

REPORT OF AUDIT
TOWNSHIP OF SPARTA
COUNTY OF SUSSEX
DECEMBER 31, 2019

TOWNSHIP OF SPARTA, N.J.
YEAR ENDED DECEMBER 31, 2019

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TOWNSHIP OF SPARTA

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2019



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Sparta in the County of Sussex, as of December 31, 2019, and 2018, 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, 2019, 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.



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, 2019 and 2018 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 \$270,571.52 and \$214,828.76 for 2019 and 2018, 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 balance sheets as of December 31, 2019 and 2018, 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, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2020 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

Wielkottz & Company, LLC

Wielkottz & Company, LLC
Certified Public Accountants

Newton, New Jersey

September 11, 2020

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Current Fund:			
Cash-Treasurer	A-4	13,536,978.77	12,633,587.89
Change Fund	A-5	450.00	450.00
		<u>13,537,428.77</u>	<u>12,634,037.89</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	1,499,598.62	1,265,201.71
Tax Title Liens	A-9	164,146.58	91,287.74
Property Acquired for Taxes -			
Assessed Valuation	A-10	2,907,000.00	3,058,000.00
		<u>4,570,745.20</u>	<u>4,414,489.45</u>
Deferred Charges:			
Emergency Authorization	A-13	40,000.00	
		<u>18,148,173.97</u>	<u>17,048,527.34</u>
Federal and State Grant Fund:			
Grants Receivable	A-21	19,679.05	14,144.75
Interfund - Current Fund	A-24	381,700.74	320,122.65
		<u>401,379.79</u>	<u>334,267.40</u>
		<u>18,549,553.76</u>	<u>17,382,794.74</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>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-14	1,594,195.11	2,088,039.73
Encumbered	A-3;A-14	468,612.89	180,707.34
Total Appropriation Reserves		2,062,808.00	2,268,747.07
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	46,020.41	44,064.93
Interfund Accounts Payable	A-12	382,527.63	320,830.42
Encumbrances Payable - Various Reserves	A-15	9,983.10	17,371.03
Prepaid Taxes	A-16	810,692.06	794,429.07
County Tax Payable	A-18	43,594.86	36,663.67
Library Tax Payable	A-19	2,629.59	2,251.23
Tax Overpayments	A-20	192,719.87	16,759.28
Due to State of New Jersey:			
Construction Code Surcharge	A-20	13,414.00	
Marriage License Surcharge	A-20	725.00	875.00
		3,565,114.52	3,501,991.70
Reserve for Receivables	Contra	4,570,745.20	4,414,489.45
Fund Balance	A-1	10,012,314.25	9,132,046.19
		18,148,173.97	17,048,527.34
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	258,411.20	260,664.34
Unappropriated Reserve for Grants	A-23	123,543.54	55,592.98
Encumbrances Payable	A-25	19,425.05	18,010.08
		401,379.79	334,267.40
		18,549,553.76	17,382,794.74

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,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	3,250,000.00	3,250,000.00
Miscellaneous Revenue Anticipated	A-2	4,866,936.64	4,386,941.01
Receipts from Delinquent Taxes	A-2	1,263,754.17	1,115,512.29
Receipts from Current Taxes	A-2	97,377,507.13	95,293,056.82
Non-Budget Revenue	A-2	45,689.30	213,319.07
Other Credits to Income:			
Tax Sale Premium Cancelled	A-4	400.00	3,600.00
Unappropriated Reserves Cancelled			1.81
Unexpended Balance of Appropriation			
Reserves	A-14	1,340,734.30	1,522,224.86
Cancel of Various Reserves	A-20	145.72	219,449.05
Total Revenues and Other Income		<u>108,145,167.26</u>	<u>106,004,104.91</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	8,815,710.00	8,363,426.00
Other Expenses	A-3	7,469,741.10	7,347,369.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within "CAPS"	A-3	2,244,825.00	2,289,873.00
Operations - Excluded from "CAPS"			
Salaries and Wages	A-3	301,075.00	299,068.00
Other Expenses	A-3	1,416,550.33	1,174,442.00
Capital Improvement Fund	A-3	2,000,000.00	1,700,000.00
Municipal Debt Service	A-3	1,361,937.49	1,669,331.75
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from "CAPS"	A-3	152,000.00	362,000.00
Refund of Prior Year Revenue	A-4	28,000.00	
Refund of Prior Year Tax Appeals			17,314.20
Municipal Open Space Tax including Added Tax	A-12	327,836.29	327,717.17
Local District School Tax	A-17	62,546,373.00	60,845,268.00
County Taxes including Added Taxes	A-18	17,388,221.40	16,983,851.26
Added Library Taxes	A-19	2,629.59	2,251.23
Total Expenditures		<u>104,054,899.20</u>	<u>101,381,911.61</u>
Excess (Deficit) Revenue Over Expenditures		4,090,268.06	4,622,193.30
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year		40,000.00	
Statutory Excess to Fund Balance		<u>4,130,268.06</u>	<u>4,622,193.30</u>
Fund Balance, January 1,	A	<u>9,132,046.19</u>	<u>7,759,852.89</u>
		13,262,314.25	12,382,046.19
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><u>10,012,314.25</u></u>	<u><u>9,132,046.19</u></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, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	3,250,000.00	3,250,000.00	
Miscellaneous Revenues:				
Licenses:				
Other	A-11	5,000.00	6,350.00	1,350.00
Alcoholic Beverages	A-11	14,000.00	16,468.00	2,468.00
Fees and Permits	A-2	655,000.00	1,013,577.94	358,577.94
Fines and Costs:				
Municipal Court	A-11	220,000.00	299,653.19	79,653.19
Interest and Costs on Taxes	A-6	300,000.00	328,578.16	28,578.16
Interest on Investments and Deposits	A-11	200,000.00	414,674.94	214,674.94
Payments in Lieu of Taxes on Senior Housing	A-11	10,000.00	13,841.84	3,841.84
Energy Receipts	A-11	1,235,421.00	1,235,421.00	
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	547,677.00	745,376.00	197,699.00
Other Municipalities Share of Radio System Costs	A-11	274,480.00	258,250.00	(16,230.00)
Interlocal Finance Hardyston	A-11	46,142.00	46,142.00	
Interlocal Finance Hardyston MUA	A-11	4,000.00	3,999.99	(0.01)
Interlocal Finance Hardyston BOE	A-11	4,808.00	6,375.54	1,567.54
Public and Private Revenues:				
Recycling Grant	A-21	28,103.00	28,103.00	
Clean Communities	A-21	46,444.00	46,444.00	
Alcohol Education and Rehabilitation Fund	A-21	73.33	73.33	
Municipal Alliance on Alcoholism and Drug Abuse	A-21	16,042.00	16,042.00	
Body Armor Grant	A-21	3,593.00	3,593.00	
Drive Sober or Get Pulled Over	A-21	5,500.00	5,500.00	
Sustainable New Jersey	A-21	10,000.00	10,000.00	
Other Special Items:				
Uniform Fire Safety	A-11	35,000.00	47,215.71	12,215.71
Fire Prevention Fees	A-11	27,000.00	30,504.00	3,504.00
Cable TV Franchise	A-11	71,883.00	71,883.00	
Solar Renewable Energy Credit	A-11	90,000.00	147,168.00	57,168.00
Fire Prevention Fees (Byram)	A-11	10,000.00	13,898.00	3,898.00
Total Miscellaneous Revenues	A-1	3,917,970.33	4,866,936.64	948,966.31
Receipts from Delinquent Taxes	A-1;A-2	1,000,000.00	1,263,754.17	263,754.17
Subtotal General Revenues		8,167,970.33	9,380,690.81	1,212,720.48
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	18,739,524.00	20,227,645.85	1,488,121.85
Budget Totals		26,907,494.33	29,608,336.66	2,700,842.33
Non-Budget Revenue	A-1;A-2		45,689.30	45,689.30
		26,907,494.33	29,654,025.96	2,746,531.63

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, 2019

Analysis of Realized Revenues

	<u>Ref.</u>		
Revenue from Collections	A-1; A-8		97,377,507.13
Allocated to School, County and Open Space Taxes	A-8		<u>80,265,060.28</u>
Balance for Support of Municipal Budget Appropriations			17,112,446.85
Add : Appropriation - Reserve for Uncollected Taxes	A-3		<u>3,115,199.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>20,227,645.85</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes	A-8	1,249,421.03	
Tax Title Liens	A-9	<u>14,333.14</u>	
			<u><u>1,263,754.17</u></u>
			A-2
Fees and Permits - Other:			
Board of Health - Registrar	A-11	14,083.00	
Board of Health - Sewer	A-11	33,630.00	
Marriage License	A-11	312.00	
Clerk	A-11	4,316.20	
Zoning	A-11	27,685.50	
Planning Board	A-11	41,043.00	
Tax Assessor	A-11	740.40	
Police	A-11	29,167.11	
Leaf Bags	A-11	1,698.00	
Cell Tower	A-11	309,158.83	
Quarry Royalties	A-11	526,470.80	
Host Community Fee	A-11	<u>25,273.10</u>	
			<u><u>1,013,577.94</u></u>
			A-2

Analysis of Non-budget Revenues

Miscellaneous Reimbursements		5,607.42	
NSF Check Fees		3,460.34	
Void Checks		235.39	
Senior & Veteran Deduction - Admin. Fee		2,254.27	
Cancelled Tax Sale Premiums		21,500.00	
Admin Fees Police O/S Detail		3,390.53	
Interest on Assessments		325.35	
Fire Prevention Interlocal		5,500.00	
Interlocal Stanhope Purchasing		<u>1,400.00</u>	
	A-4		43,673.30
Proceeds from Sale of Municipal Assets	A-10		<u>2,016.00</u>
			<u><u>45,689.30</u></u>
			A-2

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, 2019

			Appropriated		Expended		Unexpended Balance Cancelled
			Budget	Budget After Modification	Paid or Charged	Reserved	
	<u>General Appropriations</u>	<u>Ref.</u>					
Operations - within "CAPS"							
General Administration							
Salaries and Wages			263,584.00	263,584.00	262,622.35	961.65	
Other Expenses			16,250.00	16,250.00	6,076.22	10,173.78	
Purchasing							
Other Expenses			79,250.00	79,250.00	62,539.97	16,710.03	
Township Council							
Salaries and Wages			31,050.00	31,050.00	27,977.18	3,072.82	
Other Expenses			77,900.00	77,900.00	73,784.89	4,115.11	
Clerk							
Salaries and Wages			107,675.00	107,675.00	107,608.10	66.90	
Other Expenses			19,800.00	19,800.00	5,190.51	14,609.49	
Elections							
Salaries and Wages			4,600.00	4,600.00	4,600.00		
Other Expenses			17,100.00	17,100.00	16,413.08	686.92	
Financial Administration							
Salaries and Wages			161,725.00	161,725.00	152,721.92	9,003.08	
Other Expenses			32,145.00	32,145.00	31,163.68	981.32	
Annual Audit			29,450.00	29,450.00		29,450.00	
Computerized Data Processing							
Salaries and Wages			124,850.00	124,850.00	111,431.23	13,418.77	
Other Expenses			102,392.00	102,392.00	61,420.77	40,971.23	

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, 2019

			Appropriated		Expended		Unexpended Balance Cancelled
			Budget	Budget After Modification	Paid or Charged	Reserved	
	<u>General Appropriations</u>	<u>Ref.</u>					
II	Collection of Taxes						
	Salaries and Wages		98,850.00	98,850.00	80,574.79	18,275.21	
	Other Expenses		21,380.00	21,380.00	16,435.82	4,944.18	
	Assessment of Taxes						
	Salaries and Wages		148,220.00	148,220.00	145,482.20	2,737.80	
	Other Expenses		90,000.00	90,000.00	57,974.96	32,025.04	
	Legal Services and Costs						
	Other Expenses		170,000.00	170,000.00	125,110.45	44,889.55	
	Municipal Court						
	Salaries and Wages		178,890.00	178,890.00	169,873.37	9,016.63	
	Other Expenses		19,050.00	19,050.00	5,609.65	13,440.35	
	Public Defender						
	Other Expenses		15,000.00	15,000.00	12,750.00	2,250.00	
	Engineering Services and Costs						
	Salaries and Wages		104,580.00	104,580.00	86,345.48	18,234.52	
	Other Expenses		13,075.00	13,075.00	12,521.93	553.07	
	Planning Board						
	Salaries and Wages		21,990.00	21,990.00	21,990.00		
	Other Expenses		52,150.00	52,150.00	47,679.65	4,470.35	
	Planning Department						
	Salaries and Wages		77,545.00	77,545.00	74,327.70	3,217.30	
	Other Expenses		9,200.00	9,200.00	8,270.68	929.32	

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, 2019

		<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Economic Development						
Salaries and Wages		6,205.00	6,205.00	6,205.00		
Other Expenses		13,450.00	13,450.00	554.00	12,896.00	
Board of Adjustment						
Salaries and Wages		24,580.00	24,580.00	24,580.00		
Other Expenses		16,250.00	16,250.00	14,970.10	1,279.90	
Insurance:						
General Liability		346,872.00	346,872.00	311,873.57	34,998.43	
Workers Compensation Insurance		267,240.00	267,240.00	248,728.12	18,511.88	
Employee Group Health		3,135,000.00	3,135,000.00	3,077,095.85	57,904.15	
Unemployment Compensation Insurance		1,000.00	1,000.00		1,000.00	
Police						
Salaries and Wages		4,225,670.00	4,225,670.00	4,052,865.38	172,804.62	
Other Expenses		190,000.00	190,000.00	167,266.14	22,733.86	
Purchase of Police Cars		128,000.00	128,000.00	5,793.60	122,206.40	
Police Dispatch/911						
Salaries and Wages		597,655.00	597,655.00	596,784.14	870.86	
Other Expenses		6,400.00	6,400.00	399.00	6,001.00	
Emergency Management Services						
Salaries and Wages		15,000.00	15,000.00	15,000.00		
Other Expenses		12,845.00	12,845.00	8,788.00	4,057.00	
Aid to Volunteer Fire Companies						
Other Expenses		16,400.00	16,400.00	16,399.89	0.11	

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, 2019

		<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>	<u>Ref.</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	8,273.86	36,726.14	
Fire						
Other Expenses		67,000.00	67,000.00	36,066.87	30,933.13	
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	59,152.20	847.80	
Other Expenses		7,250.00	7,250.00	1,169.08	6,080.92	
Municipal Prosecutor						
Other Expenses		37,010.00	37,010.00	30,833.30	6,176.70	
Public Works Functions						
Road Repairs and Maintenance						
Salaries and Wages		660,000.00	660,000.00	659,524.84	475.16	
Other Expenses		233,380.00	233,380.00	164,009.97	69,370.03	
Garage and Trash Removal						
Other Expenses		55,300.00	55,300.00	29,467.60	25,832.40	
Public Building and Grounds						
Salaries and Wages		63,500.00	63,500.00	63,308.83	191.17	
Other Expenses		104,600.00	144,600.00	100,513.42	44,086.58	
Vehicle Maintenance						
Salaries and Wages		286,700.00	286,700.00	274,441.63	12,258.37	
Other Expenses		186,483.00	186,483.00	155,277.09	31,205.91	

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, 2019

	<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	241,890.91	8,109.09	
Other Expenses			400,000.00	400,000.00	188,476.51	211,523.49	
DPW Administration							
Salaries and Wages			187,750.00	187,750.00	181,013.00	6,737.00	
Other Expenses			17,000.00	17,000.00	10,818.42	6,181.58	
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	20,088.50	3,271.50	
Environmental Commission							
Salaries and Wages			1,975.00	1,975.00	1,975.00		
Other Expenses			3,125.00	3,125.00	540.00	2,585.00	
Animal Regulations							
Salaries and Wages			19,380.00	19,380.00	16,800.00	2,580.00	
Other Expenses			20,000.00	20,000.00	4,613.32	15,386.68	
Committee on Aging							
Salaries and Wages			63,580.00	63,580.00	63,561.28	18.72	
Other Expenses			29,160.00	29,160.00	15,234.02	13,925.98	
Parks and Recreation Functions							
Recreation Services Functions							
Salaries and Wages			170,330.00	170,330.00	169,959.58	370.42	
Other Expenses			32,662.00	32,662.00	19,458.42	13,203.58	

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, 2019

		<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>	
	<u>General Appropriations</u>					
	Ref.					
Maintenance of Parks						
Salaries and Wages		430,000.00	430,000.00	429,207.15	792.85	
Other Expenses		134,400.00	134,400.00	78,209.54	56,190.46	
Celebration of Public Events						
Other Expenses		100,000.00	100,000.00	24,983.52	4,560.58	70,455.90
Utility Expenses and Bulk Purchases						
Electricity		155,000.00	155,000.00	112,088.22	42,911.78	
Street Lighting		80,000.00	80,000.00	46,587.87	33,412.13	
Telephone		71,400.00	71,400.00	70,507.38	892.62	
Water		11,067.00	11,067.00	10,817.79	249.21	
Natural Gas		52,950.00	52,950.00	39,011.16	13,938.84	
Sewerage Processing and Disposal		10,000.00	10,000.00	5,941.59	4,058.41	
Gasoline		289,400.00	289,400.00	145,380.71	144,019.29	
State Uniform Construction Code						
Construction Code Official						
Salaries and Wages		429,826.00	429,826.00	397,271.42	32,554.58	
Other Expenses		117,851.00	117,851.00	111,547.43	6,303.57	
Accumulated Absences						
Other Expenses		250,000.00	250,000.00	183,833.76	66,166.24	
Total Operations within "CAPS"		16,315,907.00	16,355,907.00	14,520,654.56	1,764,796.54	70,455.90
Detail:						
Salaries and Wages	A-1	8,815,710.00	8,815,710.00	8,499,094.68	316,615.32	
Other Expenses	A-1	7,500,197.00	7,540,197.00	6,021,559.88	1,448,181.22	70,455.90

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, 2019

		<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>	<u>Ref.</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"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		597,855.00	597,855.00	597,855.00		
Social Security System (O.A.S.I.)		694,330.00	694,330.00	666,889.74	27,440.26	
Police and Firemen's Retirement System of N.J.		952,640.00	952,640.00	952,640.00		
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	A-1	2,244,825.00	2,244,825.00	2,217,384.74	27,440.26	
Total General Appropriations for Municipal Purposes within "CAPS"		18,560,732.00	18,600,732.00	16,738,039.30	1,792,236.80	70,455.90
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		1,062,545.00	1,062,545.00	859,681.57	202,863.43	
Emergency Services Volunteer Length of Service Award Program		30,000.00	30,000.00		30,000.00	
Reserve for Tax Appeals		200,000.00	200,000.00	162,292.23	37,707.77	
Interlocal Municipal Service Agreements:						
Other Municipalities Share of Radio System Costs						
Police Dispatch/911						
Salaries and Wages		246,125.00	246,125.00	246,125.00		
Township of Hardyston Finance Officer						
Salaries and Wages		46,142.00	46,142.00	46,142.00		

