

REPORT OF AUDIT

TOWNSHIP OF SPARTA

COUNTY OF SUSSEX

DECEMBER 31, 2015

TOWNSHIP OF SPARTA, N.J.
YEAR ENDED DECEMBER 31, 2015

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TOWNSHIP OF SPARTA

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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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, 2015, and 2014, 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, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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, 2015 and 2014 or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully describe in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2015, and 2014, stated as \$39,205,438.00 and \$38,611,397.00, respectively.

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

As described in Note 17 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$120,579.15 and \$103,492.79 for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in “Basis for Qualified Opinion on Regulatory Basis Accounting Principles” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2015 and 2014, 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, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Honorable Mayor and
Members of the Township Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2016 on our consideration of the Township of Sparta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Sparta's internal control over financial reporting and compliance.



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

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

Newton, New Jersey

May 2, 2016

FWCC

Township of Sparta, N.J.

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Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Current Fund:			
Cash-Treasurer	A-4	8,473,329.53	7,616,901.93
Change Fund	A-5	450.00	450.00
		<u>8,473,779.53</u>	<u>7,617,351.93</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	1,302,216.93	1,496,578.15
Tax Title Liens	A-9	43,502.02	635,365.16
Property Acquired for Taxes -			
Assessed Valuation	A-10	3,068,880.00	652,580.00
Interfund Accounts Receivable	A-12	2,021.22	2,021.22
		<u>4,416,620.17</u>	<u>2,786,544.53</u>
Deferred Charges:			
Special Emergency Authorizations	A-13	<u>643,000.00</u>	<u>926,000.00</u>
		<u>13,533,399.70</u>	<u>11,329,896.46</u>
Federal and State Grant Fund:			
Grants Receivable	A-20	48,683.14	12,433.14
Interfund - Current Fund	A-23	261,818.66	294,194.23
		<u>310,501.80</u>	<u>306,627.37</u>
		<u>13,843,901.50</u>	<u>11,636,523.83</u>

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

Township of Sparta, N.J.

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Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-14	1,618,179.34	1,384,460.64
Encumbered	A-3;A-14	490,793.48	465,342.47
Total Appropriation Reserves		<u>2,108,972.82</u>	<u>1,849,803.11</u>
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	46,280.46	46,030.46
Interfund Accounts Payable	A-12	261,818.66	294,194.23
Encumbrances Payable - Various Reserves	A-15	133,867.26	534,458.50
Prepaid Taxes	A-16	528,738.67	585,242.63
County Tax Payable	A-18	31,192.72	52,792.87
Tax Overpayments	A-19	29,253.59	78,941.60
Due to State of New Jersey:			
Construction Code Surcharge	A-19	6,285.00	7,826.00
Marriage License Surcharge	A-19	350.00	625.00
Reserve for:			
Tax Maps	A-19	14,276.55	14,276.55
Hurricane Irene	A-19		93,985.28
Revaluation of Taxes	A-19	<u>205,172.50</u>	<u>205,861.00</u>
		<u>3,366,208.23</u>	<u>3,764,037.23</u>
Reserve for Receivables	Contra	4,416,620.17	2,786,544.53
Fund Balance	A-1	<u>5,750,571.30</u>	<u>4,779,314.70</u>
		<u>13,533,399.70</u>	<u>11,329,896.46</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-21	196,687.96	182,626.91
Unappropriated Reserve for Grants	A-22	87,669.73	102,095.06
Encumbrances Payable	A-24	<u>26,144.11</u>	<u>21,905.40</u>
		<u>310,501.80</u>	<u>306,627.37</u>
		<u>13,843,901.50</u>	<u>11,636,523.83</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

Current Fund

Year Ended December 31,

	Ref.	2015	2014
Revenues and Other Income:			
Fund Balance Utilized	A-2	2,550,000.00	2,550,000.00
Miscellaneous Revenue Anticipated	A-2	4,203,716.15	3,936,516.20
Receipts from Delinquent Taxes	A-2	1,466,689.07	1,565,232.86
Receipts from Current Taxes	A-2	89,593,850.47	87,873,746.37
Non-Budget Revenue	A-2	84,647.92	255,647.82
Other Credits to Income:			
Unappropriated Reserves Cancelled	A-12	4.06	2.71
Unexpended Balance of Appropriation Reserves	A-14	891,096.58	510,129.16
Cancel Reserve for Hurricane Irene	A-19	43,985.28	
Total Revenues and Other Income		<u>98,833,989.53</u>	<u>96,691,275.12</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within Caps:			
Salaries and Wages	A-3	8,265,435.00	8,465,271.00
Other Expenses	A-3	6,587,144.00	6,165,681.00
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	A-3	2,359,909.00	2,046,859.37
Operations - Excluded from "CAPS"			
Salaries and Wages	A-3	462,165.00	452,347.00
Other Expenses	A-3	1,368,801.00	1,225,428.00
Capital Improvement Fund	A-3	1,000,000.00	1,000,000.00
Municipal Debt Service	A-3	1,618,473.09	1,892,208.00
Deferred Charges and Statutory Expenditures - Municipal - Excluded from "CAPS"	A-3	290,236.51	308,700.00
Refund of Prior Year Tax Appeals	A-4	182,343.57	
Interfund Advances			2,021.22
Municipal Open Space Tax	A-12	257,178.36	257,218.96
Local District School Tax	A-17	57,572,424.00	56,642,256.00
County Taxes including Added Taxes	A-18	15,348,623.40	15,275,732.78
Total Expenditures		<u>95,312,732.93</u>	<u>93,733,723.33</u>
Statutory Excess to Fund Balance		3,521,256.60	2,957,551.79
Fund Balance, January 1,	A	<u>4,779,314.70</u>	<u>4,371,762.91</u>
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>2,550,000.00</u>	<u>2,550,000.00</u>
Fund Balance, December 31,	A	<u>5,750,571.30</u>	<u>4,779,314.70</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, 2015					
	<u>Ref.</u>	<u>Budget</u>	<u>Appropriated by:</u> <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	2,550,000.00		2,550,000.00	
Miscellaneous Revenues:					
Licenses:					
Other	A-11	5,000.00		8,730.00	3,730.00
Alcoholic Beverages	A-11	13,000.00		16,374.00	3,374.00
Fees and Permits	A-2	523,200.00		597,750.21	74,550.21
Fines and Costs:					
Municipal Court	A-11	139,000.00		278,803.44	139,803.44
Interest and Costs on Taxes	A-6	335,000.00		414,589.80	79,589.80
Interest on Investments and Deposits	A-11	32,000.00		54,872.05	22,872.05
Payments in Lieu of Taxes on Senior Housing	A-11	155,000.00		158,046.53	3,046.53
Consolidated Municipal Property Tax Relief Aid	A-11	47,814.00		47,814.00	
Energy Receipts	A-11	1,187,607.00		1,187,607.00	
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	400,000.00		379,366.15	(20,633.85)
Interlocal Dispatch Costs	A-11	410,320.00		410,320.00	
Interlocal Finance Hardyston BOE	A-11	5,410.00		5,422.96	12.96
Interlocal Finance Hardyston	A-11	31,837.00		31,837.00	
Interlocal Finance Hardyston MUA	A-11	14,598.00		14,598.00	
Public and Private Revenues:					
Recycling Grant	A-20	26,302.00		26,302.00	
Clean Communities	A-20	40,169.00		40,169.00	
Municipal Court Alcohol Rehab	A-20	354.00		354.00	
Body Armor Grant	A-20	3,030.00		3,030.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-20	18,259.00		18,259.00	
Drive Sober or Get Pulled Over	A-20	7,975.00		7,975.00	
Click It or Ticket	A-20	3,250.00		3,250.00	
Drunk Driving Enforcement Fund	A-20	18,794.00		18,794.00	
NJ Dept. of Transportation - Municipal Aid	A-20		145,000.00	145,000.00	
Other Special Items:					
Uniform Fire Safety	A-11	35,000.00		45,518.41	10,518.41
Cable TV Franchise	A-11	80,002.00		81,646.00	1,644.00
Solar Renewable Energy Credit	A-11	115,000.00		149,483.60	34,483.60
Total Miscellaneous Revenues	A-1	3,705,725.00	145,000.00	4,203,716.15	352,991.15
Receipts from Delinquent Taxes	A-1;A-2	1,300,000.00		1,466,689.07	166,689.07
Subtotal General Revenues		7,555,725.00	145,000.00	8,220,405.22	519,680.22
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	17,777,160.00		19,941,258.71	2,164,098.71
Budget Totals		25,332,885.00	145,000.00	28,161,663.93	2,683,778.93
Non-Budget Revenue	A-1;A-2			84,647.92	84,647.92
		25,332,885.00	145,000.00	28,246,311.85	2,768,426.85
		A-3	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, 2015

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1; A-8	89,593,850.47
Allocated to School and County Taxes	A-8	<u>73,178,225.76</u>
Balance for Support of Municipal Budget Appropriations		16,415,624.71
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>3,525,634.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>19,941,258.71</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	1,322,000.81
Tax Title Liens	A-9	<u>144,688.26</u>
	A-2	<u>1,466,689.07</u>
Fees and Permits - Other:		
Board of Health - Registrar	A-11	17,765.00
Board of Health - Sewer	A-11	19,746.00
Marriage License	A-11	225.00
Clerk	A-11	6,786.90
Zoning	A-11	18,577.65
Planning Board	A-11	44,497.53
Tax Assessor	A-11	616.30
Police	A-11	19,200.81
Leaf Bags	A-11	2,060.00
Cell Tower	A-11	326,710.24
Quarry Royalties	A-11	122,916.69
Host Community Fee	A-11	18,548.09
Tax Office	A-6	<u>100.00</u>
	A-2	<u>597,750.21</u>

Analysis of Non-budget Revenues

Ref.

Miscellaneous Reimbursements	15,734.99
Court - Stale Checks/NSF Fees	1,755.43
Void Checks	1,799.73
FEMA Reimbursements	2,054.63
Copies	14.95
Prior Year Revenue	2,027.07
Proceeds from Sale of Municipal Assets	15,611.81
Cancelled Land Use Escrow	7,734.92
Senior & Veteran Deduction - Admin. Fee	2,620.00
Close PATF #1	4,076.82
Cancel Tax Sale Premiums	11,600.00
Farm Lease	1,003.00
PILOT - 3 Laddey Lane	<u>18,614.57</u>
	A-4
	<u>84,647.92</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

Current Fund

Year Ended December 31, 2015

	General Appropriations	Ref.	Appropriated		Expendited		Unexpended Balance Cancelled
			Budget	After Modification	Paid or Charged	Reserved	
Operations - within "CAPS"							
10	General Administration		215,500.00	218,000.00	217,188.47	811.53	
	Salaries and Wages		11,250.00	8,750.00	3,247.02	5,502.98	
	Other Expenses						
	Purchasing		79,250.00	79,250.00	63,865.26	15,384.74	
	Other Expenses						
	Township Council		20,500.00	20,950.00	20,915.86	34.14	
	Salaries and Wages		49,600.00	49,150.00	39,426.61	9,723.39	
	Other Expenses						
	Clerk		106,000.00	109,500.00	106,072.82	3,427.18	
	Salaries and Wages		15,500.00	15,500.00	6,763.62	8,736.38	
	Other Expenses						
	Elections		3,500.00	15,900.00	15,900.00	13,138.22	2,761.78
	Salaries and Wages						
	Other Expenses						
	Financial Administration		141,865.00	141,865.00	135,232.29	6,632.71	
	Salaries and Wages		32,145.00	32,145.00	28,841.09	3,303.91	
	Other Expenses		29,450.00	29,450.00	18,575.00	10,875.00	
	Annual Audit						
	Computerized Data Processing		103,000.00	103,000.00	102,679.96	320.04	
	Salaries and Wages		51,430.00	51,430.00	38,679.00	12,751.00	
	Other Expenses						
	Collection of Taxes		71,500.00	71,500.00	68,216.66	3,283.34	
	Salaries and Wages						

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, 2015

	General Appropriations	Appropriated			Expendited			Unexpended Balance Cancelled
		Ref.	Budget	Budget Modification	Paid or Charged	Reserved		
			After					
11	Other Expenses		21,380.00	21,380.00	16,234.74		5,145.26	
	Assessment of Taxes		135,000.00	135,000.00	134,734.86		265.14	
	Salaries and Wages		69,950.00	69,950.00	33,703.33		36,246.67	
	Other Expenses							
	Legal Services and Costs		170,000.00	170,000.00	123,422.72		46,577.28	
	Other Expenses							
	Municipal Court		193,500.00	193,500.00	173,050.23		20,449.77	
	Salaries and Wages		19,050.00	19,050.00	5,961.30		13,088.70	
	Other Expenses							
	Public Defender							
	Other Expenses		15,000.00	15,000.00	15,000.00			
	Engineering Services and Costs							
	Salaries and Wages		97,500.00	99,900.00	99,758.20		141.80	
	Other Expenses		15,475.00	13,075.00	5,494.26		7,580.74	
	Other Expenses							
	Planning Board		21,000.00	21,000.00	18,740.51		2,259.49	
	Salaries and Wages		46,250.00	46,250.00	23,185.94		23,064.06	
	Other Expenses							
	Planning Department		67,500.00	67,500.00	31,859.16		35,640.84	
	Salaries and Wages		5,750.00	5,750.00	1,281.96		4,468.04	
	Other Expenses							
	Economic Development		5,500.00	5,500.00	5,425.00		75.00	
	Salaries and Wages		13,450.00	13,450.00	144.00		13,306.00	
	Other Expenses							
	Board of Adjustment							

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, 2015

General Appropriations	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Modification	Budget After	Paid or Charged	
Salaries and Wages		22,500.00		22,500.00	20,466.13	2,033.87
Other Expenses		18,100.00		18,100.00	4,183.90	13,916.10
Insurance:						
General Liability		308,096.00		283,096.00	248,004.79	35,091.21
Workers Compensation Insurance		256,808.00		256,808.00	256,808.00	
Employee Group Health		2,785,540.00		2,685,540.00	2,162,013.57	523,526.43
Unemployment Compensation Insurance		5,000.00		5,000.00		5,000.00
Police		4,266,000.00		4,259,000.00	4,047,046.31	211,953.69
Salaries and Wages		153,060.00		175,510.00	120,660.17	54,849.83
Other Expenses		128,000.00		116,550.00	116,533.20	16.80
Purchase of Police Cars						
Police Dispatch/911						
Salaries and Wages		436,000.00		436,000.00	434,021.78	1,978.22
Other Expenses		2,500.00		2,500.00	651.00	1,849.00
Emergency Management Services						
Salaries and Wages		15,000.00		15,000.00	15,000.00	
Other Expenses		12,845.00		8,845.00	8,553.59	291.41
Aid to Volunteer Fire Companies						
Salaries and Wages		16,400.00		16,400.00	16,295.23	104.77
Other Expenses						
Aid to Volunteer Ambulance Companies						
Other Expenses		45,000.00		45,000.00	21,190.53	23,809.47
Fire						
Other Expenses		65,000.00		65,000.00	41,556.57	23,443.43
Fire Hydrant Service						

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, 2015

	General Appropriations	Appropriated		Expendited		Unexpended Balance Cancelled
		Ref.	Budget	Budget After Modification	Paid or Charged	
	Other Expenses		13,000.00	13,000.00	13,000.00	
	Uniform Fire Safety					
	Salaries and Wages		52,220.00	52,220.00	26,506.57	25,713.43
	Other Expenses		5,012.00	5,012.00	1,033.00	3,979.00
13	Municipal Prosecutor					
	Other Expenses		37,010.00	37,010.00	33,916.63	3,093.37
	Public Works Functions					
	Road Repairs and Maintenance					
	Salaries and Wages		600,000.00	600,000.00	533,134.57	66,865.43
	Other Expenses		78,900.00	78,900.00	63,054.92	15,845.08
	Garage and Trash Removal					
	Other Expenses		55,300.00	55,300.00	21,705.95	33,594.05
	Public Building and Grounds					
	Salaries and Wages		58,500.00	58,500.00	56,370.03	2,129.97
	Other Expenses		101,100.00	103,600.00	77,548.24	26,051.76
	Vehicle Maintenance					
	Salaries and Wages		264,500.00	264,500.00	238,849.71	25,650.29
	Other Expenses		177,155.00	177,155.00	137,384.18	39,770.82
	Snow Removal					
	Salaries and Wages		250,000.00	250,000.00	244,763.52	5,236.48
	Other Expenses		400,000.00	525,000.00	355,693.53	169,306.47
	DPW Administration					
	Salaries and Wages		173,500.00	173,500.00	171,017.92	2,482.08
	Other Expenses		10,200.00	10,200.00	7,717.44	2,482.56

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, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
		<u>Budget</u>	<u>After Modification</u>	<u>Budget</u>	<u>Paid or Charged</u>	
Municipal Services Act - Condo Costs		56,200.00	56,200.00			56,200.00
Other Expenses				1,360.00	1,360.00	794.92
Health and Human Services Function				2,000.00	2,000.00	1,593.53
Health and Welfare Department				3,125.00	3,125.00	2,155.04
Other Expenses						
Environmental Commission (NJSA 40:56A-1 etc.)				19,500.00	19,500.00	450.00
Salaries and Wages				24,000.00	24,000.00	4,868.64
Other Expenses						
Animal Regulations				109,500.00	113,500.00	1,425.20
Salaries and Wages				26,025.00	24,525.00	475.42
Other Expenses						
Parks and Recreation Functions				118,000.00	117,667.16	332.84
Recreation Services Functions				32,662.00	30,162.00	3,805.03
Salaries and Wages						
Other Expenses						
Maintenance of Parks				384,000.00	375,710.68	8,289.32
Salaries and Wages				123,160.00	87,670.00	35,490.00
Other Expenses						
Celebration of Public Events				19,000.00	19,000.00	3,710.00
Other Expenses						

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	After Modification	Paid or Charged	Reserved	
<u>General Appropriations</u>						
Utility Expenses and Bulk Purchases						
Electricity		155,000.00	152,500.00	120,396.04	32,103.96	
Street Lighting		85,000.00	85,000.00	57,268.69	27,731.31	
Telephone		70,000.00	70,000.00	65,506.86	4,493.14	
Water		10,800.00	10,800.00	7,614.01	3,185.99	
Natural Gas		71,000.00	71,000.00	46,762.21	24,237.79	
Diesel Fuel, Fuel Oil		1,000.00	1,000.00	1,000.00	1,000.00	
Sewerage Processing and Disposal		10,000.00	10,000.00	4,398.26	5,601.74	
Gasoline		250,679.00	250,679.00	142,812.96	107,866.04	
State Uniform Construction Code						
Construction Code Official						
Salaries and Wages		310,000.00	310,000.00	296,612.82	13,387.18	
Other Expenses		115,627.00	115,627.00	100,396.74	15,230.26	
Accumulated Absences						
Other Expenses						
Total Operations within "CAPS"						
Detail:						
Salaries and Wages	A-1	8,263,085.00	8,265,435.00	7,822,572.49	442,862.51	
Other Expenses	A-1	6,589,494.00	6,587,144.00	5,063,657.23	1,523,486.77	

