3,409.00	27,063.72
Fire	4,480.63	4,480.63	4,420.68	59.95
Uniform Fire Safety	1,396.63	1,396.63	400.00	996.63
Municipal Prosecutor	6,176.70	6,176.70	6,166.66	10.04
Road Repairs and Maintenance	40,320.11	40,320.11	11,754.61	28,565.50
Garbage and Trash Removal	46,669.60	46,669.60	4,698.50	41,971.10
Public Buildings and Grounds	23,995.06	23,995.06	5,038.24	18,956.82
Vehicle Maintenance	55,704.54	55,704.54	26,620.32	29,084.22
Snow Removal	209,825.59	209,825.59	194,153.70	15,671.89
DPW Administration	5,043.77	5,043.77	936.96	4,106.81
Municipal Services Act-Condo Costs	56,200.00	56,200.00	46,395.07	9,804.93
Health and Human Service Function:				
Health and Welfare Department	36,114.50	36,114.50		36,114.50
Environmental Commission	2,730.00	2,730.00		2,730.00
Animal Regulation	20,000.00	20,000.00		20,000.00
Committee on Aging	8,310.85	8,310.85		8,310.85
Recreation Services Functions	10,142.44	10,142.44	3,790.26	6,352.18
Maintenance of Parks	43,017.33	43,017.33	684.49	42,332.84
Celebration of Public Events	2,817.16	2,817.16	2,817.16	-
Electricity	32,831.70	32,831.70	8,398.92	24,432.78
Street Lighting	13,202.32	13,202.32	7,307.82	5,894.50
Telephone and Telegraph	6,242.66	6,242.66	3,974.68	2,267.98

**Schedule of Appropriation Reserves****Current Fund****Year Ended December 31, 2018**

	<u>Balance, Dec. 31, 2017</u>	<u>Balance after Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Water	99.02	99.02	99.02	-
Natural Gas	16,946.70	16,946.70	9,009.90	7,936.80
Sewerage Processing and Disposal	1,509.31	1,509.31	1,246.12	263.19
Gasoline	105,460.30	105,460.30	14,012.53	91,447.77
Construction Official	28,310.59	28,310.59	88.99	28,221.60
Accumulated Sick Leave	24,202.26	24,202.26	24,202.26	-
 Total Other expenses Within "CAPS"	<u>1,440,030.12</u>	<u>1,440,030.12</u>	<u>564,331.87</u>	<u>875,698.25</u>
 Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security ( O.A.S.I. )	<u>52,211.90</u>	<u>52,211.90</u>	<u>29,801.96</u>	<u>22,409.94</u>
 Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>52,211.90</u>	<u>52,211.90</u>	<u>29,801.96</u>	<u>22,409.94</u>
 Total Reserves Within "CAPS"	<u>2,409,279.75</u>	<u>2,409,279.75</u>	<u>887,054.89</u>	<u>1,522,224.86</u>
 Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library	118,602.87	118,602.87	118,602.87	-
Emergency Services Volunteer Length of Service Award Program	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>-</u>
 Total Other Expenses Excluded from "CAPS"	<u>143,602.87</u>	<u>143,602.87</u>	<u>143,602.87</u>	<u>-</u>
 Total Reserves Excluded from "CAPS"	<u>143,602.87</u>	<u>143,602.87</u>	<u>143,602.87</u>	<u>-</u>
 Total Reserves	<u>2,552,882.62</u>	<u>2,552,882.62</u>	<u>1,030,657.76</u>	<u>1,522,224.86</u>

Ref.

<u>Analysis of Appropriation Reserve</u>
Unencumbered
Encumbered

A	2,280,856.58
A	272,026.04
	<u>2,552,882.62</u>

A-4

A-1

**Township of Sparta, N.J.**

**Schedule of Encumbrances Payable - Various Reserves**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	4,338.39
Increased by:		
Various Cash Liabilities and Reserves	A-20	<u>17,371.03</u>
		<u>21,709.42</u>
Decreased by:		
Cash Disbursements	A-4	<u>4,338.39</u>
Balance - December 31, 2018	A	<u>17,371.03</u>

**Township of Sparta, N.J.**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	6,844,385.72
Increased by:		
Receipts - Prepaid 2019 Taxes	A-6	<u>794,429.07</u>
		<u>7,638,814.79</u>
Decreased by:		
Applied to 2018 Taxes	A-8	<u>6,844,385.72</u>
Balance - December 31, 2018	A	<u>794,429.07</u>

**Township of Sparta, N.J.****Schedule of Local District School Tax Payable****Current Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year 2018	A-1; A-8	<u>60,845,268.00</u>
Decreased by:		
Payments	A-4	<u>60,845,268.00</u>

**Schedule of County Taxes Payable****Current Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	65,805.65
Increased by:		
Levy	A-8	16,947,187.59
Added and Omitted Taxes	A-8	<u>36,663.67</u>
	A-1	<u>16,983,851.26</u>
		<u>17,049,656.91</u>
Decreased by:		
Payments	A-4	<u>17,012,993.24</u>
Balance - December 31, 2018	A	<u>36,663.67</u>

**Township of Sparta, N.J.****Schedule of Due to Library****Current Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	4,057.30
Increased by:		
Added and Omitted Taxes	A-1; A-8	2,251.23
		<hr/> 6,308.53
Decreased by:		
Disbursements	A-4	4,057.30
Balance - December 31, 2018	A	<hr/> 2,251.23

## Township of Sparta, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

Year Ended December 31, 2018

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2017	Increased	Decreased	Balance, Dec. 31, 2018
<u>Liabilities:</u>				
Tax Overpayments	43,138.66	138,138.61	164,517.99	16,759.28
Due to State of New Jersey:				
Construction Code Surcharge	9,077.00	59,722.00	68,799.00	
Marriage License Surcharge	550.00	2,750.00	2,425.00	875.00
<u>Reserves for:</u>				
Revaluation of Taxes	205,172.50		205,172.50	
Tax Maps	14,276.55		14,276.55	
	<u>272,214.71</u>	<u>200,610.61</u>	<u>455,191.04</u>	<u>17,634.28</u>
	A			A

	<u>Ref.</u>	
Cancelled to Surplus	A-1	219,449.05
Receipts	A-4	200,610.61
Disbursed	A-4	218,370.96
Reserve for Encumbrances	A-15	17,371.03
		<u>200,610.61</u>
		<u>455,191.04</u>

## Township of Sparta, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	<u>Balance, Dec. 31, 2017</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Transfer from Unappropriated Reserves</u>	<u>Balance, Dec. 31, 2018</u>
<b>Federal Grants:</b>					
Click It or Ticket		11,000.00		11,000.00	
Drive Sober or Get Pulled Over		5,000.00		5,000.00	
	<u>16,000.00</u>	<u>16,000.00</u>		<u>16,000.00</u>	<u>16,000.00</u>
<b>State Grants</b>					
Recycling Tonnage Grant		28,103.00		28,103.00	
Clean Communities Grant		47,508.00		47,508.00	
Body Armor Grant		3,231.00		3,231.00	
Highlands Grant	13,054.65				13,054.65
Municipal Alliance Program	173.10	16,042.00	15,125.00		1,090.10
	<u>13,227.75</u>	<u>94,884.00</u>	<u>15,125.00</u>	<u>78,842.00</u>	<u>14,144.75</u>
	<u>13,227.75</u>	<u>110,884.00</u>	<u>15,125.00</u>	<u>94,842.00</u>	<u>14,144.75</u>
	A	A-2	A-24	A-23	A

## Township of Sparta, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, 2017	Transfer From 2018 <u>Budget</u>	Balance, Dec. 31, 2018
<b>Federal Grants:</b>			
Drive Sober or Get Pulled Over	5,000.00	5,000.00	
Click It or Ticket	11,000.00	11,000.00	
	<u>16,000.00</u>	<u>16,000.00</u>	<u></u>
<b>State Grants:</b>			
Recycling Tonnage Grant	46,835.85	28,103.00	68,684.09
Drunk Driving Enforcement Fund	37,503.21	2,243.71	35,259.50
Clean Communities	105,401.72	47,508.00	89,526.97
Alcohol Education & Rehab Grant	8,111.70	4,175.00	3,936.70
Municipal Alliance on Alcoholism and Drug Abuse			
State Share	31,041.97	16,042.00	26,408.97
Local Share	11,206.45	4,250.00	14,456.45
Body Armor Replacement	5,570.59	3,231.00	940.11
Highlands Commission Grant	<u>21,451.65</u>	<u>99,134.00</u>	<u>21,451.65</u>
	<u>267,123.14</u>	<u>99,134.00</u>	<u>260,664.44</u>
	<u>267,123.14</u>	<u>115,134.00</u>	<u>260,664.44</u>
	A		A