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, 2019

		Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
<u>General Appropriations</u>	<u>Ref.</u>					
Hardyston MUA Finance Officer						
Salaries and Wages		4,000.00	4,000.00	4,000.00		
Hardyston BOE Finance						
Salaries and Wages		4,808.00	4,808.00	4,808.00		
17 Public and Private Programs Offset by Revenues						
Recycling Tonnage Grant		28,103.00	28,103.00	28,103.00		
Clean Communities Program		46,444.00	46,444.00	46,444.00		
Municipal Court Alcohol Rehab		73.33	73.33	73.33		
Municipal Alliance on Alcoholism and Drug Abuse		16,042.00	16,042.00	16,042.00		
Body Armor Grant		3,593.00	3,593.00	3,593.00		
Drive Sober or Get Pulled Over		5,500.00	5,500.00	5,500.00		
Sustainable New Jersey Corp. Grant		10,000.00	10,000.00	10,000.00		
Matching Funds for Grants:						
Municipal Alliance on Alcoholism and Drug Abuse						
Other Expenses		4,250.00	4,250.00	4,250.00		
Sustainable New Jersey Corp. Grant						
Other Expenses		10,000.00	10,000.00	10,000.00		
Total Operations - Excluded from "CAPS"		1,717,625.33	1,717,625.33	1,447,054.13	270,571.20	
Detail:						
Salaries & Wages	A-1	301,075.00	301,075.00	301,075.00		
Other Expenses	A-1	1,416,550.33	1,416,550.33	1,145,979.13	270,571.20	

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, 2019

		Appropriated		Expended		Unexpended
			Budget			Balance
General Appropriations		Ref.	Budget	After	Paid or	Cancelled
				Modification	Charged	Reserved
Capital Improvements:						
Capital Improvement Fund			2,000,000.00	2,000,000.00	2,000,000.00	
Total Capital Improvements Excluded from "CAPS"		A-1	2,000,000.00	2,000,000.00	2,000,000.00	
18	Municipal Debt Service:					
	Payment of Bond Principal		1,060,000.00	1,060,000.00	1,060,000.00	
	Payment of Bond Anticipation Notes		105,000.00	105,000.00	105,000.00	
	Interest on Bonds		165,438.00	165,438.00	165,438.00	
	Interest on Notes		31,500.00	31,500.00	31,499.49	0.51
	Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,361,938.00	1,361,938.00	1,361,937.49	0.51
	Deferred Charges:					
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	
Total Deferred Charges - Municipal - Excluded from "CAPS"		A-1	152,000.00	152,000.00	152,000.00	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"						
			5,231,563.33	5,231,563.33	4,960,991.62	270,571.20
Subtotal General Appropriations			23,792,295.33	23,832,295.33	21,699,030.92	2,062,808.00
Reserve for Uncollected Taxes			3,115,199.00	3,115,199.00	3,115,199.00	
Total General Appropriations			26,907,494.33	26,947,494.33	24,814,229.92	2,062,808.00
						70,456.41
						70,456.41

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, 2019

		Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
<u>General Appropriations</u>		<u>Ref.</u>	<u>Budget</u>	<u>Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Adopted Budget	A-2			26,907,494.33		
Emergency Authorization (40A:4-47)	A-13			40,000.00		
				<u>26,947,494.33</u>		
	<u>Ref.</u>					
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2				3,115,199.00	
Cash Disbursed	A-4				21,575,025.59	
Matching Funds for Federal and State Grants	A-12				14,250.00	
Reserve for Federal and State Grants	A-22				109,755.33	
					<u>24,814,229.92</u>	
<u>Analysis of Appropriation Reserves</u>						
Unencumbered	A					1,594,195.11
Encumbered	A					468,612.89
						<u>2,062,808.00</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>2019</u>	<u>2018</u>
Assessment Trust Fund:			
Cash	B-1;B-2	248,188.48	248,462.49
Assessment Receivable	B-3	513,709.15	622,694.75
		<u>761,897.63</u>	<u>871,157.24</u>
Animal Control Trust Fund:			
Cash	B-1	20,417.33	17,235.80
Change Fund	B-6	25.00	25.00
Deficit in Animal Control Expenditures	B-13	118.47	118.47
		<u>20,442.33</u>	<u>17,379.27</u>
Other Trust Funds:			
Cash	B-1	5,275,153.99	4,773,177.42
Interfund - Current Fund	B-10	826.89	707.77
		<u>5,275,980.88</u>	<u>4,773,885.19</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	246,641.52	187,458.76
Contributions Receivable	B-15	23,930.00	27,370.00
		<u>270,571.52</u>	<u>214,828.76</u>
Total Assets		<u><u>6,328,892.36</u></u>	<u><u>5,877,250.46</u></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>2019</u>	<u>2018</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Trust Fund:			
NJDEP Loan Payable	B-7	628,242.83	737,502.44
Reserve for Assessments and Liens	B-8	133,654.80	133,654.80
		<u>761,897.63</u>	<u>871,157.24</u>
Animal Control Trust Fund:			
Prepaid Licenses	B-9	14,269.00	14,861.67
Reserve for Encumbrances	B-12	717.47	2,517.60
Reserve for Animal Control			
Fund Expenditures	B-13	5,452.26	
Due to State Department of Health	B-14	3.60	
		<u>20,442.33</u>	<u>17,379.27</u>
Other Trust Fund:			
Various Reserves	B-11	5,122,753.56	4,742,535.66
Reserve for Encumbrances	B-12	153,227.32	31,349.53
		<u>5,275,980.88</u>	<u>4,773,885.19</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-16	270,571.52	214,828.76
		<u>270,571.52</u>	<u>214,828.76</u>
Total Liabilities, Reserves and Fund Balance		<u><u>6,328,892.36</u></u>	<u><u>5,877,250.46</u></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>2019</u>	<u>2018</u>
<u>Assets</u>			
Cash	C-2;C-3	3,788,010.09	2,300,112.13
Deferred Charges to Future Taxation:			
Funded	C-4	4,765,000.00	5,825,000.00
Unfunded	C-5	3,140,909.36	1,645,500.00
		<u>11,693,919.45</u>	<u>9,770,612.13</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	4,765,000.00	5,825,000.00
Bond Anticipation Notes	C-7	1,847,000.00	1,050,000.00
Improvement Authorizations:			
Funded	C-8	1,359,276.21	682,860.89
Unfunded	C-8	1,971,767.88	1,227,174.02
Capital Improvement Fund	C-9	85,804.16	62,054.16
Reserve for Encumbrances	C-10	1,391,866.62	660,116.24
Reserve for Developers Contribution	C-11	74,566.00	74,566.00
Fund Balance	C-1	198,638.58	188,840.82
		<u>11,693,919.45</u>	<u>9,770,612.13</u>

There were Bonds and Notes Authorized But Not Issued in the Amount of \$1,293,909.36 as of December 31, 2019 and \$595,500.00 as of December 31, 2018 per Exhibit C-12.

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

Township of Sparta, N.J.

Comparative Statement of Surplus - Regulatory Basis

General Capital Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Balance - January 31,	C	188,840.82	279,385.52
Increased by:			
Premium on Bond Anticipation Note Sale	C-2	9,797.76	5,705.30
Cancellation of Improvement Authorizations			3,750.00
		<u>9,797.76</u>	<u>9,455.30</u>
		198,638.58	288,840.82
Decreased by:			
Appropriated to Finance			
Improvement Authorizations			<u>100,000.00</u>
Balance - December 31,	C	<u><u>198,638.58</u></u>	<u><u>188,840.82</u></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>2019</u>	<u>2018</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-6	1,841,975.38	582,429.20
Interfund Accounts Receivable	D-8	-	13,841.00
		<u>1,841,975.38</u>	<u>596,270.20</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-10	262,268.85	347,398.55
Liens Receivable	D-11	94.89	-
		<u>262,363.74</u>	<u>347,398.55</u>
Total Operating Fund		<u>2,104,339.12</u>	<u>943,668.75</u>
Water Assessment Fund			
Cash	D-6;D-7	-	30,000.00
Capital Fund:			
Cash	D-6;D-9	475,351.79	762,707.95
Fixed Capital	D-12	29,543,323.34	28,743,323.34
Fixed Capital Authorized and Uncompleted	D-13	2,798,500.00	3,448,500.00
Deferred Charges - Additional Note Payment	D-14	500.00	500.00
Total Capital Fund		<u>32,817,675.13</u>	<u>32,955,031.29</u>
Total Assets		<u><u>34,922,014.25</u></u>	<u><u>33,928,700.04</u></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>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-5;D-15	132,379.22	164,480.38
Encumbered	D-5;D-15	93,401.34	111,764.30
Total Appropriation Reserves:		<u>225,780.56</u>	<u>276,244.68</u>
Water Rents Overpayments	D-16	16,327.22	12,633.45
Accrued Interest on Bonds	D-17	114,491.02	111,362.91
Accrued Interest on Notes	D-18	4,568.72	14,612.72
		<u>361,167.52</u>	<u>414,853.76</u>
Reserve for Receivables	Contra	262,363.74	347,398.55
Fund Balance	D-1	1,480,807.86	181,416.44
Total Operating Fund		<u>2,104,339.12</u>	<u>943,668.75</u>
Water Assessment Fund:			
Fund Balance	D-3	-	30,000.00
Total Water Assessment Fund:		<u>-</u>	<u>30,000.00</u>
Capital Fund:			
Serial Bonds Payable	D-19	10,330,000.00	11,315,000.00
Bond Anticipation Notes	D-20	609,000.00	680,000.00
Interfund Accounts Payable	D-8	-	13,841.00
Improvement Authorizations:			
Funded	D-21	98,227.52	41,953.62
Unfunded	D-21	24,351.88	302,331.57
Capital Improvement Fund	D-22	45,939.00	45,939.00
Encumbrances Payable	D-23	65,105.15	119,999.00
Reserve for Amortization	D-24	19,986,823.34	18,441,823.34
Reserve for Deferred Amortization	D-25	1,641,000.00	1,980,000.00
Fund Balance	D-4	17,228.24	14,143.76
Total Capital Fund		<u>32,817,675.13</u>	<u>32,955,031.29</u>
Total Liabilities, Reserves and Fund Balances		<u>34,922,014.25</u>	<u>33,928,700.04</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 no bonds and notes authorized but not issued

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>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-2	150,000.00	300,000.00
Water Rents	D-2	2,994,226.26	2,930,635.72
Fire Hydrant Service	D-2	47,982.86	46,324.19
Cell Tower Fees	D-2	229,374.79	171,452.00
Water Assessment Fund Balance	D-2	30,000.00	195,841.00
Miscellaneous Revenues Anticipated	D-2	158,898.07	149,886.55
Other Credits to Income:			
Miscellaneous Revenues Not Anticipated	D-2	1,216,719.26	89,473.43
Unexpended Balance of			
Appropriation Reserves	D-15	150,093.18	98,289.06
Total Income		<u>4,977,294.42</u>	<u>3,981,901.95</u>
Expenditures:			
Operating	D-5	1,848,860.00	1,861,425.00
Capital Improvements	D-5	160,000.00	310,000.00
Debt Service	D-5	1,419,021.00	1,372,519.00
Deferred Charges and			
Statutory Expenditures	D-5	<u>100,022.00</u>	<u>302,841.00</u>
Total Expenditures		<u>3,527,903.00</u>	<u>3,846,785.00</u>
Statutory Excess to Surplus		1,449,391.42	135,116.95
Fund Balance - January 1,	D	<u>181,416.44</u>	<u>346,299.49</u>
		1,630,807.86	481,416.44
Decreased by:			
Utilized as Anticipated Revenue		<u>150,000.00</u>	<u>300,000.00</u>
Fund Balance - December 31,	D	<u><u>1,480,807.86</u></u>	<u><u>181,416.44</u></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
Water Utility Operating Fund
Year Ended December 31, 2019

		<u>Anticipated</u>		Excess or (Deficit)
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	
Surplus Anticipated	D-1	150,000.00	150,000.00	-
Water Rents	D-1;D-10	2,930,635.00	2,994,226.26	63,591.26
Fire Hydrant Service	D-1;D-6	46,324.00	47,982.86	1,658.86
Miscellaneous Anticipated	D-1	147,944.00	158,898.07	10,954.07
Water Tower Cell Phone	D-1;D-6	223,000.00	229,374.79	6,374.79
Water Assessment Fund Balance	D-1; D-6	30,000.00	30,000.00	-
		<u>3,527,903.00</u>	<u>3,610,481.98</u>	<u>82,578.98</u>
Budget Totals		D-5		

Analysis of Miscellaneous Revenue Anticipated

Miscellaneous Anticipated:

Interest on Delinquent Rents	71,245.38	
Meters Sold	8,057.82	
Sprinklers	47,233.51	
Various Miscellaneous	32,361.36	
	<u>158,898.07</u>	D-6

Analysis of Miscellaneous Revenue Not Anticipated

Interest on Investment	32,148.57	
Connection Fees	1,183,537.25	
Miscellaneous Refund	1,033.44	
	<u>1,216,719.26</u>	D-1; D-6

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>Ref.</u>	<u>2019</u>	<u>2018</u>
Balance - January 1,	D	<u>30,000.00</u>	28,061.21
Increased by:			
Assessment Cancelled			<u>1,938.79</u>
Decreased by:			
Anticipated Revenue - Water Operating	D-7	<u>30,000.00</u>	
Balance - December 31,	D		<u>30,000.00</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>2019</u>	<u>2018</u>
	<u>Ref.</u>		
Balance - January 1,	D	14,143.76	206,213.46
Increased by:			
Premium on Sale of Bond			
Anticipation Notes	D-6	<u>3,084.48</u>	<u>3,771.30</u>
		17,228.24	209,984.76
Decreased by:			
Anticipated Revenue - Water Operating		<u> </u>	<u>195,841.00</u>
Balance - December 31,	D	<u><u>17,228.24</u></u>	<u><u>14,143.76</u></u>

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

Township of Sparta, N.J.
Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2019

	Ref.	Appropriated		Expended	
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:					
Salaries and Wages		811,485.00	811,485.00	763,934.92	47,550.08
Other Expenses		1,037,375.00	1,037,375.00	867,365.78	170,009.22
Total Operating	D-1	<u>1,848,860.00</u>	<u>1,848,860.00</u>	<u>1,631,300.70</u>	<u>217,559.30</u>
Capital Improvements					
Capital Improvement Fund		150,000.00	150,000.00	150,000.00	-
Capital Outlay		10,000.00	10,000.00	10,000.00	-
	D-1	<u>160,000.00</u>	<u>160,000.00</u>	<u>160,000.00</u>	<u>-</u>
Debt Service:					
Payment of Bond and Loan Principal		985,000.00	985,000.00	985,000.00	
Payment of Bond Anticipation Notes		71,000.00	71,000.00	71,000.00	-
Interest on Bonds		352,665.00	352,665.00	352,665.00	-
Interest on Notes		10,356.00	10,356.00	10,356.00	-
Total Debt Service	D-1	<u>1,419,021.00</u>	<u>1,419,021.00</u>	<u>1,419,021.00</u>	<u>-</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employee' Retirement System		47,000.00	47,000.00	47,000.00	-
Social Security System (O.A.S.I.)		53,022.00	53,022.00	44,800.74	8,221.26
Total Deferred Charges and Statutory Expenditures	D-1	<u>100,022.00</u>	<u>100,022.00</u>	<u>91,800.74</u>	<u>8,221.26</u>
		<u>3,527,903.00</u>	<u>3,527,903.00</u>	<u>3,302,122.44</u>	<u>225,780.56</u>
			D-2		
<u>Analysis of Paid or Charged</u>					
Cash Disbursed	D-6			2,939,101.44	
Interest on Bonds	D-17			352,665.00	
Interest on Notes	D-18			10,356.00	
				<u>3,302,122.44</u>	
<u>Analysis of Appropriation Reserve</u>					
Unencumbered	D				132,379.22
Encumbered	D				93,401.34
					<u>225,780.56</u>

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

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

<u>Assets</u>	<u>Ref</u>	<u>2019</u>	<u>2018</u>
Operating Fund:			
Cash	E-6	<u>144,675.67</u>	<u>104,390.72</u>
Receivables with Full Reserves:			
Consumers Account Receivable	E-9	43,815.84	75,689.77
Liens Receivable	E-10	<u>237.19</u>	<u>-</u>
		<u>44,053.03</u>	<u>75,689.77</u>
Total Operating Fund		<u>188,728.70</u>	<u>180,080.49</u>
Sewer Assessment Fund			
Cash	E-6;E-7	8,912.95	1,148.47
Assessment Receivable	E-11	-	7,764.48
Total Sewer Assessment Fund		<u>8,912.95</u>	<u>8,912.95</u>
Capital Fund:			
Cash	E-6;E-8	951,537.21	38,266.90
Fixed Capital	E-12	8,758,594.25	8,711,594.25
Fixed Capital Authorized and Uncompleted	E-13	<u>1,045,000.00</u>	<u>142,000.00</u>
Total Capital Fund		<u>10,755,131.46</u>	<u>8,891,861.15</u>
Total Assets		<u><u>10,952,773.11</u></u>	<u><u>9,080,854.59</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,

	<u>Ref</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-5;E-14	44,164.15	29,367.37
Encumbered	E-5;E-14	11,415.25	13,277.74
Total Appropriation Reserves:		55,579.40	42,645.11
Sewer Charge Overpayments	E-15	2,192.37	838.12
Accrued Interest on Bonds	E-16	35,351.96	38,959.09
Accrued Interest on Notes	E-17	225.17	303.17
		93,348.90	82,745.49
Reserve for Receivables	Contra	44,053.03	75,689.77
Fund Balance	E-1	51,326.77	21,645.23
Total Operating Fund		188,728.70	180,080.49
Sewer Assessment Fund:			
Reserve for Assessments Receivable	E-20	-	7,764.48
Fund Balance	E-4	8,912.95	1,148.47
Total Sewer Assessment Fund:		8,912.95	8,912.95
Capital Fund:			
Serial Bonds Payable	E-18	2,310,000.00	2,625,000.00
Bond Anticipation Notes	E-19	980,000.00	36,000.00
Improvement Authorizations:			
Funded	E-21	-	132.50
Unfunded	E-21	902,466.08	28,455.03
Capital Improvement Fund	E-22	8,500.00	8,500.00
Encumbrances Payable	E-23	39,000.00	4,870.00
Reserve for Amortization	E-24	6,444,338.22	6,082,338.22
Reserve for Deferred Amortization	E-25	65,000.00	106,000.00
Fund Balance	E-3	5,827.16	565.40
Total Capital Fund		10,755,131.46	8,891,861.15
Total Liabilities, Reserves and Fund Balances		10,952,773.11	9,080,854.59

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, 2019 and 2018 in the amount \$4,256.03 and \$4,256.03 per Exhibit E-26.