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Appropriated</u>		<u>Expendited</u>		<u>Unexpended Balance Cancelled</u>		
		<u>Budget</u>	<u>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	524,458.00	524,458.00						
Public Employees' Retirement System - ERIP	15,408.00	15,408.00	15,277.49			130.51		
Social Security System (O.A.S.I.)	671,500.00	671,500.00	653,104.31			18,395.69		
PFRS - Court Ordered Back Deductions	265,216.00	265,216.00	265,216.00					
Police and Firemen's Retirement System of N.J.	883,327.00	883,327.00	883,326.82			0.18		
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>2,359,909.00</u>	<u>2,359,909.00</u>	<u>2,341,382.62</u>	<u>18,526.38</u>			
Total General Appropriations for Municipal Purposes within "CAPS"								
Operations - Excluded from "CAPS"								
Maintenance of Free Public Library	1,043,605.00	1,043,605.00	939,507.84			104,097.16		
Emergency Services Volunteer Length of Service Award Program	20,000.00	20,000.00				20,000.00		
Insurance								
Employee Group Health	37,813.00	37,813.00						

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

General Appropriations	Ref.	Appropriated		Expendited		Unexpended Balance Cancelled		
		Budget	Budget After Modification	Paid or Charged	Reserved			
<i>Interlocal Municipal Service Agreements</i>								
<i>Other Municipalities Share of Radio System Costs</i>								
Police Dispatch/911		410,320.00	410,320.00	410,320.00				
Salaries and Wages		31,837.00	31,837.00	31,837.00				
Township of Hardyston Finance Officer		14,598.00	14,598.00	14,598.00				
Hardyston MUA Finance Officer		5,410.00	5,410.00	5,410.00				
Salaries and Wages		26,302.00	26,302.00	26,302.00				
Hardyston BOE Finance		40,169.00	40,169.00	40,169.00				
Salaries and Wages		354.00	354.00	354.00				
Public and Private Programs Offset by Revenues		16,042.00	16,042.00	16,042.00				
Recycling Tonnage Grant		3,030.00	3,030.00	3,030.00				
Clean Communities Program		7,975.00	7,975.00	7,975.00				
Municipal Court Alcohol Rehab		18,794.00	18,794.00	18,794.00				
Municipal Alliance on Alcoholism and Drug Abuse		3,250.00	3,250.00	3,250.00				
Body Armor Grant		2,217.00	2,217.00	2,217.00				
Drive Sober or Get Pulled Over								
Drunk Driving Enforcement Fund								
Click It or Ticket								
Municipal Alliance on Alcoholism and Drug Abuse - Approp Res								
Matching Funds for Grants								
Municipal Alliance on Alcoholism and Drug Abuse								
Other Expenses		4,250.00	4,250.00	4,250.00				

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, 2015

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	After Modification	Paid or Charged	Reserved	
General Appropriations						
NJ Dept. of Transportation - Municipal Aid		145,000.00	145,000.00	145,000.00		
Total Operations - Excluded from "CAPS"		1,830,966.00	1,830,966.00	1,706,868.84	124,097.16	
Detail:						
Salaries & Wages	A-1	462,165.00	462,165.00	462,165.00		
Other Expenses	A-1	1,368,801.00	1,368,801.00	1,244,703.84	124,097.16	
Capital Improvements:						
Capital Improvement Fund		1,000,000.00	1,000,000.00	1,000,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	1,000,000.00	1,000,000.00	1,000,000.00		
Municipal Debt Service:						
Payment of Bond Principal		895,000.00	895,000.00	895,000.00		
Payment of Bond Anticipation Notes		452,400.00	452,400.00	452,400.00		
Interest on Bonds		256,826.00	256,826.00	256,759.09		
Interest on Notes		14,314.00	14,314.00	14,314.00		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,618,540.00	1,618,540.00	1,618,473.09		
Deferred Charges:						
Emergency Authorization		283,000.00	283,000.00	283,000.00		
5 Year Special Emergency						
Deferred Charges to Future Taxation Unfunded:						
Ord # 11-10		7,257.00	7,257.00	7,236.51		20.49
Total Deferred Charges - Municipal - Excluded	A-1	290,257.00	290,257.00	290,236.51		20.49
from "CAPS"						

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, 2015

General Appropriations	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		4,739,763.00	4,739,763.00	4,615,578.44	124,097.16	87.40
Subtotal General Appropriations		21,952,251.00	21,952,251.00	19,843,190.78	2,108,972.82	87.40
Reserve for Uncollected Taxes		3,525,634.00	3,525,634.00	3,525,634.00		
Total General Appropriations		25,477,885.00	25,477,885.00	23,368,824.78	2,108,972.82	87.40
Adopted Budget	A-2		25,332,885.00			
Appropriated by N.J.S.A. 40A:4-87	A-2		145,000.00			
			25,477,885.00			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			3,525,634.00		
Cash Disbursed	A-4				19,292,807.78	
Deferred Charges						
Special Emergency Authorization	A-13			283,000.00		
Emergency Authorization	A-14					
Reserve for Federal and State Grants	A-21			263,133.00		
Matching Funds for Federal and State Grants	A-12			4,250.00		
				23,368,824.78		
<u>Analysis of Appropriation Reserves</u>						
Unencumbered	A			1,618,179.34		
Encumbered	A			490,793.48		
				2,108,972.82		

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Animal Control Trust Fund:			
Cash	B-1	42,120.00	34,787.19
Change Fund	B-2	25.00	25.00
		<u>42,145.00</u>	<u>34,812.19</u>
Other Trust Funds:			
Cash	B-1	<u>3,712,649.31</u>	<u>3,873,369.23</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	103,099.15	81,642.79
Contributions Receivable	B-9	17,480.00	21,850.00
		<u>120,579.15</u>	<u>103,492.79</u>
Total Assets		<u>3,875,373.46</u>	<u>4,011,674.21</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>2015</u>	<u>2014</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Interfund - Current Fund	B-3		
Prepaid Licenses	B-4	17,657.00	16,077.00
Reserve for Animal Control			
Fund Expenditures	B-7	23,644.60	18,308.64
Reserve for Encumbrances	B-6	835.00	421.75
Due to State Department of Health	B-8	8.40	4.80
		<u>42,145.00</u>	<u>34,812.19</u>
Other Trust Fund:			
Interfund - Current Fund	B-3	2,021.22	2,021.22
Various Reserves	B-5	3,688,530.04	3,749,498.59
Reserve for Encumbrances	B-6	22,098.05	121,849.42
		<u>3,712,649.31</u>	<u>3,873,369.23</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Position Available for Benefits	B-10	<u>120,579.15</u>	<u>103,492.79</u>
Total Liabilities, Reserves and Fund Balance		<u>3,875,373.46</u>	<u>4,011,674.21</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>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2;C-3	1,746,484.86	2,229,132.25
Deferred Charges to Future Taxation:			
Funded	C-4	8,775,000.00	9,670,000.00
Unfunded	C-5	1,200,000.00	1,915,636.51
		<u>11,721,484.86</u>	<u>13,814,768.76</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	8,775,000.00	9,670,000.00
Bond Anticipation Notes	C-7	1,200,000.00	2,178,200.00
Improvement Authorizations:			
Funded	C-8	780,006.87	945,876.27
Unfunded	C-8	15,795.09	52,700.79
Capital Improvement Fund	C-9	291,304.16	291,304.16
Reserve for Encumbrances	C-10	305,427.22	322,222.69
Reserve for Developers Contribution	C-11	74,566.00	74,566.00
Reserve for Bond Closing Costs	C-12		6,892.16
Fund Balance	C-1	<u>279,385.52</u>	<u>273,006.69</u>
		<u>11,721,484.86</u>	<u>13,814,768.76</u>

There were Bonds and Notes Authorized But Not Issued in the Amount of \$7,236.51 on December 31, 2014
and -0- as of December 31, 2015 per Exhibit C-13.

Township of Sparta, N.J.

Comparative Statement of Surplus - Regulatory Basis

General Capital Fund

Year Ended December 31,

		<u>2015</u>	<u>2014</u>
	<u>Ref.</u>		
Balance - January 31,	C	<u>273,006.69</u>	<u>286,548.00</u>
Increased by:			
Reserve for Bond Closing Costs Cancelled	C-12	6,892.16	
Premium on Bond Anticipation Note Sale		<u>6,892.16</u>	<u>11,458.69</u>
		<u>6,892.16</u>	<u>11,458.69</u>
		<u>279,898.85</u>	<u>298,006.69</u>
Decreased by:			
Audit Adjustment	C-8	513.33	
Appropriated to Finance			
Improvement Authorizations		<u>513.33</u>	<u>25,000.00</u>
		<u>513.33</u>	<u>25,000.00</u>
Balance - December 31,	C	<u>279,385.52</u>	<u>273,006.69</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>2015</u>	<u>2014</u>
Assets			
Operating Fund:			
Cash	D-7	<u>1,479,726.79</u>	<u>1,808,522.72</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-11	287,788.19	293,317.20
Liens Receivable	D-12	0.92	0.92
		<u>287,789.11</u>	<u>293,318.12</u>
Total Operating Fund		<u>1,767,515.90</u>	<u>2,101,840.84</u>
Water Assessment Fund			
Cash	D-7;D-8	41,288.93	39,697.95
Assessment Receivable	D-13	<u>95,411.07</u>	<u>136,602.05</u>
Total Water Assessment Fund		<u>136,700.00</u>	<u>176,300.00</u>
Capital Fund:			
Cash	D-7;D-9	547,885.43	291,377.27
Fixed Capital	D-14	27,742,645.43	25,089,848.56
Fixed Capital Authorized and Uncompleted	D-15	<u>2,008,500.00</u>	<u>4,000,000.00</u>
Total Capital Fund		<u>30,299,030.86</u>	<u>29,381,225.83</u>
Total Assets		<u>32,203,246.76</u>	<u>31,659,366.67</u>

Township of Sparta, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref</u>	<u>2015</u>	<u>2014</u>
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-16	91,906.74	241,497.37
Encumbered	D-4;D-16	51,484.75	63,987.79
Total Appropriation Reserves:		143,391.49	305,485.16
Water Rents Overpayments	D-17	8,966.68	12,524.54
Accrued Interest on Bonds	D-18	136,059.03	167,569.70
Accrued Interest on Loans	D-19	198.46	667.50
Accrued Interest on Notes	D-20	43,134.58	54,541.07
		<u>331,750.24</u>	<u>540,787.97</u>
Reserve for Receivables	Contra	287,789.11	293,318.12
Fund Balance	D-1	<u>1,147,976.55</u>	<u>1,267,734.75</u>
Total Operating Fund		<u>1,767,515.90</u>	<u>2,101,840.84</u>
Water Assessment Fund:			
Bond Anticipation Notes	D-22	106,700.00	146,300.00
Reserve for Assessments Receivable	D-24	30,000.00	30,000.00
Total Water Assessment Fund:		<u>136,700.00</u>	<u>176,300.00</u>
Capital Fund:			
Serial Bonds Payable	D-21	8,991,000.00	9,786,000.00
Bond Anticipation Notes	D-22	5,503,000.00	5,454,500.00
Water Supply Fund Loan Payable	D-23	13,594.74	40,135.78
Improvement Authorizations:			
Funded	D-25	44,656.57	1,194.43
Unfunded	D-25	29,139.62	172,624.60
Capital Improvement Fund	D-26	45,939.00	45,939.00
Encumbrances Payable	D-27	58,703.89	96,096.89
Reserve for Amortization	D-28	14,452,710.50	12,849,872.59
Reserve for Deferred Amortization	D-29	820,000.00	490,000.00
Fund Balance	D-3	340,286.54	444,862.54
Total Capital Fund		<u>30,299,030.86</u>	<u>29,381,225.83</u>
Total Liabilities, Reserves and Fund Balances		<u>32,203,246.76</u>	<u>31,659,366.67</u>

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

There were bonds and notes authorized but not issued in the amount of \$195,840.19 and \$694,340.19
on December 31, 2015 and 2014 per Exhibit D-30

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>2015</u>	<u>2014</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-2	815,000.00	424,001.00
Water Rents	D-2	3,046,920.70	2,918,934.60
Fire Hydrant Service	D-2	45,375.83	45,739.68
Cell Tower Fees	D-2	187,093.56	107,284.31
Miscellaneous Revenues Anticipated	D-2	144,000.92	240,360.47
Other Credits to Income:			
Miscellaneous Revenues Not Anticipated	D-2	132,153.29	400,238.65
Unexpended Balance of Appropriation Reserves	D-16	237,409.50	239,321.93
Total Income		<u>4,607,953.80</u>	<u>4,375,880.64</u>
Expenditures:			
Operating	D-4	1,737,942.00	1,821,983.00
Capital Improvements	D-4	510,000.00	110,000.00
Debt Service	D-4	1,552,670.00	1,451,498.00
Deferred Charges and Statutory Expenditures	D-4	<u>112,100.00</u>	<u>112,100.00</u>
Total Expenditures		<u>3,912,712.00</u>	<u>3,495,581.00</u>
Statutory Excess to Surplus		695,241.80	880,299.64
Fund Balance - January 1,	D	<u>1,267,734.75</u>	<u>811,436.11</u>
		<u>1,962,976.55</u>	<u>1,691,735.75</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>815,000.00</u>	<u>424,001.00</u>
Fund Balance - December 31,	D	<u>1,147,976.55</u>	<u>1,267,734.75</u>

Township of Sparta, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2015

		<u>Anticipated</u>		Excess or (Deficit)
	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	
Surplus Anticipated	D-1	815,000.00	815,000.00	
Water Rents	D-1;D-11	2,814,098.00	3,046,920.70	232,822.70
Fire Hydrant Service	D-1;D-7	40,000.00	45,375.83	5,375.83
Miscellaneous Anticipated	D-1	153,614.00	144,000.92	(9,613.08)
Water Tower Cell Phone	D-1;D-7	<u>90,000.00</u>	<u>187,093.56</u>	<u>97,093.56</u>
 Budget Totals		 <u>3,912,712.00</u>	 <u>4,238,391.01</u>	 <u>325,679.01</u>
		D-4		

Analysis of Miscellaneous Revenue Anticipated

Interest on Delinquent Rents	73,252.85
Meters Sold	4,936.25
Sprinklers	38,417.50
Various Miscellaneous	<u>27,394.32</u>
	D-7
	<u>144,000.92</u>

Analysis of Miscellaneous Revenue Not Anticipated

Interest on Investment	7,284.42
Connection Fees	116,341.35
Miscellaneous Refunds	<u>7,802.79</u>
	D-7
Water Assessment Interest	<u>131,428.56</u>
	D-10
	<u>724.73</u>
	D-1
	<u>132,153.29</u>

Township of Sparta, N.J.**Comparative Statement of Fund Balance - Regulatory Basis****Water Capital Utility Fund****Year Ended December 31,**

		<u>2015</u>	<u>2014</u>
	<u>Ref.</u>		
Balance - January 1,	D	444,862.54	415,405.58
Increased by:			
Premium on Sale of Bond			
Anticipation Notes	D-7	45,424.00	29,456.96
		490,286.54	444,862.54
Decreased by:			
Appropriated to Finance Improvement			
Authorizations	D-29	150,000.00	
Balance - December 31,	D	340,286.54	444,862.54

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, 2015

Ref.	Appropriated		Expended	
	Budget	Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	825,977.00	825,977.00	757,248.35	68,728.65
Other Expenses	911,965.00	911,965.00	838,394.67	53,570.33
Total Operating	1,737,942.00	1,737,942.00	1,615,643.02	122,298.98
Capital Improvements				
Capital Improvement Fund	500,000.00	500,000.00	500,000.00	
Capital Outlay	10,000.00	10,000.00	8,995.59	1,004.41
	<u>510,000.00</u>	<u>510,000.00</u>	<u>508,995.59</u>	<u>1,004.41</u>
Debt Service:				
Payment of Bond and Loan Principal	795,000.00	795,000.00	795,000.00	
Payment of Bond Anticipation Notes	450,000.00	450,000.00	450,000.00	
Interest on Bonds	249,576.00	249,576.00	249,576.00	
Interest on Notes	30,702.00	30,702.00	30,702.00	
Payment of Loan Principal	26,542.00	26,542.00	26,542.00	
Interest on Loans	850.00	850.00	850.00	
Total Debt Service	1,552,670.00	1,552,670.00	1,552,670.00	1,552,670.00
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Public Employee' Retirement System	47,000.00	47,000.00	47,000.00	
Social Security System (O.A.S.I.)	65,100.00	65,100.00	45,011.90	20,088.10
Total Deferred Charges and Statutory Expenditures	<u>D-1</u>	<u>112,100.00</u>	<u>112,100.00</u>	<u>92,011.90</u>
	<u>3,912,712.00</u>	<u>3,912,712.00</u>	<u>3,769,320.51</u>	<u>143,391.49</u>
		D-2		
Unencumbered	D			
Encumbered	D			
Cash Disbursed	D-7		3,462,500.51	91,906.74
Interest on Bonds	D-18		249,576.00	51,484.75
Interest on Loans	D-19		26,542.00	30,702.00
Interest on Notes	D-20			<u>143,391.49</u>
			<u>3,769,320.51</u>	

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

Township of Sparta, N.J.