	<u>Ref.</u>	
State and Federal Grants	A-3	110,884.00
Matching Funds for Grants	A-24	4,250.00
Interfund - Current Fund	A-24	103,582.62
Encumbrances Payable	A-25	18,010.08
	<u>115,134.00</u>	<u>121,592.70</u>

## Township of Sparta, N.J.

## Schedule of Unappropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2018

Grant	Balance Dec. 31, 2017	Transfer			Balance Dec. 31, 2018
		To 2018 Budget	Received	Canceled	
<b>Federal Grants:</b>					
Click It or Ticket	11,000.00	11,000.00			-
Drive Sober or Get Pulled Over	5,000.00	5,000.00	5,500.00		5,500.00
	16,000.00	16,000.00	5,500.00	-	5,500.00
<b>State Grants:</b>					
Recycling Tonnage Grant	28,103.47	28,103.00		0.47	0.00
Clean Communities	47,508.61	47,508.00	45,019.65	0.61	45,019.65
Alcohol Education and Rehabilitation Fund	0.00		73.23		73.23
Body Armor Replacement Fund	3,231.73	3,231.00		0.73	0.00
	78,843.81	78,842.00	45,092.88	1.81	45,092.88
<b>Local Grants:</b>					
Soil Conservation Fire Grant		5,000.00			5,000.00
	-	-	5,000.00	-	5,000.00
	94,843.81	94,842.00	55,592.88	1.81	55,592.88
	A	A-21	A-24	A-24	A

## Township of Sparta, N.J.

## Schedule of Interfunds

## Federal and State Grant Fund

Year Ended December 31, 2018

		Due From/(To) Balance		Due From/(To) Balance
	<u>Ref.</u>	<u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>
Current Fund	A	<u>380,532.05</u>	<u>74,967.88</u>	<u>135,377.28</u>
				<u>320,122.65</u>
State Grant Receipts	A-21		15,125.00	
Matching Funds for State Grants	A-22		4,250.00	
State Grant Expenditures	A-22			103,582.62
Unappropriated Reserves	A-23		55,592.88	1.81
Encumbrances	A-25			31,792.85
		<u>74,967.88</u>	<u>135,377.28</u>	

## Township of Sparta, N.J.

**Schedule of Encumbrances Payable****Federal and State Grant Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	A	31,792.85
Increased by:		
Appropriated Reserves	A-22	18,010.08
		<hr/> 49,802.93
Decreased by:		
Interfund - Current Fund	A-24	31,792.85
		<hr/> <hr/> 18,010.08
Balance - December 31, 2018	A	<hr/> <hr/>

## Township of Sparta, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2018

		Emergency Services			
	Ref.	Volunteer Length of Service Award	Assessment Trust Program	Animal Control Trust Fund	Other Trust Funds
Balance - December 31, 2017	B		166,853.61	248,462.49	30,579.97
<b>Increased by Receipts:</b>					
Prepaid Dog Licenses	B-9			9,827.34	
Other Trust Funds	B-11				22,755,311.36
Dog License Fees - Township Share	B-13			10,677.57	
Cat License Fees	B-13			1,866.00	
Dog Late Fees	B-13			261.00	
Cat Late Fees	B-13			10.00	
Miscellaneous	B-13			1,581.68	
Dog License Fees - State Share	B-14			2,375.40	
Township Contributions	B-15	28,010.00			
Total Receipts		28,010.00		26,598.99	22,755,311.36
			194,863.61	248,462.49	57,178.96
					27,605,884.85
<b>Decreased by Disbursements:</b>					
Other Trust Funds	B-11			22,813,420.11	
Reserve from Encumbrances	B-12				19,287.32
Reserve (Deficit) for Animal Control Expenditures	B-13			37,558.16	
State Share - Dog Licenses	B-14			2,385.00	
Decrease in Investment Value	B-16	6,204.85			
Accounting Charge	B-16	1,200.00			
Total Disbursements		7,404.85		39,943.16	22,832,707.43
Balance - December 31, 2018	B	187,458.76	248,462.49	17,235.80	4,773,177.42

**Township of Sparta, N.J.**

**Analysis of Assessment Cash**

**Assessment Trust Fund**

**Year Ended December 31, 2018**

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Glen Lake Dam	<u>248,462.49</u>	<u>248,462.49</u>
	<u>                  B</u>	<u>                  B</u>

## Township of Sparta, N.J.

## Schedule of Assessments Receivable

## Assessment Trust Fund

Year Ended December 31, 2018

Ordinance <u>Number</u>	<u>Improvement Description</u>	Date of Confir- mation	Balance		Balance NJ DEP <u>Loan</u>	Balance Pledged to NJ DEP <u>Loan</u>
			<u>Dec. 31, 2017</u>	<u>Dec. 31, 2018</u>		
16-03	Glen Lake Dam	10/25/2016	<u>622,694.75</u> B	<u>622,694.75</u> B	<u>622,694.75</u> B-7	

**B-4**

**Township of Sparta, N.J.**

**Statement of Revenues**

**Assessment Trust Fund**

**Year Ended December 31, 2018**

	<u>Budget</u> <u>Revenue</u>	<u>Canceled</u>
Assessment Cash	<u>54,631.00</u> B-5	<u>54,631.00</u>

**B-5**

**Statement of Expenditures**

**Assessment Trust Fund**

**Year Ended December 31, 2018**

	<u>Appropriated</u>	<u>Canceled</u>
Payment of DEP Loan Principal	41,969.00	41,969.00
Payment of DEP Loan Interest	12,662.00	12,662.00
	<u>54,631.00</u> B-4	<u>54,631.00</u>

**Township of Sparta, N.J.**

**Schedule of Change Fund**

**Animal Control Trust Fund**

**Year Ended December 31, 2018**

Ref.

Balance - December 31, 2017	B	<u>25.00</u>
-----------------------------	---	--------------

Balance - December 31, 2018	B	<u>25.00</u>
-----------------------------	---	--------------

**Township of Sparta, N.J.**

**Schedule of NJ Department of Environmental Protection Loan Payable**

**Assessment Trust Fund**

**Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	B	<u><u>737,502.44</u></u>
Balance - December 31, 2018	B; B-3	<u><u>737,502.44</u></u>

**Township of Sparta, N.J.****Schedule of Reserve for Assessments and Liens****Year Ended December 31, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2018</u>
<b><u>Assessments Receivable</u></b>			
16-03	Glen Lake Dam	<u>133,654.80</u>	<u>133,654.80</u>
		B	B

**Township of Sparta, N.J.****Schedule of Prepaid Licenses - Animal Control****Trust Funds****Year Ended December 31, 2018**Ref.