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>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Surplus Anticipated	E-2	21,000.00	40,000.00
Sewer Service Charges	E-2	901,341.40	863,039.75
Board of Education Debt Service	E-2	82,455.44	82,737.60
Interlocal Agreement Branchville	E-2	14,502.00	18,950.00
Sewer Reservation Fees	E-2	772.20	2,852.20
Sewer Connection Fees	E-2	23,016.52	33,346.65
Current Fund Surplus Anticipated		-	25,327.00
Interest on Delinquent Rents	E-2	15,335.05	16,693.26
Other Credits to Income:			
Miscellaneous	E-2	4,405.51	
Unexpended Balance of			
Appropriation Reserves	E-14	24,635.42	29,324.50
Total Income		<u>1,087,463.54</u>	<u>1,112,270.96</u>
Expenditures:			
Operating	E-5	626,160.00	676,126.00
Debt Service	E-5	408,323.00	412,866.00
Deferred Charges and			
Statutory Expenditures	E-5	2,299.00	2,325.00
Total Expenditures		<u>1,036,782.00</u>	<u>1,091,317.00</u>
Statutory Excess to Surplus		50,681.54	20,953.96
Fund Balance - January 1,	E	<u>21,645.23</u>	<u>40,691.27</u>
		72,326.77	61,645.23
Decreased by:			
Utilized as Anticipated Revenue		<u>21,000.00</u>	<u>40,000.00</u>
Fund Balance - December 31,	E	<u><u>51,326.77</u></u>	<u><u>21,645.23</u></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, 2019

		<u>Anticipated</u>		Excess or (Deficit)
	Ref.	Budget	Realized	
Surplus Anticipated	E-1	21,000.00	21,000.00	-
Sewer Service Charges	E-1;E-9	862,525.00	901,341.40	38,816.40
Sewer Connection Fees	E-1;E-6	33,346.00	23,016.52	(10,329.48)
Sewer Reservation Fees	E-1;E-9	2,852.00	772.20	(2,079.80)
Sewer Assessment Fund balance	E-1;E-6	15,372.00	15,335.05	(36.95)
Interlocal Agreement Branchville	E-1;E-6	18,950.00	14,502.00	(4,448.00)
Board of Education Share of				
Debt Service	E-1;E-9	82,737.00	82,455.44	(281.56)
Miscellaneous Revenue Not Anticipated	E-1;E-2	4,405.51	4,405.51	4,405.51
Budget Totals		<u>1,036,782.00</u>	<u>1,062,828.12</u>	<u>26,046.12</u>
		E-5		
 <u>Miscellaneous Revenues Not Anticipated</u>				
Interest on Investments - Operating	E-2; E-6		<u>4,405.51</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

Sewer Utility Capital Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Balance - January 1,	E	565.40	372.00
Increased by:			
Premium on Sale of Bond			
Anticipation Note	E-6	<u>5,261.76</u>	<u>193.40</u>
Balance - December 31,	E	<u><u>5,827.16</u></u>	<u><u>565.40</u></u>

E-4

Comparative Statement of Assessment Trust Fund Balance - Regulatory Basis

Sewer Assessment Trust Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Balance - January 1,	E	1,148.47	<u><u>1,148.47</u></u>
Increased by:			
Collection of Unpledged			
Assessments and Liens	E-20	<u>7,764.48</u>	
Balance - December 31,	E	<u><u>8,912.95</u></u>	<u><u>1,148.47</u></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, 2019

	<u>Ref.</u>	<u>Appropriated</u>		<u>Expended</u>	
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:					
Salaries and Wages		31,070.00	31,070.00	21,890.00	9,180.00
Other Expenses		158,500.00	158,500.00	114,399.60	44,100.40
Other Expenses - SCMUA		436,590.00	436,590.00	436,590.00	-
Total Operating	E-1	626,160.00	626,160.00	572,879.60	53,280.40
Debt Service:					
Payment of Bond Principal		315,000.00	315,000.00	315,000.00	-
Payment of Bond Anticipation Notes		6,000.00	6,000.00	6,000.00	-
Interest on Bonds		86,321.00	86,321.00	86,321.00	-
Interest on Notes		1,002.00	1,002.00	1,002.00	-
Total Debt Service	E-1	408,323.00	408,323.00	408,323.00	-
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		2,299.00	2,299.00		2,299.00
Total Deferred Charges and Statutory Expenditures	E-1	2,299.00	2,299.00		2,299.00
		1,036,782.00	1,036,782.00	981,202.60	55,579.40
			E-2		
<u>Analysis of Paid or Charged</u>					
Cash Disbursed	E-6			893,879.60	
Interest on Bonds	E-16			86,321.00	
Interest on Notes	E-17			1,002.00	
				981,202.60	
<u>Analysis of Appropriation Reserves</u>					
Unencumbered	E				44,164.15
Encumbered	E				11,415.25
					55,579.40

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>2019</u>	<u>2018</u>
<u>Assets</u>			
Operating Fund:			
Cash	F-4	2,405,304.93	2,673,836.31
Receivables with Full Reserves:			
Consumers Account Receivable	F-5	116,757.29	125,903.97
Total Operating Fund		<u>2,522,062.22</u>	<u>2,799,740.28</u>
<u>Ref</u>			
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	F-3;F-6	2,446.01	130,557.40
Encumbered	F-3;F-6	680.60	159,717.04
Total Appropriation Reserves		<u>3,126.61</u>	<u>290,274.44</u>
Prepaid Solid Waste User Fees	F-7	340,078.05	314,519.87
		<u>343,204.66</u>	<u>604,794.31</u>
Reserve for Receivables	Contra	116,757.29	125,903.97
Fund Balance	F-1	<u>2,062,100.27</u>	<u>2,069,042.00</u>
Total Operating Fund		<u>2,522,062.22</u>	<u>2,799,740.28</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>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Surplus Anticipated	F-2	300,000.00	195,000.00
Solid Waste User Fees	F-2	1,965,357.11	1,924,703.06
Interest on Investments	F-2	29,404.16	
Solid Waste Penalties	F-2	40,996.56	
Miscellaneous	F-2	21,509.28	62,586.40
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	F-6	129,306.16	131,646.71
Total Income		<u>2,486,573.27</u>	<u>2,313,936.17</u>
Expenditures:			
Operating	F-3	2,181,765.00	1,942,765.00
Deferred Charges and			
Statutory Expenditures	F-3	11,750.00	11,500.00
Total Expenditures		<u>2,193,515.00</u>	<u>1,954,265.00</u>
Statutory Excess to Surplus		293,058.27	359,671.17
Fund Balance - January 1,	F	<u>2,069,042.00</u>	<u>1,904,370.83</u>
		2,362,100.27	2,264,042.00
Decreased by:			
Utilized as Anticipated Revenue		<u>300,000.00</u>	<u>195,000.00</u>
Fund Balance - December 31,	F	<u><u>2,062,100.27</u></u>	<u><u>2,069,042.00</u></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, 2019

		<u>Anticipated</u>		Excess or (Deficit)
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	
Surplus Anticipated	F-1	300,000.00	300,000.00	
Solid Waste User Fees	F-1;F-5	1,875,000.00	1,965,357.11	90,357.11
Interest on Investments	F-1;F-4	9,215.00	29,404.16	20,189.16
Solid Waste Penalties	F-1;F-4	9,300.00	40,996.56	31,696.56
Miscellaneous	F-1;F-2		21,509.28	21,509.28
Budget Totals		<u>2,193,515.00</u>	<u>2,357,267.11</u>	<u>163,752.11</u>
		F-3		
Miscellaneous Revenues not Anticipated:				
Prior Year Refunds		21,409.28		
NSF Check Fees		<u>100.00</u>		
	F-2;F-4		<u>21,509.28</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, 2019

	<u>Ref.</u>	<u>Appropriated</u>		<u>Expended</u>	
		<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:					
Salaries and Wages		137,015.00	137,015.00	137,015.00	
Other Expenses		2,044,750.00	2,044,750.00	2,041,623.39	3,126.61
Total Operating	F-1	<u>2,181,765.00</u>	<u>2,181,765.00</u>	<u>2,178,638.39</u>	<u>3,126.61</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		11,750.00	11,750.00	11,750.00	
Total Deferred Charges and Statutory Expenditures	F-1	<u>11,750.00</u>	<u>11,750.00</u>	<u>11,750.00</u>	
		<u>2,193,515.00</u>	<u>2,193,515.00</u>	<u>2,190,388.39</u>	<u>3,126.61</u>
			F-2	F-4	
Unencumbered	F				2,446.01
Encumbered	F				680.60
					<u>3,126.61</u>

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>2019</u>	<u>2018</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	25,171,500.00	25,171,500.00
Machinery and Equipment	15,340,081.00	15,340,081.00
	<u>40,511,581.00</u>	<u>40,511,581.00</u>
 Investment in Fixed Assets	 <u>40,511,581.00</u>	 <u>40,511,581.00</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, 2019 AND 2018

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, 2019 AND 2018
(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.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 2019, the Governing Body increased 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.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

For the year ended December 31, 2019, the Township adopted the following GASB Statement:

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

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 2019 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 2019 statutory budget was \$3,250,000.00.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

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 2019, 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 2019, there was one emergency authorization for lease of land and repair to property, structures and fixtures in the amount of \$40,000.00, authorized on October 22, 2019.

NOTE 3: GENERAL FIXED ASSETS

The following schedule is a summarization of changes in the general fixed assets account group for the year 2019.

	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2019 (1)</u>
Land, Land Improvements & Buildings	\$25,171,500.00	\$25,171,500.00
Machinery & Equipment	<u>15,340,081.00</u>	<u>15,340,081.00</u>
	<u>\$40,511,581.00</u>	<u>\$40,511,581.00</u>

- (1) A fixed asset inventory could not be completed because of the impact of the Coronavirus (COVID-19) outbreak.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT

Long-term debt as of December 31, 2019 consisted of the following:

	Balance <u>Dec. 31, 2018</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2019</u>	Amount Due <u>Within One Year</u>
General Capital Fund:				
Bonds Payable	\$ 5,825,000.00	\$1,060,000.00	\$ 4,765,000.00	\$1,105,000.00
Assessment Trust Fund:				
N.J. D.E.P. Loan	737,502.44	109,259.61	628,242.83	54,629.81
Water Capital Fund:				
Bonds Payable	11,315,000.00	985,000.00	10,330,000.00	1,105,000.00
Sewer Capital Fund:				
Serial Bonds Payable	2,625,000.00	315,000.00	2,310,000.00	325,000.00
Compensated Absences Payable	3,560,979.19	2,078,810.01 (1)	1,482,169.18	-
	<u>\$24,063,481.63</u>	<u>\$4,548,069.62</u>	<u>\$19,515,412.01</u>	<u>\$2,589,629.81</u>

(1) Net additions, including retirements, resignations, time used and adjustment for recalculation of the liability.

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.

The Township's debt is summarized as follows:

<u>Issued</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
General:			
Bonds and Notes	\$6,612,000.00	\$6,875,000.00	7,295,000.00
Assessment Trust Fund:			
Loan Payable	628,242.83	737,502.44	737,502.44
Water Utility:			
Bonds, Notes and Loans	10,939,000.00	11,995,000.00	12,570,000.00
Assessment Notes	-	33,000.00	
Sewer Utility:			
Bonds and Notes	3,290,000.00	2,661,000.00	2,972,000.00
Total Issued	<u>\$21,469,242.83</u>	<u>\$22,268,502.44</u>	<u>\$23,607,502.44</u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
<u>Less</u>			
Funds Temporarily Held by Pay			
Bonds, Notes and Loans:			
Assessment Trust Assessments	\$ 248,188.48	\$ 248,462.49	\$248,462.49
Water Utility Assessments	<u>-</u>	<u>-</u>	<u>40,995.25</u>
Total Deductions	<u>248,188.48</u>	<u>248,462.49</u>	<u>289,457.74</u>
Net Debt Issued	<u>21,221,054.35</u>	<u>22,020,039.95</u>	<u>23,318,044.70</u>
<u>Authorized but not Issued</u>			
General Capital:			
Bonds and Notes	1,293,909.36	595,500.00	794,250.00
Water Utility:			
Bonds and Notes	-	-	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	<u>1,298,165.39</u>	<u>599,756.03</u>	<u>994,346.22</u>
Less:			
Self Liquidating - Utility	<u>14,233,256.03</u>	<u>13,986,305.23</u>	<u>15,742,096.22</u>
Net Debt	<u>\$ 8,285,963.71</u>	<u>\$ 8,633,490.75</u>	<u>\$8,570,294.70</u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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 .260%.

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Dist. Debt	\$56,170,000.00	\$56,170,000.00	\$ -
Sewer Utility Debt	3,290,000.00	3,290,000.00	-
Water Utility Debt	10,939,000.00	10,939,000.00	-
General Debt	7,905,909.36	-	7,905,909.36
Assessment Trust Fund	<u>628,242.83</u>	<u>248,188.48</u>	<u>380,054.35</u>
	<u><u>\$78,933,152.19</u></u>	<u><u>\$70,647,188.48</u></u>	<u><u>\$8,285,963.71</u></u>

Net Debt \$8,285,963.71 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, 3,189,778,788.33 = .260%.

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

2019	3,189,778,788.33	
2018		3,125,791,479.67
2017		3,097,081,619.00

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

3.50% of Equalized Valuation Basis (Municipal)	\$111,642,257.59
Net Debt	<u>8,285,963.71</u>
Remaining Borrowing Power	<u><u>\$103,356,293.88</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	\$4,827,201.24
Deductions:	
Operating and Maintenance Cost	\$1,948,882.00
Net Debt	<u>1,419,021.00</u>
Total Deductions	<u><u>3,367,903.00</u></u>
Excess/(Deficit) in Revenue	<u><u>\$1,458,298.24</u></u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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		\$1,062,828.12
Deductions:		
Operating and Maintenance Cost	\$628,459.00	
Net Debt	<u>408,323.00</u>	
Total Deductions		<u>1,036,782.00</u>
Excess/(Deficit) s in Revenue)		<u>\$ 26,046.12</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		\$2,357,267.11
Deductions:		
Operating and Maintenance Cost		<u>2,193,515.00</u>
Excess/(Deficit) in Revenue		<u>\$ 163,752.11</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, 2019, 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, 2019 was \$2,030,000.00. 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, 2019 AND 2018
(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, 2019 was \$2,390,000.00. 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, 2019 was \$345,000.00. 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, 2019 was \$1,070,000.00. 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, 2019 was \$1,094,000.00. 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, 2019 was \$3,810,000.00. 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, 2019 was \$4,356,000.00. 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, 2019 was \$1,255,000.00. 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, 2019 AND 2018
(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, 2019 was \$1,055,000.00. 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, 2019, the balance remaining is \$628,242.83.

Total General Capital Bond - listed in above	<u>\$ 4,765,000.00</u>
Total Water Utility Capital Bonds and Loans - listed in above	<u>10,330,000.00</u>
Total Sewer Utility Capital Bonds and Loans - listed in above	<u>2,310,000.00</u>
Total Assessment Trust Loan - listed in above	<u>628,242.83</u>
	<u>\$14,033,242.83</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
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	515,000.00	15,450.00	530,450.00	1,080,000.00	172,874.37	1,252,874.37
2025-2029	-	-	-	3,555,000.00	466,337.50	4,021,337.50
2030-2032	-	-	-	1,500,000.00	101,680.00	1,601,680.00
	<u>4,765,000.00</u>	<u>372,750.00</u>	<u>5,137,750.00</u>	<u>10,330,000.00</u>	<u>1,813,064.39</u>	<u>12,143,064.39</u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

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

	<u>Sewer Fund</u>			<u>Assessment Trust Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	335,000.00	29,137.50	364,137.50	47,290.63	7,339.18	54,629.81
2025-2029	665,000.00	23,625.00	688,625.00	251,099.24	22,049.83	273,149.07
2030-2032	-	-	-	80,332.73	1,611.98	81,944.71
	<u>2,310,000.00</u>	<u>296,000.00</u>	<u>2,606,000.00</u>	<u>558,748.82</u>	<u>69,494.01</u>	<u>628,242.83</u>

	<u>Yearly Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,977,290.63	224,801.05	2,202,091.68
2025-2029	4,471,099.24	512,012.33	4,983,111.57
2030-2032	<u>1,580,332.73</u>	<u>103,291.98</u>	<u>1,683,624.71</u>
	<u>17,963,748.82</u>	<u>2,551,308.40</u>	<u>20,515,057.22</u>

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, 2019 AND 2018
(CONTINUED)**

NOTE 5: BOND ANTICIPATION NOTES (CONTINUED)

The following activity related to Bond Anticipation Notes occurred during the calendar year ended December 31, 2019:

	<u>Balance Dec. 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2019</u>
General Capital:				
Jeffries Financial Group	\$ -	\$1,847,000.00	\$ -	\$1,847,000.00
Oppenheimer & Co.	<u>1,050,000.00</u>	<u>-</u>	<u>1,050,000.00</u>	<u>-</u>
Water Capital Fund:				
Jeffries Financial Group	-	609,000.00	-	609,000.00
Oppenheimer & Co.	<u>680,000.00</u>	<u>-</u>	<u>680,000.00</u>	<u>-</u>
Sewer Capital Fund:				
Jeffries Financial Group	-	980,000.00	-	980,000.00
Oppenheimer & Co.	<u>36,000.00</u>	<u>-</u>	<u>36,000.00</u>	<u>-</u>
	<u>\$1,766,000.00</u>	<u>\$3,436,000.00</u>	<u>\$1,766,000.00</u>	<u>\$3,436,000.00</u>

The Township has outstanding at December 31, 2019, a bond anticipation note in the amount of \$1,847,000.00 payable to Jeffries Financial Group. This note will mature on October 2, 2020 and it is the intent of the Township Council to renew this note for another one year period. The current interest rate on this note is 2.00%. Principal and interest on this note is paid from the Current Fund Budget of the Township.

The Township has outstanding at December 31, 2019, a bond anticipation note in the amount of \$609,000.00 payable to Jeffries Financial Group. This note will mature on October 2, 2020 and it is the intent of the Township Council to renew this note. The current interest rate on this note is 2.00%. Principal and interest on this note is paid from the Water Operating Fund Budget of the Township.