Schedule of Revenues - Water Utility Assessment Fund - Regulatory Basis**Water Utility Operating Fund****Year Ended December 31, 2015**

	<u>Anticipated</u> <u>Budget</u>	<u>Realized</u>
Assessment Cash	<u>39,600.00</u>	<u>39,600.00</u>
	D-6	

D-6

Schedule of Expenditures - Water Utility Assessment Fund - Regulatory Basis**Water Utility Operating Fund****Year Ended December 31, 2015**

	<u>Anticipated</u> <u>Budget</u>	<u>Realized</u>
Payment of Bond Anticipation Notes	<u>39,600.00</u>	<u>39,600.00</u>
	D-5	

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>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash	E-6	<u>150,631.51</u>	<u>208,686.17</u>
Receivables with Full Reserves:			
Consumers Account Receivable	E-10	<u>42,033.35</u>	<u>60,731.95</u>
Total Operating Fund		<u>192,664.86</u>	<u>269,418.12</u>
Sewer Assessment Fund			
Cash	E-6;E-7	<u>12,241.65</u>	<u>10,509.77</u>
Assessment Receivable	E-11	<u>9,671.30</u>	<u>11,403.18</u>
Total Sewer Assessment Fund		<u>21,912.95</u>	<u>21,912.95</u>
Capital Fund:			
Cash	E-6;E-8	<u>49,603.50</u>	<u>45,731.00</u>
Fixed Capital	E-12	<u>8,711,594.25</u>	<u>8,711,594.25</u>
Fixed Capital Authorized and Uncompleted	E-13	<u>142,000.00</u>	<u>142,000.00</u>
Total Capital Fund		<u>8,903,197.75</u>	<u>8,899,325.25</u>
Total Assets		<u>9,117,775.56</u>	<u>9,190,656.32</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>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-5;E-14	2,401.07	30,636.71
Encumbered	E-5;E-14	17,056.37	10,393.93
Total Appropriation Reserves:		19,457.44	41,030.64
Sewer Charge Overpayments	E-15	2,310.97	158.11
Accrued Interest on Bonds	E-16	46,637.72	56,833.60
Accrued Interest on Notes	E-17	100.30	108.30
		<u>68,506.43</u>	<u>98,130.65</u>
Reserve for Receivables	Contra	42,033.35	60,731.95
Fund Balance	E-1	82,125.08	110,555.52
Total Operating Fund		<u>192,664.86</u>	<u>269,418.12</u>
Sewer Assessment Fund:			
Reserve for Assessments Receivable	E-20	9,671.30	11,403.18
Fund Balance	E-4	12,241.65	10,509.77
Total Sewer Assessment Fund:		<u>21,912.95</u>	<u>21,912.95</u>
Capital Fund:			
Serial Bonds Payable	E-18	3,520,000.00	3,797,000.00
Bond Anticipation Notes	E-19	54,000.00	60,000.00
Improvement Authorizations:			
Funded	E-21	132.50	132.50
Unfunded	E-21	44,855.03	45,982.53
Capital Improvement Fund	E-22	8,500.00	3,500.00
Reserve for Amortization	E-23	5,187,338.22	4,910,338.22
Reserve for Deferred Amortization	E-24	88,000.00	82,000.00
Fund Balance	E-3	372.00	372.00
Total Capital Fund		<u>8,903,197.75</u>	<u>8,899,325.25</u>
Total Liabilities, Reserves and Fund Balances		<u>9,117,775.56</u>	<u>9,190,656.32</u>

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

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 in the amount \$4,256.03 and \$4,256.03 per Exhibit E-25.

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

Township of Sparta, N.J.

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

Sewer Utility Operating Fund

Year Ended December 31,

	Ref.	2015	2014
Revenue and Other Income Realized:			
Surplus Anticipated	E-2	94,000.00	47,000.00
Sewer Service Charges	E-2	907,523.73	842,528.84
Board of Education Debt Service	E-2	108,757.28	129,670.20
Sewer Capital Fund Balance			6,000.00
Sewer Reservation Fees	E-2	13,767.00	2,901.60
Sewer Connection Fees	E-2	19,346.13	106,499.40
Miscellaneous	E-2	17,518.69	20,973.08
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-14	<u>31,082.86</u>	<u>53,601.30</u>
Total Income		<u>1,191,995.69</u>	<u>1,209,174.42</u>
Expenditures:			
Operating	E-5	730,432.00	687,637.00
Capital Improvements	E-5	5,000.00	
Debt Service	E-5	389,094.13	409,119.00
Deferred Charges and Statutory Expenditures	E-5	<u>1,900.00</u>	<u>1,900.00</u>
Total Expenditures		<u>1,126,426.13</u>	<u>1,098,656.00</u>
Statutory Excess to Surplus		65,569.56	110,518.42
Fund Balance - January 1,	E	<u>110,555.52</u>	<u>47,037.10</u>
		176,125.08	157,555.52
Decreased by:			
Utilized as Anticipated Revenue		<u>94,000.00</u>	<u>47,000.00</u>
Fund Balance - December 31,	E	<u>82,125.08</u>	<u>110,555.52</u>

Township of Sparta, N.J.

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2015

		<u>Anticipated</u>		Excess or (Deficit)
	Ref.	<u>Budget</u>	<u>Realized</u>	
Surplus Anticipated	E-1	94,000.00	94,000.00	
Sewer Rents	E-1;E-10	838,000.00	907,523.73	69,523.73
Sewer Connection Fees	E-1;E-6	75,125.00	19,346.13	(55,778.87)
Sewer Reservation Fees	E-1;E-10	2,673.00	13,767.00	11,094.00
Miscellaneous Fees	E-1;E-2	20,000.00	17,518.69	(2,481.31)
Board of Education Share of Debt Service	E-1;E-10	128,000.00	108,757.28	(19,242.72)
Budget Totals		<u>1,157,798.00</u>	<u>1,160,912.83</u>	<u>3,114.83</u>
		E-5		

Analysis Realized Revenues

Interest on Sewer Assessments	E-9	36.36
Interest on Delinquent Rents		16,862.35
Interest on Investments - Operating		<u>619.98</u>
	E-6	<u>17,482.33</u>
		<u>17,518.69</u>

Township of Sparta, N.J.

Comparative Statement of Fund Balance - Regulatory Basis

Sewer Capital Utility Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - January 1,	E	372.00	6,054.51
Increased by:			
Premium on Sale of Bond			
Anticipation Note		372.00	317.49
			6,372.00
Decreased by:			
Anticipated Revenue - Sewer Operating			6,000.00
Balance - December 31,	E	<u>372.00</u>	<u>372.00</u>

E-4

Comparative Statement of Assessment Trust Fund Balance - Regulatory Basis

Sewer Assessment Trust Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - January 1,	E	<u>10,509.77</u>	<u>8,776.80</u>
Increased by:			
Collection of Unpledged Assessments and Liens	E-20	<u>1,731.88</u>	<u>1,732.97</u>
Balance - December 31,	E	<u>12,241.65</u>	<u>10,509.77</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, 2015

Ref	Appropriated	Expended			Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	
Operating:					
Salaries and Wages	58,600.00	58,600.00		58,210.00	390.00
Other Expenses	173,000.00	173,000.00		153,932.56	19,067.44
Other Expenses - SCMUUA	498,832.00	498,832.00		498,832.00	
Total Operating	730,432.00	730,432.00		710,974.56	19,457.44
Capital Improvements					
Capital Improvement Fund	5,000.00	5,000.00		5,000.00	
	5,000.00	5,000.00		5,000.00	
Debt Service:					
Payment of Bond Principal	277,000.00	277,000.00		277,000.00	
Payment of Bond Anticipation Notes	6,000.00	6,000.00		6,000.00	
Interest on Bonds	137,024.00	137,024.00		105,652.13	31,371.87
Interest on Notes	442.00	442.00		442.00	
Total Debt Service	420,466.00	420,466.00		389,094.13	31,371.87
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	1,900.00	1,900.00		1,900.00	
Total Deferred Charges and Statutory Expenditures	E-1 1,900.00	E-1 1,900.00		E-1 1,900.00	
	1,157,798.00	1,157,798.00		1,106,968.69	19,457.44
Unencumbered	E	E		2,401.07	
Encumbered	E	E		17,056.37	
				19,457.44	
Cash Disbursed				1,000,874.56	
Interest on Bonds				105,652.13	
Interest on Notes				442.00	
				1,106,968.69	

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>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash	F-4	<u>1,950,017.98</u>	<u>1,701,867.59</u>
Receivables with Full Reserves:			
Consumers Account Receivable	F-6	127,574.68	129,218.77
Liens Receivable	F-7	79.27	79.27
		<u>127,653.95</u>	<u>129,298.04</u>
Total Operating Fund		<u>2,077,671.93</u>	<u>1,831,165.63</u>
<u>Ref</u>			
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	F-3;F-8	133,249.51	114,352.31
Encumbered	F-3;F-8	<u>137,184.03</u>	<u>137,000.00</u>
Total Appropriation Reserves		<u>270,433.54</u>	<u>251,352.31</u>
Accounts Payable	F-9	180.00	750.00
Prepaid Solid Waste User Fees	F-10	<u>257,325.45</u>	<u>244,130.42</u>
		<u>527,938.99</u>	<u>496,232.73</u>
Reserve for Receivables	Contra	127,653.95	129,298.04
Fund Balance	F-1	<u>1,422,078.99</u>	<u>1,205,634.86</u>
Total Operating Fund		<u>2,077,671.93</u>	<u>1,831,165.63</u>

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

Township of Sparta, N.J.

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

Solid Waste Operating Utility Fund

Year Ended December 31,

	Ref.	2015	2014
Revenue and Other Income Realized:			
Surplus Anticipated	F-2	164,500.00	150,000.00
Solid Waste User Fees	F-2	1,998,328.36	2,025,804.24
Miscellaneous	F-2	22,113.46	21,506.55
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	F-8	<u>114,352.31</u>	<u>113,539.00</u>
Total Income		<u>2,299,294.13</u>	<u>2,310,849.79</u>
Expenditures:			
Operating	F-3	1,908,350.00	1,860,147.00
Deferred Charges and Statutory Expenditures	F-3	<u>10,000.00</u>	<u>9,000.00</u>
Total Expenditures		<u>1,918,350.00</u>	<u>1,869,147.00</u>
Statutory Excess to Surplus		380,944.13	441,702.79
Fund Balance - January 1,	F	<u>1,205,634.86</u>	<u>913,932.07</u>
		<u>1,586,578.99</u>	<u>1,355,634.86</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>164,500.00</u>	<u>150,000.00</u>
Fund Balance - December 31,	F	<u>1,422,078.99</u>	<u>1,205,634.86</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, 2015

	Anticipated			Excess or (Deficit)
	Ref.	Budget	Realized	
Surplus Anticipated	F-1	164,500.00	164,500.00	
Solid Waste User Fees	F-1;F-6	1,748,850.00	1,998,328.36	249,478.36
Miscellaneous Fees	F-1;F-4	5,000.00	22,113.46	17,113.46
 Budget Totals		 1,918,350.00	 2,184,941.82	 266,591.82
		F-3		

Analysis Realized Revenues

Interest & Penalties on Solid Waste Fees	4,940.42
NSF Check Fees	180.00
Interest on Investments - Operating	16,993.04
F-4	 22,113.46

Township of Sparta, N.J.

Statement of Expenditures - Regulatory Basis

Solid Waste Operating Utility Fund

Year Ended December 31, 2015

	Ref.	Appropriated		Expended	
		Budget	Budget After Modification	Paid or Charged	Reserved
Operating:					
Salaries and Wages		125,500.00	125,500.00	125,475.00	25.00
Other Expenses		1,782,850.00	1,782,850.00	1,512,441.46	270,408.54
Total Operating	F-1	1,908,350.00	1,908,350.00	1,637,916.46	270,433.54
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		10,000.00	10,000.00	10,000.00	
Total Deferred Charges and Statutory Expenditures	F-1	10,000.00	10,000.00	10,000.00	
1,918,350.00		1,918,350.00	1,647,916.46	270,433.54	
Unencumbered	F		F-2		
Encumbered	F				
Cash Disbursed				1,512,441.46	133,249.51
Interfund - Current Fund				135,475.00	137,184.03
					270,433.54
				1,647,916.46	

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

Township of Sparta, N.J.**Comparative Balance Sheet - Regulatory Basis****Public Assistance Fund****December 31,**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	G-1	<u> </u>	<u>4,076.82</u>
<u>Liabilities</u>			
Reserve for Public Assistance	G-5	<u> </u>	<u>4,076.82</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,

(Unaudited)

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements	25,171,500.00	25,171,500.00
Buildings	<u>14,033,938.00</u>	<u>13,439,897.00</u>
Machinery and Equipment	<u>39,205,438.00</u>	<u>38,611,397.00</u>
Investment in Fixed Assets	<u>39,205,438.00</u>	<u>38,611,397.00</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, 2015 AND 2014**

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, 2015 AND 2014
(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.

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

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

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

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

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

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

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

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

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Budgets and Budgetary Accounting

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015, the Governing Body did increase the original Current Fund budget. Also, several budget transfers were approved by the governing body.

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

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

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Recent Accounting Pronouncements (continued)

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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

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

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

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Recent Accounting Pronouncements (continued)

In June 30, 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2015 statutory budget included a reserve for uncollected taxes in the amount of \$3,525,634.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 statutory budget was \$2,550,000.00.

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

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2015, there was an item of special revenue and appropriation inserted into the budget: NJ DOT Municipal Aid, \$145,000.

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 2015, there were no emergency authorizations.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the Township had the following deferred charges:

	<u>Balance Dec. 31, 2015</u>	<u>2016 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Current Fund:			
Special Emergency Authorization -			
Hurricane Irene	\$ 83,000.00	\$ 83,000.00	\$ -
Revision of Tax Maps	80,000.00	40,000.00	40,000.00
Revaluation of Taxes	<u>480,000.00</u>	<u>160,000.00</u>	<u>320,000.00</u>
	<u>\$643,000.00</u>	<u>\$283,000.00</u>	<u>\$360,000.00</u>

NOTE 4: GENERAL FIXED ASSETS (UNAUDITED)

The following schedule is a summarization of changes in the general fixed assets account group for the year 2015.

	<u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Dec. 31, 2015</u>
Land, Land Improvements				
& Buildings	\$25,171,500.00	\$ -	\$ -	\$25,171,500.00
Machinery & Equipment	<u>13,439,897.00</u>	<u>1,115,212.00</u>	<u>521,171.00</u>	<u>14,033,938.00</u>
	<u>\$38,611,397.00</u>	<u>\$1,115,212.00</u>	<u>\$521,171.00</u>	<u>\$39,205,438.00</u>

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2015 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Amount Due</u> <u>Within One Year</u>
General Capital Fund:					
Bonds Payable	<u>\$9,670,000.00</u>	\$ _____	\$ 895,000.00	<u>\$8,775,000.00</u>	<u>\$ 940,000.00</u>
Water Capital Fund:					
Bonds Payable	9,786,000.00		795,000.00	8,991,000.00	752,000.00
Water Supply Loan Payable	<u>40,135.78</u>	_____	26,541.04	<u>13,594.74</u>	<u>13,594.74</u>
	<u>9,826,135.78</u>	_____	821,541.04	<u>9,004,594.74</u>	<u>765,594.74</u>
Sewer Capital Fund:					
Serial Bonds Payable	<u>3,797,000.00</u>	_____	277,000.00	<u>3,520,000.00</u>	<u>290,000.00</u>
Compensated Absences Payable	<u>4,499,497.06</u>	<u>251,764.59</u> (1)	<u>588,348.65</u> (2)	<u>4,162,913.00</u>	_____
	<u>\$27,792,632.84</u>	<u>\$251,764.59</u>	<u>\$2,581,889.69</u>	<u>\$25,462,507.74</u>	<u>\$1,995,594.74</u>

(1) Net Additions, includes time used.

(2) Retirements and Resignations

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

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The Township's debt is summarized as follows:

<u>Issued</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
General:			
Bonds and Notes	9,975,000.00	11,848,200.00	13,725,650.00
Water Utility:			
Bonds, Notes and Loans	14,507,594.74	15,280,635.78	16,543,334.82
Assessment Notes	106,700.00	146,300.00	236,000.00
Sewer Utility:			
Bonds and Notes	<u>3,574,000.00</u>	<u>3,857,000.00</u>	<u>4,195,000.00</u>
Total Issued	<u>28,163,294.74</u>	<u>31,132,135.78</u>	<u>34,699,984.82</u>
<u>Less</u>			
Funds Temporarily Held by Pay			
Bonds and Notes:			
Water Utility Assessments	<u>41,288.93</u>	<u>39,697.95</u>	<u>89,828.46</u>
Total Deductions	<u>41,288.93</u>	<u>39,697.95</u>	<u>89,828.46</u>
Net Debt Issued	<u>28,122,005.81</u>	<u>31,092,437.83</u>	<u>34,610,156.36</u>
<u>Authorized but not Issued</u>			
General Capital:			
Bonds and Notes	-	7,236.51	32,936.51
Water Utility:			
Bonds and Notes	195,840.19	694,340.19	195,840.19
Sewer Utility:			
Bonds and Notes	<u>4,256.03</u>	<u>4,256.03</u>	<u>4,256.03</u>
Total Authorized but not Issued	<u>200,096.22</u>	<u>705,832.73</u>	<u>233,032.73</u>
<u>Less:</u>			
Self Liquidating - Utility	<u>18,281,690.96</u>	<u>19,836,232.00</u>	<u>19,159,594.04</u>
Net Debt	<u>10,040,411.07</u>	<u>11,962,038.56</u>	<u>15,683,595.05</u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.321%.

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Dist. Debt	\$67,890,000.00	\$67,890,000.00	\$ -
Sewer Utility Debt	3,578,256.03	3,578,256.03	-
Water Utility Debt	14,703,434.93	14,703,434.93	-
Water Assessment Debt	106,700.00	41,288.93	65,411.07
General Debt	<u>9,975,000.00</u>	<u>-</u>	<u>9,975,000.00</u>
	<u>\$96,253,390.96</u>	<u>\$86,212,979.89</u>	<u>\$10,040,411.07</u>

Net Debt \$10,040,411.07 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, 3,127,965,039.33 = 0.321%.

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

2015	3,127,965,039.33
2014	3,197,988,008.33
2013	3,301,862,007.33

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

3.50% of Equalized Valuation Basis (Municipal)	\$109,478,776.38
Net Debt	<u>10,040,411.07</u>
Remaining Borrowing Power	<u>\$ 99,438,365.31</u>

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

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

Cash Receipts from fees, rents or other charges for year	\$4,238,391.01
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Deductions:

Operating and Maintenance Cost	\$1,850,042.00
Net Debt	<u>1,552,670.00</u>
Total Deductions	<u>3,402,712.00</u>

Excess/(Deficit) in Revenue	<u>\$ 835,679.01</u>
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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	\$1,160,912.83
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Deductions:

Operating and Maintenance Cost	\$732,332.00
Net Debt	<u>420,466.00</u>
Total Deductions	<u>1,152,798.00</u>

Excess/(Deficit) in Revenue)	<u>\$ 8,114.83</u>
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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	\$2,184,941.82
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Deductions:

Operating and Maintenance Cost	<u>1,918,350.00</u>
Excess/(Deficit) in Revenue	<u>\$ 266,591.82</u>

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The forgoing debt information is 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, 2015, consisted of the following:

Paid by 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 2.25-5.00% per annum. The balance as of December 31, 2015 was \$3,825,000.00. Outstanding bond principal and interest are paid from the Current Fund of the Township.

General Bond of 2013 - dated 10/15/2013, in the amount of \$4,590,000.00. This bond is payable in annual installments through 10/15/2024. Interest is paid semi-annually at a rate of 1.00-3.00% per annum. The balance as of December 31, 2015 was \$3,940,000.00. 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, 2015 was \$1,010,000.00. Outstanding bond principal and interest are paid from the Current Fund of the Township.