Balance - December 31, 2017	B	15,116.66
Increased by:		
Cash Receipts	B-1	9,827.34
		<hr/> 24,944.00
Decreased by:		
Prepaid Dog Licenses Applied	B-12	<hr/> 10,082.33
Balance - December 31, 2018	B	<hr/> 14,861.67

**Township of Sparta, N.J.**

**Schedule of Interfunds**

**Other Trust Fund**

**Year Ended December 31, 2018**

	Due From/(To)
	Balance
	<u>Increased</u>
Interfund - Current	<u>707.77</u>
	B-11
	<u>707.77</u>
	B

## Township of Sparta, N.J.

## Schedule of Other Trust Funds

## Trust Funds

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Reserve for P.O.A.A.	2,250.54	42.00		2,292.54
Reserve for Recreation Activities	148,224.51	419,057.89	406,538.79	160,743.61
Reserve for Health Plan	31,590.54	105,428.75	8,876.08	128,143.21
Reserve for Outside Police Employment	53,920.51	223,128.20	247,384.19	29,664.52
Reserve for Public Defender	2,186.68	5,957.50	5,050.00	3,094.18
Reserve for Cash Bonds	77,399.09		77,399.09	
Reserve for Snow Removal	616,239.25	86,792.04	117,162.20	585,869.09
Reserve for Public Safety Donation	6,414.19	260.00	3,475.00	3,199.19
Reserve for Fire Safety	4,850.00	200.00	893.45	4,156.55
Reserve for State Unemployment Insurance Tax	169,154.83	16,417.10	17,828.06	167,743.87
Reserve for C.O.A.H. Fees	521,727.76	79,929.94	106,536.50	495,121.20
Reserve for Performance Bonds	688,652.75	636,682.08	377,617.81	947,717.02
Reserve for Developer's Escrow	97,764.19	93,171.79	86,812.19	104,123.79
Reserve for Accrued Leave	265,040.35	24,202.26	20,547.54	268,695.07
Reserve for Open Space	579,560.83	336,013.21	325,000.00	590,574.04
Reserve for Payroll	6,966.91	20,072,171.31	19,983,634.47	95,503.75
Reserve for Flexible Spending Account	8,818.24	32,921.37	32,445.58	9,294.03
Reserve for Video Camera Funds	1,925.00	1,275.00		3,200.00
Reserve for Premium on Tax Sale	1,548,600.00	117,000.00	522,200.00	1,143,400.00
Reserve for Outside Lienholder		505,368.69	505,368.69	
	<u>4,831,286.17</u>	<u>22,756,019.13</u>	<u>22,844,769.64</u>	<u>4,742,535.66</u>
	B			B

	Ref.	
Cash Receipts	B-1	22,755,311.36
Cash Disbursements	B-1	22,813,420.11
Interfund - Current Fund	B-10	707.77
Encumbrances	B-12	31,349.53
	<u>22,756,019.13</u>	<u>22,844,769.64</u>

**Township of Sparta, N.J.****Schedule of Reserve for Encumbrances****Trust Funds****Year Ended December 31, 2018**Ref.

Balance - December 31, 2017

Animal Control Trust Fund	B	499.00	
Other Trust Funds	B	<u>19,287.32</u>	
			19,786.32

Increased by:

Charges to Animal Control Fund	B-13	2,018.60	
Charges to Other Trust Reserves	B-11	<u>31,349.53</u>	
			33,368.13
			53,154.45

Decreased by:

Other Trust Disbursed	B-1	<u>19,287.32</u>	
			19,287.32

Balance - December 31, 2018

Animal Control Trust Fund	B	2,517.60	
Other Trust Funds	B	<u>31,349.53</u>	
			33,867.13

## Township of Sparta, N.J.

## Reserve (Deficit) for Animal Control Fund Expenditures

## Animal Control Trust Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	14,979.71
Increased by:		
Dog License Fees	B-1	10,677.57
Prepaid Dog Licenses Applied	B-9	10,082.33
Cat License Fees	B-1	1,866.00
Dog Late Fees	B-1	261.00
Cat Late Fees	B-1	10.00
Miscellaneous	B-1	<u>1,581.68</u>
		<u>24,478.58</u>
		<u>39,458.29</u>
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	37,558.16
Encumbrances	B-12	<u>2,018.60</u>
		<u>39,576.76</u>
Balance - December 31, 2018	B	<u>(118.47)</u>

License Fees Collected

<u>Year</u>	
2017	25,286.65
2016	<u>27,229.60</u>
	<u>52,516.25</u>

B-14

## Schedule of Due To/From State Department of Health

## Animal Control Trust Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	9.60
Increased by:		
State Fees Collected	B-1	<u>2,375.40</u>
		<u>2,385.00</u>
Decreased by:		
Paid to State	B-1	<u>2,385.00</u>

## Township of Sparta, N.J.

## Schedule of Contributions Receivable

## Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	35,000.00
Increased by:		
2018 Township Contributions	B-16	<u>27,370.00</u>
		<u>62,370.00</u>
Decreased by:		
Receipts	B-1	28,010.00
Adjustment to 2017 Contribution	B-16	<u>6,990.00</u>
		<u>35,000.00</u>
Balance - December 31, 2018	B	<u><u>27,370.00</u></u>

B-16

## Schedule of Net Assets Available for Benefits

## Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	B	201,853.61
Increased by:		
2018 Township Contributions	B-15	<u>27,370.00</u>
		<u>229,223.61</u>
Decreased by:		
Decrease in Investment Value	B-1	6,204.85
Accounting Charge	B-1	1,200.00
Adjustment to 2017 Contribution	B-15	<u>6,990.00</u>
		<u>14,394.85</u>
Balance - December 31, 2018	B	<u><u>214,828.76</u></u>

**Township of Sparta, N.J.****Schedule of Cash****General Capital Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	C	886,191.54
Increased by Receipts:		
Premium on Issuance of BAN	C-1	5,705.30
Budget Appropriations:		
Deferred Charges Unfunded	C-5	382,408.55
Deferred Charge - Additional Note Paydown	C-6	50,000.00
Bond Anticipation Notes	C-8	1,050,000.00
Open Space Trust Fund	C-9	150,000.00
Capital Improvement Fund	C-10	<u>1,700,000.00</u>
		<u>3,338,113.85</u>
		<u>4,224,305.39</u>
Decreased by Disbursements:		
Improvement Authorizations	C-9	1,585,244.54
Encumbrances Payable	C-11	<u>338,948.72</u>
		<u>1,924,193.26</u>
Balance - December 31, 2018	C	<u>2,300,112.13</u>

## Township of Sparta, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2018

	Balance or (Deficit) Dec. 31, 2017	Receipts			Disbursements			Balance or (Deficit) Dec. 31, 2018
		Budget Appropriations	BAN Issued	Miscellaneous	Improvement Authorizations	Transfers From	To	
Deferred Charges - Additional Note Paydown	(50,000.00)	50,000.00						-
Fund Balance	279,385.52		5,705.30			100,000.00	3,750.00	188,840.82
Capital Improvement Fund	197,554.16	1,700,000.00				1,835,500.00		62,054.16
Reserve for Encumbrances	368,543.04				329,947.25	12,501.77	634,022.22	660,116.24
Reserve for Developers Contribution	74,566.00							74,566.00
<b>Improvement Authorizations:</b>								
07-18 Acquisition of Lands	10,951.23				10,951.23			-
08-17 Acquisition of Communication/911 Equipment	5,137.75							5,137.75
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
10-18 2010 - Various Improvements or Purposes	189,206.29				14,715.37			174,490.92
10-23 Installation of Solar Panels at Germany Flats	28,467.03				163.48	1,000.00		27,303.55
12-11 Various Capital Improvements	7,345.56					7,345.56		-
14-05 Various Capital Improvements	13,552.72				3,360.16	12,427.56	8,919.90	6,684.90
15-05 Various Capital Improvements	102,423.76				43,563.60	867.98		57,992.18
16-10 Various Capital Improvements	85,526.88				4,940.00	18,702.00	81.87	61,966.75
16-13 Improvements to 911 Comm Center	(146,237.88)	52,000.00					3,500.00	(90,737.88)
16-15 Improvements to Recreation Turf Field	(173,174.12)	175,000.00			1,825.88			-
16-18 Purchase of Fire Truck	(400,000.00)	100,000.00						(300,000.00)
17-06 Various Capital Improvements	314,742.23				200,298.45	59,789.68		54,654.10
17-09 Improvement to Celia Dr	(51,658.55)				55,408.55	3,750.00		-
18-03 Various Capital Improvements					1,221,368.53	373,639.44	1,700,000.00	104,992.03
18-04 Various Capital Improvements			1,050,000.00	150,000.00	1,000.00			1,199,000.00
18-10 Various Capital Improvements					70,748.07	2,650.00	100,000.00	26,601.93
18-13 Improvements to Demarest Rd II and Green Rd					5,488.10	157,600.00	135,500.00	(27,588.10)
	<b>886,191.54</b>	<b>2,077,000.00</b>	<b>1,055,705.30</b>	<b>205,408.55</b>	<b>1,924,193.26</b>	<b>2,585,773.99</b>	<b>2,585,773.99</b>	<b>2,300,112.13</b>
	C							C

**Township of Sparta, N.J.****Schedule of Deferred Charges to Future  
Taxation - Funded****General Capital Fund****Year Ended December 31, 2018**Ref.