The Township has outstanding at December 31, 2019, a bond anticipation note in the amount of \$980,000.00 payable to Jeffries Financial Group. This note will mature on October 2, 2020 and it is the intent of the Township Council to renew this note. The current interest rate on this note is 2.00%. Principal and interest on this note is paid from the Sewer Operating Fund Budget of the Township.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2019 and 2018 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current Fund	<u>\$3,530,000.00</u>	<u>\$3,250,000.00</u>
Water Utility Operating Fund	<u>\$ 500,000.00</u>	<u>\$ 150,000.00</u>
Sewer Utility Operating Fund	<u>\$ 40,000.00</u>	<u>\$ 21,000.00</u>
Solid Waste Operating Fund	<u>\$ 320,000.00</u>	<u>\$ 300,000.00</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 \$1,482,169.18.

The amount is not reported either as an expenditure or a liability. The Township has reserved \$161,186.25 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, 2019 consist of the following:

\$381,700.74 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.

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

\$382,527.63

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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.

Benefits Provided

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

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

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

Benefits Provided (continued)

member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

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

Benefits Provided

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

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

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

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

Defined Contribution Retirement Program

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

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

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as 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>
2019	\$669,855.00	\$952,640.00	\$10,777.11
2018	650,498.00	991,716.00	5,687.50
2017	652,629.00	920,763.00	4,564.59

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

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

Contribution Requirements (continued)

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

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

Public Employees Retirement System (PERS)

At December 31, 2019, the Township had a liability of \$12,139,651.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2019, the Township's proportion was 0.0673733256 percent, which was an increase/(decrease) of 0.0019539955 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Township recognized pension expense of \$669,855.00. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$217,891.00	\$53,628.00
Changes of assumptions	1,212,189.00	4,213,634.00
Net difference between projected and actual earnings on pension plan investments	-	191,629.00
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>369,476.00</u>	<u>722,172.00</u>
Total	<u>\$1,799,556.00</u>	<u>\$5,181,063.00</u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) 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:	
2020	(\$350,538.00)
2021	(1,137,138.00)
2022	(1,015,398.00)
2023	(476,782.00)
2024	(48,956.00)

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 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances net of non-employer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Township's Proportion	0.0673733256%	0.0654193301%

Actuarial Assumptions

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions (continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return (continued)

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U. S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U. S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019, 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, 2019		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
Borough's proportionate share of the pension liability	\$15,441,029	\$12,139,651	\$9,513,388

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2019, the Township had a liability of \$12,529,440.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2019, the Township's proportion was 0.1023829474 percent, which was an increase/(decrease) of 0.0049408568 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Township recognized pension expense of \$952,640.00. At December 31, 2019, 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, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference in actual and expected experience	105,765.00	79,326.00
Changes of assumptions	429,327.00	4,049,400.00
Net difference between projected and actual earnings on pension plan investments	-	169,770.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>740,854.00</u>	<u>1,611,020.00</u>
Total	<u>\$1,275,946.00</u>	<u>\$5,909,516.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) 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:

2020	(\$656,864.00)
2021	(1,378,861.00)
2022	(976,523.00)
2023	(481,359.00)
2024	(269,798.00)

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 5.92, 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts respectively.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

Additional Information

Local Group Collective balances net of non-employer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$1,198,936,924	\$1,988,215,695
Collective deferred inflows of resources	4,874,748,912	4,286,994,294
Collective net pension liability	12,237,818,793	13,531,648,591
Township's Proportion	0.1023829474%	0.0974420906%

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25-15.25% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with an 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and a 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

Mortality Rates (continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U. S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U. S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, 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, 2019, 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, 2019		
	1% Decrease <u>5.85%</u>	At Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Township's proportionate share of the pension liability	\$19,609,343	\$12,529,440	\$10,285,652

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, 2019 AND 2018
(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, 2019 and 2018, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,978,422 and \$1,791,035, respectively. For the years ended December 31, 2019 and 2018, the pension system has determined the State proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$229,876 and \$212,145, respectively, which is more than the actual contributions the State made on behalf of the Township of \$133,305 and \$106,073, 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.

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, 2019 AND 2018
(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, 2019, \$246,641.52 of the Township's bank balance of \$28,321,868.31 was exposed to custodial credit risk. In comparison, 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.

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, 2019 AND 2018
(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, 2019 and 2018 amounted to \$246,641.52 and \$187,458.76 respectively.

The following investments represent 5% or more of the total invested with Variable Annuity Life Insurance Co. on December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investments under 5%	\$30,496.97	\$21,456.17
Fidelity VIP ContraFund Portfolio	14,179.29	9,948.59
Fixed	80,399.16	69,484.16
LVIP SSgA S&P 500 Index Fund	<u>121,566.10</u>	<u>86,569.84</u>
Total	<u>\$246,641.52</u>	<u>\$187,458.76</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 2019 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, 2019 AND 2018
(CONTINUED)**

NOTE 12: RISK MANAGEMENT (CONTINUED)

<u>Fiscal year</u>	<u>Interest Earnings/ Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$33,554.00	\$14,261.80	\$4,607.58	\$180,952.09
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

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, 2019:

Total minimum lease payment	\$7,275.00
Less: amount representing interest	<u>44.65</u>
Present Value of net minimum lease payments	<u><u>\$7,230.35</u></u>

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payments</u>
2020	<u><u>7,230.35</u></u>	<u><u>44.65</u></u>	<u><u>7,275.00</u></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, 2019 AND 2018
(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 plans 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, 2019 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, 2019</u>	Balance <u>Dec 31, 2018</u>
Prepaid Taxes	<u>\$810,692.06</u>	<u>\$794,429.07</u>
Cash Liability for Taxes Collected in Advance	<u>\$810,692.06</u>	<u>\$794,429.07</u>

NOTE 17: RELATED PARTY TRANSACTIONS

During 2019, Molly A. Whilesmith was a Trustee of the Free Public Library as well as Councilperson of the Township of Sparta. In 2019, \$859,681.57 was paid from 2019 municipal appropriations and \$145,028.53 was paid from the 2018 reserves to the Township of Sparta Free Public Library.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2019 AND 2018
(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, 2019 AND 2018
(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 calculation 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, 2019</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, 2019 AND 2018
(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, 2019 AND 2018
(CONTINUED)**

NOTE 18: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Special Funding Situation PFRS (continued)

At December 31, 2019, the State's proportionate share of the net OPEB liability attributable to the Township for the PFRS special funding situation is \$5,745,919.00 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$76,164.00.

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

Township council has advised us of the following:

There are two matters being handled by their office, the first deals with the "methodology" of an assessment against property owners of a dam repair, the second is in the discovery phase.

Township council has advised us there are matters being handled by the Township's insurance carrier.

NOTE 20: SUBSEQUENT EVENT

The Township has evaluated subsequent events through September 11, 2020, the date which the financial statements were available to be issued and the following item was noted for disclosure:

On March 9, 2020 Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Township of Sparta. The Township has identified several risks as a result of this pandemic, including a possible delay in collection of real estate taxes, water utility rents and cash flow shortages as the result of these delayed collection. The Township will continue to monitor the situation closely.

SUPPLEMENTARY DATA

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

YEAR ENDED DECEMBER 31, 2019

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>
Molly Whilesmith	Mayor		
Christine Quinn	Deputy Mayor		
Daniel Chiariello	Councilperson		
Jerard Murphy	Councilperson		
Dave Smith	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		
Patrick Stefanelli	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	Deputy Court Administrator	1,000,000	(1)
Christine Kasko	Violations Clerk	1,000,000	(1)
Donald Critchlaw	Animal Control Officer		
Jim Zepp	Director of Public Works		
Philip Spaldi	Director of Utilities		
C.P. Engineers, Stan Puszcz	Engineer		
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, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A Number	State Account Number	Program or Award Amount	Grant Period To/From	12/31/2018 Reserve Balance	Receipts	Expended	12/31/2019 Reserve Balance	MEMO Cumulative Total Expenditures
<u>FEDERAL AND STATE GRANT FUND</u>									
United States Department of Transportation (Passed through NJ Division of Highway Traffic Safety)									
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)		5,500.00
Drive Sober or Get Pulled Over	20.616	1160-100-066-1160-157	11,000.00	1/1/19-12/31/19		11,000.00		11,000.00	-
Total US Department of Transportation					<u>5,500.00</u>	<u>11,000.00</u>	<u>(5,500.00)</u>	<u>11,000.00</u>	<u>5,500.00</u>
<u>TOTAL FEDERAL AND STATE GRANT FUND</u>					<u>5,500.00</u>	<u>11,000.00</u>	<u>(5,500.00)</u>	<u>11,000.00</u>	<u>5,500.00</u>
			TOTAL FEDERAL AID		<u>5,500.00</u>	<u>11,000.00</u>	<u>(5,500.00)</u>	<u>11,000.00</u>	<u>5,500.00</u>

Note: This schedule was not subject to an audit in accordance with The Uniform Guidance.

Township of Sparta

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2019

				12/31/2018					12/31/2019		MEMO
State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	(Receivable)	Reserve Balance	Receipts	Expended	Adjustment	(Receivable)	Reserve Balance	Cumulative Total Expenditures
FEDERAL AND STATE GRANT FUND											
NJ Department of Environmental Protection:											
Clean Communities	4900-765-042-4900-004	55,921.25	1/1/16-12/31/16		42,018.97		(26,065.10)			15,953.87	39,967.38
Clean Communities	4900-765-042-4900-004	47,508.00	1/1/17-12/31/17		47,508.00					47,508.00	-
Clean Communities	4900-765-042-4900-004	46,444.00	1/1/18-12/31/18		45,019.65			1,424.35	(1,424.35)	46,444.00	-
Clean Communities	4900-765-042-4900-004	50,725.58	1/1/19-12/31/19			50,725.58				50,725.58	-
					134,546.62	50,725.58	(26,065.10)	1,424.35	(1,424.35)	160,631.45	39,967.38
Highlands Grant	N/A	25,000.00		(13,054.65)	21,451.65				(13,054.65)	21,451.65	3,548.35
Total NJ Department of Environmental Protection:				(13,054.65)	155,998.27	50,725.58	(26,065.10)	1,424.35	(14,479.00)	182,083.10	43,515.73
NJ Department of Community Affairs:											
Alcohol Education Rehab Fund	9735-760-098-9735-001	21,041.01	Prior Years		1,006.70		(1,006.70)			-	21,041.01
Alcohol Education Rehab Fund	9735-760-098-9735-001	1,510.00	1/1/11-12/31/11		1,510.00		(1,510.00)			-	1,510.00
Alcohol Education Rehab Fund	9735-760-098-9735-001	539.00	1/1/12-12/31/12		539.00		(83.30)			455.70	83.30
Alcohol Education Rehab Fund	9735-760-098-9735-001	527.00	1/1/13-12/31/13		527.00					527.00	-
Alcohol Education Rehab Fund	9735-760-098-9735-001	354.00	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	-
Alcohol Education Rehab Fund	9735-760-098-9735-001	2,009.37	1/1/19-12/31/19			2,009.37				2,009.37	-
				-	4,009.93	2,009.37	(2,600.00)	-	-	3,419.30	22,634.31
Municipal Alliance	N/A	16,042.00	1/1/16-12/31/16	(173.10)		173.10			-	-	16,042.00
Municipal Alliance	N/A	16,042.00	1/1/17-12/31/17		6,099.97		(6,099.97)			-	16,042.00
Municipal Alliance	N/A	16,042.00	1/1/18-12/31/18	(917.00)	16,042.00	716.95	(13,082.08)		(200.05)	2,959.92	13,082.08
Municipal Alliance	N/A	16,042.00	1/1/19-12/31/19			16,042.00			-	16,042.00	-
				(1,090.10)	22,141.97	16,932.05	(19,182.05)	-	(200.05)	19,001.92	45,166.08
Total NJ Department of Community Affairs:				(1,090.10)	26,151.90	18,941.42	(21,782.05)	-	(200.05)	22,421.22	67,800.39
NJ Division of Motor Vehicles:											
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	18,794.15	1/1/13-12/31/14		18,285.50		(7,853.60)			10,431.90	8,362.25
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	16,974.00	1/1/16-12/31/16		16,974.00					16,974.00	-
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	5,500.00	1/1/19-12/31/19			5,500.00				5,500.00	-
Total NJ Division of Motor Vehicles:				-	35,259.50	5,500.00	(7,853.60)	-	-	32,905.90	8,362.25
NJ Department of Solid Waste Protection:											
Recycling Tonnage	4910-100-042-49100-224	24,898.91	1/1/15-12/31/15		15,122.09		(15,122.09)				24,898.91
Recycling Tonnage	4910-100-042-49100-224	25,459.00	1/1/16-12/31/16		25,459.00		(22,430.74)			3,028.26	22,430.74
Recycling Tonnage	4910-100-042-49100-224	28,103.00	1/1/17-12/31/17		28,103.00					28,103.00	-
Recycling Tonnage	4910-100-042-49100-224	28,103.00	1/1/18-12/31/18			28,103.00				28,103.00	-
Recycling Tonnage	4910-100-042-49100-224	49,308.59	1/1/19-12/31/19			49,308.59				49,308.59	-
Total Department of Environmental Solid Waste Protection:				-	68,684.09	77,411.59	(37,552.83)	-	-	108,542.85	47,329.65
NJ Department of Law and Public Safety											
Body Armor	1020-718-066-1020-001	3,231.73	1/1/17-12/31/17		940.11		(940.11)			-	3,231.73
Body Armor	1020-718-066-1020-001	3,593.00	1/1/19-12/31/19			3,593.00	(3,562.29)			30.71	3,562.29
Total NJ Department of Law and Public Safety				-	940.11	3,593.00	(4,502.40)	-	-	30.71	6,794.02
TOTAL FEDERAL AND STATE GRANT FUND				(14,144.75)	287,033.87	156,171.59	(97,755.98)	1,424.35	(14,679.05)	345,983.78	173,802.04
TOTAL STATE AID				(14,144.75)	287,033.87	156,171.59	(97,755.98)	1,424.35	(14,679.05)	345,983.78	173,802.04

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 2019</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	3,250,000.00	3.005%	3,250,000.00	3.066%
Miscellaneous - From Other Than				
Local Property Tax Levies	4,866,936.64	4.500%	4,386,941.01	4.138%
Collection of Delinquent Taxes				
and Tax Title Liens	1,263,754.17	1.169%	1,115,512.29	1.052%
Collection of Current				
Tax Levy	97,377,507.13	90.043%	95,293,056.82	89.896%
Other Credits to Income	1,386,969.32	1.283%	1,958,594.79	1.848%
<u>Total Revenue and Other Income Realized</u>	<u>108,145,167.26</u>	<u>100.00%</u>	<u>106,004,104.91</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	23,761,838.92	22.836%	23,205,509.75	22.889%
Local Open Space Taxes	327,836.29	0.315%	327,717.17	0.323%
Local School Taxes	62,546,373.00	60.109%	60,845,268.00	60.016%
County Taxes	17,388,221.40	16.711%	16,983,851.26	16.752%
Other Expenditures	30,629.59	0.029%	19,565.43	0.019%
<u>Total Expenditures</u>	<u>104,054,899.20</u>	<u>100.00%</u>	<u>101,381,911.61</u>	<u>100.00%</u>
 Excess (Deficit) in Revenue	4,090,268.06		4,622,193.30	
 Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by				
 Statute Deferred Charges to Budget				
 of Succeeding Year	<u>40,000.00</u>			
 Statutory Excess to Fund Balance	4,130,268.06		4,622,193.30	
 Fund Balance, January 1,	<u>9,132,046.19</u>		<u>7,759,852.89</u>	
	13,262,314.25		12,382,046.19	
 Less:				
Utilized as Anticipated Revenue	<u>3,250,000.00</u>		<u>3,250,000.00</u>	
 Fund Balance, December 31,	<u><u>10,012,314.25</u></u>		<u><u>9,132,046.19</u></u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER UTILITY OPERATING FUND

	<u>Year 2019</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	150,000.00	3.014%	300,000.00	7.534%
Collection of Water Rents	2,994,226.26	60.158%	2,930,635.72	73.599%
Miscellaneous - From Other				
Than Water Rents	466,255.72	9.368%	563,503.74	14.152%
Other Credits to Income	1,366,812.44	27.461%	187,762.49	4.715%
<u>Total Revenue and Other Income Realized</u>	<u>4,977,294.42</u>	<u>100.00%</u>	<u>3,981,901.95</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	1,848,860.00	52.407%	1,861,425.00	48.389%
Capital Improvements	160,000.00	4.535%	310,000.00	8.059%
Debt Service	1,419,021.00	40.223%	1,372,519.00	35.680%
Deferred Charges and Statutory Expenditures	100,022.00	2.835%	302,841.00	7.873%
<u>Total Expenditures</u>	<u>3,527,903.00</u>	<u>100.00%</u>	<u>3,846,785.00</u>	<u>100.00%</u>
 Excess (Deficit) in Revenue	1,449,391.42		135,116.95	
 Fund Balance, January 1,	<u>181,416.44</u>		<u>346,299.49</u>	
	1,630,807.86		481,416.44	
 Less:				
Utilized as Anticipated Revenue	<u>150,000.00</u>		<u>300,000.00</u>	
 Fund Balance, December 31,	<u><u>1,480,807.86</u></u>		<u><u>181,416.44</u></u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

SEWER UTILITY OPERATING FUND

	<u>Year 2019</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	21,000.00	1.931%	40,000.00	3.596%
Collection of Sewer User Fees	901,341.40	82.885%	863,039.75	77.593%
Miscellaneous - From Other				
Than Sewer Rents	29,837.05	2.744%	60,970.26	5.482%
Board of Education - Share of Debt Service	82,455.44	7.582%	82,737.60	7.439%
Sewer Reservation Fees	772.20	0.071%	2,852.20	0.256%
Sewer Connection Fees	23,016.52	2.117%	33,346.65	2.998%
Other Credits to Income	29,040.93	2.671%	29,324.50	2.636%
<u>Total Revenue and Other Income Realized</u>	<u>1,087,463.54</u>	<u>100.00%</u>	<u>1,112,270.96</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	626,160.00	60.395%	676,126.00	61.955%
Debt Service	408,323.00	39.384%	412,866.00	37.832%
Deferred Charges and Statutory Expenditures	2,299.00	0.222%	2,325.00	0.213%
<u>Total Expenditures</u>	<u>1,036,782.00</u>	<u>100.00%</u>	<u>1,091,317.00</u>	<u>100.00%</u>
 Excess (Deficit) in Revenue	50,681.54		20,953.96	
 Fund Balance, January 1,	<u>21,645.23</u>		<u>40,691.27</u>	
	72,326.77		61,645.23	
 Less:				
Utilized as Anticipated Revenue	<u>21,000.00</u>		<u>40,000.00</u>	
 Fund Balance, December 31,	<u>51,326.77</u>		<u>21,645.23</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE**SOLID WASTE UTILITY OPERATING FUND**