Paid from Water Utility Fund:

Water Improvement Bond - dated 1/1/2006, in the amount of \$3,941,000.00. This bond is payable in annual installments through 1/01/2016. Interest is paid semi-annually at a rate of 3.875-3.900% per annum. The balance as of December 31, 2015 was \$197,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township. This Bond was refunded on 9/10/2014.

Water Bond of 2011- dated 4/28/2011, in the amount of \$2,310,000.00. This bond is payable in annual installments through 4/01/2026. Interest is paid semi-annually at a rate of 2.00-4.00% per annum. The balance as of December 31, 2015 was \$1,690,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township.

Water Bond of 2013- dated 10/15/2013, in the amount of \$1,424,000.00. This bond is payable in annual installments through 10/15/2033. Interest is paid semi-annually at a rate of 1.00-4.00% per annum. The balance as of December 31, 2015 was \$1,324,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

Paid from Water Utility Fund:(continued)

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, 2015 was \$5,780,000.00. Outstanding bond principal and interest are paid from the Water Operating Fund of the Township.

Water Supply Loan Agreement

The Township of Sparta has entered into three loan agreements with the State of New Jersey for the rehabilitation of the Township of Sparta's Water Supply System. The first two are repayable over 20 years from the date of final consummation of the loans. The third is repayable over 15 years from the final date of final consummation of the loans. The funds have been provided through the Water Supply Fund established by the Water Supply Bond Act of 1981, P.L. 1981c.261. The first and third loan have been paid off; the draw-down of second loan was initiated in 1996 in the amount of \$396,782.00, at an interest rate of 3.25% per annum. The balance at December 31, 2015 is \$13,594.74.

Paid from Sewer Utility Fund:

Sewer Improvement Bond - dated 1/1/2006, in the amount of \$900,000.00. This bond is payable in annual installments through 1/01/2016. Interest is paid semi-annually at a rate of 3.875% per annum. The balance as of December 31, 2015 was \$45,000.00. Outstanding bond principal and interest are paid from the Sewer Operating Fund of the Township. This Bond was refunded on 9/10/2014.

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, 2015 was \$1,855,000.00. Outstanding bond principal and interest are paid from the Sewer Operating Fund of the Township.

Sewer Refunding Bond of 2014- dated 9/10/2014, in the amount of \$1,627,000.00. This bond is payable in annual installments through 1/01/2026. Interest is paid semi-annually at a rate of 3.00-5.00% per annum. The balance as of December 31, 2015 was \$1,620,000.00. Outstanding bond principal and interest are paid from the Sewer Operating Fund of the Township.

Total General Capital Bond - listed in above	<u>\$8,775,000.00</u>
Total Water Utility Capital Bonds and Loans - listed in above	<u>\$9,004,594.74</u>
Total Sewer Utility Capital Bonds and Loans - listed in above	<u>\$3,520,000.00</u>

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

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
2016	940,000.00	241,762.50	1,181,762.50	765,594.74	387,950.30	1,153,545.04
2017	990,000.00	215,862.50	1,205,862.50	750,000.00	283,753.76	1,033,753.76
2018	1,020,000.00	191,506.25	1,211,506.25	755,000.00	257,753.76	1,012,753.76
2019	1,060,000.00	165,437.50	1,225,437.50	760,000.00	228,731.89	988,731.89
2020	1,105,000.00	137,650.00	1,242,650.00	765,000.00	200,597.51	965,597.51
2021-2025	3,660,000.00	235,100.00	3,895,100.00	3,855,000.00	586,984.38	4,441,984.38
2026-2030	-	-	-	1,095,000.00	109,387.50	1,204,387.50
2031-2034	-	-	-	259,000.00	20,880.00	279,880.00
	<u>8,775,000.00</u>	<u>1,187,318.75</u>	<u>9,962,318.75</u>	<u>9,004,594.74</u>	<u>2,076,039.10</u>	<u>11,080,633.84</u>
	Sewer Fund			Yearly Total		
	Principal	Interest	Total	Principal	Interest	Total
2016	290,000.00	139,353.13	429,353.13	1,995,594.74	769,065.93	2,764,660.67
2017	300,000.00	111,431.25	411,431.25	2,040,000.00	611,047.51	2,651,047.51
2018	305,000.00	101,206.25	406,206.25	2,080,000.00	550,466.26	2,630,466.26
2019	315,000.00	89,928.12	404,928.12	2,135,000.00	484,097.51	2,619,097.51
2020	325,000.00	78,287.50	403,287.50	2,195,000.00	416,535.01	2,611,535.01
2021-2025	1,650,000.00	211,787.50	1,861,787.50	9,165,000.00	1,033,871.88	10,198,871.88
2026-2030	335,000.00	5,925.00	340,925.00	1,430,000.00	115,312.50	1,545,312.50
2031-2034	-	-	-	259,000.00	20,880.00	279,880.00
	<u>3,520,000.00</u>	<u>737,918.75</u>	<u>4,257,918.75</u>	<u>21,999,594.74</u>	<u>4,001,276.60</u>	<u>25,300,871.34</u>

NOTE 6: BOND ANTICIPATION NOTES

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

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6: BOND ANTICIPATION NOTES (CONTINUED)

The following activity related to Bond Anticipation Notes occurred during the calendar year ended December 31, 2015:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
General Capital:				
TD Securities	<u>\$2,178,200.00</u>	<u>\$1,200,000.00</u>	<u>\$2,178,200.00</u>	<u>\$1,200,000.00</u>
Water Capital Fund:				
TD Securities	<u>5,454,500.00</u>	<u>5,503,000.00</u>	<u>5,454,500.00</u>	<u>5,503,000.00</u>
Water Assessment:				
TD Securities	<u>146,300.00</u>	<u>106,700.00</u>	<u>146,300.00</u>	<u>106,700.00</u>
Sewer Capital Fund:				
TD Securities	<u>60,000.00</u>	<u>54,000.00</u>	<u>60,000.00</u>	<u>54,000.00</u>
	<u>\$7,839,000.00</u>	<u>\$6,863,700.00</u>	<u>\$7,839,000.00</u>	<u>\$6,863,700.00</u>

The Township has outstanding at December 31, 2015, a bond anticipation note in the amount of \$1,200,000.00 payable to TD Securities. This note will mature on October 28, 2016 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 1.03%. Principal and interest on this note is paid from the Current Fund Budget of the Township.

The Township has outstanding at December 31, 2015, a bond anticipation note in the amount of \$5,503,000.00 payable to TD Securities. This note will mature on October 28, 2016 and it is the intent of the Township Council to renew this note. The current interest rate on this note is 1.50%. Principal and interest on this note is paid from the Water Operating Fund Budget of the Township.

The Township has outstanding at December 31, 2015, a bond anticipation note in the amount of \$106,700.00 payable to TD Securities. This note will mature on October 28, 2016 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 1.50%. Principal and interest on this note is paid from the Water Assessment Budget of the Township.

The Township has outstanding at December 31, 2015, a bond anticipation note in the amount of \$54,000.00 payable to TD Securities. This note will mature on October 28, 2016 and it is the intent of the Township Council to renew this note. The current interest rate on this note is 1.50%. 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, 2015 AND 2014
(CONTINUED)

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and 2014 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Current Fund	<u>\$2,800,000.00</u>	<u>\$2,550,000.00</u>
Water Utility Operating Fund	<u>\$ 737,000.00</u>	<u>\$ 815,000.00</u>
Sewer Utility Operating Fund	<u>\$ 80,400.00</u>	<u>\$ 94,000.00</u>
Solid Waste Operating Fund	<u>\$ 175,000.00</u>	<u>\$ 164,500.00</u>

NOTE 8: ACCRUED VACATION AND SICK BENEFITS

The Township allows employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. However, it is expected that the cost of such unpaid compensation would be included in the Township budget operating expenditures in the year in which it is used. It is estimated that the current cost of such unpaid compensation would approximate \$4,162,913.00.

The amount is not reported either as an expenditure or a liability. The Township has reserved \$418,592.49 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. See Exhibit B-5 for an analysis. It is expected that any remaining cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

NOTE 9: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2015 consist of the following:

\$261,818.66 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

2,021.22 Due from Other Trust Fund to the Current Fund for receipts and disbursements.

\$263,839.88

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, 2015 AND 2014
(CONTINUED)**

NOTE10: PENSION PLANS

Description of Systems:

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE10: PENSION PLANS (CONTINUED)

Description of Systems: (continued)

members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system.

Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE10: PENSION PLANS (CONTINUED)

Description of Systems: (continued)

for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE10: PENSION PLANS (CONTINUED)

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 except the SACT. 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>
2015	\$611,865.47	\$1,148,542.82	\$1,623.60
2014	548,053.00	808,081.76	2,691.05
2013	567,089.00	1,023,521.00	788.61

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. The following pension information is as of June 30, 2014 which is the latest information available. This information is eighteen months prior to December 31, 2015. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end.

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, 2015, the Township had a liability of \$13,416,015.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the Township's proportion was 0.00716562755 percent, which was an increase/(decrease) of 0.0009053198 percent from its proportion measured as of June 30, 2013.

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (continued)

For the year ended December 31, 2015, the Township recognized pension expense of \$611,865.47. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$421,872.00	\$ -
Net difference between projected and actual earnings on pension plan investments	- -	799,522.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	146,157.00	- -
Township contributions subsequent to the measurement date	- -	- -
 Total	 <u>\$568,029.00</u>	 <u>\$799,522.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) 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 will be recognized in pension expense as follows:

Year ended June 30:	
2016	(\$122,330.00)
2017	(122,330.00)
2018	(122,330.00)
2019	77,550.00
Thereafter	34,122.00

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE10: PENSION PLANS (CONTINUED)

Additional Information

Local Group Collective balances at June 30, 2014 and June 30, 2013 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$ 952,194,675	Not Available
Collective deferred inflows of resources	1,479,224,662	Not Available
Collective net pension liability	18,722,735,003	\$19,111,986,111
Township's Proportion	0.0716562755%	0.0707509557%

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE10: PENSION PLANS (CONTINUED)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 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, 2015 AND 2014
(CONTINUED)**

NOTE10: PENSION PLANS (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, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	At Current	1%	1%
	Discount Rate	Decrease	Increase
	<u>5.39%</u>	<u>4.39%</u>	<u>6.39%</u>
Township's proportionate share of the pension liability	\$16,877,803.00	\$13,416,015.00	\$10,508,993.00

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, 2015, the Township had a liability of \$14,466,712.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the Township's proportion was 0.1150061938 percent, which was an increase/(decrease) of 0.0049274524 percent from its proportion measured as of June 30, 2013

For the year ended December 31, 2015, the Township recognized pension expense of \$1,148,542.82. At December 31, 2015, 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, 2015 AND 2014
(CONTINUED)

NOTE10: PENSION PLANS (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$543,130.00	\$ -
Net difference between projected and actual earnings on pension plan investments	- 1,476,279.00	- 1,476,279.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	548,892.00	- -
Township contributions subsequent to the measurement date	- -	- -
Total	\$1,092,022.00	\$1,476,279.00

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) 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 will be recognized in pension expense as follows:

Year ended June 30:

2016	(\$264,016.00)
2017	(264,016.00)
2018	(264,016.00)
2019	105,054.00
Thereafter	17,859.00

Additional Information

Local Group Collective balances at June 30, 2014 and June 30, 2013 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$ 750,532,959	Not Available
Collective deferred inflows of resources	1,561,923,934	Not Available
Collective net pension liability	13,933,627,178	\$14,533,269,004
Township's Proportion	0.1150061938%	0.1100787414%

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE10: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	3.95-8.62 Percent (based on age)
Thereafter	4.95-9.62 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE10: PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.32% and 6.45% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2045 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, 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, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2014		
	1%	At Current Discount Rate	1%
	Decrease	6.32%	Increase
Township's proportionate share of the pension liability	\$21,595,121.00	\$14,466,712.00	\$11,420,581.00

Pension Plan Fiduciary Net Position

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 11: LOCAL SCHOOL DISTRICT AND REGIONAL HIGH SCHOOL TAXES

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

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015, \$103,099.15 of the Township's bank balance of \$18,383,997.18 was exposed to custodial credit risk. In comparison, as of December 31, 2014, \$81,642.79 of the Township's bank balance of \$17,954,625.93 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, 2015 AND 2014
(CONTINUED)**

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

Unaudited Investments

As more fully described in NOTE 17, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Variable Annuity Life Insurance Co., which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2015 and 2014 amounted to \$103,099.15 and \$81,642.79 respectively.

The following investments represent 5% or more of the total invested with Variable Annuity Life Insurance Co. on December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Investments under 5%	\$ 8,288.24	\$ 5,217.81
Fidelity VIP ContraFund Portfolio	5,385.69	4,334.07
Fixed	41,311.12	31,663.86
LVIP SSgA S&P 500 Index Fund	<u>48,114.10</u>	<u>40,427.05</u>
Total	<u>\$103,099.15</u>	<u>\$81,642.79</u>

NOTE 13: RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2015 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 14: LEASES

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

The following is a schedule of future minimum lease payments as of December 31, 2015:

Total minimum lease payment	\$37,875.00
Less: amount representing interest	<u>966.85</u>
Present Value of net minimum lease payments	<u>\$36,908.15</u>

Calendar <u>Year</u>	<u>Principal</u>	<u>Interest</u>	Total Lease <u>Payments</u>
2016	29,382.12	917.88	30,300.00
2017	<u>7,526.03</u>	<u>48.97</u>	<u>7,575.00</u>
	<u>36,908.15</u>	<u>966.85</u>	<u>37,875.00</u>

NOTE 15: PUBLIC ASSISTANCE

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

NOTE 16: HEALTH INSPECTIONS

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

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

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

Lincoln Financial will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The 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, 2015 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 18. TAXES COLLECTED IN ADVANCE

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

	<u>Balance Dec 31, 2015</u>	<u>Balance Dec 31, 2014</u>
Prepaid Taxes	<u>\$528,738.67</u>	<u>\$585,242.63</u>
Cash Liability for Taxes Collected in Advance	<u>\$528,738.67</u>	<u>\$585,242.63</u>

NOTE 19: RELATED PARTY TRANSACTIONS

During 2015, Jerard Murphy was a Trustee of the Free Public Library as well as a Councilwoman of the Township of Sparta. In 2015, \$939,507.84 was paid from 2015 municipal appropriations and \$56,260.43 was paid from the 2014 reserves to the Township of Sparta Free Public Library.

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 20: POST-RETIREMENT BENEFITS

A. PLAN OVERVIEW

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

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

The summary below presents the results of the actuarial valuation of the post-retirement medical obligations as of December 31, 2015, including a determination of financial reporting information for the year ending December 31, 2015.

Results of Valuation

• *Actuarial Accrued Liability*

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

• *Annual Required Contribution*

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 20: POST-RETIREMENT BENEFITS (CONTINUED)

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

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

Basis of Valuation

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

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

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

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

TOWNSHIP OF SPARTA, N.J.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 20: POST-RETIREMENT BENEFITS (CONTINUED)

Basis of Valuation (continued)

Key Actuarial Assumptions

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

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

TOWNSHIP OF SPARTA, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

NOTE 20: POST-RETIREMENT BENEFITS (CONTINUED)

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

NOTE 21: COMMITMENTS AND CONTINGENT LIABILITIES

Counsel for the Township has advised us of the following:

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

NOTE 22: SUBSEQUENT EVENT

The Township has evaluated subsequent events through May 2, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

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

YEAR ENDED DECEMBER 31, 2015

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>
Jerard Murphy	Mayor		
Christine Quinn	Deputy Mayor		
Gilbert Gibbs	Councilperson		
Joshua Hertberg	Councilperson		
Molly Whilesmith	Councilperson		
William E. Close	Township Manager		
Mary J. Coe	Municipal Clerk		
Grant Rome	Director of Finance; Purchasing Agent; Treasurer from November 2015	1,000,000	(1)
Mary Jones	Treasurer to November 2015	1,000,000	(1)
Dianne O'Connor	Tax Collector	1,000,000	(1)
Joseph Ferraris	Tax Assessor		
Thomas Ryan	Attorney		
Ernest Reigstad	Chief of Police; Emergency Management Coordinator		
John Opt'hof	Building Inspector		
Eric Powell	Engineer; Director Community Development		
Kathleen Chambers	Registrar of Vital Statistics		
John E. Mulhern	Judge	1,000,000	(1)
Bonnie Diamond	Court Administrator	1,000,000	(1)
Roxanne Landy	Deputy Court Administrator	1,000,000	(1)
Thomas G. Miller	Violations Clerk	1,000,000	(1)
Donald Critchlaw	Animal Control Officer		
Jim Zepp	Director of Public Works		
Philip Spaldi	Director of Utilities		
Thomas M. Ferry, C.P.A., R.M.A.	Auditor		

(1) MEL/JIF Underwriting Unit

All of the Bonds were examined and were properly executed.