Balance - December 31, 2017	C	6,845,000.00
-----------------------------	---	--------------

Decreased by:

Serial Bonds Paid by Current Year	
Budget Appropriations	C-7
	<u>1,020,000.00</u>

Balance - December 31, 2018	C	<u>5,825,000.00</u>
-----------------------------	---	---------------------

## Township of Sparta, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Notes Paid by 2018 Budget Appropriation	Funded by Budget Appropriation	Forfeited Performance Bond	Cancelled	Balance Dec. 31, 2018	Analysis of Balance Dec. 31, 2018		
									Financed by Bond Anticipation Notes	Expenditure Dec. 31, 2018	Unexpended Improvement Authorization
07-18	Acquisition of Lands	450,000.00		450,000.00				-			
16-13	Improvements to 911 Comm Center	148,000.00			52,000.00			96,000.00		90,737.88	5,262.12
16-15	Recreation Fields Turf Fields	175,000.00			175,000.00			-			
16-18	Purchase of Fire Truck	400,000.00			100,000.00			300,000.00		300,000.00	
17-09	Improvements to Celia Dr	71,250.00				55,408.55	15,841.45	-			
18-04	Various Capital Improvements		1,050,000.00					1,050,000.00	1,050,000.00		
18-13	Improvements to Demarest Rd II and Green Rd			199,500.00				199,500.00		27,588.10	171,911.90
		<u>1,244,250.00</u>	<u>1,249,500.00</u>	<u>450,000.00</u>	<u>327,000.00</u>	<u>55,408.55</u>	<u>15,841.45</u>	<u>1,645,500.00</u>	<u>1,050,000.00</u>	<u>418,325.98</u>	<u>177,174.02</u>
		C	C-9;C-13	C-8	C-2; C-13	C-2; C-13	C-9; C-13	C	C-8		C-9

Improvement Authorizations Unfunded	1,227,174.02
Less: Unexpended Proceeds of Bond	
Anticipation Notes - Ord. # 18-04	1,050,000.00
	<u>177,174.02</u>

**Township of Sparta, N.J.****Schedule of Deferred Charges - Additional Note Paydown****General Capital Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	C	<u>50,000.00</u>
Decreased by:		
Cash Receipts	C-2	<u>50,000.00</u>

## Township of Sparta, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

## Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	Maturities of Bonds Outstanding, December 31, 2018		<u>Interest Rate</u>	<u>Balance Dec. 31, 2017</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds of 2011	09/08/2011	5,015,000.00	04/01/19	465,000.00	2.500%	2,950,000.00	455,000.00	2,495,000.00
			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%			
General Bonds of 2013	10/15/2013	4,590,000.00	10/15/19	425,000.00	2.000%	3,215,000.00	400,000.00	2,815,000.00
			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%			
Refunding Bonds of 2014	09/10/2014	1,010,000.00	01/01/19	170,000.00	5.000%	680,000.00	165,000.00	515,000.00
			01/01/20	175,000.00	3.000%			
			01/01/21	170,000.00	3.000%			
						<u>680,000.00</u>	<u>165,000.00</u>	<u>515,000.00</u>
						<u><u>6,845,000.00</u></u>	<u><u>1,020,000.00</u></u>	<u><u>5,825,000.00</u></u>
						C	C-4	C

## Township of Sparta, N.J.

## Schedule of Bond Anticipation Notes Payable

## General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Original Note	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
07-18	Acquisition of Land	2,000,000.00	05/30/08	10/4/2017	10/4/2018	1.69%	450,000.00			450,000.00
18-04	Various Capital Improvements	1,050,000.00	10/3/2018	10/3/2018	10/3/2019	3.00%	<u>450,000.00</u>	<u>1,050,000.00</u>	<u>1,050,000.00</u>	<u>1,050,000.00</u>

## Township of Sparta, N.J.

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2017		2018 Authorizations	Encumbrances Cancelled	Paid or Charged	Authorization Cancelled	Balance Dec. 31, 2018	
				Funded	Unfunded					Funded	Unfunded
<u>General Improvements:</u>											
07-18	Acquisition of Lands	08/28/07	2,100,000.00		10,951.23			10,951.23			
08-17	Acquisition of Communication/911 Equipment	06/26/08	199,272.00	5,137.75							5,137.75
09-14	2009 - Various Improvements and Equipment:	05/26/09	554,300.00	15,823.14				15,823.14			
09-26	Acquisition and Installation of Sustainable Energy Solar Panels	08/18/09	700,000.00	14,036.78							14,036.78
10-18	2010 - Various Improvements or Purposes:	08/24/10	337,050.00	189,206.29				14,715.37			174,490.92
10-23	Installation of Solar Panels at Germany Flats	11/30/10	1,732,500.00	28,467.03				1,163.48			27,303.55
12-11	Various Capital Improvements	07/10/12	586,000.00	7,345.56				7,345.56			
14-05	Various Capital Improvements	07/22/14	1,000,000.00	13,552.72		0.30		6,868.12			6,684.90
15-05	Various Capital Improvements	05/12/15	1,000,000.00	102,423.76				44,431.58			57,992.18
16-10	Various Capital Improvements	06/14/16	1,250,000.00	85,526.88				23,560.13			61,966.75
16-13	Improvements to "911" Comm Center	07/12/16	260,000.00		1,762.12		3,500.00				5,262.12
16-15	Improvements to Recreation Turf Field	08/09/16	775,000.00		1,825.88			1,825.88			
17-06	Various Capital Improvements	06/13/17	1,500,000.00	314,742.23				260,088.13			54,654.10
17-09	Improvement to Celia Drive	08/22/17	75,000.00		19,591.45				19,591.45		
18-03	Various Capital Improvements	04/10/18	1,700,000.00		1,700,000.00			1,595,007.97			104,992.03
18-04	Various Capital Improvements	04/24/18	1,200,000.00		1,200,000.00			1,000.00			149,000.00
18-10	Various Capital Improvements	08/28/18	100,000.00		100,000.00			73,398.07			26,601.93
18-13	Improvements to Demarest Rd II and Green Rd	10/09/18	335,000.00		335,000.00			163,088.10			171,911.90
			776,262.14	34,130.68	3,335,000.00	3,500.30	C-11	2,219,266.76	19,591.45	682,860.89	1,227,174.02
			C	C						C	C

	Ref.		
Fund Balance	C-1	100,000.00	
Open Space Trust Fund	C-2	150,000.00	3,750.00
Cash Disbursements	C-2		1,585,244.54
Deferred Charges to Future Taxation - Unfunded	C-5	1,249,500.00	
Capital Improvement Fund	C-10	1,835,500.00	15,841.45
Encumbrances Payable	C-11		
		634,022.22	
		3,335,000.00	2,219,266.76
			19,591.45

## Township of Sparta, N.J.

## Schedule of Capital Improvement Fund

## General Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	C	197,554.16
Increased by:		
Budget Appropriation	C-2	<u>1,700,000.00</u>
		<u>1,897,554.16</u>
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	C-9	<u>1,835,500.00</u>
Balance - December 31, 2018	C	<u><u>62,054.16</u></u>

**Township of Sparta, N.J.****Schedule of Reserve for Encumbrances****General Capital Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	C	368,543.04
Increased by:		
Improvement Authorizations	C-9	<u>634,022.22</u>
		<u>1,002,565.26</u>
Decreased by:		
Cash Disbursed	C-2	338,948.72
Cancelled	C-9	<u>3,500.30</u>
		<u>342,449.02</u>
Balance - December 31, 2018	C	<u><u>660,116.24</u></u>