	<u>Year 2019</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	300,000.00	12.065%	195,000.00	8.427%
Collection of Solid Waste Fees	1,965,357.11	79.039%	1,924,703.06	83.179%
Miscellaneous - From Other				
Than Sewer Rents	91,910.00	3.696%	62,586.40	2.705%
Other Credits to Income	129,306.16	5.200%	131,646.71	5.689%
<u>Total Revenue and Other Income Realized</u>	<u>2,486,573.27</u>	<u>100.00%</u>	<u>2,313,936.17</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	2,181,765.00	99.464%	1,942,765.00	99.412%
Deferred Charges and Statutory Expenditures	11,750.00	0.536%	11,500.00	0.588%
<u>Total Expenditures</u>	<u>2,193,515.00</u>	<u>100.00%</u>	<u>1,954,265.00</u>	<u>100.00%</u>
 Excess (Deficit) in Revenue	293,058.27		359,671.17	
 Fund Balance, January 1,	<u>2,069,042.00</u>		<u>1,904,370.83</u>	
	2,362,100.27		2,264,042.00	
 Less:				
Utilized as Anticipated Revenue	<u>300,000.00</u>		<u>195,000.00</u>	
 Fund Balance, December 31,	<u><u>2,062,100.27</u></u>		<u><u>2,069,042.00</u></u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate</u>	<u>3.312</u>	<u>3.242</u>	<u>3.202</u>

Apportionment of Tax Rate:

Municipal (1)	.637	.628	.617
County	.581	.570	.558
Local School	2.094	2.044	2.027

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

Assessed Valuation:

2019	2,988,275,100		
2018		2,976,933.600	
2017			2,972,912,900

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>
2019	99,220,180.98	97,377,507.13	98.14%
2018	96,720,508.33	95,293,056.82	98.52%
2017	95,597,079.80	94,084,884.28	98.41%

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>
2019	1,499,598.62	164,146.58	1,663,745.20	1.68%
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%

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>
2019	2,907,000.00
2018	3,058,000.00
2017	3,058,000.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2019	2,909,191.45	2,994,226.06
2018	2,984,378.30	2,930,635.72
2017	2,961,669.31	3,031,187.99

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2019	952,932.30	984,569.04
2018	989,621.10	948,629.55
2017	952,281.30	973,464.60

COMPARISON OF SOLID WASTE UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2019	1,956,210.43	1,965,357.11
2018	1,925,559.52	1,924,703.06
2017	2,028,411.41	2,043,842.23

* Includes collection of prior year receivables.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund:</u>	2019	10,012,314.25	3,530,000.00
	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
 <u>Water Utility:</u>			
Operating Fund:	2019	1,480,807.86	500,000.00
	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
 <u>Sewer Utility:</u>			
Operating Fund:	2019	51,326.77	40,000.00
	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
 <u>Solid Waste Utility:</u>			
Operating Fund:	2019	2,062,100.27	320,000.00
	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

Township of Sparta, N.J.
Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	A		12,633,587.89
Increased by Receipts:			
Tax Sale Premiums	A-1	400.00	
Miscellaneous Revenue Not Anticipated	A-2	43,673.30	
Collector of Taxes	A-6	98,875,344.23	
Due To State - Senior Citizen and Veteran Deductions	A-7	112,713.70	
Property Acquired for Taxes	A-10	2,016.00	
Revenue Accounts Receivable	A-11	4,428,603.15	
Interfunds	A-12	1,103,239.97	
Various Cash Liabilities and Reserves	A-20	574,354.76	
			105,140,345.11
			117,773,933.00
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	28,000.00	
Current Year Budget Appropriations	A-3	21,575,025.59	
Interfunds	A-12	1,383,629.05	
Appropriation Reserves	A-14	928,012.77	
Encumbrances Payable - Various Reserves	A-15	17,371.03	
Local District School Taxes	A-17	62,546,373.00	
County Taxes Payable	A-18	17,381,290.21	
Library Taxes	A-19	2,251.23	
Various Cash Liabilities and Reserves	A-20	375,001.35	
			104,236,954.23
Balance - December 31, 2019	A		13,536,978.77

Township of Sparta, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	<u>450.00</u>
Balance - December 31, 2019	A	<u>450.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		200.00
Deputy Clerk		50.00
Municipal Court		100.00
Construction		<u>100.00</u>
		<u>450.00</u>

Schedule of Cash - Collector

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Increased by:		
Interest and Costs on Taxes	A-2	328,578.16
Taxes Receivable	A-8	97,721,740.87
Tax Title Liens	A-9	14,333.14
2020 Prepaid Taxes	A-16	<u>810,692.06</u>
		<u>98,875,344.23</u>
Decreased by:		
Turned over to Treasurer	A-4	<u>98,875,344.23</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, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	44,064.93
Increased by:		
Cash Receipts	A-4	112,713.70
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings		110,500.00
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector Current Year		2,000.00
Less: Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector Current Year		241.78
Less: Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector Prior Year		1,500.00
	A-8	110,758.22
Balance - December 31, 2019	A	46,020.41

Township of Sparta, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2019

Year	Balance, Dec. 31, 2018	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2019
				2018	2019				
2014	321.38							321.38	
2015	326.68							326.68	
2016	2,318.30							481.56	1,836.74
2017	8,111.28				210.48			868.14	7,032.66
2018	1,254,124.07		38,629.05		1,250,710.55	(1,500.00)	29,240.23		14,302.34
	1,265,201.71		38,629.05		1,250,921.03	(1,500.00)	29,240.23	1,997.76	23,171.74
2019		98,971,671.27	248,509.71	794,429.07	96,470,819.84	112,258.22	54,606.85	311,640.12	1,476,426.88
	1,265,201.71	98,971,671.27	287,138.76	794,429.07	97,721,740.87	110,758.22	83,847.08	313,637.88	1,499,598.62
	A			A-2; A-16	A-2; A-6	A-2; A-7	A-9		A

Analysis of Tax Levy

Tax yield:

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

Ref.

98,971,671.27
248,509.71

99,220,180.98

Tax Levy:

Municipal Open Space Tax
Added Municipal Open Space Tax

A-12

327,009.40

A-12

826.89

327,836.29

Added Municipal Library Tax

A-19

2,629.59

Local District School Tax

A-17

62,546,373.00

County Tax

A-18

17,344,626.54

Added County Taxes

A-18

43,594.86

17,388,221.40

A-2

80,265,060.28

Local Tax for Municipal Purposes

18,739,524.00

Additional Taxes

215,596.70

18,955,120.70

99,220,180.98

Township of Sparta, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	A		91,287.74
Increased by:			
Interest and Costs Accrued by Sale		3,569.74	
Transfers from Taxes Receivable	A-8	<u>83,847.08</u>	
			<u>87,416.82</u>
			178,704.56
Decreased by:			
Adjustments		224.84	
Cash Receipts	A-2;A-6	<u>14,333.14</u>	
			<u>14,557.98</u>
Balance - December 31, 2019	A		<u><u>164,146.58</u></u>

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	A		<u><u>3,058,000.00</u></u>
Decreased by:			
Sales of Property:			
Cash	A-2; A-4	2,016.00	
Less: Adjustment to Assessed Valuation		<u>148,984.00</u>	
			<u>151,000.00</u>
Balance - December 31, 2019	A		<u><u>2,907,000.00</u></u>

Township of Sparta, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Other	A-2	6,350.00	6,350.00
Alcoholic beverages	A-2	16,468.00	16,468.00
Fees and Permits			
Board of Health - Registrar	A-2	14,083.00	14,083.00
Board of Health - Sewer	A-2	33,630.00	33,630.00
Marriage License	A-2	312.00	312.00
Clerk	A-2	4,316.20	4,316.20
Zoning	A-2	27,685.50	27,685.50
Planning Board	A-2	41,043.00	41,043.00
Tax Assessor	A-2	740.40	740.40
Police	A-2	29,167.11	29,167.11
Leaf Bags	A-2	1,698.00	1,698.00
Cell Tower	A-2	309,158.83	309,158.83
Quarry Royalties	A-2	526,470.80	526,470.80
Host Community Fee	A-2	25,273.10	25,273.10
Municipal Court :			
Fines and Costs	A-2	299,653.19	299,653.19
Interest on Investments and Deposits	A-2	414,674.94	414,674.94
Payments in Lieu of Taxes on Senior Housing	A-2	13,841.84	13,841.84
Energy Receipts Tax	A-2	1,235,421.00	1,235,421.00
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	745,376.00	745,376.00
Other Municipalities Share of Radio System Costs	A-2	258,250.00	258,250.00
Interlocal Finance Hardyston	A-2	46,142.00	46,142.00
Interlocal Finance Hardyston MUA	A-2	3,999.99	3,999.99
Interlocal Finance Hardyston BOE	A-2	6,375.54	6,375.54
Uniform Fire Safety	A-2	47,215.71	47,215.71
Fire Prevention Fees	A-2	30,504.00	30,504.00
Cable TV Franchise Fee	A-2	71,883.00	71,883.00
Solar Renewable Energy Credits	A-2	147,168.00	147,168.00
Fire Prevention Fees (Byram)	A-2	13,898.00	13,898.00
		<u>4,428,603.15</u>	<u>4,428,603.15</u>

A-4

Township of Sparta, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2019

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2019</u>
Other Trust Fund		(707.77)	1,258,904.67	1,258,785.55	(826.89)
Federal and State Grant Fund		(320,122.65)	186,421.59	124,843.50	(381,700.74)
		<u>(320,830.42)</u>	<u>1,445,326.26</u>	<u>1,383,629.05</u>	<u>(382,527.63)</u>
		A			A
<u>Analysis</u>					
Interfund Accounts Payable		<u>(320,830.42)</u>			<u>(382,527.63)</u>
Matching Funds for Grants	A-3		14,250.00		
Disbursed	A-4			1,383,629.05	
Received	A-4		1,103,239.97		
Municipal Open Space Tax	A-1; A-8		327,009.40		
Added Municipal Open Space Tax	A-1; A-8		826.89		
			<u>1,445,326.26</u>	<u>1,383,629.05</u>	

Township of Sparta, N.J.

Schedule of Deferred Charges - Emergency Authorization (40A:4-47)

Current Fund

Year Ended December 31, 2019

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Added in 2019</u>	<u>Balance, Dec. 31, 2019</u>
10/22/2019	Lease of Land and Repairs to the Property, Structures and Fixtures	<u>40,000.00</u>	<u>40,000.00</u> A-3	<u>40,000.00</u> A

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
General Administration	391.73	391.73		391.73
Township Council	2,849.74	2,849.74		2,849.74
Township Clerk	181.85	181.85		181.85
Elections	171.95	171.95		171.95
Financial Administration	11,289.45	11,289.45		11,289.45
Computerized Data Processing	12,074.93	12,074.93		12,074.93
Collection of Taxes	21,370.25	21,370.25		21,370.25
Assessment of Taxes	7,314.90	7,314.90		7,314.90
Municipal Court	12,424.25	12,424.25		12,424.25
Engineering Services and Costs	1,382.73	1,382.73		1,382.73
Planning Board	7,351.29	7,351.29		7,351.29
Planning Department	777.13	777.13		777.13
Board of Adjustment	4,176.14	4,176.14		4,176.14
Police	275,930.06	275,930.06		275,930.06
Police Dispatch 911	18,800.81	18,800.81		18,800.81
Uniform Fire Safety	15,033.03	15,033.03		15,033.03
Road Repair and Maintenance	25,889.45	25,889.45	25,889.45	-
Public Buildings and Grounds	2,017.82	2,017.82		2,017.82
Vehicle Maintenance	19,945.10	19,945.10	2,470.00	17,475.10
Snow Removal	13,538.55	13,538.55	13,538.55	-
DPW Administration	23,601.38	23,601.38	23,601.38	-
Animal Regulations	19,380.00	19,380.00		19,380.00
Committee on Aging	6,509.86	6,509.86		6,509.86
Recreation Services and Programs	339.93	339.93		339.93
Maintenance of Parks	2,571.11	2,571.11		2,571.11
Construction Official	7,846.46	7,846.46		7,846.46
Total Salaries and Wages Within "CAPS"	<u>513,159.90</u>	<u>513,159.90</u>	<u>65,499.38</u>	<u>447,660.52</u>
Other Expenses Within "CAPS":				
General Administration	13,123.08	13,123.08		13,123.08
Purchasing	12,500.59	12,500.59	8,235.57	4,265.02
Township Council	25,794.01	25,794.01	4,207.36	21,586.65
Township Clerk	11,709.59	11,709.59	4,573.14	7,136.45
Elections	2,516.10	2,516.10		2,516.10
Financial Administration	5,178.54	5,178.54	576.35	4,602.19
Audit Services	9,025.00	9,025.00	9,025.00	-
Computerized Data Processing	57,874.90	57,874.90	18,033.61	39,841.29
Collection of Taxes	4,925.12	4,925.12	57.98	4,867.14
Assessment of Taxes	8,856.23	8,856.23	5,743.50	3,112.73

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Legal Services and Costs	41,365.16	41,365.16	5,903.05	35,462.11
Municipal Court	7,562.49	7,562.49	2,300.67	5,261.82
Engineering Services and Costs	8,281.98	8,281.98	1,269.36	7,012.62
Planning Board	8,336.10	8,336.10	3,877.96	4,458.14
Planning Department	6,563.52	6,563.52	80.02	6,483.50
Economic Development	12,905.67	12,905.67		12,905.67
Board of Adjustments	5,557.03	5,557.03		5,557.03
Insurance:				
General Liability	63,459.47	63,459.47		63,459.47
Employee Group Health	529,051.85	529,051.85	297,158.34	231,893.51
Unemployment Compensation Insurance	1,000.00	1,000.00		1,000.00
Police	49,831.33	49,831.33	19,921.66	29,909.67
Purchase of Police Cars	859.02	859.02	120.00	739.02
Police Dispatch 911	3,695.34	3,695.34	1,496.00	2,199.34
Emergency Management Services	2,585.38	2,585.38		2,585.38
Aid to Volunteer Fire Companies	263.50	263.50		263.50
Aid to Volunteer Ambulance Companies	32,229.07	32,229.07	668.36	31,560.71
Fire	9,510.33	9,510.33	9,480.33	30.00
Uniform Fire Safety	4,921.13	4,921.13	1,436.25	3,484.88
Municipal Prosecutor	9,260.03	9,260.03	9,249.99	10.04
Road Repairs and Maintenance	22,729.25	22,729.25	22,729.25	-
Garbage and Trash Removal	40,089.13	40,089.13	1,310.08	38,779.05
Public Buildings and Grounds	10,528.14	10,528.14	6,409.80	4,118.34
Vehicle Maintenance	17,598.45	17,598.45	4,852.83	12,745.62
Snow Removal	100,360.94	100,360.94	100,360.94	-
DPW Administration	6,569.44	6,569.44	6,569.44	-
Municipal Services Act-Condo Costs	56,200.00	56,200.00	50,078.03	6,121.97
Health and Human Service Function:				
Health and Welfare Department	5,038.28	5,038.28	1,873.50	3,164.78
Environmental Commission	2,775.00	2,775.00		2,775.00
Animal Regulation	20,000.00	20,000.00		20,000.00
Committee on Aging	17,932.13	17,932.13	10,445.99	7,486.14
Recreation Services Functions	6,855.32	6,855.32	4,164.76	2,690.56
Maintenance of Parks	32,720.75	32,720.75	9,308.61	23,412.14
Celebration of Public Events	4,000.00	4,000.00	4,000.00	-
Electricity	42,133.56	42,133.56	2,943.37	39,190.19
Street Lighting	25,878.59	25,878.59	418.18	25,460.41
Telephone and Telegraph	1,157.10	1,157.10	1,112.54	44.56
Water	601.58	601.58	210.97	390.61
Natural Gas	5,238.09	5,238.09	5,238.09	-

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Sewerage Processing and Disposal	4,454.47	4,454.47		4,454.47
Gasoline	90,121.47	90,121.47	22,758.93	67,362.54
Construction Official	34,368.97	34,368.97	2,628.84	31,740.13
Accumulated Sick Leave	857.31	857.31	857.31	-
Total Other expenses Within "CAPS"	<u>1,496,949.53</u>	<u>1,496,949.53</u>	<u>661,685.96</u>	<u>835,263.57</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	1.63	1.63		1.63
Social Security (O.A.S.I.)	<u>88,607.48</u>	<u>88,607.48</u>	<u>30,798.90</u>	<u>57,808.58</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>88,609.11</u>	<u>88,609.11</u>	<u>30,798.90</u>	<u>57,810.21</u>
Total Reserves Within "CAPS"	<u>2,098,718.54</u>	<u>2,098,718.54</u>	<u>757,984.24</u>	<u>1,340,734.30</u>
Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library	145,028.53	145,028.53	145,028.53	-
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>170,028.53</u>	<u>170,028.53</u>	<u>170,028.53</u>	<u>-</u>
Total Reserves	<u>2,268,747.07</u>	<u>2,268,747.07</u>	<u>928,012.77</u>	<u>1,340,734.30</u>
			A-4	A-1

Ref.Analysis of Appropriation Reserve

Unencumbered	A	2,088,039.73
Encumbered	A	<u>180,707.34</u>
		<u>2,268,747.07</u>

Township of Sparta, N.J.

Schedule of Encumbrances Payable - Various Reserves

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	17,371.03
Increased by:		
Various Cash Liabilities and Reserves	A-20	<u>9,983.10</u>
		27,354.13
Decreased by:		
Cash Disbursements	A-4	<u>17,371.03</u>
Balance - December 31, 2019	A	<u><u>9,983.10</u></u>

Township of Sparta, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	794,429.07
Increased by:		
Receipts - Prepaid 2020 Taxes	A-6	<u>810,692.06</u>
		1,605,121.13
Decreased by:		
Applied to 2019 Taxes	A-8	<u>794,429.07</u>
Balance - December 31, 2019	A	<u><u>810,692.06</u></u>

Township of Sparta, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year 2019	A-1; A-8	<u>62,546,373.00</u>
Decreased by:		
Payments	A-4	<u>62,546,373.00</u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	36,663.67
Increased by:		
Levy	A-8	17,344,626.54
Added and Omitted Taxes	A-8	<u>43,594.86</u>
	A-1	<u>17,388,221.40</u>
		17,424,885.07
Decreased by:		
Payments	A-4	<u>17,381,290.21</u>
Balance - December 31, 2019	A	<u>43,594.86</u>

Township of Sparta, N.J.