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

Township of Sparta

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	State Account Number	Program or Award Amount	Grant Period To/From	12/31/2014		12/31/2015		Reserve Balance	12/31/2015 MEMO Total Expenditures
					(Receivable)	Reserve Balance	Receipts	Expenditures		
CURRENT FUND										
United States Department of Homeland Security (Passed through NJ Office of Emergency Management)	97.036	1200-100-066-1200-A92	2,054.63	1/1/15-12/31/15					2,054.63	
United States Department of Transportation (Passed through NJ Division of Highway Traffic Safety)	20.616	1160-100-066-1160-155 1160-100-066-1160-157 1160-100-066-1160-157	3,250.00 7,975.00 8,800.00	1/1/14-12/31/14 1/1/14-12/31/14 1/1/15-12/31/15					3,250.00 7,975.00 8,800.00	
Total US Department of Transportation	20.616								11,225.00	
TOTAL FEDERAL AID										
									11,225.00	
									10,854.63	
									13,279.63	
									8,800.00	

Township of Sparta
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2013		Receipts	Expended	Reserve Cancelled	12/31/2014		Total Expenditures
				(Receivable)	Reserve Balance				(Receivable)	Reserve Balance	
FEDERAL AND STATE GRANT FUND											
NJ Department of Environmental Protection:	4900-765-4900-004-Y42X-6020	42,908.53	1/1/13-12/31/13		30,816.28		29,745.74				1,070.54
Clean Communities	4900-765-042-4900-004	40,169.91	1/1/13-12/31/14		40,169.91		0.91				40,169.00
Clean Communities	4900-765-042-4900-004	48,810.80	1/1/15-12/31/15				48,810.80				48,810.80
Highlands Assessment	09-033-011-2116	20,839.65	Prior Years	(4,933.14)	14,901.65		6,456.00				8,445.65
Highlands Grant	N/A	60,459.30	Prior Years	(7,500.00)							
Total NJ Department of Environmental Protection:				(12,433.14)	85,887.84		48,810.80		36,201.74		98,495.99
NJ Department of Community Affairs:											
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X1-00-6020	21,041.01	Prior Years		13,180.84						13,180.84
Clean Communities	9735-760-098-Y900-001-X1-00-6020	1,510.00	1/1/11-12/31/11		1,510.00						1,510.00
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X1-00-6020	539.63	1/1/12-12/31/12		539.00						539.00
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X1-00-6020	527.75	1/1/13-12/31/13		527.00						527.00
Alcohol Education Rehab Fund	9735-760-098-9735-001	354.48	1/1/14-12/31/14		354.48						354.00
Municipal Alliance	N/A	16,042.00	1/1/13-12/31/13		9,669.83		9,669.83				11,086.83
Municipal Alliance	N/A	3,717.10	1/1/14-12/31/14		18,259.10		7,172.17		0.10		18,092.00
Municipal Alliance	N/A	2,050.00	1/1/15-12/31/15				18,092.00		16,842.00		45,239.67
Total NJ Department of Community Affairs:					44,040.25				0.58		
NJ Division of Motor Vehicles:											
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	10,785.60	1/1/12-12/31/12		5,938.97		574.00		0.15		5,364.82
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	18,794.15	1/1/13-12/31/14		18,794.15						18,794.15
Total NJ Division of Motor Vehicles:					-		24,733.12		0.15		24,733.12
NJ Department of Solid Waste Protection:											
Recycling Tonnage	4900-752-042-4900-001-Y42X-6020	19,879.00	1/1/11-12/31/11		11,684.97		11,684.97				4,530.26
Recycling Tonnage	4900-752-042-4900-001-Y42X-6020	33,331.98	1/1/12-12/31/12		33,331.00		28,380.74				27,651.00
Recycling Tonnage	4900-752-042-4900-001-Y42X-6020	27,651.81	1/1/13-12/31/13		27,651.00						26,302.00
Recycling Tonnage	4900-752-042-4900-001-Y42X-6020	26,303.88	1/1/14-12/31/14		26,303.88						24,898.91
Recycling Tonnage	4900-752-042-4900-001-Y42X-6020	24,898.91					24,898.91				
Total Department of Environmental Solid Waste Protection:					98,970.85		24,898.91		40,485.71		83,382.17
NJ Department of Law and Public Safety											
Body Armor	1020-718-065-1020-001	3,030.54	1/1/14-12/31/14		3,030.54		1,993.50		0.54		1,036.50
Body Armor	1020-718-065-020-001	3,110.02	1/1/15-12/31/15		-		3,030.54		3,110.02		3,110.02
Total NJ Department of Law and Public Safety					(12,433.14)		2,56,662.60		1,993.50		4,146.52
NJ Department of Transportation											
Municipal Aid - Demarest Rd I	6320-480-078-6320-AL5	145,000.00	1/1/15-12/31/15				108,750.00		145,000.00		
TOTAL FEDERAL AND STATE GRANT FUND							203,661.73		241,096.95		4,06
TOTAL STATE AID					(12,433.14)		256,662.60		203,661.73		255,473.32

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

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2015</u>	<u>Year 2014</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	2,550,000.00	2.580%	2,550,000.00	2.637%
Miscellaneous - From Other Than Local Property Tax Levies	4,203,716.15	4.253%	3,936,516.20	4.071%
Collection of Delinquent Taxes and Tax Title Liens	1,466,689.07	1.484%	1,565,232.86	1.619%
Collection of Current Tax Levy	89,593,850.47	90.651%	87,873,746.37	90.881%
Other Credits to Income	<u>1,019,733.84</u>	<u>1.032%</u>	<u>765,779.69</u>	<u>0.792%</u>
Total Revenue and Other Income Realized	98,833,989.53	100.000%	96,691,275.12	100.000%
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	21,952,163.60	23.032%	21,556,494.37	22.998%
Local School Taxes	57,572,424.00	60.404%	56,642,256.00	60.429%
Local Open Space Taxes	257,178.36	0.270%	257,218.96	0.274%
County Taxes	15,348,623.40	16.103%	15,275,732.78	16.297%
Other Expenditures	<u>182,343.57</u>	<u>0.191%</u>	<u>2,021.22</u>	<u>0.002%</u>
Total Expenditures	<u>95,312,732.93</u>	<u>100.000%</u>	<u>93,733,723.33</u>	<u>100.000%</u>
Statutory Excess to Fund Balance	3,521,256.60		2,957,551.79	
Fund Balance, January 1,	<u>4,779,314.70</u>		<u>4,371,762.91</u>	
Less:				
Utilized as Anticipated Revenue	<u>2,550,000.00</u>		<u>2,550,000.00</u>	
Fund Balance, December 31,	<u>5,750,571.30</u>		<u>4,779,314.70</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER UTILITY OPERATING FUND

	<u>Year 2015</u>	<u>Year 2014</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	815,000.00	17.687%	424,001.00	9.690%
Collection of Water Rents	3,046,920.70	66.123%	2,918,934.60	66.705%
Miscellaneous - From Other Than Water Rents	508,623.60	11.038%	793,623.11	18.136%
Other Credits to Income	<u>237,409.50</u>	<u>5.152%</u>	<u>239,321.93</u>	<u>5.469%</u>
Total Revenue and Other Income Realized	4,607,953.80	100.000%	4,375,880.64	100.000%
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,737,942.00	44.418%	1,821,983.00	52.122%
Capital Improvements	510,000.00	13.034%	110,000.00	3.147%
Debt Service	1,552,670.00	39.683%	1,451,498.00	41.524%
Deferred Charges and Statutory Expenditures	<u>112,100.00</u>	<u>2.865%</u>	<u>112,100.00</u>	<u>3.207%</u>
Total Expenditures	3,912,712.00	100.000%	3,495,581.00	100.000%
Excess (Deficit) in Revenue	695,241.80		880,299.64	
Fund Balance, January 1,	<u>1,267,734.75</u>		<u>811,436.11</u>	
	<u>1,962,976.55</u>		<u>1,691,735.75</u>	
Less:				
Utilized as Anticipated Revenue	<u>815,000.00</u>		<u>424,001.00</u>	
Fund Balance, December 31,	<u>1,147,976.55</u>		<u>1,267,734.75</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

SEWER UTILITY OPERATING FUND

	<u>Year 2015</u>	<u>Year 2014</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	94,000.00	7.886%	47,000.00	5.617%
Collection of Sewer User Fees	907,523.73	76.135%	842,528.84	66.055%
Miscellaneous - From Other Than Sewer Rents	17,518.69	1.470%	20,973.08	1.394%
Board of Education - Share of Debt Service	108,757.28	9.124%	129,670.20	10.314%
Sewer Capital Fund Balance		0.000%	6,000.00	2.006%
Sewer Reservation Fees	13,767.00	1.155%	2,901.60	0.162%
Sewer Connection Fees	19,346.13	1.623%	106,499.40	6.028%
Other Credits to Income	31,082.86	2.608%	53,601.30	8.424%
Total Revenue and Other Income Realized	1,191,995.69	100.000%	1,209,174.42	100.000%
Expenditures				
Budget Expenditures:				
Operating	730,432.00	64.845%	687,637.00	65.533%
Capital Improvements	5,000.00	0.444%		0.000%
Debt Service	389,094.13	34.542%	409,119.00	33.795%
Deferred Charges and Statutory Expenditures	1,900.00	0.169%	1,900.00	0.640%
Total Expenditures	1,126,426.13	100.000%	1,098,656.00	100.000%
Excess (Deficit) in Revenue	65,569.56		110,518.42	
Fund Balance, January 1,	110,555.52		47,037.10	
	176,125.08		157,555.52	
Less:				
Utilized as Anticipated Revenue	94,000.00		47,000.00	
Fund Balance, December 31,	82,125.08		110,555.52	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

SOLID WASTE UTILITY OPERATING FUND

	<u>Year 2015</u>	<u>Year 2014</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	164,500.00	7.154%	150,000.00	6.491%
Collection of Solid Waste Fees	1,998,328.36	86.911%	2,025,804.24	87.665%
Miscellaneous - From Other Than Sewer Rents	22,113.46	0.962%	21,506.55	0.931%
Other Credits to Income	<u>114,352.31</u>	<u>4.973%</u>	<u>113,539.00</u>	<u>4.913%</u>
<u>Total Revenue and Other Income Realized</u>	<u>2,299,294.13</u>	<u>100.000%</u>	<u>2,310,849.79</u>	<u>100.000%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,908,350.00	99.479%	1,860,147.00	99.518%
Deferred Charges and Statutory Expenditures	<u>10,000.00</u>	<u>0.521%</u>	<u>9,000.00</u>	<u>0.482%</u>
<u>Total Expenditures</u>	<u>1,918,350.00</u>	<u>100.000%</u>	<u>1,869,147.00</u>	<u>100.000%</u>
<u>Excess (Deficit) in Revenue</u>	<u>380,944.13</u>		<u>441,702.79</u>	
<u>Fund Balance, January 1,</u>	<u>1,205,634.86</u>		<u>913,932.07</u>	
	<u>1,586,578.99</u>		<u>1,355,634.86</u>	
Less:				
Utilized as Anticipated Revenue	<u>164,500.00</u>		<u>150,000.00</u>	
<u>Fund Balance, December 31,</u>	<u>1,422,078.99</u>		<u>1,205,634.86</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>3.889</u>	<u>3.826</u>	<u>3.745</u>

Apportionment of Tax Rate:

Municipal (1)	0.770	.751	.732
County	0.657	.653	.653
Local School	2.462	2.422	2.360

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

Assessed Valuation:

2015	2,337,985,083	
2014		2,338,354,165
2013		2,355,602,984

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>
2015	90,922,613.96	89,593,850.47	98.54%
2014	89,828,473.94	87,873,746.37	97.82%
2013	88,396,062.92	86,355,633.41	97.69%

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>
2015	1,302,216.93	43,502.02	1,345,718.95	1.48%
2014	1,496,578.15	635,365.16	2,131,943.31	2.37%
2013	1,302,100.02	974,626.41	2,276,726.43	2.58%

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>
2015	3,068,880.00
2014	652,580.00
2013	652,580.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2015	3,041,391.69	3,046,920.70
2014	2,932,179.38	2,918,934.60
2013	2,884,021.03	2,849,047.21

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2015	1,011,349.41	1,030,048.01
2014	973,661.73	975,100.64
2013	935,288.88	953,675.88

COMPARISON OF SOLID WASTE UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2015	1,996,684.27	1,998,328.36
2014	2,003,043.45	2,025,804.24
2013	1,981,032.95	1,957,666.69

* Includes collection of prior year receivables.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized In Budget</u> <u>of Succeeding</u> <u>Year</u>
<u>Current Fund:</u>			
	2015	5,750,571.30	2,800,000.00
	2014	4,779,314.70	2,550,000.00
	2013	4,371,762.91	2,550,000.00
	2012	3,943,998.92	2,300,000.00
	2011	2,242,873.67	1,400,000.00
<u>Water Utility:</u>			
Operating Fund:	2015	1,147,976.55	737,000.00
	2014	1,267,734.75	815,000.00
	2013	811,436.11	424,001.00
	2012	647,537.38	155,727.00
	2011	516,880.87	131,518.00
<u>Sewer Utility:</u>			
Operating Fund:	2015	82,125.08	80,400.00
	2014	110,555.52	94,000.00
	2013	47,037.10	47,000.00
	2012	75,998.70	70,000.00
	2011	173,616.65	112,000.00
<u>Solid Waste Utility:</u>			
Operating Fund:	2015	1,422,078.99	175,000.00
	2014	1,205,634.86	164,500.00
	2013	913,932.07	150,000.00
	2012	637,726.30	125,500.00
	2011	240,600.88	99,366.00

Township of Sparta, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	7,616,901.93
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	84,647.92
Collector of Taxes	A-6	91,287,975.38
Due To State - Senior Citizen and		
Veteran Deductions	A-7	131,000.00
Revenue Accounts Receivable	A-11	3,525,893.35
Interfunds	A-12	212,461.73
Various Cash Liabilities and Reserves	A-19	<u>235,988.24</u>
		<u>95,477,966.62</u>
		103,094,868.55
Decreased by Disbursements:		
Refund of Prior Year Tax Appeals	A-1	182,343.57
Current Year Budget Appropriations	A-3	19,292,807.78
Interfunds	A-12	506,261.60
Appropriation Reserves	A-14	958,706.53
Encumbrances Payable - Various Reserves	A-15	426,068.00
Local District School Taxes	A-17	57,572,424.00
County Taxes Payable	A-18	15,370,223.55
Various Cash Liabilities and Reserves	A-19	<u>312,703.99</u>
		<u>94,621,539.02</u>
Balance - December 31, 2015	A	<u>8,473,329.53</u>

Township of Sparta, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>
Balance - December 31, 2014	A <u>450.00</u>
Balance - December 31, 2015	<u>450.00</u>

Analysis of Balance:

Tax Collector	200.00
Deputy Clerk	50.00
Municipal Court	100.00
Construction	100.00
	<u>450.00</u>

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Schedule of Cash - Collector

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>
Increased by:	
Interest and Costs on Taxes	A-2 414,589.80
Tax Office Fees	A-2 100.00
Taxes Receivable	A-8 90,199,858.65
Tax Title Liens	A-9 144,688.26
2016 Prepaid Taxes	A-16 <u>528,738.67</u>
	<u>91,287,975.38</u>

Decreased by:

Turned over to Treasurer	A-4
	<u>91,287,975.38</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, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	A	46,030.46
Increased by:		
Cash Receipts	A-4	131,000.00
		<hr/> 177,030.46
Decreased by:		
Senior Citizens' and Veterans'		
Deductions Per Tax Billings		128,750.00
Senior Citizens' and Veterans'		
Deductions Allowed by Tax Collector		
Current Year		3,000.00
Less: Senior Citizens' and Veterans'		
Deductions Disallowed by Tax Collector		
Current Year		<hr/> 1,000.00
	A-8	<hr/> 130,750.00
Balance - December 31, 2015	A	<hr/> 46,280.46

Township of Sparta, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	Levy	Added Taxes	Collected 2014	Collected 2015	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2015
2013	461,36			393.49			67.87	141,243.76	28,352.66
2014	1,496,116.79			1,321,607.32			4,913.05	141,243.76	28,352.66
	1,496,578.15			1,322,000.81			4,980.92	141,243.76	28,352.66
2015		90,922,613.96	184,095.54	585,242.63	88,877,857.84	130,750.00	114,560.72	124,434.04	1,273,864.27
		90,922,613.96	184,095.54	585,242.63	90,199,858.65	130,750.00	119,541.64	265,677.80	1,302,216.93
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.

90,922,613.96
184,095.54

91,106,709.50

Tax Levy:

Municipal Open Space Tax
Local District School Tax
County Tax
Added County Taxes

A-12	257,178.36
A-17	57,572,424.00
A-18	
A-18	15,317,430.68
	31,192.72
A-2	15,348,623.40
	73,178,225.76

Local Tax for Municipal Purposes
Additional Taxes

17,777,160.00
151,323.74
17,928,483.74

91,106,709.50

Township of Sparta, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	635,365.16
Increased by:		
Interest and Costs Accrued by Sale		945.06
Transfers from Taxes Receivable	A-8	<u>119,541.64</u>
		<u>120,486.70</u>
		755,851.86
Decreased by:		
Canceled		3,801.37
Cash Receipts	A-2;A-6	144,688.26
Transfer to Property Acquired for Taxes - Assessed Valuation	A-10	<u>563,860.21</u>
		<u>712,349.84</u>
Balance - December 31, 2015	A	<u>43,502.02</u>

A-10

Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	652,580.00
Increased by:		
Transfer from Tax Title Liens	A-9	563,860.21
Adjustment to Assessed Valuation		<u>1,852,439.79</u>
		<u>2,416,300.00</u>
Balance - December 31, 2015	A	<u>3,068,880.00</u>

Township of Sparta, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Other	A-2	8,730.00	8,730.00
Alcoholic beverages	A-2	16,374.00	16,374.00
Fees and Permits			
Board of Health - Sewer	A-2	19,746.00	19,746.00
Host Community Fee	A-2	18,548.09	18,548.09
Police	A-2	19,200.81	19,200.81
Clerk	A-2	6,786.90	6,786.90
Marriage License	A-2	225.00	225.00
Planning Board	A-2	44,497.53	44,497.53
Zoning	A-2	18,577.65	18,577.65
Registrar	A-2	17,765.00	17,765.00
Tax Assessor	A-2	616.30	616.30
Leaf Bags	A-2	2,060.00	2,060.00
Cell Tower	A-2	326,710.24	326,710.24
Quarry Royalties	A-2	122,916.69	122,916.69
Municipal Court :			
Fines and Costs	A-2	278,803.44	278,803.44
Watershed Moratorium	A-2	29,328.00	29,328.00
Garden State Trust Pilot	A-2	28,476.00	28,476.00
Payments in Lieu of Taxes on Senior Housing	A-2	158,046.53	158,046.53
Uniform Construction	A-2	379,366.15	379,366.15
Consolidated Municipal Property Tax			
Relief Aid	A-2	47,814.00	47,814.00
Energy Receipts Tax	A-2	1,187,607.00	1,187,607.00
Interest on Investments and Deposits	A-2	54,872.05	54,872.05
Interlocal Dispatch Costs	A-2	410,320.00	410,320.00
Interlocal Finance Hardyston BOE	A-2	5,422.96	5,422.96
Interlocal Finance Hardyston	A-2	31,837.00	31,837.00
Interlocal Finance Hardyston MUA	A-2	14,598.00	14,598.00
Solar Renewable Energy Credits	A-2	149,483.60	149,483.60
Uniform Fire Safety	A-2	45,518.41	45,518.41
Cable TV Franchise Fee	A-2	81,646.00	81,646.00
		<u>3,525,893.35</u>	<u>3,525,893.35</u>

Township of Sparta, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2015

Fund	Ref.	Due From/(To) Balance Dec. 31, 2014	Increased	Decreased	Due From/(To) Balance Dec. 31, 2015
Other Trust Fund	A	2,021.22	257,178.36	257,178.36	2,021.22
Federal and State Grant Fund	A	(294,194.23)	216,711.73	249,087.30	(261,818.66)
		<u>(292,173.01)</u>	<u>473,890.09</u>	<u>506,265.66</u>	<u>(259,797.44)</u>
<u>Analysis</u>					
Interfund Accounts Receivable		2,021.22			2,021.22
Interfund Accounts Payable		<u>(294,194.23)</u>			<u>(261,818.66)</u>
		<u>(292,173.01)</u>			<u>(259,797.44)</u>
Unappropriated Reserves Cancelled	A-1	4,250.00			4.06
Matching Funds for Grants	A-3				506,261.60
Disbursed	A-4				212,461.73
Received	A-4				257,178.36
Municipal Open Space Tax	A-1; A-8				<u>473,890.09</u>
					<u>506,265.66</u>

Township of Sparta, N.J.