**Schedule of Reserve for Developers Contribution****General Capital Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	C	<u>74,566.00</u>
Balance - December 31, 2018	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, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	BAN's Not Re-Issued	Funded by Budget Appropriation	Improvement Cancelled	Bond Anticipation Notes Issued	Balance Dec. 31, 2018
16-13	Improvements to "911" Comm Center	148,000.00			52,000.00			96,000.00
16-15	Improvements to Recreation Turf Field	175,000.00			175,000.00			-
16-18	Purchase of Fire Truck	400,000.00			100,000.00			300,000.00
17-09	Improvements to Celia Drive	71,250.00		55,408.55		15,841.45		-
18-04	Various Capital Improvements		1,050,000.00				1,050,000.00	-
18-13	Improvements to Demarest Rd II and Green Rd		199,500.00					199,500.00
		<u>794,250.00</u>	<u>1,249,500.00</u>	<u>55,408.55</u>	<u>327,000.00</u>	<u>15,841.45</u>	<u>1,050,000.00</u>	<u>595,500.00</u>
		Footnote C	C-5	C-5	C-5	C-5	C-8	Footnote C

## Township of Sparta, N.J.

## Schedule of Cash

## Water Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance - December 31, 2017	D	<u>658,843.92</u>	<u>40,995.29</u>	<u>703,616.61</u>
Increased by Receipts:				
Fire Hydrant Service	D-2	46,324.19		
Water Tower Cell Phone Lease	D-2	171,452.00		
Miscellaneous Revenues	D-2	149,886.55		
Miscellaneous Revenues not Anticipated	D-2	89,473.43		
Proceeds from BAN Sale	D-4			3,771.30
Interfund Receipts	D-10	182,000.00		
Consumer Accounts Receivable	D-12	2,866,137.69		
Water Assessments Receivable	D-13		22,004.71	
Water Rents Overpayments	D-18	54,596.20		
Bond Anticipation Notes	D-22			410,000.00
Capital Improvement Fund	D-25			300,000.00
Budget Appropriation - Bonds and Notes Authorized but Not Issued	D-29			195,840.19
		<u>3,559,870.06</u>	<u>22,004.71</u>	<u>909,611.49</u>
Decreased by Disbursements:				
Budget Appropriations	D-5	3,183,021.32		
Interfunds	D-10			182,000.00
Appropriation Reserves	D-17	64,525.80		
Water Rents Overpayments	D-18	1,578.57		
Interest on Bonds	D-19	381,518.72		
Interest on Notes	D-20	5,640.37		
Assessment Bond Anticipation Notes	D-22		33,000.00	
Improvement Authorizations	D-24			624,765.37
Encumbrances Payable	D-26			43,754.78
		<u>3,636,284.78</u>	<u>33,000.00</u>	<u>850,520.15</u>
Balance - December 31, 2018	D	<u>582,429.20</u>	<u>30,000.00</u>	<u>762,707.95</u>

## Township of Sparta, N.J.

**Schedule of Analysis of Water Utility Assessment Trust Cash**  
**Water Utility Fund**

**Year Ended December 31, 2018**

	Balance <u>Dec.31, 2017</u>	Receipts		Disbursements		Balance <u>Dec. 31, 2018</u>
		Assessments	Receivable	Notes	Paid	
<b>Assessment Notes:</b>						
Ord. No. 06-16	30,000.00					30,000.00
Ord. No. 09-04	10,995.29	22,004.71		33,000.00		30,000.00
	<u>40,995.29</u>	<u>22,004.71</u>		<u>33,000.00</u>		<u>30,000.00</u>
	D					D

## Township of Sparta, N.J.

## Schedule of Interfund Accounts Receivable (Payable)

## Water Utility Fund

Year Ended December 31, 2018

		Water Operating Fund	Water Capital Fund
	Ref.	Water Operating Fund	Water Capital Fund
Increased by:			
Revenues	D-2	195,841.00	
Disbursements	D-8		182,000.00
		<u>195,841.00</u>	<u>182,000.00</u>
Decreased by:			
Fund Balance	D-4		195,841.00
Receipts	D-8	182,000.00	
		<u>182,000.00</u>	<u>195,841.00</u>
Balance - December 31, 2018	D	<u>13,841.00</u>	<u>(13,841.00)</u>

## Township of Sparta, N.J.

## Schedule of Water Utility Capital Cash

## Water Utility Fund

Year Ended December 31, 2018

	Balance Dec.31, 2017	Receipts			Disbursements		Transfers		Balance Dec. 31, 2018
		Bond Notes	Antic.	Budget Appropriations	Improvement Authorizations	Miscellaneous	To	From	
Fund Balance	206,213.46	3,771.30					195,841.00		14,143.76
Interfund - Water Operating	-				182,000.00		195,841.00		13,841.00
Reserve for Encumbrances	43,754.78				43,754.78		119,999.00		119,999.00
Capital Improvement Fund	45,939.00			300,000.00				300,000.00	45,939.00
Deferred Charge - Note Paydown	(500.00)								(500.00)
ORD. <u>Improvement Authorizations</u>									
No.									
955	Water Utility Improvements	(195,840.19)		195,840.19					-
09-16	Improvements to the Water Supply and Distribution System	225,000.00							225,000.00
14-06	Improvement to The Water Supply and Distribution System	240.15							240.15
15-06	Improvement to The Water Supply and Distribution System	123.86							123.86
16-11	Improvement to The Water Supply and Distribution System	194,240.89			150,417.78			38,941.00	4,882.11
16-14	Improvements to the Highlands Well	28,560.95							28,560.95
17-07	Various Water Utility System Improvement	155,883.71			147,169.85				8,713.86
18-08	Various Water Capital Improvements				152,795.45		200,000.00	39,058.00	8,146.55
18-09	Various Water Capital Improvements		410,000.00		174,382.29		100,000.00	42,000.00	293,617.71
		<u>703,616.61</u>	<u>413,771.30</u>	<u>495,840.19</u>	<u>668,520.15</u>	<u>182,000.00</u>	<u>615,840.00</u>	<u>615,840.00</u>	<u>762,707.95</u>
		D							D

## Township of Sparta, N.J.

## Schedule of Consumer Accounts Receivable

## Water Utility Operating Fund

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Charges</u>	<u>Collections</u>	Balance <u>Dec. 31, 2018</u>
Water Rents & Capacity				
Charges	<u>293,655.97</u>	<u>2,984,378.30</u>	<u>2,930,635.72</u>	<u>347,398.55</u>
	D			D
Cash Receipts		<u>Ref.</u>		
		D-8	2,866,137.69	
Pre-Paid & Overpaid Rents Applied		D-18	<u>64,498.03</u>	
			<u>2,930,635.72</u>	<u>D-2</u>

## Township of Sparta, N.J.

## Schedule of Assessment Receivables

## Water Utility Assessment Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Due Date</u>	<u>Balance Dec. 31 2017</u>	<u>Receipts</u>
09-04	Improvement to Water Supply and Distribution System	02/24/2009	10	11/02/09-18	<u>22,004.71</u> D	<u>22,004.71</u> D-8

**Township of Sparta, N.J.**

**Schedule of Fixed Capital**

**Water Utility Capital Fund**

**Year Ended December 31, 2018**

Ref.

		<u>28,743,323.34</u>
Balance December 31, 2017	D	
Balance December 31, 2018	D	<u>28,743,323.34</u>

**Township of Sparta, N.J.**  
**Schedule of Fixed Capital Authorized and Uncompleted**  
**Water Utility Capital Fund**  
**Year Ended December 31, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance</u>	<u>Amount</u>	<u>Balance Dec. 31, 2017</u>	<u>2018</u>	
						<u>Improvements Authorized</u>	<u>Balance Dec. 31, 2018</u>
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
16-11	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
17-07	Various Water Utility System Improvements	7/11/2017		600,000.00	600,000.00		600,000.00
18-08	Various Water Capital Improvements	7/10/2018		200,000.00		200,000.00	200,000.00
18-09	Various Water Capital Improvements	7/10/2018		510,000.00		510,000.00	510,000.00
					<u>2,738,500.00</u>	<u>710,000.00</u>	<u>3,448,500.00</u>
					<u>D</u>	<u>D-24</u>	<u>D</u>

**Township of Sparta, N.J.**

**Schedule of Deferred Charges**

**Water Utility Capital Fund**

**Year Ended December 31, 2018**

Ref.