Schedule of Due to Library

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	2,251.23
Increased by:		
Added and Omitted Taxes	A-1; A-8	<u>2,629.59</u>
		4,880.82
Decreased by:		
Disbursements	A-4	<u>2,251.23</u>
Balance - December 31, 2019	A	<u><u>2,629.59</u></u>

Township of Sparta, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2019

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2018	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2019
<u>Liabilities:</u>				
Tax Overpayments	16,759.28	520,300.76	344,340.17	192,719.87
Due to State of New Jersey:				
Construction Code Surcharge		51,454.00	38,040.00	13,414.00
Marriage License Surcharge	875.00	2,600.00	2,750.00	725.00
	<u>17,634.28</u>	<u>574,354.76</u>	<u>385,130.17</u>	<u>206,858.87</u>
	A			A
	<u>Ref.</u>			
Cancelled to Surplus	A-1		145.72	
Receipts	A-4	574,354.76		
Disbursed	A-4		375,001.35	
Reserve for Encumbrances	A-15		9,983.10	
		<u>574,354.76</u>	<u>385,130.17</u>	

Township of Sparta, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	Balance, Dec. 31, <u>2018</u>	Budget <u>Revenue</u>	<u>Received</u>	Transfer from Unappropriated <u>Reserves</u>	Balance, Dec. 31, <u>2019</u>
Federal Grants:					
Drive Sober or Get Pulled Over		5,500.00		5,500.00	
State Grants					
Recycling Tonnage Grant		28,103.00	28,103.00		
Clean Communities Grant		46,444.00		45,019.65	1,424.35
Body Armor Grant		3,593.00	3,593.00		
Municipal Court Alcohol Rehab		73.33		73.33	
Sustainable New Jersey Grant		10,000.00	5,000.00		5,000.00
Highlands Grant	13,054.65				13,054.65
Municipal Alliance Program	1,090.10	16,042.00	16,932.05		200.05
	<u>14,144.75</u>	<u>104,255.33</u>	<u>53,628.05</u>	<u>45,092.98</u>	<u>19,679.05</u>
	<u>14,144.75</u>	<u>109,755.33</u>	<u>53,628.05</u>	<u>50,592.98</u>	<u>19,679.05</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, 2019

<u>Grant</u>	Balance, Dec. 31, 2018	Transfer From 2019 Budget	<u>Expended</u>	Balance, Dec. 31, 2019
Federal Grants:				
Drive Sober or Get Pulled Over		5,500.00	5,500.00	
State Grants:				
Recycling Tonnage Grant	68,684.09	28,103.00	37,552.83	59,234.26
Drunk Driving Enforcement Fund	35,259.50		7,853.60	27,405.90
Clean Communities	89,526.97	46,444.00	26,065.10	109,905.87
Alcohol Education & Rehab Grant	3,936.60	73.33	2,600.00	1,409.93
Municipal Alliance on Alcoholism and Drug Abuse				
State Share	22,141.97	16,042.00	19,182.05	19,001.92
Local Share	18,723.45	4,250.00	3,083.33	19,890.12
Sustainable New Jersey Grant				
State Share		10,000.00	10,000.00	
Local Share		10,000.00	9,919.16	80.84
Body Armor Replacement	940.11	3,593.00	4,502.40	30.71
Highlands Commission Grant	21,451.65			21,451.65
	260,664.34	118,505.33	120,758.47	258,411.20
	<u>260,664.34</u>	<u>124,005.33</u>	<u>126,258.47</u>	<u>258,411.20</u>
	A			A
	<u>Ref.</u>			
State and Federal Grants	A-3	109,755.33		
Matching Funds for Grants	A-24	14,250.00		
Interfund - Current Fund	A-24		106,833.42	
Encumbrances Payable	A-25		19,425.05	
		<u>124,005.33</u>	<u>126,258.47</u>	

Township of Sparta, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	<u>Balance Dec. 31, 2018</u>	<u>Transfer To 2019 Budget</u>	<u>Received</u>	<u>Balance Dec. 31, 2019</u>
Federal Grants:				
Drive Sober or Get Pulled Over	<u>5,500.00</u>	<u>5,500.00</u>	<u>11,000.00</u>	<u>11,000.00</u>
State Grants:				
Recycling Tonnage Grant			49,308.59	49,308.59
Clean Communities	45,019.65	45,019.65	50,725.58	50,725.58
Drunk Driving Enforcement Fund	-		5,500.00	5,500.00
Alcohol Education and Rehabilitation Fund	<u>73.33</u>	<u>73.33</u>	<u>2,009.37</u>	<u>2,009.37</u>
	<u>45,092.98</u>	<u>45,092.98</u>	<u>107,543.54</u>	<u>107,543.54</u>
Local Grants:				
Soil Conservation Fire Grant	<u>5,000.00</u>			<u>5,000.00</u>
	<u>55,592.98</u>	<u>50,592.98</u>	<u>118,543.54</u>	<u>123,543.54</u>
	A	A-21	A-24	A

Township of Sparta, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2019

		Due From/(To) Balance			Due From/(To) Balance
	<u>Ref.</u>	<u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2019</u>
Current Fund	A	<u>320,122.65</u>	<u>186,421.59</u>	<u>124,843.50</u>	<u>381,700.74</u>
State Grant Receipts	A-21		53,628.05		
Matching Funds for State Grants	A-22		14,250.00		
State Grant Expenditures	A-22			106,833.42	
Unappropriated Reserves	A-23		118,543.54	-	
Encumbrances	A-25			18,010.08	
			<u>186,421.59</u>	<u>124,843.50</u>	

Township of Sparta, N.J.

Schedule of Encumbrances Payable

Federal and State Grant Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	18,010.08
Increased by:		
Appropriated Reserves	A-22	<u>19,425.05</u>
		37,435.13
Decreased by:		
Interfund - Current Fund	A-24	<u>18,010.08</u>
Balance - December 31, 2019	A	<u><u>19,425.05</u></u>

Township of Sparta, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2019

	<u>Ref.</u>	Emergency Services Volunteer Length of Service Award <u>Program</u>	Assessment Trust <u>Fund</u>	Animal Control Trust <u>Fund</u>	Other Trust <u>Funds</u>
Balance - December 31, 2018	B	<u>187,458.76</u>	<u>248,462.49</u>	<u>17,235.80</u>	<u>4,773,177.42</u>
Increased by Receipts:					
Assessments Receivable	B-3		108,985.60		
Prepaid Dog Licenses	B-9			14,033.00	
Interfund - Current Fund	B-10				707.77
Other Trust Funds	B-11				23,684,450.05
Dog License Fees - Township Share	B-13			6,180.00	
Cat License Fees	B-13			1,292.00	
Dog Late Fees	B-13			275.00	
Cat Late Fees	B-13			30.00	
Miscellaneous	B-13			466.60	
Dog License Fees - State Share	B-14			2,097.00	
Township Contributions	B-15	23,690.00			
Increase in Investment Value	B-16	<u>36,792.76</u>			
Total Receipts		<u>60,482.76</u>	<u>108,985.60</u>	<u>24,373.60</u>	<u>23,685,157.82</u>
		<u>247,941.52</u>	<u>357,448.09</u>	<u>41,609.40</u>	<u>28,458,335.24</u>
Decreased by Disbursements:					
Payment of Principal & Interest	B-7		109,259.61		
Other Trust Funds	B-11				23,151,831.72
Reserve from Encumbrances	B-12			2,517.60	31,349.53
Reserve (Deficit) for Animal Control Expenditures	B-13			16,581.07	
State Share - Dog Licenses	B-14			2,093.40	
Accounting Charge	B-16	<u>1,300.00</u>			
Total Disbursements		<u>1,300.00</u>	<u>109,259.61</u>	<u>21,192.07</u>	<u>23,183,181.25</u>
Balance - December 31, 2019	B	<u>246,641.52</u>	<u>248,188.48</u>	<u>20,417.33</u>	<u>5,275,153.99</u>

Township of Sparta, N.J.

Analysis of Assessment Cash

Assessment Trust Fund

Year Ended December 31, 2019

	Balance Dec. 31, 2018	Receipts Assessments And Liens	Disbursements	Balance Dec. 31, 2019
Glen Lake Dam	<u>248,462.49</u> B	<u>108,985.60</u> B-3	<u>109,259.61</u> B-7	<u>248,188.48</u> B

Township of Sparta, N.J.

Schedule of Assessments Receivable

Assessment Trust Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confir- mation</u>	<u>Balance Dec. 31, 2018</u>	<u>Collected</u>	<u>Balance Dec. 31, 2019</u>	<u>Balance Pledged to NJ DEP Loan</u>
16-03	Glen Lake Dam	10/25/2016	<u>622,694.75</u>	<u>108,985.60</u>	<u>513,709.15</u>	<u>513,709.15</u>
			B	B-1; B-2	B	B-7

B-4

Township of Sparta, N.J.

Statement of Revenues

Assessment Trust Fund

Year Ended December 31, 2019

	<u>Budget Revenue</u>	<u>Realized</u>
Assessment Cash	<u>109,259.61</u>	<u>109,259.61</u>
	B-5	B-5

B-5

Statement of Expenditures

Assessment Trust Fund

Year Ended December 31, 2019

	<u>Appropriated</u>	<u>Paid or Charged</u>
Payment of DEP Loan Principal	84,779.63	84,779.63
Payment of DEP Loan Interest	<u>24,479.98</u>	<u>24,479.98</u>
	<u>109,259.61</u>	<u>109,259.61</u>
	B-4	B-4

Township of Sparta, N.J.
Schedule of Change Fund
Animal Control Trust Fund
Year Ended December 31, 2019

Ref.

Balance - December 31, 2018	B	<u>25.00</u>
Balance - December 31, 2019	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, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	B	737,502.44
Decreased by:		
Paid by Budget Appropriation	B-1; B-2	<u>109,259.61</u>
Balance - December 31, 2019	B; B-3	<u><u>628,242.83</u></u>

Township of Sparta, N.J.

Schedule of Reserve for Assessments and Liens

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2018</u>	<u>Balance Dec. 31, 2019</u>
<u>Assessments Receivable</u>			
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, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	B		14,861.67
Increased by:			
Cash Receipts	B-1		<u>14,033.00</u>
			28,894.67
Decreased by:			
Prepaid Dog Licenses Applied	B-13	13,381.67	
Prepaid Cat Licenses Applied	B-13	<u>1,244.00</u>	
			<u>14,625.67</u>
Balance - December 31, 2019	B		<u><u>14,269.00</u></u>

Township of Sparta, N.J.

Schedule of Interfunds

Other Trust Fund

Year Ended December 31, 2019

	Due From/(To) Balance <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2019</u>
Interfund - Current	<u>707.77</u>	<u>826.89</u>	<u>707.77</u>	<u>826.89</u>
	B	B-11	B-1	B

Township of Sparta, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2019

	Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019
Reserve for P.O.A.A.	2,292.54	34.00		2,326.54
Reserve for Recreation Activities	160,743.61	416,658.00	399,702.84	177,698.77
Reserve for Health Plan	137,437.24	193,304.48	38,112.77	292,628.95
Reserve for Outside Police Employment	29,664.52	205,759.51	227,546.78	7,877.25
Reserve for Public Defender	3,094.18	2,518.00	1,500.00	4,112.18
Reserve for Road Openings		80,700.00	19,016.50	61,683.50
Reserve for Snow Removal	585,869.09	195,866.74	273,731.84	508,003.99
Reserve for Public Safety Donation	3,199.19	137.63	80.00	3,256.82
Reserve for Fire Safety	4,156.55	2,727.00	1,116.96	5,766.59
Reserve for State Unemployment Insurance Tax	167,743.87	17,815.80	4,607.58	180,952.09
Reserve for C.O.A.H. Fees	495,121.20	597,948.58	78,606.00	1,014,463.78
Reserve for Performance Bonds	947,717.02	339,992.22	200,960.98	1,086,748.26
Reserve for Developer's Escrow	104,123.79	66,658.15	73,926.14	96,855.80
Reserve for Accrued Leave	268,695.07	857.31	108,366.13	161,186.25
Reserve for Open Space	590,574.04	340,437.35	330,000.00	601,011.39
Reserve for Payroll	95,503.75	20,325,762.32	20,345,084.67	76,181.40
Reserve for Video Camera Funds	3,200.00	1,300.00		4,500.00
Reserve for Premium on Tax Sale	1,143,400.00	280,500.00	586,400.00	837,500.00
Reserve for Outside Lienholder		616,299.85	616,299.85	
	<u>4,742,535.66</u>	<u>23,685,276.94</u>	<u>23,305,059.04</u>	<u>5,122,753.56</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-1	23,684,450.05		
Cash Disbursements	B-1		23,151,831.72	
Interfund - Current Fund	B-10	826.89		
Encumbrances	B-12		153,227.32	
		<u>23,685,276.94</u>	<u>23,305,059.04</u>	

Township of Sparta, N.J.

Schedule of Reserve for Encumbrances

Trust Funds

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018			
Animal Control Trust Fund	B	2,517.60	
Other Trust Funds	B	<u>31,349.53</u>	
			33,867.13
Increased by:			
Charges to Animal Control Fund	B-13	717.47	
Charges to Other Trust Reserves	B-11	<u>153,227.32</u>	
			<u>153,944.79</u>
			187,811.92
Decreased by:			
Animal Control Disbursed	B-1	2,517.60	
Other Trust Disbursed	B-1	<u>31,349.53</u>	
			<u>33,867.13</u>
Balance - December 31, 2019			
Animal Control Trust Fund	B	717.47	
Other Trust Funds	B	<u>153,227.32</u>	
			<u><u>153,944.79</u></u>

Township of Sparta, N.J.

Reserve (Deficit) for Animal Control Fund Expenditures

Animal Control Trust Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	B	(118.47)
Increased by:		
Dog License Fees	B-1	6,180.00
Prepaid Dog Licenses Applied	B-9	13,381.67
Cat License Fees	B-1	1,292.00
Prepaid Cat Licenses Applied	B-9	1,244.00
Dog Late Fees	B-1	275.00
Cat Late Fees	B-1	30.00
Miscellaneous	B-1	466.60
		<u>22,869.27</u>
		22,750.80
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	16,581.07
Encumbrances	B-12	717.47
		<u>17,298.54</u>
Balance - December 31, 2019	B	<u><u>5,452.26</u></u>

License Fees Collected

<u>Year</u>	
2018	22,625.90
2017	25,286.65
	<u><u>47,912.55</u></u>

B-14

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

Animal Control Trust Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	2,097.00
Decreased by:		
Paid to State	B-1	<u>2,093.40</u>
Balance - December 31, 2019	B	<u><u>3.60</u></u>

Township of Sparta, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	B		27,370.00
Increased by:			
2019 Township Contributions	B-16		<u>23,930.00</u>
			51,300.00
Decreased by:			
Receipts	B-1	23,690.00	
Adjustment to 2018 Contribution	B-16	<u>3,680.00</u>	
			<u>27,370.00</u>
Balance - December 31, 2019	B		<u><u>23,930.00</u></u>

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	B		214,828.76
Increased by:			
2019 Township Contributions	B-15	23,930.00	
Increase in Investment Value	B-1	<u>36,792.76</u>	
			<u>60,722.76</u>
			275,551.52
Decreased by:			
Accounting Charge	B-1	1,300.00	
Adjustment to 2017 Contribution	B-15	<u>3,680.00</u>	
			<u>4,980.00</u>
Balance - December 31, 2019	B		<u><u>270,571.52</u></u>

Township of Sparta, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	C		2,300,112.13
Increased by Receipts:			
Premium on Issuance of BAN	C-1	9,797.76	
Budget Appropriations:			
Deferred Charges Unfunded	C-5	568,340.64	
Bond Anticipation Notes	C-7	902,000.00	
Open Space Trust Fund	C-8	330,000.00	
Capital Improvement Fund	C-9	<u>2,000,000.00</u>	
			<u>3,810,138.40</u>
			6,110,250.53
Decreased by Disbursements:			
Improvement Authorizations	C-8	1,704,708.40	
Encumbrances Payable	C-10	<u>617,532.04</u>	
			<u>2,322,240.44</u>
Balance - December 31, 2019	C		<u><u>3,788,010.09</u></u>

Township of Sparta, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2019

		Receipts			Disbursements					
		Balance or (Deficit) Dec. 31, 2018	Budget Appropriations	Bond Anticipation Note Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers		Balance or (Deficit) Dec. 31, 2019
								From	To	
Grants Receivable										
Deferred Charges - Additional Note Paydown		-								-
Fund Balance		188,840.82			9,797.76					198,638.58
Capital Improvement Fund		62,054.16	2,000,000.00					1,976,250.00		85,804.16
Reserve for Encumbrances		660,116.24					617,532.04	2,642.77	1,351,925.19	1,391,866.62
Reserve for Developers Contribution		74,566.00								74,566.00
<u>Improvement Authorizations:</u>										
08-17	Acquisition of Communication/911 Equipment	5,137.75				5,137.75				-
09-26	Acquisition and Installation of Sustainable Energy Solar Panels	14,036.78								14,036.78
10-18	2010 - Various Improvements or Purposes	174,490.92				27,235.25		854.00		146,401.67
10-23	Installation of Solar Panels at Germany Flats	27,303.55				9,658.32		2,778.00		14,867.23
12-11	Various Capital Improvements								2,642.77	2,642.77
14-05	Various Capital Improvements	6,684.90				3,610.66		2,071.32		1,002.92
15-05	Various Capital Improvements	57,992.18				36,593.28		20,146.06		1,252.84
16-10	Various Capital Improvements	61,966.75				1,687.56				60,279.19
16-13	Improvements to 911 Comm Center	(90,737.88)	52,000.00			1,904.15		3,357.97		(44,000.00)
16-18	Purchase of Fire Truck	(300,000.00)	100,000.00							(200,000.00)
17-06	Various Capital Improvements	54,654.10				5,957.84		3,568.75		45,127.51
18-03	Various Capital Improvements	104,992.03				41,392.00		31,208.34		32,391.69
18-04	Various Capital Improvements	1,199,000.00				103,114.49		117,987.13		977,898.38
18-10	Various Capital Improvements	26,601.93				26,102.73				499.20
18-13	Improvements to Demarest Rd II and Green Rd	(27,588.10)			122,640.64	98,758.58		73,153.32		(76,859.36)
19-05	Various Capital Improvements					1,022,265.09		165,915.50	1,900,000.00	711,819.41
19-08	Improvements to the DPW Facilities			902,000.00		53,728.86		659,320.82	47,500.00	236,450.32
19-09	Installation of Turf Field #1 Station Park				330,000.00	1,045.00				328,955.00
19-10	Improvement to Old Prospect & East Mt. Roads				293,700.00	266,516.84		271,563.98	28,750.00	(215,630.82)
		<u>2,300,112.13</u>	<u>2,152,000.00</u>	<u>902,000.00</u>	<u>756,138.40</u>	<u>1,704,708.40</u>	<u>617,532.04</u>	<u>3,330,817.96</u>	<u>3,330,817.96</u>	<u>3,788,010.09</u>
		C								C