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

Current Fund

Year Ended December 31, 2015

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2014</u>		<u>Reduced in 2015</u>	<u>Balance, Dec. 31, 2015</u>
				<u>Dec. 31, 2014</u>	<u>Reduced in 2015</u>		
09/27/11	Hurricane Irene Damage	415,000.00	83,000.00	166,000.00	83,000.00		83,000.00
11/27/12	Revision of Tax Map	200,000.00	40,000.00	120,000.00	40,000.00		80,000.00
12/10/13	Revaluation of Taxes	800,000.00	160,000.00	640,000.00	160,000.00		480,000.00
		<u>1,415,000.00</u>	<u>283,000.00</u>	<u>926,000.00</u>	<u>283,000.00</u>	<u>A</u>	<u>643,000.00</u>
						<u>A-3</u>	

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
General Administration	23,669.37	23,669.37	1,293.70	22,375.67
Township Council	50.14	50.14		50.14
Township Clerk	6,893.86	6,893.86		6,893.86
Elections	3,000.00	3,000.00		3,000.00
Financial Administration	6,129.91	6,129.91		6,129.91
Computerized Data Processing	111.89	111.89		111.89
Collection of Taxes	480.71	930.71	905.38	25.33
Assessment of Taxes	51.63	51.63		51.63
Municipal Court	23,248.70	23,248.70	936.54	22,312.16
Engineering Services and Costs	10,292.19	10,292.19		10,292.19
Planning Board	1,103.85	1,103.85		1,103.85
Planning Department	3,209.84	3,209.84		3,209.84
Board of Adjustment	5,134.04	5,134.04		5,134.04
Police	32,081.37	32,081.37	9,907.29	22,174.08
Police Dispatch 911	41,017.19	41,017.19	7,503.99	33,513.20
Uniform Fire Safety	9,709.89	9,709.89	840.92	8,868.97
Road Repair and Maintenance	36,889.38	35,989.38	35,989.38	0.00
Public Buildings and Grounds	25,863.54	25,863.54	1,232.51	24,631.03
Vehicle Maintenance	24,941.24	24,941.24	24,941.24	0.00
Snow Removal	4,039.92	4,039.92	4,039.92	0.00
DPW Administration	57.92	957.92	957.92	0.00
Environmental Commission	1,196.64	1,196.64		1,196.64
Animal Regulations	5.84	5.84		5.84
Committee on Aging	2,304.44	2,304.44	504.00	1,800.44
Recreation Services and Programs	1,120.08	1,120.08		1,120.08
Maintenance of Parks	13,114.64	13,114.64	843.36	12,271.28
Construction Official	2,931.02	4,431.02	3,717.02	714.00
Total Salaries and Wages Within "CAPS"	278,649.24	280,599.24	93,613.17	186,986.07
Other Expenses Within "CAPS":				
General Administration	4,918.67	4,918.67	646.50	4,272.17
Purchasing	14,485.28	14,485.28	2,522.51	11,962.77
Township Council	13,236.72	13,236.72	2,789.52	10,447.20
Township Clerk	6,670.99	6,670.99	2,866.28	3,804.71
Elections	458.37	458.37		458.37
Financial Administration	5,882.37	5,882.37	5,633.63	248.74
Audit Services	20,346.25	20,346.25	19,707.50	638.75

Township of Sparta, N.J.

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Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers	Paid or Charged	Balance Lapsed
Computerized Data Processing	8,379.12	8,379.12	6,469.89	1,909.23
Collection of Taxes	3,244.57	2,794.57	210.98	2,583.59
Assessment of Taxes	30,581.83	30,581.83	3,998.46	26,583.37
Legal Services and Costs	24,311.43	24,311.43	6,555.72	17,755.71
Municipal Court	10,863.67	10,863.67	8,185.68	2,677.99
Engineering Services and Costs	10,054.96	10,054.96	348.00	9,706.96
Planning Board	30,740.90	30,740.90	1,242.00	29,498.90
Planning Department	4,094.08	4,094.08	385.90	3,708.18
Economic Development	13,450.00	13,450.00	1,500.00	11,950.00
Board of Adjustments	10,985.28	10,985.28	118.89	10,866.39
Insurance				0.00
General Liability	15,372.10	15,372.10		15,372.10
Workers' Compensation Insurance	8,938.72	8,938.72		8,938.72
Employee Group Health	438,207.47	438,207.47	281,584.11	156,623.36
Unemployment Compensation Insurance	20,000.00	20,000.00		20,000.00
Police	40,965.73	40,965.73	13,451.99	27,513.74
Purchase of Police Cars	2,250.39	2,250.39		2,250.39
Police Dispatch 911	1,900.00	1,900.00	70.00	1,830.00
Emergency Management Services	1,345.15	1,345.15		1,345.15
Aid to Volunteer Ambulance Companies	45,000.00	45,000.00	11,850.00	33,150.00
Fire	11,310.96	11,310.96	10,961.48	349.48
Uniform Fire Safety	3,825.04	3,825.04		3,825.04
Municipal Prosecutor	3,093.37	3,093.37	3,083.33	10.04
Road Repairs and Maintenance	19,634.10	19,634.10	19,634.10	0.00
Garbage and Trash Removal	36,176.31	36,176.31	2,470.57	33,705.74
Public Buildings and Grounds	26,693.21	26,693.21	10,258.57	16,434.64
Vehicle Maintenance	54,554.44	54,554.44	54,554.44	0.00
Snow Removal	125,118.44	125,118.44	125,118.44	0.00
DPW Administration	161.01	161.01	161.01	0.00
Municipal Services Act-Condo Costs	21,200.00	21,200.00	16,595.71	4,604.29
Health and Human Service Function				
Health and Welfare Department	982.45	982.45	73.50	908.95
Environmental Commission	2,740.00	2,740.00		2,740.00
Animal Regulation	1,421.05	1,421.05	320.00	1,101.05
Committee on Aging	1,575.06	1,575.06	238.17	1,336.89
Recreation Services and Programs	8,167.07	8,167.07	2,262.00	5,905.07
Maintenance of Parks	14,512.04	14,512.04	9,578.93	4,933.11
Electricity	25,817.41	25,817.41	7,724.00	18,093.41
Street Lighting	17,692.37	17,692.37	5,831.14	11,861.23

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers	Paid or Charged	Balance Lapsed
Telephone and Telegraph	5,324.89	5,324.89	5,317.32	7.57
Water	1,340.85	1,340.85	298.64	1,042.21
Natural Gas	5,450.86	5,450.86	1,227.86	4,223.00
Diesel Fuel, Fuel Oil	2,915.85	2,915.85		2,915.85
Sewerage Processing and Disposal	13,509.32	13,509.32		13,509.32
Gasoline	24,611.00	24,611.00	9,122.71	15,488.29
Construction Official	33,128.66	31,628.66	26,504.90	5,123.76
Accumulated Sick Leave	115,396.69	115,396.69	115,396.69	0.00
 Total Other expenses Within "CAPS"	 1,363,036.50	 1,361,086.50	 796,871.07	 564,215.43
 Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	10,257.00	10,257.00		10,257.00
Public Employees' Retirement System - ERIP	14,959.00	14,959.00		14,959.00
Social Security (O.A.S.I.)	61,126.70	61,126.70	1,961.86	59,164.84
Police and Firemen's Retirement System of NJ	55,514.24	55,514.24		55,514.24
 Total Deferred Charges and Statutory Expenditures Within "CAPS"	 141,856.94	 141,856.94	 1,961.86	 139,895.08
 Total Reserves Within "CAPS"	 1,783,542.68	 1,783,542.68	 892,446.10	 891,096.58
 Other Expenses Excluded From "CAPS":				
Maintenance of Free Public Library	56,260.43	56,260.43	56,260.43	0.00
Service Award Program	10,000.00	10,000.00	10,000.00	0.00
 Total Other Expenses Excluded from "CAPS"	 66,260.43	 66,260.43	 66,260.43	 0.00
 Total Reserves Excluded from "CAPS"	 66,260.43	 66,260.43	 66,260.43	 0.00
 Total Reserves	 1,849,803.11	 1,849,803.11	 958,706.53	 891,096.58
			A-4	A-1
Ref.				
Unencumbered	A 1,384,460.64			
Encumbered	A 465,342.47			
	 1,849,803.11			

Township of Sparta, N.J.

Schedule of Encumbrances Payable - Various Reserves

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	534,458.50
Increased by:		
Various Cash Liabilities and Reserves	A-19	<u>25,476.76</u>
		<u>559,935.26</u>
Decreased by:		
Cash Disbursements	A-4	<u>426,068.00</u>
Balance - December 31, 2015	A	<u>133,867.26</u>

Township of Sparta, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	585,242.63
Increased by:		
Receipts - Prepaid 2016 Taxes	A-6	<u>528,738.67</u>
		<u>1,113,981.30</u>
Decreased by:		
Applied to 2015 Taxes	A-8	<u>585,242.63</u>
Balance - December 31, 2015	A	<u>528,738.67</u>

Township of Sparta, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year 2015	A-1; A-8	<u>57,572,424.00</u>

	<u>Ref.</u>	
Decreased by:		
Payments	A-4	<u>57,572,424.00</u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	52,792.87
Increased by:		
Levy	A-8	15,317,430.68
Added and Omitted Taxes	A-8	<u>31,192.72</u>
	A-1	<u>15,348,623.40</u>
		<u>15,401,416.27</u>
Decreased by:		
Payments	A-4	<u>15,370,223.55</u>
Balance - December 31, 2015	A	<u>31,192.72</u>

Township of Sparta, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2015

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2014	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2015
<u>Liabilities:</u>				
Tax Overpayments	78,941.60	205,406.24	255,094.25	29,253.59
Due to State of New Jersey:				
Construction Code Surcharge	7,826.00	28,482.00	30,023.00	6,285.00
Marriage License Surcharge	625.00	2,100.00	2,375.00	350.00
<u>Reserves for:</u>				
Revaluation of Taxes	205,861.00		688.50	205,172.50
Tax Maps	14,276.55			14,276.55
Hurricane Irene	93,985.28		93,985.28	
	<u>401,515.43</u>	<u>235,988.24</u>	<u>382,166.03</u>	<u>255,337.64</u>
	A			A
	<u>Ref.</u>			
Cancelled to Surplus	A-1		43,985.28	
Receipts	A-4	235,988.24		
Disbursed	A-4		312,703.99	
Reserve for Encumbrances	A-15		25,476.76	
	<u>235,988.24</u>	<u>382,166.03</u>		

Township of Sparta, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Budget Revenue	Received	Transfer from Unappropriated Reserves	Balance, Dec. 31, 2015
Grant					
Federal Grants:					
Click It or Ticket		3,250.00		3,250.00	
Drive Sober or Get Pulled Over		7,975.00		7,975.00	
		11,225.00		11,225.00	
State Grants					
Recycling Tonnage Grant		26,302.00		26,302.00	
Clean Communities Grant		40,169.00		40,169.00	
Body Armor Grant		3,030.00		3,030.00	
Municipal Court Alcohol Rehab		354.00		354.00	
Highlands Grant	12,433.14	18,259.00	16,042.00	2,217.00	12,433.14
Municipal Alliance Program		18,794.00		18,794.00	
Drunk Driving Enforcement Fund		145,000.00	108,750.00		36,250.00
DOT Grant - Demarest Road		251,908.00	124,792.00	90,866.00	48,683.14
	12,433.14	263,133.00	124,792.00	102,091.00	48,683.14
	A	A-2	A-23	A-22	A

Township of Sparta, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

	<u>Grant</u>	<u>Balance, Dec. 31, 2014</u>	<u>Transfer From 2015 Budget</u>	<u>Expended</u>	<u>Balance, Dec. 31, 2015</u>
Federal Grants:					
Drive Sober or Get Pulled Over			7,975.00	7,975.00	
Click It or Ticket			3,250.00	3,250.00	
			11,225.00	11,225.00	
State Grants:					
Recycling Tonnage Grant		72,666.97	26,302.00	40,485.71	58,483.26
Drunk Driving Enforcement Fund		5,938.97	18,794.00	574.00	24,158.97
Clean Communities		30,816.28	40,169.00	29,745.74	41,239.54
Alcohol Education & Rehab Grant		15,756.84	354.00		16,110.84
Municipal Alliance on Alcoholism and Drug Abuse		25,711.83	18,259.00	16,842.00	27,128.83
State Share		16,834.37	4,250.00	1,000.00	20,084.37
Local Share			3,030.00	1,993.50	1,036.50
Body Armor Replacement				6,456.00	8,445.65
Highlands Commission Grant		14,901.65			
NJDOT Grant - Demarest Road					
		182,626.91	145,000.00	145,000.00	
			256,158.00	242,096.95	196,687.96
		182,626.91	267,383.00	253,321.95	196,687.96
	<u>A</u>				<u>A</u>
Ref.					
A-3		263,133.00			
A-23		4,250.00			
A-23					227,177.84
A-24					26,144.11
					<u>253,321.95</u>
State and Federal Grants Matching Funds for Grants Interfund - Current Fund Encumbrances Payable					

Township of Sparta, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

Grant	Balance Dec. 31, 2014	Transfer To 2015 Budget	Received	Cancelled	Balance Dec. 31, 2015
Federal Grants:					
Click It or Ticket	3,250.00	3,250.00			
Drive Sober or Get Pulled Over	7,975.00	7,975.00	8,800.00		8,800.00
	<u>11,225.00</u>	<u>11,225.00</u>	<u>8,800.00</u>		<u>8,800.00</u>
State Grants					
Recycling Tonnage Grant	26,303.88	26,302.00	24,898.91	1.88	24,898.91
Clean Communities	40,169.91	40,169.00	48,810.80	0.91	48,810.80
Drunk Driving Enforcement Fund	18,794.15	18,794.00		0.15	0.00
Alcohol Education and Rehabilitation Fund	354.48	354.00		0.48	0.00
Body Armor Replacement Fund	3,030.54	3,030.00	3,110.02	0.54	3,110.02
Municipal Alliance on Alcoholism and Drug Abuse	2,217.10	2,217.00	2,050.00	0.10	2,050.00
	<u>90,870.06</u>	<u>90,866.00</u>	<u>78,869.73</u>	<u>4.06</u>	<u>78,869.73</u>
	<u>102,095.06</u>	<u>102,091.00</u>	<u>87,669.73</u>	<u>4.06</u>	<u>87,669.73</u>
	<u>A</u>	<u>A-20</u>	<u>A-23</u>	<u>A-23</u>	<u>A</u>

Township of Sparta, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2015

	Due From/(To)		Decreased	Due From/(To) Balance <u>Dec. 31, 2015</u>
	Ref.	Dec. 31, 2014	Increased	
Current Fund				
A	<u>294,194.23</u>	<u>216,711.73</u>	<u>249,087.30</u>	<u>261,818.66</u>
State Grant Receipts	A-20	124,792.00		
Matching Funds for State Grants	A-21	4,250.00		
State Grant Expenditures	A-21		227,177.84	
Unappropriated Reserves	A-22	87,669.73	4.06	
Encumbrances	A-24		21,905.40	
		<u>216,711.73</u>	<u>249,087.30</u>	

Township of Sparta, N.J.

Schedule of Encumbrances Payable**Federal and State Grant Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	A	21,905.40
Increased by:		
Appropriated Reserves	A-21	<u>26,144.11</u>
		<u>48,049.51</u>
Decreased by:		
Interfund - Current Fund	A-23	<u>21,905.40</u>
Balance - December 31, 2015	A	<u>26,144.11</u>

Township of Sparta, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

		Emergency Services		
		Volunteer Length of Service Award	Animal Control Trust	Other Trust Funds
	<u>Ref.</u>	<u>Program</u>	<u>Fund</u>	
Balance - December 31, 2014	B	81,642.79	34,787.19	3,873,369.23
Increased by Receipts:				
Interfund - Current Fund	B-3			3,209,795.65
Prepaid Dog Licenses	B-4		11,834.00	
Other Trust Funds	B-5			23,112,847.50
Dog License Fees - Township Share	B-7		13,671.51	
Cat License Fees	B-7		3,185.00	
Dog Late Fees	B-7		1,790.00	
Cat Late Fees	B-7		280.00	
Miscellaneous	B-7		149.89	
Dog License Fees - State Share	B-8		2,724.60	
Township Contributions	B-9	21,850.00		
Increase in Investment Value	B-10	506.36		
Total Receipts		22,356.36	33,635.00	26,322,643.15
		103,999.15	68,422.19	30,196,012.38
Decreased by Disbursements:				
Interfund - Current Fund	B-3			3,209,795.65
Other Trust Funds	B-5			23,151,718.00
Reserve from Encumbrances	B-6		421.75	121,849.42
Reserve (Deficit) for Animal Control Expenditures	B-7		23,159.44	
State Share - Dog Licenses	B-8		2,721.00	
Accounting Charge	B-10	900.00		
Total Disbursements		900.00	26,302.19	26,483,363.07
Balance - December 31, 2015	B	103,099.15	42,120.00	3,712,649.31

Township of Sparta, N.J.

Schedule of Change Fund

Animal Control Trust Fund

Year Ended December 31, 2015

Ref.

Balance - December 31, 2014	B	<u>25.00</u>
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Balance - December 31, 2015	B	<u>25.00</u>
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Township of Sparta, N.J.

Schedule of Interfunds**Other Trust Fund****Year Ended December 31, 2015**

	Due From/(To) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2015</u>
Interfund - Current	<u>(2,021.22)</u>	<u>3,209,795.65</u>	<u>3,209,795.65</u>	<u>(2,021.22)</u>

Township of Sparta, N.J.**Schedule of Prepaid Licenses - Animal Control****Trust Funds****Year Ended December 31, 2015**Ref.