Balance - December 31, 2017	D	<u>500.00</u>
-----------------------------	---	---------------

Balance - December 31, 2018	D	<u>500.00</u>
-----------------------------	---	---------------

## Township of Sparta, N.J.

## Schedule of Appropriation Reserves

## Water Utility Operating Fund

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Balance After Transfers	Paid	Balance Lapsed
<b>Operating:</b>				
Salaries and Wages	16,267.52	16,267.52		16,267.52
Other Expenses	134,405.14	134,405.14	64,525.80	69,879.34
<b>Deferred Charges and Statutory Expenditures:</b>				
Contribution to:				
Social Security System	12,142.20	12,142.20		12,142.20
	<u>162,814.86</u>	<u>162,814.86</u>	<u>64,525.80</u>	<u>98,289.06</u>
Ref.			D-8	D-1
Unencumbered D	106,658.99			
Encumbered D	56,155.87			
	<u>162,814.86</u>			

## Schedule of Utility Charge Overpayments

## Water Utility Operating Fund

Year Ended December 31, 2018

	Ref.	
Balance - December 31, 2017	D	24,113.85
<b>Increased by:</b>		
Cash Receipts	D-8	54,596.20
		<u>78,710.05</u>
<b>Decreased by:</b>		
Applied	D-12	64,498.03
Refunded	D-8	1,578.57
		<u>66,076.60</u>
Balance - December 31, 2018	D	<u>12,633.45</u>

## Township of Sparta, N.J.

## Schedule of Accrued Interest on Bonds

## Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>					
Balance - December 31, 2017	D	111,362.63				
Increased by:						
Budget Appropriation for Interest on Bonds	D-5	<u>381,519.00</u>				
		<u>492,881.63</u>				
Decreased by:						
Interest Paid	D-8	<u>381,518.72</u>				
Balance - December 31, 2018	D	<u><u>111,362.91</u></u>				
<b>Principal</b>						
<u>Outstanding</u> <u>Dec. 31, 2018</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u> <u>(days)</u>	<u>Required</u> <u>Amount</u>	<u>Actual</u> <u>Amount</u>
1,225,000.00	Various	10/1/2018	12/31/2018	91	11,112.74	9,349.23
1,154,000.00	Various	10/15/2018	12/31/2018	77	8,638.97	7,268.03
4,355,000.00	Various	7/1/2018	12/31/2018	183	83,087.08	69,901.76
4,581,000.00	Various	10/4/2018	12/31/2018	88	29,530.11	24,843.89
<b>11,315,000.00</b>					<b>132,368.91</b>	<b>111,362.91</b>

D-21

## Township of Sparta, N.J.

## Schedule of Accrued Interest on Notes

## Water Utility Operating Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	14,253.09
Increased by:		
Budget Appropriation for Interest on Notes	D-5	<u>6,000.00</u>
		<u>20,253.09</u>
Decreased by:		
Interest Paid	D-8	<u>5,640.37</u>
Balance - December 31, 2018	D	<u><u>14,612.72</u></u>

Principal Outstanding <u>Dec. 31, 2018</u>	Interest <u>Rate</u>	From	To	Period (days)	Required <u>Amount</u>	Actual <u>Amount</u>
<u>680,000.00</u>	3.00%	10/3/2018	12/31/2018	89	<u>4,974.25</u>	<u>14,612.72</u>

D-22

## Township of Sparta, N.J.

## Schedule of Water Serial Bonds Payable

## Water Utility Capital Fund

Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	Maturities of Bonds Outstanding		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2017</u>	<u>Decreased by</u>	<u>Balance, Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Water Bonds of 2011	04/28/2011	2,310,000.00	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%	1,380,000.00	155,000.00	1,225,000.00
Water Bonds of 2013	10/15/2013	1,424,000.00	10/15/19	60,000.00	2.000%			
			10/15/20	65,000.00	2.000%			
			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%	1,214,000.00	60,000.00	1,154,000.00
Water Refunding Bonds of 2014	09/10/2014	5,828,000.00	01/01/19	545,000.00	5.000%			
			01/01/20	545,000.00	3.000%			
			01/01/21	540,000.00	3.000%			
			01/01/22	545,000.00	5.000%			
			01/01/23	550,000.00	5.000%			
			01/01/24	550,000.00	5.000%			
			01/01/25	540,000.00	5.000%			
			01/01/26	540,000.00	5.000%	4,895,000.00	540,000.00	4,355,000.00

## Township of Sparta, N.J.

## Schedule of Water Serial Bonds Payable

## Water Utility Capital Fund

Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	Maturities of Bonds Outstanding			<u>Interest Rate</u>	<u>Balance, Dec. 31, 2017</u>	<u>Decreased by</u>	<u>Balance, Dec. 31, 2018</u>
			<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2018</u>				
Water Bonds of 2017	10/1/2017	4,781,000.00	10/01/19	225,000.00	2,000%				
			10/01/20	250,000.00	2,000%				
			10/01/21	275,000.00	2,000%				
			10/01/22	300,000.00	3,000%				
			10/01/23	300,000.00	3,000%				
			10/01/24	300,000.00	3,000%				
			10/01/25	300,000.00	3,000%				
			10/01/26	350,000.00	2,000%				
			10/01/27	350,000.00	2,500%				
			10/01/28	375,000.00	2,500%				
			10/01/29	400,000.00	2,750%				
			10/01/30	400,000.00	2,750%				
			10/01/31	400,000.00	3,000%				
			10/01/32	356,000.00	3,000%				
						4,781,000.00	200,000.00	4,581,000.00	
						12,270,000.00	955,000.00	11,315,000.00	
						D	D-27	D	

## **Township of Sparta, N.J.**

## **Schedule of Water Capital Bond Anticipation Notes**

## Water Utility Fund

## **Year Ended December 31, 2018**

149

**Township of Sparta, N.J.**

**Schedule of Reserve for Water Assessments Receivable**

**Water Utility Assessment Fund**

**Year Ended December 31, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2017</u>	<u>Cancel to Surplus</u>
06-10	Water Supply and Distribution System	1,938.79	1,938.79

D

D-3

## Township of Sparta, N.J.

## Schedule of Improvement Authorizations

## Water Utility Capital Fund

Year Ended December 31, 2018

Ordinance <u>Number</u>	Improvement <u>Description</u>	Ordinance <u>Date</u>	<u>Amount</u>	Balance Dec. 31,2017		2018 <u>Authorizations</u>	Paid or <u>Charged</u>	Balance Dec. 31,2018	
				<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
<u>General Improvements:</u>									
14-06	Improvement to The Water Supply and Distribution System	7/22/2014	598,500.00	240.15				240.15	-
15-06	Improvement to The Water Supply and Distribution System	5/12/2015	650,000.00	123.86				123.86	-
16-11	Improvement to The Water Supply and Distribution System	6/14/2016	800,000.00	194,240.89			189,358.78	4,882.11	-
16-14	Improvements to the Highlands Well (supp.)	8/9/2016	90,000.00	28,560.95				28,560.95	-
17-07	Various Water Utility System Improvements	7/11/2017	600,000.00		155,883.71		147,169.85	-	8,713.86
18-08	Various Water Capital Improvements	7/10/2018	200,000.00			200,000.00	191,853.45	8,146.55	-
18-09	Various Water Capital Improvements	7/10/2018	510,000.00			510,000.00	216,382.29	-	293,617.71
				<u>223,165.85</u>	<u>155,883.71</u>	<u>710,000.00</u>	<u>744,764.37</u>	<u>41,953.62</u>	<u>302,331.57</u>
				D	D			D	D

	<u>Ref.</u>	
Deferred Charges to Future Revenue	D-29	410,000.00
Capital Improvement Fund	D-28	<u>300,000.00</u>
	D-15	<u>710,000.00</u>
Cash Disbursements	D-8	624,765.37
Encumbrances Payable	D-26	<u>119,999.00</u>
		<u>744,764.37</u>

**Township of Sparta, N.J.****Schedule of Capital Improvement Fund****Water Utility Capital Fund****Year Ended December 31, 2018**

<u>Ref.</u>		
Balance - December 31, 2017	D	45,939.00
Increased by:		
Budget Appropriation	D-8	<u>300,000.00</u>
		<u>345,939.00</u>
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	D-28	<u>300,000.00</u>
Balance - December 31, 2018	D	<u><u>45,939.00</u></u>