Township of Sparta, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	C	5,825,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations	C-6	<u>1,060,000.00</u>
Balance - December 31, 2019	C	<u><u>4,765,000.00</u></u>

Schedule of Deferred Charges to Future Taxation - Unfunded

Year Ended December 31, 2019

[illegible]

Township of Sparta, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Decreased</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>Dec. 31, 2018</u>		<u>Dec. 31, 2019</u>
Refunding Bonds of 2011	09/08/2011	5,015,000.00	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%	2,495,000.00	465,000.00	2,030,000.00
General Bonds of 2013	10/15/2013	4,590,000.00	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%	2,815,000.00	425,000.00	2,390,000.00
Refunding Bonds of 2014	09/10/2014	1,010,000.00	01/01/20	175,000.00	3.000%			
			01/01/21	170,000.00	3.000%			
						<u>515,000.00</u>	<u>170,000.00</u>	<u>345,000.00</u>
						<u>5,825,000.00</u>	<u>1,060,000.00</u>	<u>4,765,000.00</u>
						C	C-4	C

Township of Sparta, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Note</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2019</u>
18-04	Various Capital Improvements	1,050,000.00	10/3/2018	10/3/2018	10/3/2019	3.00%	1,050,000.00		1,050,000.00	
				10/3/2019	10/2/2020	2.00%		945,000.00		945,000.00
19-08	Improvement to the DPW Facility	902,000.00	10/3/2019	10/3/2019	10/2/2020	2.00%		902,000.00		902,000.00
							<u>1,050,000.00</u>	<u>1,847,000.00</u>	<u>1,050,000.00</u>	<u>1,847,000.00</u>
							C			C; C-5
						<u>Ref.</u>		945,000.00	945,000.00	
					Renewals			902,000.00		
					Issued for Cash	C-2				
					Paid by Current Fund Budget Appropriation	C-5			105,000.00	
								<u>1,847,000.00</u>	<u>1,050,000.00</u>	

Township of Sparta, N.J.
Schedule of Improvement Authorizations
General Capital Fund
Year Ended December 31, 2019

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2018		2019 Authorizations	Encumbrances Cancelled	Paid or Charged	Balance Dec. 31, 2019	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
	<u>General Improvements:</u>									
08-17	Acquisition of Communication/911 Equipment	06/26/08	199,272.00	5,137.75				5,137.75		
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	174,490.92				28,089.25	146,401.67	
10-23	Installation of Solar Panels at Germany Flats	11/30/10	1,732,500.00	27,303.55				12,436.32	14,867.23	
12-11	Various Capital Improvements	07/10/12	586,000.00				2,642.77		2,642.77	
14-05	Various Capital Improvements	07/22/14	1,000,000.00	6,684.90				5,681.98	1,002.92	
15-05	Various Capital Improvements	05/12/15	1,000,000.00	57,992.18				56,739.34	1,252.84	
16-10	Various Capital Improvements	06/14/16	1,250,000.00	61,966.75				1,687.56	60,279.19	
16-13	Improvements to "911" Comm Center	07/12/16	260,000.00		5,262.12			5,262.12		
17-06	Various Capital Improvements	06/13/17	1,500,000.00	54,654.10				9,526.59	45,127.51	
18-03	Various Capital Improvements	04/10/18	1,700,000.00	104,992.03				72,600.34	32,391.69	
18-04	Various Capital Improvements	04/24/18	1,200,000.00	149,000.00	1,050,000.00			221,101.62		977,898.38
18-10	Various Capital Improvements	08/28/18	100,000.00	26,601.93				26,102.73	499.20	
18-13	Improvements to Demarest Rd II and Green Rd	10/09/18	335,000.00		171,911.90			171,911.90		
19-05	Various Capital Improvements	05/28/19	1,900,000.00			1,900,000.00		1,188,180.59	711,819.41	
19-08	Improvements to the DPW Facilities	07/09/19	950,000.00			950,000.00		713,049.68		236,950.32
19-09	Installation of Turf Field #1 Station Park	07/09/19	1,050,000.00			1,050,000.00		1,045.00	328,955.00	720,000.00
19-10	Improvement to Old Prospect & East Mt. Roads	07/09/19	575,000.00			575,000.00		538,080.82		36,919.18
				<u>682,860.89</u>	<u>1,227,174.02</u>	<u>4,475,000.00</u>	<u>2,642.77</u>	<u>3,056,633.59</u>	<u>1,359,276.21</u>	<u>1,971,767.88</u>
				C	C		C-10		C	C
					Ref.					
	Open Space Trust Fund				C-2	330,000.00				
	Cash Disbursements				C-2			1,704,708.40		
	Deferred Charges to Future Taxation - Unfunded				C-5	2,168,750.00				
	Capital Improvement Fund				C-9	1,976,250.00				
	Encumbrances Payable				C-10			1,351,925.19		
						<u>4,475,000.00</u>		<u>3,056,633.59</u>		

Township of Sparta, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	C	62,054.16
Increased by:		
Budget Appropriation	C-2	<u>2,000,000.00</u> 2,062,054.16
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-8	<u>1,976,250.00</u>
Balance - December 31, 2019	C	<u><u>85,804.16</u></u>

Township of Sparta, N.J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	C	660,116.24
Increased by:		
Improvement Authorizations	C-8	<u>1,351,925.19</u>
		2,012,041.43
Decreased by:		
Cash Disbursed	C-2	617,532.04
Cancelled	C-8	<u>2,642.77</u>
		<u>620,174.81</u>
Balance - December 31, 2019	C	<u><u>1,391,866.62</u></u>

Schedule of Reserve for Developers Contribution

General Capital Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	C	<u><u>74,566.00</u></u>
Balance - December 31, 2019	C	<u><u>74,566.00</u></u>

Township of Sparta, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Balance	2019	Funded by	Grants	Bond	Balance
		<u>Dec. 31, 2018</u>	<u>Authorizations</u>	<u>Budget Appropriation</u>	<u>Received</u>	<u>Anticipation Notes Issued</u>	<u>Dec. 31, 2019</u>
16-13	Acquisition of Communication/911 Equipment	96,000.00		52,000.00			44,000.00
16-18	Purchase of Fire Truck	300,000.00		100,000.00			200,000.00
18-13	Improvements to Demarest Rd II and Green Rd	199,500.00			122,640.64		76,859.36
19-08	Improvements to the DPW Facilities		902,500.00			902,000.00	500.00
19-09	Installation of Turf Field #1 Station Park		720,000.00				720,000.00
19-10	Improvement to Old Prospect & East Mt. Roads		546,250.00		293,700.00		252,550.00
		<u>595,500.00</u>	<u>2,168,750.00</u>	<u>152,000.00</u>	<u>416,340.64</u>	<u>902,000.00</u>	<u>1,293,909.36</u>
		Footnote C	C-5	C-5	C-5	C-7	Footnote C

Township of Sparta, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance - December 31, 2018	D	<u>582,429.20</u>	<u>30,000.00</u>	<u>762,707.95</u>
Increased by Receipts:				
Fire Hydrant Service	D-2	47,982.86		
Water Tower Cell Phone Lease	D-2	229,374.79		
Miscellaneous Revenues	D-2	158,898.07		
Miscellaneous Revenues not Anticipated	D-2	1,216,719.26		
Water Assessment Fund Balance	D-2	30,000.00		
Proceeds from BAN Sale	D-4			3,084.48
Interfund Receipts	D-8	13,841.00		
Consumer Accounts Receivable	D-10	2,943,540.19		
Water Rents Overpayments	D-16	54,454.84		
Capital Improvement Fund	D-22			150,000.00
		<u>4,694,811.01</u>	<u>-</u>	<u>153,084.48</u>
Decreased by Disbursements:				
Water Assessment Trust Fund Balance	D-3		30,000.00	
Budget Appropriations	D-5	2,939,101.44		
Interfunds	D-8			13,841.00
Appropriation Reserves	D-15	126,151.50		
Water Rents Overpayments	D-16	75.00		
Interest on Bonds	D-17	349,536.89		
Interest on Notes	D-18	20,400.00		
Improvement Authorizations	D-21			312,391.83
Encumbrances Payable	D-23			114,207.81
		<u>3,435,264.83</u>	<u>30,000.00</u>	<u>440,440.64</u>
Balance - December 31, 2019	D	<u><u>1,841,975.38</u></u>	<u><u>-</u></u>	<u><u>475,351.79</u></u>

Township of Sparta, N.J.

Schedule of Analysis of Water Utility Assessment Trust Cash

Water Utility Fund

Year Ended December 31, 2019

	Balance <u>Dec.31, 2018</u>	<u>Disbursements</u> to Water <u>Operating</u>
Assessment Notes:		
Ord. No. 06-16	<u>30,000.00</u>	<u>30,000.00</u>
	D	D-3

Township of Sparta, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water Utility Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Water Operating Fund Water Capital Fund</u>	<u>Water Capital Fund Water Operating Fund</u>
Balance - December 31, 2018	D	<u>13,841.00</u>	<u>(13,841.00)</u>
Decreased by:			
Receipts	D-6	13,841.00	
Disbursements	D-6		13,841.00
		<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, 2019

		Balance	Receipts		Disbursements	Transfers		Balance
		<u>Dec.31, 2018</u>	<u>Budget</u>		<u>Improvement</u>	<u>To</u>	<u>From</u>	<u>Dec. 31, 2019</u>
			<u>Appropriations</u>	<u>Miscellaneous</u>	<u>Authorizations</u>			
					<u>Miscellaneous</u>			
Fund Balance		14,143.76		3,084.48				17,228.24
Interfund - Water Operating		13,841.00			13,841.00			-
Reserve for Encumbrances		119,999.00			114,207.81	65,105.15	5,791.19	65,105.15
Capital Improvement Fund		45,939.00	150,000.00				150,000.00	45,939.00
Deferred Charge - Note Paydown		(500.00)						(500.00)
ORD.	<u>Improvement Authorizations</u>							
<u>No.</u>								
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	4,882.11			2,376.99	5,791.19		8,296.31
16-14	Improvements to the Highlands Well	28,560.95						28,560.95
17-07	Various Water Utility System Improvements	8,713.86			8,713.86			-
18-08	Various Water Capital Improvements	8,146.55			5,966.78		2,179.77	-
18-09	Various Water Capital Improvements	293,617.71			235,071.83		34,194.00	24,351.88
19-22	Various Water Capital Improvements				60,262.37	150,000.00	28,731.38	61,006.25
		<u>762,707.95</u>	<u>150,000.00</u>	<u>3,084.48</u>	<u>312,391.83</u>	<u>220,896.34</u>	<u>220,896.34</u>	<u>475,351.79</u>
		D						D

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2019

	Balance <u>Dec. 31, 2018</u>	<u>Charges</u>	<u>Collections</u>	Balance <u>Dec. 31, 2019</u>
Water Rents & Capacity Charges	<u>347,398.55</u>	<u>2,909,191.45</u>	<u>2,994,321.15</u>	<u>262,268.85</u>
	D			D
		<u>Ref.</u>		
Cash Receipts		D-6	2,943,540.19	
Pre-Paid & Overpaid Rents Applied		D-16	<u>50,686.07</u>	
		D-2	<u>2,994,226.26</u>	
Transfers to Water Liens		D-11	<u>94.89</u>	
			<u>2,994,321.15</u>	

Township of Sparta, N.J.
Schedule of Water Liens Receivable
Water Utility Operating Fund
Year Ended December 31, 2019

Ref.

Increased by:

Transfers from Consumer Account Receivable	D-10	<u>94.89</u>
Balance December 31, 2019	D	<u><u>94.89</u></u>

Township of Sparta, N.J.
Schedule of Fixed Capital
Water Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance December 31, 2018	D	28,743,323.34
Increased by:		
Improvement Authorizations Completed	D-13	<u>800,000.00</u>
Balance December 31, 2019	D	<u><u>29,543,323.34</u></u>

Township of Sparta, N.J.
Schedule of Fixed Capital Authorized and Uncompleted
Water Utility Capital Fund
Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2018</u>	<u>2019 Improvements Authorized</u>	<u>Costs to Fixed Capital</u>	<u>Balance Dec. 31, 2019</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
19-22	Various Water Capital Improvements	11/12/2019	15,000.00		150,000.00		150,000.00
				<u>3,448,500.00</u>	<u>150,000.00</u>	<u>800,000.00</u>	<u>2,798,500.00</u>
				D	D-21	D-12	D

Township of Sparta, N.J.
Schedule of Deferred Charges
Water Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	<u>500.00</u>
Balance - December 31, 2019	D	<u>500.00</u>

Township of Sparta, N.J.

Schedule of Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2019

	<u>Balance,</u> <u>Dec. 31, 2018</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	55,508.52	55,508.52		55,508.52
Other Expenses	200,595.31	200,595.31	124,225.48	76,369.83
Capital Improvement Fund:				
Capital Outlay	5,603.17	5,603.17	1,926.02	3,677.15
Deferred Charges and Statutory				
Deferred Charges				
Unfunded Ordinance #955	0.81	0.81		0.81
Statutory Expenditures:				
Contribution to:				
Social Security System	<u>14,536.87</u>	<u>14,536.87</u>		<u>14,536.87</u>
	<u>276,244.68</u>	<u>276,244.68</u>	<u>126,151.50</u>	<u>150,093.18</u>
	<u>Ref.</u>		<u>D-6</u>	<u>D-1</u>
Unencumbered D	164,480.38			
Encumbered D	<u>111,764.30</u>			
	<u>276,244.68</u>			

Schedule of Utility Charge Overpayments

Water Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	12,633.45
Increased by;		
Cash Receipts	D-6	<u>54,454.84</u>
		67,088.29
Decreased by:		
Applied	D-10	50,686.07
Refunded	D-6	<u>75.00</u>
		<u>50,761.07</u>
Balance - December 31, 2019	D	<u>16,327.22</u>

Township of Sparta, N.J.

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	111,362.91
Increased by:		
Budget Appropriation for Interest on Bonds	D-5	<u>352,665.00</u>
		464,027.91
Decreased by:		
Interest Paid	D-6	<u>349,536.89</u>
Balance - December 31, 2019	D	<u><u>114,491.02</u></u>

<u>Principal Outstanding Dec. 31, 2019</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period (days)</u>	<u>Required Amount</u>	<u>Actual Amount</u>
1,070,000.00	Various	10/1/2019	12/31/2019	91	9,888.35	9,781.37
1,094,000.00	Various	10/15/2019	12/31/2019	77	8,189.81	8,101.20
3,810,000.00	Various	7/1/2019	12/31/2019	183	69,235.00	68,485.93
4,356,000.00	Various	10/4/2019	12/31/2019	88	28,430.11	28,122.52
<u>10,330,000.00</u>					<u><u>115,743.27</u></u>	<u><u>114,491.02</u></u>
D-19						

Township of Sparta, N.J.

Schedule of Accrued Interest on Notes

Water Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	14,612.72
Increased by:		
Budget Appropriation for Interest on Notes	D-5	<u>10,356.00</u>
		24,968.72
Decreased by:		
Interest Paid	D-6	<u>20,400.00</u>
Balance - December 31, 2019	D	<u><u>4,568.72</u></u>

Principal Outstanding Dec. 31, 2019	Interest Rate	From	To	Period (days)	Required Amount	Actual Amount
<u>609,000.00</u>	2.00%	10/3/2019	12/31/2019	89	<u>2,969.92</u>	<u>4,568.72</u>
D-20						

Township of Sparta, N.J.
Schedule of Water Serial Bonds Payable
Water Utility Capital Fund
Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2019</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Decreased by</u>	<u>Balance, Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
Water Bonds of 2011	04/28/2011	2,310,000.00	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%	1,225,000.00	155,000.00	1,070,000.00
Water Bonds of 2013	10/15/2013	1,424,000.00	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%	1,154,000.00	60,000.00	1,094,000.00
Water Refunding Bonds of 2014	09/10/2014	5,828,000.00	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%	4,355,000.00	545,000.00	3,810,000.00
Water Bonds of 2017	10/1/2017	4,781,000.00	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%			

Township of Sparta, N.J.
Schedule of Water Serial Bonds Payable
Water Utility Capital Fund
Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	Maturities of Bonds Outstanding Dec. 31, 2019		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Decreased by</u>	<u>Balance, Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
			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%			
						<u>4,581,000.00</u>	<u>225,000.00</u>	<u>4,356,000.00</u>
						<u>11,315,000.00</u>	<u>985,000.00</u>	<u>10,330,000.00</u>
						D	D-24	D

Township of Sparta, N.J.

Schedule of Water Capital Bond Anticipation Notes

Water Utility Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Original Note		Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2018	Increased	Decreased	Balance, Dec. 31, 2019
		Date of Issue	Amount of Issue							
17-07	Improvements to Water Utility System	10/04/17	300,000.00	10/03/18 10/03/19	10/03/19 10/02/20	3.00% 2.00%	270,000.00		270,000.00	- 240,000.00
18-09	Various Water Capital Improvements	10/03/18	410,000.00	10/03/18 10/03/19	10/03/19 10/02/20	3.00% 2.00%	410,000.00		410,000.00	- 369,000.00
							<u>680,000.00</u>	<u>369,000.00</u>	<u>680,000.00</u>	<u>609,000.00</u>
							D			D
						Ref.				
					Renewals			609,000.00	609,000.00	
					Paid by Budget Appropriation	D-25			71,000.00	
								<u>609,000.00</u>	<u>680,000.00</u>	

Township of Sparta, N.J.
Schedule of Improvement Authorizations
Water Utility Capital Fund
Year Ended December 31, 2019

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2018		2019 Authorizations	Encumbrances Cancelled	Paid or Charged	Balance Dec. 31, 2019	
				Funded	Unfunded				Funded	Unfunded
General Improvements:										
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	4,882.11	-		5,791.19	2,376.99	8,296.31	
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	-	8,713.86			8,713.86		
18-08	Various Water Capital Improvements	7/10/2018	200,000.00	8,146.55	-			8,146.55		
18-09	Various Water Capital Improvements	7/10/2018	510,000.00	-	293,617.71			269,265.83		24,351.88
19-22	Various Water Capital Improvements	11/12/2019	150,000.00			150,000.00		88,993.75	61,006.25	
				<u>41,953.62</u>	<u>302,331.57</u>	<u>150,000.00</u>	<u>5,791.19</u>	<u>377,496.98</u>	<u>98,227.52</u>	<u>24,351.88</u>
				D	D	D-13; D-25	D-23		D	D
					Ref.					
			Cash Disbursements		D-6			312,391.83		
			Encumbrances Payable		D-23			65,105.15		
								<u>377,496.98</u>		

D-22

Township of Sparta, N.J.
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	45,939.00
Increased by:		
Budget Appropriation	D-6	150,000.00
		<u>195,939.00</u>
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	D-25	150,000.00
		<u>150,000.00</u>
Balance - December 31, 2019	D	<u><u>45,939.00</u></u>

D-23

Schedule of Encumbrances Payable
Water Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	D		119,999.00
Increased by:			
Improvement Authorizations	D-21		65,105.15
			<u>185,104.15</u>
Decreased by:			
Cash Disbursements	D-6	114,207.81	
Cancelled	D-21	<u>5,791.19</u>	
			<u>119,999.00</u>
Balance - December 31, 2019	D		<u><u>65,105.15</u></u>

Township of Sparta, N.J.