Balance - December 31, 2014	B	16,077.00
Increased by:		
Cash Receipts	B-1	<u>11,834.00</u>
		27,911.00
Decreased by:		
Prepaid Dog Licenses Applied	B-7	<u>10,254.00</u>
Balance - December 31, 2015	B	<u><u>17,657.00</u></u>

Township of Sparta, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Reserve for P.O.A.A.	2,140.54	24.00	-	2,164.54
Reserve for Recreation Activities	62,262.03	760,298.21	700,067.69	122,492.55
Reserve for Health Plan	15,789.65	7,344.09	20,150.70	2,983.04
Reserve for Outside Police Employment	37,147.76	134,150.71	122,788.14	48,510.33
Reserve for Public Defender	757.33	7,251.74	6,273.27	1,735.80
Reserve for Cash Bonds	68,012.20	10,936.50	-	78,948.70
Reserve for Snow Removal	140,659.16	235,437.66	215,649.78	160,447.04
Reserve for Public Safety Donation	5,564.19	50.00	-	5,614.19
Reserve for Fire Safety	2,800.00	1,350.00	-	4,150.00
Reserve for State Unemployment Insurance Tax	135,252.40	14,276.34	2,834.55	146,694.19
Reserve for C.O.A.H. Fees	352,418.59	155,032.69	40,179.00	467,272.28
Reserve for Performance Bonds	573,827.85	35,963.01	53,257.67	556,533.19
Reserve for Developer's Escrow	81,027.66	71,016.67	75,337.14	76,707.19
Reserve for Accrued Leave	476,486.75	-	57,894.26	418,592.49
Reserve for Open Space	514,515.55	259,558.69	257,920.00	516,154.24
Reserve for Payroll	8,352.64	19,443,130.70	19,448,238.57	3,244.77
Reserve for Flexible Spending Account	5,333.74	41,149.09	40,717.32	5,765.51
Reserve for Premium on Tax Sale	1,257,800.00	629,700.00	824,400.00	1,063,100.00
Reserve for Outside Lienholder	9,350.55	1,306,177.40	1,308,107.96	7,419.99
	<u>3,749,498.59</u>	<u>23,112,847.50</u>	<u>23,173,816.05</u>	<u>3,688,530.04</u>
	B			B

	Ref.	
Encumbrances	B-6	22,098.05
Cash Receipts	B-1	23,112,847.50
Cash Disbursements	B-1	23,151,718.00
	<u>23,112,847.50</u>	<u>23,173,816.05</u>

Township of Sparta, N.J.**Schedule of Reserve for Encumbrances****Trust Funds****Year Ended December 31, 2015**Ref.

Balance - December 31, 2014	B	122,271.17
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Increased by:

Charges to Animal Control Fund	B-7	835.00
Charges to Other Trust Reserves	B-5	<u>22,098.05</u>
		22,933.05
		<u>145,204.22</u>

Decreased by:

Animal Control Disbursed	B-1	421.75
Other Trust Disbursed	B-1	<u>121,849.42</u>
		122,271.17

Balance - December 31, 2015	<u>22,933.05</u>
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Analysis of Balance

Animal Control Trust Fund	B	835.00
Other Trust Funds	B	<u>22,098.05</u>
		22,933.05

Township of Sparta, N.J.

Reserve (Deficit) for Animal Control Fund Expenditures

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	18,308.64
Increased by:		
Dog License Fees	B-1	13,671.51
Prepaid Dog Licenses Applied	B-4	10,254.00
Cat License Fees	B-1	3,185.00
Dog Late Fees	B-1	1,790.00
Cat Late Fees	B-1	280.00
Miscellaneous	B-1	<u>149.89</u>
		29,330.40
		<u>47,639.04</u>
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	23,159.44
Encumbrances	B-6	<u>835.00</u>
		23,994.44
Balance - December 31, 2015	B	<u>23,644.60</u>

License Fees Collected

<u>Year</u>		
2014		26,660.00
2013		<u>19,565.00</u>
		46,225.00

B-8

Schedule of Due To State Department of Health

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	4.80
Increased by:		
State Fees Collected	B-1	<u>2,724.60</u>
		2,729.40
Decreased by:		
Paid to State	B-1	<u>2,721.00</u>
Balance - December 31, 2015	B	<u>8.40</u>

Township of Sparta, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	21,850.00
Increased by:		
2015 Township Contributions	B-10	<u>17,480.00</u>
		<u>39,330.00</u>
Decreased by:		
Receipts	B-1	<u>21,850.00</u>
Balance - December 31, 2015	B	<u>17,480.00</u>

B-10

Schedule of Net Position Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	103,492.79
Increased by:		
2015 Township Contributions	B-9	17,480.00
Increase in Investment Value	B-1	<u>506.36</u>
		<u>17,986.36</u>
		<u>121,479.15</u>
Decreased by:		
Accounting Charge	B-1	<u>900.00</u>
Balance - December 31, 2015	B	<u>120,579.15</u>

Township of Sparta, N.J.**Schedule of Cash****General Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	2,229,132.25
Increased by Receipts:		
Budget Appropriations:		
Improvement Costs	C-5	7,236.51
Capital Improvement Fund	C-9	<u>1,000,000.00</u>
		<u>1,007,236.51</u>
		<u>3,236,368.76</u>
Decreased by Disbursements:		
Bond Anticipation Notes	C-7	269,800.00
Improvement Authorizations	C-8	900,938.21
Encumbrances Payable	C-10	<u>319,145.69</u>
		<u>1,489,883.90</u>
Balance - December 31, 2015	C	<u>1,746,484.86</u>

Township of Sparta, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2015

	Receipts	Disbursements			Transfers From To	Balance or (Deficit) Dec. 31, 2015
		Budget Appropriations	Improvement Authorizations	Miscellaneous		
Fund Balance						
Capital Improvement Fund	273,006.69				513.33	279,385.52
Reserve for Encumbrances	291,304.16	1,000,000.00			1,000,000.00	291,304.16
Reserve for Developers Contribution	322,222.69				319,145.69	305,427.22
Reserve for Bond Closing Costs	74,566.00					74,566.00
	6,892.16				6,892.16	
Improvement Authorizations:						
99-04	2005 General Improvements	93,260.00		93,229.58		30.42
07-18	Acquisition of Lands	42,480.45		26,685.36		15,795.09
07-25	Improvements of White Lake Park	4,589.29				4,589.29
08-17	Acquisition of Communication/911 Equipment	21,611.59				16,216.62
09-14	2009 - Various Improvements and Equipment:	12,746.14				
09-26	Acquisition and Installation of Sustainable Energy Solar Panels	22,115.55		8,078.77		14,036.78
10-16	2010 - Various Improvements and Equipment	1,261.60		634.29		627.31
10-18	2010 - Various Improvements or Purposes	244,445.86		23,224.90		221,341.29
10-23	Installation of Solar Panels at Germany Flats	317,911.50		1,348.14	393.00	313.33
11-10	Improvements to Town Center	(7,236.51)				
12-10	Various Improvements and Purposes	116,015.98		7,236.51		116,015.98
12-11	Various Capital Improvements	41,928.00				
12-12	Purchase Ladder Truck	8,083.49			6,627.08	1,456.41
13-06	Various Capital Improvements	85,258.99				21,360.96
14-05	Various Capital Improvements	206,668.62				33,519.40
14-07	Purchase Emergency Traffic Devices	50,000.00				
15-05	Various Capital Improvements					
	2,229,132.25	1,007,236.51		588,945.69	1,000,000.00	161,176.99
					1,315,909.71	1,746,484.86
						C

Township of Sparta, N.J.**Schedule of Deferred Charges to Future
Taxation - Funded****General Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	9,670,000.00
Decreased by:		
Serial Bonds Paid by Current Year		
Budget Appropriations and Bond Proceeds	C-6	<u>895,000.00</u>
Balance - December 31, 2015	C	<u>8,775,000.00</u>

Township of Sparta, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	Notes Paid by 2015 Budget Appropriation	Funded by Budget Appropriation	Analysis of Balance Dec. 31, 2015	
					Funded by Open Space Trust Fund	Balance Dec. 31, 2015
04-07	2004 General Township Improvements	80,900.00	80,900.00			
06-08	2006 General Township Improvements	145,000.00	145,000.00			
07-12	2007 Various Improvements	76,500.00	76,500.00			
07-18	Acquisition of Lands	1,350,000.00	150,000.00			
07-25	Improvements of White Lake Park	256,000.00			256,000.00	
11-10	Improvements to Town Center	7,236.51			7,236.51	
		<u>1,915,636.51</u>	<u>452,400.00</u>		<u>7,236.51</u>	
		<u>C</u>	<u>C-7</u>		<u>C-2</u>	
					<u>C-7</u>	

Township of Sparta, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

Township of Sparta, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2015

Township of Sparta, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2015

Township of Sparta, N.J.**Schedule of Capital Improvement Fund****General Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	291,304.16
Increased by:		
Budget Appropriation	C-2	<u>1,000,000.00</u>
		<u>1,291,304.16</u>
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	C-8	<u>1,000,000.00</u>
Balance - December 31, 2015	C	<u>291,304.16</u>

Township of Sparta, N.J.**Schedule of Reserve for Encumbrances****General Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	322,222.69
Increased by:		
Improvement Authorizations	C-8	305,427.22
		<u>627,649.91</u>
Decreased by:		
Cash Disbursed	C-2	319,145.69
Cancelled	C-8	<u>3,077.00</u>
		<u>322,222.69</u>
Balance - December 31, 2015	C	<u>305,427.22</u>

Schedule of Reserve for Developers Contribution**General Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	<u>74,566.00</u>
Balance - December 31, 2015	C	<u>74,566.00</u>

Township of Sparta, N.J.

Schedule of Reserve for Bond Closing Costs

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	<u>6,892.16</u>

Decreased by:

Cancelled to Fund Balance	C-1	<u>6,892.16</u>
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Township of Sparta, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Funded by		
		Balance Dec. 31, 2014	Budget	Appropriation
11-10	Improvements to Town Center	<u>7,236.51</u>		<u>7,236.51</u>
			Footnote C	C-5

Township of Sparta, N.J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance - December 31, 2014	D	<u>1,808,522.72</u>	<u>39,697.95</u>	<u>291,377.27</u>
Increased by Receipts:				
Fire Hydrant Service	D-2	45,375.83		
Miscellaneous Revenues	D-2	144,000.92		
Water Tower Cell Phone Lease	D-2	187,093.56		
Miscellaneous Revenues not Anticipated	D-2	131,428.56		
Water Capital Surplus	D-3			45,424.00
Interfund Receipts	D-10	724.73	724.73	
Consumer Accounts Receivable	D-11	3,009,304.10		
Water Assessments Receivable	D-13		41,190.98	
Water Rents Overpayments	D-17	35,711.39		
Bond Anticipation Notes	D-22			498,500.00
Capital Improvement Fund	D-26			500,000.00
		<u>3,553,639.09</u>	<u>41,915.71</u>	<u>1,043,924.00</u>
Decreased by Disbursements:				
Budget Appropriations	D-4	3,462,500.51		
Interfund Disbursements	D-10		724.73	
Water Rents Overpayments	D-17	1,652.65		
Appropriation Reserves	D-16	68,075.66		
Interest on Bonds	D-18	281,086.67		
Interest on Loans	D-19	27,011.04		
Interest on Notes	D-20	42,108.49		
Assessment Bond Anticipation Notes	D-22		39,600.00	
Improvement Authorizations	D-25			691,318.95
Encumbrances Payable	D-27			96,096.89
		<u>3,882,435.02</u>	<u>40,324.73</u>	<u>787,415.84</u>
Balance - December 31, 2015	D	<u>1,479,726.79</u>	<u>41,288.93</u>	<u>547,885.43</u>

Township of Sparta, N.J.

Schedule of Analysis of Water Utility Assessment Trust Cash

Water Utility Fund

Year Ended December 31, 2015

	Receipts		Disbursements		Balance Dec. 31, 2015
	Assessments	Receivable	Notes	Paid	
Balance Dec. 31, 2014					
24,090.79	32,202.75	22,100.00	34,193.54		
15,607.16	8,988.23	17,500.00	7,095.39		
39,697.95	41,190.98	39,600.00	41,288.93		
D				D	

Interfund Payable - Water Operating Fund

Assessment Notes:

Ord. No. 06-16

Ord. No. 09-04

Township of Sparta, N.J.

Schedule of Water Utility Capital Cash

Water Utility Fund

Year Ended December 31, 2015

D-10

Township of Sparta, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water Utility Fund

Year Ended December 31, 2015

<u>Ref.</u>	<u>Water Operating Fund</u>	<u>Water Assessment Fund</u>	<u>Water Trust Fund</u>
	<u>Water Assessment Fund</u>	<u>Water Operating Fund</u>	<u>Water Operating Fund</u>
Increased by:			
Interest on Assessments			724.73
Receipts	D-7	<u>724.73</u>	
Decreased by:			
Miscellaneous Revenue	D-2	<u>724.73</u>	
Disbursements	D-7		<u>724.73</u>

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Charges	Collections	Balance Dec. 31, 2015
Water Rents & Capacity				
Charges	<u>293,317.20</u>	<u>3,041,391.69</u>	<u>3,046,920.70</u>	<u>287,788.19</u>
	D	Ref.		D
Cash Receipts	D-7	3,009,304.10		
Pre-Paid Rents Applied	D-17	37,616.60		
		<u>3,046,920.70</u>		
			D-2	

D-12

Schedule of Water Liens Receivable

Water Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	<u>0.92</u>
Balance - December 31, 2015	D	<u>0.92</u>

Township of Sparta, N.J.

Schedule of Assessment Receivables

Water Utility Assessment Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Date	Balance Dec. 31 2014	Receipts	Balance Dec. 31 2015	Balance Pledged To	
								Assessment	Notes
06-16	Improvement to Water Supply and Distribution System	02/12/2008	10	07/01/08-17	66,809.21	32,202.75	34,606.46	34,606.46	
09-04	Improvement to Water Supply and Distribution System	02/24/2009	10	11/02/09-18	<u>69,792.84</u> 136,602.05 D	<u>8,988.23</u> 41,190.98 D-7 D	<u>60,804.61</u> 95,411.07 D-7 D	<u>60,804.61</u> 95,411.07 D-7 D	

Township of Sparta, N.J.**Schedule of Fixed Capital****Water Utility Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
		25,089,848.56
Balance December 31, 2014	D	
Increased by:		
Audit Adjustments	D-28	11,296.87
Improvement Authorizations Completed	D-15	<u>2,641,500.00</u>
		<u>2,652,796.87</u>
Balance December 31, 2015	D	<u>27,742,645.43</u>

Township of Sparta, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2014	2015 Authorizations			Balance Dec. 31, 2015
					Deferred	Reserve for Amortization	Costs to Fixed Capital	
06-09	Improvement to the Water Utility System	04/25/06	875,000.00	875,000.00			875,000.00	
09-04	Improvement to Water Supply and Distribution System	02/24/09	250,000.00	250,000.00			250,000.00	
10-08	Improvement to Water Supply and Distribution System	05/25/10	1,050,000.00	1,050,000.00			1,050,000.00	
11-12	Improvement to Water Supply and Distribution System	08/30/11	466,500.00	466,500.00			466,500.00	
13-07	Improvement to The Water Supply and Distribution System	05/28/13	760,000.00	760,000.00			760,000.00	
14-06	Improvement to The Water Supply and Distribution System	07/22/14	598,500.00	598,500.00			598,500.00	
15-06	Improvement to The Water Supply and Distribution System	05/12/15	650,000.00	650,000.00			650,000.00	
			4,000,000.00	650,000.00			2,641,500.00	
			D	D			D-14	D
							2,008,500.00	

Township of Sparta, N.J.

Schedule of Appropriation Reserves

Water Utility Operating Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Balance After Transfers	Paid	Balance Lapsed
Operating:				
Salaries and Wages	105,438.56	105,438.56	4,842.22	100,596.34
Other Expenses	174,568.01	174,568.01	60,932.16	113,635.85
Capital Improvement Fund:				
Capital Outlay	2,301.28	2,301.28	2,301.28	
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System	23,177.31	23,177.31	68,075.66	23,177.31
	<u>305,485.16</u>	<u>305,485.16</u>	<u>68,075.66</u>	<u>237,409.50</u>
	Ref.			
Unencumbered	D	241,497.37		
Encumbered	D	63,987.79		
		<u>305,485.16</u>		

Schedule of Utility Charge Overpayments

Water Utility Operating Fund

Year Ended December 31, 2015

	Ref.	
Balance - December 31, 2014	D	12,524.54
Increased by:		
Cash Receipts	D-7	<u>35,711.39</u>
		<u>48,235.93</u>
Decreased by:		
Applied	D-11	37,616.60
Refunded	D-7	<u>1,652.65</u>
		<u>39,269.25</u>
Balance - December 31, 2015	D	<u>8,966.68</u>

Township of Sparta, N.J.

Schedule of Accrued Interest on Bonds

Water Utility Operating Fund

Year Ended December 31, 2015

					<u>Ref.</u>
Balance - December 31, 2014				D	167,569.70
Increased by:					
Budget Appropriation for Interest on Bonds				D-4	249,576.00
					<u>417,145.70</u>
Decreased by:					
Interest Paid				D-7	<u>281,086.67</u>
Balance - December 31, 2015				D	<u>136,059.03</u>
<hr/>					
Principal Outstanding Dec. 31, 2015	Interest Rate	From	To	Period (days)	Required Amount
197,000.00	Various	7/1/2015	12/31/2015	183	3,816.88
1,690,000.00	Various	10/1/2015	12/31/2015	91	14,478.12
1,324,000.00	Various	10/15/2015	12/31/2015	77	9,911.44
5,780,000.00	Various	7/1/2015	12/31/2015	183	108,875.00
<u>8,991,000.00</u>					<u>137,081.44</u>
<u>8,991,000.00</u>					<u>136,059.03</u>
<hr/>					
D-21					

Schedule of Accrued Interest on Loans

Water Utility Operating Fund

Year Ended December 31, 2015

					<u>Ref.</u>
Balance - December 31, 2014				D	667.50
Increased by:					
Budget Appropriation for Interest on Loans				D-4	26,542.00
					<u>27,209.50</u>
Decreased by:					
Interest Paid				D-7	<u>27,011.04</u>
Balance - December 31, 2015				D	<u>198.46</u>
<hr/>					
Principal Outstanding Dec. 31, 2015	Interest Rate	From	To	Period (days)	Required Amount
13,594.74	3.25%	09/14/15	12/31/2015	108	130.73
<u>13,594.74</u>					<u>198.46</u>

Township of Sparta, N.J.

Schedule of Accrued Interest on Notes

Water Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	54,541.07
Increased by:		
Budget Appropriation for Interest on Notes	D-4	<u>30,702.00</u>
		<u>85,243.07</u>
Decreased by:		
Interest Paid	D-7	<u>42,108.49</u>
Balance - December 31, 2015	D	<u><u>43,134.58</u></u>

Principal Outstanding <u>Dec. 31, 2015</u>	Interest <u>Rate</u>	From	To	Period (days)	Required <u>Amount</u>	Actual <u>Amount</u>
<u>5,503,000.00</u>	1.50%	10/29/2015	12/31/2015	63	<u>14,247.49</u>	<u>43,134.58</u>

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Township of Sparta, N.J.