**Schedule of Encumbrances Payable****Water Utility Capital Fund****Year Ended December 31, 2018**

<u>Ref.</u>		
Balance - December 31, 2017	D	43,754.78
Increased by:		
Improvement Authorizations	D-24	<u>119,999.00</u>
		<u>163,753.78</u>
Decreased by:		
Cash Disbursements	D-8	<u>43,754.78</u>
Balance - December 31, 2018	D	<u><u>119,999.00</u></u>

## Township of Sparta, N.J.

## Schedule of Reserve for Amortization

## Water Utility Capital Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	D	17,290,983.15
Increased by:		
Serial Bonds Paid by Operating Budget	D-21	955,000.00
Bonds and Notes Authorized but Not Issued - Funded by Budget		
Appropriation	D-29	<u>195,840.19</u>
		<u>1,150,840.19</u>
Balance - December 31, 2018	D	<u><u>18,441,823.34</u></u>

## Township of Sparta, N.J.

## Schedule of Deferred Reserve for Amortization

## Water Utility Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31,2017	Fixed Capital Authorized	Paid From Operating Budget Notes	Balance, Dec. 31,2018
<u>General Improvements:</u>						
14-06	Improvement to the Water Supply and System	7/22/2014	110,000.00			110,000.00
15-06	Improvement to the Water Supply and System	5/12/2015	650,000.00			650,000.00
16-11	Improvement to the Water Supply and System	6/14/2016	500,000.00			500,000.00
16-14	Improvements to the Highlands Well (supp.)	8/9/2016	90,000.00			90,000.00
17-07	Various Water Utility System Improvements	7/11/2017	300,000.00		30,000.00	330,000.00
18-08	Various Water Capital Improvements	7/10/2018		200,000.00		200,000.00
18-09	Various Water Capital Improvements	7/10/2018		100,000.00		100,000.00
			<u>1,650,000.00</u>	<u>300,000.00</u>	<u>30,000.00</u>	<u>1,980,000.00</u>
			D	D-24;D-25	D-22	D

## Township of Sparta, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## Water Utility Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2017</u>	<u>2018 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Funded by Budget Appropriation</u>
155 955	Improvements to the Water Utility System	195,840.19			195,840.19
18-09	Various Water Capital Improvements	<u>195,840.19</u>	<u>410,000.00</u>	<u>410,000.00</u>	<u>410,000.00</u>
		<u>Footnote D</u>	<u>D-24</u>	<u>D-22</u>	<u>D-8; D-27</u>

## Township of Sparta, N.J.

## Schedule of Cash

## Sewer Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance - December 31, 2017	E	<u>142,488.40</u>	<u>1,148.47</u>	<u>49,603.50</u>
Increased by Receipts:				
Sewer Connection Fees	E-2	33,346.65		
Miscellaneous Revenue	E-2	16,693.26		
Interlocal Agreement Branchville	E-2	18,950.00		
Current Fund Surplus Anticipated	E-2	25,327.00		
Capital Surplus	E-3			193.40
Consumer Accounts Receivable	E-9	931,808.95		
Sewer Rents Overpayments	E-14	6,294.48		
		<u>1,032,420.34</u>	<u>-</u>	<u>193.40</u>
Decreased by Disbursements:				
Budget Appropriations	E-5	946,805.89		
Appropriation Reserves	E-13	21,808.75		
Interest on Bonds	E-15	101,206.25		
Interest on Notes	E-16	697.13		
Improvement Authorizations	E-20			11,530.00
		<u>1,070,518.02</u>	<u>-</u>	<u>11,530.00</u>
Balance - December 31, 2018	E	<u>104,390.72</u>	<u>1,148.47</u>	<u>38,266.90</u>

**Township of Sparta, N.J.****Analysis of Sewer Utility Assessment Trust Cash****Sewer Utility Fund****Year Ended December 31, 2018**

	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2018</u>
Fund Balance	<u>1,148.47</u> E	<u>1,148.47</u> E

## Township of Sparta, N.J.

## Schedule of Sewer Utility Capital Cash

## Sewer Utility Fund

Year Ended December 31, 2018

	Balance Dec.31, 2017	Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
		Bond Antic. Notes/Bonds	Improvement Authorizations	To	From			
Fund Balance	372.00	193.40						565.40
Reserve for Encumbrances	-					4,870.00		4,870.00
Capital Improvement Fund	8,500.00							8,500.00
ORD. <u>Improvement Authorizations</u>								
No.								
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		11,530.00		4,870.00	28,455.03
		<u>49,603.50</u>	<u>193.40</u>	<u>11,530.00</u>		<u>4,870.00</u>	<u>4,870.00</u>	<u>38,266.90</u>
		E						E

## Township of Sparta, N.J.

## Schedule of Consumer Accounts Receivable

## Sewer Utility Operating Fund

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Charges</u>	<u>Collections</u>	Balance <u>Dec. 31, 2018</u>
Sewer Rents & Capacity				
Charges	<u>34,698.22</u>	<u>989,621.10</u>	<u>948,629.55</u>	<u>75,689.77</u>
	E			E
		<u>Ref.</u>		
Cash Receipts	E-6		931,808.95	
Pre-Paid Rents Applied	E-14		<u>16,820.60</u>	
			<u>948,629.55</u>	
			E-2	

## Township of Sparta, N.J.

## Schedule of Assessment Receivables

## Sewer Utility Assessment Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Due Date</u>	<u>Balance Dec. 31 2017</u>	<u>Balance Dec. 31 2018</u>	<u>Balance Pledged to Reserve</u>
05-18	Improvements to Marian Road Sanitary Sewer System	08/23/05	10	1/1,4/1,7/1,10/1	<u>7,764.48</u> E	<u>7,764.48</u> E	<u>7,764.48</u>

**Township of Sparta, N.J.**

**Schedule of Fixed Capital**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2018**

Ref.

		<u>8,711,594.25</u>
Balance December 31, 2017	E	
Balance December 31, 2018	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, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2018</u>
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	95,000.00	95,000.00
				<b>142,000.00</b>	<b>142,000.00</b>
				E	E

## Township of Sparta, N.J.

## Schedule of Appropriation Reserves

## Sewer Utility Operating Fund

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Balance After Transfers	Paid	Balance Lapsed
Operating:				
Other Expenses	<u>48,933.25</u>	<u>48,933.25</u>	<u>21,808.75</u>	<u>27,124.50</u>
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System	<u>2,200.00</u>	<u>2,200.00</u>	<u>2,200.00</u>	
	<u>51,133.25</u>	<u>51,133.25</u>	<u>21,808.75</u>	<u>29,324.50</u>
	<u>Ref.</u>			
Unencumbered	E	29,426.23		
Encumbered	E	<u>21,707.02</u>		
		<u>51,133.25</u>		

## Schedule of Sewer Utility Charge Overpayments

## Sewer Utility Operating Fund

Year Ended December 31, 2018

	Ref.	
Balance - December 31, 2017	E	11,364.24
Increased by:		
Cash Receipts	E-6	<u>6,294.48</u>
		<u>17,658.72</u>
Decreased by:		
Applied	E-9	<u>16,820.60</u>
Balance - December 31, 2018	E	<u>838.12</u>

## Township of Sparta, N.J.

## Schedule of Accrued Interest on Bonds

## Sewer Utility Operating Fund

Year Ended December 31, 2018

Ref.

Balance - December 31, 2017		E	39,139.34
Increased by:			
Budget Appropriation for Interest on Bonds		E-5	101,026.00
			<u>140,165.34</u>
Decreased by:			
Interest Paid		E-6	<u>101,206.25</u>
Balance - December 31, 2018		E	<u>38,959.09</u>

Principal Outstanding Dec. 31, 2018	Interest Rate	From	To	Period (days)	Required Amount	Actual Amount
1,420,000.00	Various	10/1/2018	12/31/2018	91	12,918.53	14,031.15
1,205,000.00	Various	7/1/2018	12/31/2018	183	22,951.25	24,927.94
<u>2,625,000.00</u>					<u>35,869.78</u>	<u>38,959.09</u>

E-17

## Schedule of Accrued Interest on Bond Anticipation Notes

## Sewer Utility Operating Fund

Year Ended December 31, 2018

Ref.