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	D		18,441,823.34
Increased by:			
Serial Bonds Paid by Operating Budget	D-19	985,000.00	
Transfer from Deferred Reserve for Amortization	D-25	<u>560,000.00</u>	
			<u>1,545,000.00</u>
Balance - December 31, 2019	D		<u><u>19,986,823.34</u></u>

Township of Sparta, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2018</u>	<u>Fixed Capital Authorized</u>	<u>Paid From Operating Budget Notes</u>	<u>To Reserve for Amortization</u>	<u>Balance, Dec. 31, 2019</u>
<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	330,000.00		30,000.00	360,000.00	-
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		41,000.00		141,000.00
19-22	Various Water Capital Improvements	11/12/2019		150,000.00			150,000.00
			<u>1,980,000.00</u>	<u>150,000.00</u>	<u>71,000.00</u>	<u>560,000.00</u>	<u>1,641,000.00</u>
			D	D-13	D-20	D-24	D
			<u>Ref.</u>				
	Capital Improvement Fund		D-21; D-22	<u>150,000.00</u>			

Township of Sparta, N.J.

Schedule of Cash

Sewer Utility Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance - December 31, 2018	E	<u>104,390.72</u>	<u>1,148.47</u>	<u>38,266.90</u>
Increased by Receipts:				
Sewer Connection Fees	E-2	23,016.52		
Miscellaneous Revenue	E-2	4,405.51		
Interlocal Agreement Branchville	E-2	14,502.00		
Sewer Assessment Fund Balance	E-2	15,335.05		
Capital Surplus	E-3			5,261.76
Consumer Accounts Receivable	E-9	983,730.92		
Sewer Assessments Receivable	E-7		7,764.48	
Sewer Rents Overpayments	E-15	2,192.37		
Bond Anticipation Notes	E-19			950,000.00
		<u>1,043,182.37</u>	<u>7,764.48</u>	<u>955,261.76</u>
Decreased by Disbursements:				
Budget Appropriations	E-5	893,879.60		
Appropriation Reserves	E-14	18,009.69		
Interest on Bonds	E-16	89,928.13		
Interest on Notes	E-17	1,080.00		
Improvement Authorizations	E-21			37,121.45
Reserve for Encumbrances	E-23			4,870.00
		<u>1,002,897.42</u>	<u>-</u>	<u>41,991.45</u>
Balance - December 31, 2019	E	<u><u>144,675.67</u></u>	<u><u>8,912.95</u></u>	<u><u>951,537.21</u></u>

Township of Sparta, N.J.

Analysis of Sewer Utility Assessment Trust Cash

Sewer Utility Fund

Year Ended December 31, 2019

	Balance <u>Dec.31, 2018</u>	<u>Receipts</u> Assessments <u>Receivable</u>	Balance <u>Dec. 31, 2019</u>
Fund Balance	<u>1,148.47</u>	<u>7,764.48</u>	<u>8,912.95</u>
	E	E-6	E

Township of Sparta, N.J.

Schedule of Sewer Utility Capital Cash

Sewer Utility Fund

Year Ended December 31, 2019

	Balance Dec.31, 2018	Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
		Bond Antic. Notes/Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous	To	From	
Fund Balance	565.40		5,261.76					5,827.16
Reserve for Encumbrances	4,870.00				4,870.00	39,000.00		39,000.00
Capital Improvement Fund	8,500.00							8,500.00
ORD. <u>Improvement Authorizations</u>								
<u>No.</u>								
05-18 Improvements to Sanitary Sewerage System	(4,256.03)							(4,256.03)
10-17 Pump Station Alarm Monitoring System	132.50			132.50				-
11-17 Improvements to Sanitary Sewerage System	28,455.03			24,847.70				3,607.33
19-12 Conversion of White Deer Plaza Sewer Plant Into a Pumping Station		950,000.00		12,141.25			39,000.00	898,858.75
	<u>38,266.90</u>	<u>950,000.00</u>	<u>5,261.76</u>	<u>37,121.45</u>	<u>4,870.00</u>	<u>39,000.00</u>	<u>39,000.00</u>	<u>951,537.21</u>
	E							E

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Sewer Utility Operating Fund

Year Ended December 31, 2019

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Sewer Rents & Capacity Charges	<u>75,689.77</u>	<u>952,932.30</u>	<u>984,806.23</u>	<u>43,815.84</u>
	E			E
		<u>Ref.</u>		
Cash Receipts		E-6	983,730.92	
Pre-Paid Rents Applied		E-15	<u>838.12</u>	
		E-2	<u>984,569.04</u>	
Transferred to Sewer Liens Receivable		E-10	<u>237.19</u>	
			<u>984,806.23</u>	

Township of Sparta, N.J.
Schedule of Sewer Liens Receivable
Sewer Utility Operating Fund
Year Ended December 31, 2019

Ref.

Increased by:		
Transfers from Consumer Account Receivable	E-9	<u>237.19</u>
Balance December 31, 2019	E	<u><u>237.19</u></u>

Township of Sparta, N.J.
Schedule of Assessment Receivables
Sewer Utility Assessment Fund
Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Balance Dec. 31 2018</u>	<u>Cash Receipts</u>
05-18	Improvements to Marian Road Sanitary Sewer System	08/23/05	10	<u>7,764.48</u> E	<u>7,764.48</u> E-6

Township of Sparta, N.J.
Schedule of Fixed Capital
Sewer Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance December 31, 2018	E	8,711,594.25
Increased by:		
Improvement Authorizations Completed	E-13	<u>47,000.00</u>
Balance December 31, 2019	E	<u><u>8,758,594.25</u></u>

Township of Sparta, N.J.
Schedule of Fixed Capital Authorized and Uncompleted
Sewer Utility Capital Fund
Year Ended December 31, 2019

Ordinance Number	Improvement Description	Ordinance		Balance	2019	Costs to	Balance
		Date	Amount	Dec. 31, 2018	Authorizations	Fixed Capital	Dec. 31, 2019
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
19-12	Conversion of White Deer Plaza Sewer Plant Into a Pumping Station	08/13/19	950,000.00		950,000.00		950,000.00
				<u>142,000.00</u>	<u>950,000.00</u>	<u>47,000.00</u>	<u>1,045,000.00</u>
				E	E-21	E-12	E

Township of Sparta, N.J.

Schedule of Appropriation Reserves

Sewer Utility Operating Fund

Year Ended December 31, 2019

		Balance, <u>Dec. 31, 2018</u>	Balance After <u>Transfers</u>	<u>Paid</u>	Balance <u>Lapsed</u>
Operating:					
Salaries and Wages		6.00	6.00		6.00
Other Expenses		<u>40,314.11</u>	<u>40,314.11</u>	<u>18,009.69</u>	<u>22,304.42</u>
Deferred Charges and Statutory					
Expenditures:					
Contribution to:					
Social Security System		<u>2,325.00</u>	<u>2,325.00</u>		<u>2,325.00</u>
		<u>42,645.11</u>	<u>42,645.11</u>	<u>18,009.69</u>	<u>24,635.42</u>
	<u>Ref.</u>			E-6	E-1
Unencumbered	E	29,367.37			
Encumbered	E	<u>13,277.74</u>			
		<u>42,645.11</u>			

Schedule of Sewer Utility Charge Overpayments

Sewer Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	E	838.12
Increased by;		
Cash Receipts	E-6	<u>2,192.37</u>
		<u>3,030.49</u>
Decreased by:		
Applied	E-9	<u>838.12</u>
Balance - December 31, 2019	E	<u>2,192.37</u>

Township of Sparta, N.J.

Schedule of Accrued Interest on Bonds

Sewer Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	E	38,959.09
Increased by:		
Budget Appropriation for Interest on Bonds	E-5	<u>86,321.00</u>
		125,280.09
Decreased by:		
Interest Paid	E-6	<u>89,928.13</u>
Balance - December 31, 2019	E	<u><u>35,351.96</u></u>

<u>Principal</u> <u>Outstanding</u> <u>Dec. 31, 2019</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>
1,255,000.00	Various	10/1/2019	12/31/2019	91	11,615.14	13,489.36
<u>1,055,000.00</u>	Various	7/1/2019	12/31/2019	183	<u>18,825.00</u>	<u>21,862.60</u>
<u>2,310,000.00</u>					<u><u>30,440.14</u></u>	<u><u>35,351.96</u></u>
E-18						

Schedule of Accrued Interest on Bond Anticipation Notes

Sewer Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	E	303.17
Increased by:		
Budget Appropriation for Interest on Notes	E-5	<u>1,002.00</u>
		1,305.17
Decreased by:		
Interest Paid	E-6	<u>1,080.00</u>
Balance - December 31, 2019	E	<u><u>225.17</u></u>

<u>Principal</u> <u>Outstanding</u> <u>Dec. 31, 2019</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>
30,000.00	2.00%	10/03/19	12/31/2019	89	146.30	6.89
<u>950,000.00</u>	2.00%	10/03/19	12/31/2019	89	<u>4,632.88</u>	<u>218.28</u>
<u>980,000.00</u>					<u><u>4,779.18</u></u>	<u><u>225.17</u></u>
E-19						

Township of Sparta, N.J.

Schedule of Sewer Serial Bonds Payable

Sewer Utility Capital Fund

Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	Maturities of Bonds Outstanding Dec. 31, 2019		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Decreased by</u>	<u>Balance, Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
Sewer Bonds of 2011	04/28/11	2,317,000.00	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%	1,420,000.00	165,000.00	1,255,000.00
Sewer Refunding Bonds of 2014	09/10/14	1,627,000.00	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%	1,205,000.00	150,000.00	1,055,000.00
						<u>2,625,000.00</u>	<u>315,000.00</u>	<u>2,310,000.00</u>
						E	E-24	E

Township of Sparta, N.J.
Schedule of Sewer Capital Bond Anticipation Notes
Sewer Utility Fund
Year Ended December 31, 2019

Ordinance Number	Improvement Description	Original Note		Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2018	Increased	Decreased	Balance, Dec. 31, 2019
		Date of Issue	Amount of Issue							
11-17	Improvement to the Sanitary Sewerage System	11/01/13	60,000.00	10/03/18 10/03/19	10/03/19 10/02/20	3.00% 2.00%	36,000.00	30,000.00	36,000.00	- 30,000.00
19-12	Conversion of White Deer Plaza Sewer Plant Into a Pumping Station	08/13/19	950,000.00	10/02/19	10/02/20	2.00%	<u>36,000.00</u>	<u>950,000.00</u> <u>980,000.00</u>	<u>36,000.00</u>	<u>950,000.00</u> <u>980,000.00</u>
						<u>Ref.</u>				<u>E</u>
						Renewals		30,000.00	30,000.00	
						Issued for Cash		950,000.00		
						Paid by Budget Appropriation			6,000.00	
								<u>980,000.00</u>	<u>36,000.00</u>	

Township of Sparta, N.J.

Schedule of Reserve for Sewer Assessments Receivable

Sewer Utility Assessment Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2018</u>	<u>Collections</u>
05-18	Improvements to Marian Road Sanitary Sewer System	7,764.48 <u>E</u>	7,764.48 <u>E-4</u>

Township of Sparta, N.J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2018		2019 Authorizations	Paid or Charged	Balance Dec. 31, 2019
				Funded	Unfunded			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		28,455.03		24,847.70	3,607.33
19-12	Conversion of White Deer Plaza Sewer Plant Into a Pumping Station	08/13/19	950,000.00			950,000.00	51,141.25	898,858.75
				<u>132.50</u>	<u>28,455.03</u>	<u>950,000.00</u>	<u>76,121.45</u>	<u>902,466.08</u>
				E	E	E-13; E-26		E
					<u>Ref.</u>			
			Cash Disbursements		E-6		37,121.45	
			Encumbrances Payable		E-23		39,000.00	
							<u>76,121.45</u>	

Township of Sparta, N.J.
Schedule of Capital Improvement Fund
Sewer Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	E	<u>8,500.00</u>
Balance - December 31, 2019	E	<u>8,500.00</u>

Schedule of Encumbrances Payable
Sewer Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	E	4,870.00
Increased by:		
Improvement Authorizations	E-21	<u>39,000.00</u>
		43,870.00
Decreased by:		
Cash Disbursement	E-6	<u>4,870.00</u>
Balance - December 31, 2019	E	<u>39,000.00</u>

Township of Sparta, N.J.
Schedule of Reserve for Amortization
Sewer Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	E		6,082,338.22
Increased by:			
Serial Bonds Paid by Operating Budget	E-18	315,000.00	
Transfer from Deferred Reserve for Amortization	E-25	<u>47,000.00</u>	
			<u>362,000.00</u>
Balance - December 31, 2019	E		<u><u>6,444,338.22</u></u>

Township of Sparta, N.J.

Schedule of Deferred Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2018</u>	<u>Paid From Operating Budget - Notes</u>	<u>To Reserve for Amortization</u>	<u>Balance, Dec. 31, 2019</u>
<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	59,000.00	6,000.00		65,000.00
			<u>106,000.00</u>	<u>6,000.00</u>	<u>47,000.00</u>	<u>65,000.00</u>
			E	E-19	E-24	E

Township of Sparta, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Sewer Utility Capital Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2018</u>	<u>2019 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, Dec. 31, 2019</u>
05-18	Improvements to Marian Road Sanitary Sewer System	4,256.03			4,256.03
19-12	Conversion of White Deer Plaza Sewer Plant Into a Pumping Station		950,000.00	950,000.00	
		<u>4,256.03</u>	<u>950,000.00</u>	<u>950,000.00</u>	<u>4,256.03</u>
		Footnote E	E-21	E-19	Footnote E

Township of Sparta, N.J.

Schedule of Cash

Solid Waste Operating Utility Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	F		2,673,836.31
Increased by Receipts:			
Interest on Investments	F-2	29,404.16	
Solid Waste Penalties	F-2	40,996.56	
Miscellaneous Revenue	F-2	21,509.28	
Consumer Accounts Receivable	F-5	1,650,837.24	
Prepaid Solid Waste User Fees	F-7	<u>340,186.05</u>	
			<u>2,082,933.29</u>
			4,756,769.60
Decreased by Disbursements:			
Budget Appropriations	F-3	2,190,388.39	
Appropriation Reserves	F-6	160,968.28	
Overpayments Refunded	F-7	<u>108.00</u>	
			<u>2,351,464.67</u>
Balance - December 31, 2019	F		<u><u>2,405,304.93</u></u>

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Solid Waste Operating Utility Fund

Year Ended December 31, 2019

	Balance <u>Dec. 31, 2018</u>	<u>Charges</u>	<u>Collections</u>	Balance <u>Dec. 31, 2019</u>
Solid Waste User Fees	<u>125,903.97</u> F	<u>1,956,210.43</u>	<u>1,965,357.11</u>	<u>116,757.29</u> F
		<u>Ref.</u>		
Cash Receipts		F-4	1,650,837.24	
Pre-Paid Rents and Overpayments Applied		F-7	<u>314,519.87</u>	
			<u>1,965,357.11</u>	
			F-2	

Township of Sparta, N.J.
Schedule of Appropriation Reserves
Solid Waste Operating Utility Fund
Year Ended December 31, 2019

	<u>Balance,</u> <u>Dec. 31, 2018</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	<u>290,274.44</u>	<u>290,274.44</u>	<u>160,968.28</u> F-4	<u>129,306.16</u> F-1
	<u>Ref.</u>			
Unencumbered F	130,557.40			
Encumbered F	<u>159,717.04</u>			
	<u>290,274.44</u>			

Schedule of Solid Waste User Fee Overpayments
Solid Waste Operating Utility Fund
Year Ended December 31, 2019

Balance - December 31, 2018	<u>Ref.</u> F	314,519.87
Increased by;		
Cash Receipts	F-4	<u>340,186.05</u> 654,705.92
Decreased by:		
Applied	F-5	314,519.87
Refunded	F-4	<u>108.00</u>
		<u>314,627.87</u>
Balance - December 31, 2019	F	<u>340,078.05</u>

TOWNSHIP OF SPARTA

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019



WIELKOTZ & COMPANY ^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
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401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
(973)-835-7900

NEWTON OFFICE
100B MAIN STREET
NEWTON, NEW JERSEY 07860
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Township of Sparta in the County of Sussex as of and for the year ended December 31, 2019 and the related notes to the financial statements, and have issued our report thereon dated September 11, 2020, 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.

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

Wielkottz & Company, LLC

Wielkottz & Company, LLC
Certified Public Accountants

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2019, and at September 11, 2020, 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 3, 2019 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, 2020.

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, 2020
3. If payment of any installment is made within ten (10) calendar days following the date upon which the same became payable, no interest shall be charged.
4. If payment is made after the 10th calendar day; interest is to be calculated from the date the tax was payable until the date of actual payment.
5. If taxes are not paid by December 31, and the delinquent balance is \$10,000.00 including interest and taxes; a 6% penalty will be charged.

The governing body also on January 8, 2019, 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, 2020.
2. If payment of any installment is made within thirty (30) calendar days following the date upon which the same became payable, no interest shall be charged.
3. If payment is made after the 30th calendar day; interest is to be calculated on each delinquency that the water, sewer and solid waste charges were payable until the date of actual payment.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 13, 2019, and was complete except for parties in bankruptcy court.

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

<u>Year</u>	<u>Number of Liens</u>
2019	52
2018	24
2017	22

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, 2019 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.

Outside Offices

1. There were various instances of the following outside offices not depositing monies collected within 48 hours in accordance with N.J.S.A. 40A:5-15: Planning and Zoning, Municipal Clerk and Animal Control licensing.

Management Response:

In the future, Planning and Zoning, Municipal Clerk and Animal Control licensing departments will deposit monies collected within 48 hours in accordance with N.J.S.A. 40A:5-15.

RECOMMENDATIONS

It is recommended:

1. That the Planning and Zoning, Municipal Clerk and Animal Control licensing departments deposit monies collected within 48 hours in accordance with N.J.S.A. 40A:5-15.

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.

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

Wielkotz & Company, LLC

Wielkotz & Company, LLC
Certified Public Accountants