Balance - December 31, 2017		E	160.30
Increased by:			
Budget Appropriation for Interest on Notes		E-5	840.00
			<u>1,000.30</u>
Decreased by:			
Interest Paid		E-6	<u>697.13</u>
Balance - December 31, 2018		E	<u>303.17</u>

Principal Outstanding Dec. 31, 2018	Interest Rate	From	To	Period (days)	Required Amount	Actual Amount
<u>36,000.00</u>	3.00%	10/03/18	12/31/2018	89	<u>263.34</u>	<u>303.17</u>

## Township of Sparta, N.J.

## Schedule of Sewer Serial Bonds Payable

## Sewer Utility Capital Fund

Year Ended December 31, 2018

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	Maturities of Bonds Outstanding		<u>Interest Rate</u>	<u>Balance, Dec. 31,2017</u>	<u>Decreased by</u>	<u>Balance, Dec. 31,2018</u>
			<u>Date</u>	<u>Amount</u>				
Sewer Bonds of 2011	04/28/11	2,317,000.00	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%	1,575,000.00	155,000.00	1,420,000.00
Sewer Refunding Bonds of 2014	09/10/14	1,627,000.00	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%	1,355,000.00	150,000.00	1,205,000.00
						2,930,000.00	305,000.00	2,625,000.00
						E	E-23	E

## Township of Sparta, N.J.

## Schedule of Sewer Capital Bond Anticipation Notes

## Sewer Utility Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Original Note						Balance, Dec. 31,2017	Increased	Decreased	Balance, Dec. 31,2018
		Date of Issue	Amount of Issue	Date of Issue	Date of Maturity	Interest Rate					
11-17	Improvement to the Sanitary Sewerage System	11/01/13	60,000.00	10/04/17 10/03/18	10/04/18 10/03/19	1.69% 3.00%	42,000.00	36,000.00	42,000.00	-	
							42,000.00	36,000.00	42,000.00	36,000.00	
							E			E	
		Renewals Paid by Budget Appropriation						Ref.	36,000.00	36,000.00	
								E-24	6,000.00		
									36,000.00	42,000.00	

**Township of Sparta, N.J.**

**Schedule of Reserve for Sewer Assessments Receivable**

**Sewer Utility Assessment Fund**

**Year Ended December 31, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2017</u>	<u>Balance, Dec. 31,2018</u>
05-18	Improvements to Marian Road Sanitary Sewer System	7,764.48	7,764.48

**Township of Sparta, N.J.****Schedule of Improvement Authorizations****Sewer Utility Capital Fund****Year Ended December 31, 2018**

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance		Paid or Charged	Balance	
				Dec. 31,2017 Funded	Dec. 31,2017 Unfunded		Dec. 31,2018 Funded	Dec. 31,2018 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	16,400.00		28,455.03

168

	<u>Ref.</u>	
Cash Disbursements	E-6	11,530.00
Encumbrances Payable	E-22	4,870.00
		<u>16,400.00</u>

**Township of Sparta, N.J.****Schedule of Capital Improvement Fund****Sewer Utility Capital Fund****Year Ended December 31, 2018**Ref.

Balance - December 31, 2017	E	<u>8,500.00</u>
-----------------------------	---	-----------------

Balance - December 31, 2018	E	<u>8,500.00</u>
-----------------------------	---	-----------------

**Schedule of Encumbrances Payable****Sewer Utility Capital Fund****Year Ended December 31, 2018**Ref.

Increased by:

Improvement Authorizations	E-20	<u>4,870.00</u>
----------------------------	------	-----------------

Balance - December 31, 2018	E	<u>4,870.00</u>
-----------------------------	---	-----------------

**Township of Sparta, N.J.****Schedule of Reserve for Amortization****Sewer Utility Capital Fund****Year Ended December 31, 2018**

	<u>Ref.</u>	
Balance - December 31, 2017	E	5,777,338.22
Increased by:		
Serial Bonds Paid by Operating Budget	E-17	<u>305,000.00</u>
Balance - December 31, 2018	E	<u><u>6,082,338.22</u></u>

## Township of Sparta, N.J.

## Schedule of Deferred Reserve for Amortization

## Sewer Utility Capital Fund

Year Ended December 31, 2018

Ordinance <u>Number</u>	Improvement <u>Description</u>	Date of <u>Ordinance</u>	Balance, Dec. 31,2017	Paid From Operating Budget - <u>Notes</u>	Balance, Dec. 31,2018
<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	53,000.00	6,000.00	59,000.00
			100,000.00	6,000.00	106,000.00
			<u>E</u>	<u>E-18</u>	<u>E</u>

**Township of Sparta, N.J.**

**Schedule of Bonds and Notes Authorized But Not Issued**

**Sewer Utility Capital Fund**

**Year Ended December 31, 2018**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2017</u>	<u>Balance, Dec. 31,2018</u>
05-18	Improvements to Marian Road Sanitary Sewer System	4,256.03 Footnote E	4,256.03 Footnote E

## Township of Sparta, N.J.

## Schedule of Cash

## Solid Waste Operating Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	F	2,452,514.31
Increased by Receipts:		
Miscellaneous Revenue	F-2	62,586.40
Consumer Accounts Receivable	F-5	1,650,275.54
Prepaid Solid Waste User Fees	F-7	<u>314,774.87</u>
		<u>2,027,636.81</u>
		<u>4,480,151.12</u>
Decreased by Disbursements:		
Budget Appropriations	F-3	1,663,990.56
Appropriation Reserves	F-6	142,024.50
Overpayments Refunded	F-7	<u>299.75</u>
		<u>1,806,314.81</u>
Balance - December 31, 2018	F	<u>2,673,836.31</u>

## Township of Sparta, N.J.

## Schedule of Consumer Accounts Receivable

## Solid Waste Operating Utility Fund

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Charges</u>	<u>Collections</u>	Balance <u>Dec. 31, 2018</u>
Solid Waste User Fees	<u>125,047.51</u> F	<u>1,925,559.52</u>	<u>1,924,703.06</u>	<u>125,903.97</u> F
Cash Receipts		<u>Ref.</u>		
Pre-Paid Rents and Overpayments Applied	F-4		1,650,275.54	
	F-7		274,427.52	
			<u>1,924,703.06</u>	
			F-2	

## Township of Sparta, N.J.

## Schedule of Appropriation Reserves

## Solid Waste Operating Utility Fund

Year Ended December 31, 2018

	Balance Dec. 31, 2017	After Transfers	Paid	Balance Lapsed
<b>Operating:</b>				
Salaries and Wages	16.00	16.00		16.00
Other Expenses	273,655.21	273,655.21	142,024.50	131,630.71
	<u>273,671.21</u>	<u>273,671.21</u>	<u>142,024.50</u>	<u>131,646.71</u>
			F-4	F-1
		<u>Ref.</u>		
Unencumbered F	135,961.21			
Encumbered F	137,710.00			
	<u>273,671.21</u>			

## Schedule of Solid Waste User Fee Overpayments

## Solid Waste Operating Utility Fund

Year Ended December 31, 2018

	<u>Ref.</u>	
Balance - December 31, 2017	F	274,472.27
Increased by;		
Cash Receipts	F-4	<u>314,774.87</u>
		<u>589,247.14</u>
Decreased by:		
Applied	F-5	274,427.52
Refunded	F-4	<u>299.75</u>
		<u>274,727.27</u>
Balance - December 31, 2018	F	<u>314,519.87</u>

**TOWNSHIP OF SPARTA**

---

**PART II**

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

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2018**

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## 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, 2018 and the related notes to the financial statements, and have issued our report thereon dated August 6, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for 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

August 6, 2019



## **GENERAL COMMENTS**

### **Cash Balances**

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2018, and at August 6, 2019, 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 8, 2018, 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, 2019.

## **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, 2019
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 10<sup>th</sup> 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 8, 2018, 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, 2019.
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 30<sup>th</sup> 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 September 12, 2018, and was complete except for parties in bankruptcy court.

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

<u>Year</u>	<u>Number of Liens</u>
2018	24
2017	22
2016	18

## **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, 2018 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 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**

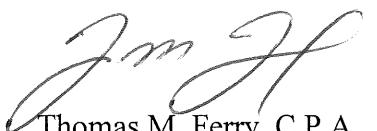
A review was performed on all prior year's recommendations and corrective action was taken on all, with the exception of the following, which are included in this year's recommendations:

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