Schedule of Water Serial Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance, Dec. 31, 2014	Decreased by	Balance, Dec. 31, 2015
			Date	Outstanding Dec. 31, 2015 Amount				
Refunding of 2005	07/10/2005	6,185,000.00				345,000.00	345,000.00	
Improvements to the Water Utility System	01/01/2006	3,941,000.00	01/01/16	197,000.00	3.875%	394,000.00	197,000.00	197,000.00
Water Bonds of 2011	04/28/2011	2,310,000.00	04/01/16	155,000.00	3.000%	1,845,000.00	155,000.00	1,690,000.00
			04/01/17	155,000.00	3.000%			
			04/01/18	155,000.00	3.000%			
			04/01/19	155,000.00	3.125%			
			04/01/20	155,000.00	3.500%			
			04/01/21	155,000.00	3.500%			
			04/01/22	155,000.00	3.500%			
			04/01/23	155,000.00	3.500%			
			04/01/24	155,000.00	3.625%			
			04/01/25	155,000.00	4.000%			
			04/01/26	140,000.00	4.000%			
Water Bonds of 2013	10/15/2013	1,424,000.00	10/15/16	55,000.00	1.500%	1,374,000.00	50,000.00	1,324,000.00
			10/15/17	55,000.00	2.000%			
			10/15/18	60,000.00	2.000%			
			10/15/19	60,000.00	2.000%			
			10/15/20	65,000.00	2.000%			
			10/15/21	65,000.00	2.125%			
			10/15/22	70,000.00	2.250%			
			10/15/23	70,000.00	3.000%			
			10/15/24	75,000.00	3.000%			
			10/15/25	75,000.00	3.250%			
			10/15/26	80,000.00	3.250%			
			10/15/27	80,000.00	3.250%			
			10/15/28	85,000.00	3.250%			
			10/15/29	85,000.00	4.000%			
			10/15/30	85,000.00	4.000%			
			10/15/31	85,000.00	4.000%			
			10/15/32	85,000.00	4.000%			
			10/15/33	89,000.00	4.000%			

Township of Sparta, N.J.

Schedule of Water Serial Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2015		Interest Rate	Balance, Dec. 31, 2014	Decreased by	Balance, Dec. 31, 2015
			Date	Amount				
Water Refunding Bonds of 2014	09/10/2014	5,828,000.00	01/01/16	345,000.00	4.000%	5,828,000.00	48,000.00	5,780,000.00
			01/01/17	540,000.00	4.000%			
			01/01/18	540,000.00	3.500%			
			01/01/19	545,000.00	5.000%			
			01/01/20	545,000.00	3.000%			
			01/01/21	540,000.00	3.000%			
			01/01/22	545,000.00	5.000%			
			01/01/23	550,000.00	5.000%			
			01/01/24	550,000.00	5.000%			
			01/01/25	540,000.00	5.000%			
			01/01/26	540,000.00	5.000%			
						9,786,000.00		8,991,000.00
							D	D
						795,000.00		
							D-28	
								D

Township of Sparta, N.J.

Schedule of Water Capital Bond Anticipation Notes

Water Utility Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Original Note		Date of Issue	Date of Issue	Interest Rate	Balance, Dec. 31, 2014	Increased	Decreased	Balance, Dec. 31, 2015
		Amount of Issue	Date of Issue							
WATER CAPITAL NOTES										
07-11	Improvements to Water Utility System	783,500.00	10/31/14	10/30/15	10/28/16	0.75%	671,500.00	471,500.00	671,500.00	471,500.00
08-15	Improvements to Water Utility System	783,500.00	10/31/14	10/30/15	10/28/16	1.50%	631,500.00	531,500.00	631,500.00	531,500.00
09-16	Improvements to Water Utility System	1,250,000.00	10/31/14	10/30/15	10/28/16	0.75%	1,145,000.00	1,100,000.00	1,145,000.00	1,100,000.00
09-25	Improvements to Water Utility System	475,000.00	10/31/14	10/30/15	10/28/16	0.75%	423,000.00	423,000.00	398,000.00	398,000.00
10-08	Improvements to Water Utility System	1,000,000.00	10/31/14	10/30/15	10/28/16	0.75%	925,000.00	925,000.00	890,000.00	890,000.00
11-12	Improvements to Water Utility System	443,500.00	10/31/14	10/30/15	10/28/16	1.50%	398,500.00	373,500.00	398,500.00	373,500.00
12-13	Improvements to Water Utility System	570,000.00	10/31/14	10/30/15	10/28/16	0.75%	560,000.00	550,000.00	560,000.00	550,000.00
13-07	Improvements to Water Utility System	710,000.00	10/31/14	10/30/15	10/28/16	0.75%	700,000.00	690,000.00	700,000.00	690,000.00
14-06	Improvements to Water Utility System	498,500.00	10/29/15	10/29/15	10/28/16	1.50%	498,500.00	498,500.00	5,503,000.00	5,503,000.00
TOTAL WATER CAPITAL NOTES							<u>5,454,500.00</u>	<u>5,503,000.00</u>	<u>5,454,500.00</u>	<u>5,503,000.00</u>
WATER ASSESSMENT NOTES										
06-16	Improvements to Water Utility System	275,000.00	10/31/14	10/30/15	10/28/16	0.75%	60,900.00	38,800.00	60,900.00	38,800.00
09-04	Improvements to Water Utility System	238,000.00	10/31/14	10/30/15	10/28/16	0.75%	85,400.00	67,900.00	85,400.00	67,900.00
TOTAL WATER ASSESSMENT NOTES							<u>146,300.00</u>	<u>106,700.00</u>	<u>146,300.00</u>	<u>106,700.00</u>
Ref.										
	Renewals						5,111,200.00	5,111,200.00		
	Issued for Cash						498,500.00	39,600.00		
	Paid by Assessment Cash								450,000.00	
	Reserve for Deferred Amortization						5,609,700.00	5,600,800.00		

Township of Sparta, N.J.

Schedule of Water Supply Fund Loan Payable

Water Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	40,135.78
Decreased by:		
Loan Paid in 2015	D-28	<u>26,541.04</u>
Balance - December 31, 2015	D	<u><u>13,594.74</u></u>

Township of Sparta, N.J.

Schedule of Reserve for Water Assessments Receivable

Water Utility Assessment Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2014</u>	<u>Balance, Dec. 31,2015</u>
06-10	Water Supply and Distribution System	<u>30,000.00</u> D	<u>30,000.00</u> D

Township of Sparta, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2015

Township of Sparta, N.J.**Schedule of Capital Improvement Fund****Water Utility Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	D	45,939.00
Increased by:		
Budget Appropriation	D-7	<u>500,000.00</u>
		<u>545,939.00</u>
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	D-29	<u>500,000.00</u>
Balance - December 31, 2015	D	<u>45,939.00</u>

Schedule of Encumbrances Payable**Water Utility Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	D	96,096.89
Increased by:		
Improvement Authorizations	D-25	<u>58,703.89</u>
		<u>154,800.78</u>
Decreased by:		
Cash Disbursements	D-7	<u>96,096.89</u>
Balance - December 31, 2015	D	<u>58,703.89</u>

Township of Sparta, N.J.

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	12,849,872.59
Increased by:		
Audit Adjustment	D-14	11,296.87
Serial Bonds Paid by Operating Budget	D-21	795,000.00
Transfer from Deferred Reserve for Amortization	D-29	770,000.00
Loans Paid by Operating Budget	D-23	<u>26,541.04</u>
		<u>1,602,837.91</u>
Balance - December 31, 2015	D	<u><u>14,452,710.50</u></u>

Township of Sparta, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2015

Township of Sparta, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Bond Anticipation	Notes Issued	Balance, Dec. 31,2015
955	Improvements to the Water Utility System	195,840.19		195,840.19
14-06	Improvement to The Water Supply and Distribution System	<u>498,500.00</u> <u>694,340.19</u>	<u>498,500.00</u> <u>498,500.00</u>	<u>195,840.19</u>
		Footnote D	D-22	Footnote D

Township of Sparta, N.J.

Schedule of Cash

Sewer Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance - December 31, 2014	E	<u>208,686.17</u>	<u>10,509.77</u>	<u>45,731.00</u>
Increased by Receipts:				
Sewer Connection Fees	E-2	19,346.13		
Miscellaneous Revenue	E-2	17,482.33		
Interfund Receipts	E-9	36.36	36.36	
Consumer Accounts Receivable	E-10	1,028,634.46		
Sewer Assessments Receivable	E-11		1,731.88	
Sewer Rents Overpayments	E-15	3,658.26		
Capital Improvement Fund	E-22			5,000.00
		<u>1,069,157.54</u>	<u>1,768.24</u>	<u>5,000.00</u>
Decreased by Disbursements:				
Budget Appropriations	E-5	1,000,874.56		
Interfund Disbursements	E-9		36.36	
Appropriation Reserves	E-14	9,947.78		
Sewer Rents Overpayments	E-15	91.85		
Interest on Bonds	E-16	115,848.01		
Interest on Notes	E-17	450.00		
Improvement Authorizations	E-21			1,127.50
		<u>1,127,212.20</u>	<u>36.36</u>	<u>1,127.50</u>
Balance - December 31, 2015	E	<u>150,631.51</u>	<u>12,241.65</u>	<u>49,603.50</u>

Township of Sparta, N.J.**Analysis of Sewer Utility Assessment Trust Cash****Sewer Utility Fund****Year Ended December 31, 2015**

	<u>Receipts</u>		<u>Balance</u> <u>Dec. 31, 2015</u>
	<u>Assessments</u>	<u>Receivable</u>	
<u>Balance</u> <u>Dec. 31, 2014</u>			
<u>10,509.77</u>		<u>1,731.88</u>	<u>12,241.65</u>
	<u>E</u>	<u>E-6</u>	<u>E</u>

Fund Balance

Township of Sparta, N.J.

Schedule of Sewer Utility Capital Cash

Sewer Utility Fund

Year Ended December 31, 2015

Fund Balance Capital Improvement Fund		ORD. No.	Improvement Authorizations	Receipts	Disbursements	Balance Dec. 31, 2014
		05-18	Improvements to Sanitary Sewerage System			(4,256.03)
		10-17	Pump Station Alarm Monitoring System			132.50
		11-17	Improvements to Sanitary Sewerage System			132.50
				45,982.53	1,127.50	44,855.03
				45,731.00	5,000.00	49,603.50
						E

Township of Sparta, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Sewer Utility Fund

Year Ended December 31, 2015

	<u>Sewer Operating Fund</u>	<u>Sewer Assessment Fund</u>	<u>Sewer Assessment Trust Fund</u>
<u>Ref.</u>			
Increased by:			
Revenues	E-2	<u>36.36</u>	
Receipts	E-6		<u>36.36</u>
Decreased by:			
Receipts	E-6	<u>36.36</u>	
Disbursements	E-6		<u>36.36</u>

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Sewer Utility Operating Fund

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	Charges	Collections	Balance <u>Dec. 31, 2015</u>
Sewer Rents & Capacity				
Charges	<u>60,731.95</u>	<u>1,011,349.41</u>	<u>1,030,048.01</u>	<u>42,033.35</u>
	E			E
		<u>Ref.</u>		
Cash Receipts	E-6		1,028,634.46	
Pre-Paid Rents Applied	E-15		1,413.55	
			<u>1,030,048.01</u>	
			E-2	

Township of Sparta, N.J.

Schedule of Assessment Receivables

Sewer Utility Assessment Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Date	Balance		Cash Receipts	Balance Dec. 31 2015	Balance Pledged to Reserve
					Dec. 31 2014	E			
05-18	Improvements to Marian Road Sanitary Sewer System	08/23/05	10	1/1/4/1,7/1,10/1	<u>11,403.18</u>	<u>E</u>	<u>1,731.88</u>	<u>9,671.30</u>	<u>9,671.30</u>

Township of Sparta, N.J.

Schedule of Fixed Capital

Sewer Utility Capital Fund

Year Ended December 31, 2015

Ref.

		<u>8,711,594.25</u>
Balance December 31, 2014	E	
Balance December 31, 2015	E	<u>8,711,594.25</u>

Township of Sparta, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>
10-17	Pump Station Alarm Monitoring System	08/24/10	47,000.00	47,000.00	47,000.00
11-17	Improvement of Sanitary Sewerage System	10/25/11	95,000.00	95,000.00	95,000.00
				<u>142,000.00</u>	<u>142,000.00</u>
				<u><u>E</u></u>	<u><u>E</u></u>

Township of Sparta, N.J.

Schedule of Appropriation Reserves

Sewer Utility Operating Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Balance After Transfers	Paid	Balance Lapsed
Operating:				
Salaries and Wages	286.00	286.00		286.00
Other Expenses	38,844.64	38,844.64	9,947.78	28,896.86
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System	1,900.00	1,900.00		1,900.00
	<u>41,030.64</u>	<u>41,030.64</u>	<u>9,947.78</u>	<u>31,082.86</u>
	Ref.		E-6	E-1
Unencumbered	E	30,636.71		
Encumbered	E	<u>10,393.93</u>		
		<u>41,030.64</u>		

Schedule of Sewer Utility Charge Overpayments

Sewer Utility Operating Fund

Year Ended December 31, 2015

	Ref.	
Balance - December 31, 2014	E	158.11
Increased by;		
Cash Receipts	E-6	<u>3,658.26</u>
		<u>3,816.37</u>
Decreased by:		
Applied	E-10	1,413.55
Refunded	E-6	<u>91.85</u>
		<u>1,505.40</u>
Balance - December 31, 2015	E	<u>2,310.97</u>

Township of Sparta, N.J.

Schedule of Accrued Interest on Bonds

Sewer Utility Operating Fund

Year Ended December 31, 2015

					<u>Ref.</u>
Balance - December 31, 2014				E	56,833.60
Increased by:					
Budget Appropriation for Interest on Bonds				E-5	105,652.13
					<u>162,485.73</u>
Decreased by:					
Interest Paid				E-6	<u>115,848.01</u>
Balance - December 31, 2015				E	<u>46,637.72</u>
<hr/>					
Principal Outstanding <u>Dec. 31, 2015</u>	Interest Rate	From	To	Period (days)	Required Amount
45,000.00	3.875%	7/1/2015	12/31/2015	183	871.88
1,855,000.00	Various	10/1/2015	12/31/2015	91	16,039.08
1,620,000.00	Various	7/1/2015	12/31/2015	183	30,500.00
<u>3,520,000.00</u>					<u>47,410.96</u>
<u>E-18</u>					<u>46,637.72</u>

E-17

Schedule of Accrued Interest on Bond Anticipation Notes

Sewer Utility Operating Fund

Year Ended December 31, 2015

					<u>Ref.</u>
Balance - December 31, 2014				E	108.30
Increased by:					
Budget Appropriation for Interest on Notes				E-5	<u>442.00</u>
Decreased by:					
Interest Paid				E-6	<u>450.00</u>
Balance - December 31, 2015				E	<u>100.30</u>
<hr/>					
Principal Outstanding <u>Dec. 31, 2015</u>	Interest Rate	From	To	Period (days)	Required Amount
54,000.00	1.50%	10/29/15	12/31/2015	63	139.81
<u>54,000.00</u>					<u>100.30</u>

Township of Sparta, N.J.

Schedule of Sewer Serial Bonds Payable

Sewer Utility Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, Dec. 31, 2014	Decreased by	Balance, Dec. 31, 2015
			Date	Dec. 31, 2015 Amount				
Refunding Bonds of 2005								
Improvement to the Sanitary Sewer System	07/10/05	1,870,000.00	01/01/16	45,000.00	3.875%	100,000.00	100,000.00	
Sever Bonds of 2011	04/28/11	900,000.00	04/01/16	135,000.00	3.000%	90,000.00	45,000.00	45,000.00
			04/01/17	145,000.00	3.000%			
			04/01/18	155,000.00	3.000%			
			04/01/19	165,000.00	3.125%			
			04/01/20	175,000.00	3.500%			
			04/01/21	180,000.00	3.500%			
			04/01/22	180,000.00	3.500%			
			04/01/23	180,000.00	3.500%			
			04/01/24	180,000.00	3.625%			
			04/01/25	180,000.00	4.000%			
			04/01/26	180,000.00	4.000%			
Sewer Refunding Bonds of 2014								
	09/10/14	1,627,000	01/01/16	110,000.00	4.000%	1,627,000.00	7,000.00	1,620,000.00
			01/01/17	155,000.00	4.000%			
			01/01/18	150,000.00	3.500%			
			01/01/19	150,000.00	5.000%			
			01/01/20	150,000.00	3.000%			
			01/01/21	145,000.00	3.000%			
			01/01/22	145,000.00	5.000%			
			01/01/23	155,000.00	5.000%			
			01/01/24	155,000.00	5.000%			
			01/01/25	150,000.00	5.000%			
			01/01/26	155,000.00	5.000%			
						<u>3,797,000.00</u>	<u>277,000.00</u>	<u>3,520,000.00</u>
						<u>E</u>	<u>E-23</u>	<u>E</u>

Township of Sparta, N.J.

Schedule of Sewer Capital Bond Anticipation Notes

Sewer Utility Fund

Year Ended December 31, 2015

Township of Sparta, N.J.**Schedule of Reserve for Sewer Assessments Receivable****Sewer Utility Assessment Fund****Year Ended December 31, 2015**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2014</u>	<u>Collections</u>	<u>Balance, Dec. 31,2015</u>
05-18	Improvements to Marian Road Sanitary Sewer System	11,403.18	1,731.88	9,671.30

Township of Sparta, N.J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Ordinance Date	Balance Dec. 31, 2014		Paid or Charged	Balance Dec. 31, 2015	
			Funded	Unfunded		Funded	Unfunded
10-17	Pump Station Alarm Monitoring System	08/24/10	47,000.00	132.50		1,127.50	132.50
11-17	Improvement of Sanitary Sewerage System	10/25/11	95,000.00		45,982.53		44,855.03
					45,982.53		
					1,127.50		
					E-6		
						E	E

Township of Sparta, N.J.

Schedule of Capital Improvement Fund

Sewer Utility Capital Fund

Year Ended December 31, 2015

Ref.

Balance - December 31, 2014	E	3,500.00
Increased by:		
Budget Appropriation	E-6	<u>5,000.00</u>
Balance - December 31, 2015	E	<u>8,500.00</u>

Township of Sparta, N.J.

Schedule of Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	E	4,910,338.22
Increased by:		
Serial Bonds Paid by Operating Budget	E-18	<u>277,000.00</u>
Balance - December 31, 2015	E	<u>5,187,338.22</u>

Township of Sparta, N.J.

Schedule of Deferred Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31,2014	Paid From Operating Budget - Notes	Balance, Dec. 31,2015
<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	35,000.00	6,000.00	41,000.00
			<u>82,000.00</u>	<u>6,000.00</u>	<u>88,000.00</u>
			E	E-19	E

Township of Sparta, N.J.**Schedule of Bonds and Notes Authorized But Not Issued****Sewer Utility Capital Fund****Year Ended December 31, 2015**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31,2014</u>	<u>Balance, Dec. 31,2015</u>
05-18	Improvements to Marian Road Sanitary Sewer System	4,256.03	4,256.03
		Footnote E	Footnote E

Township of Sparta, N.J.**Schedule of Cash****Solid Waste Operating Utility Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	F	1,701,867.59
Increased by Receipts:		
Miscellaneous Revenue	F-2	22,113.46
Consumer Accounts Receivable	F-6	1,754,197.94
Prepaid Solid Waste User Fees	F-10	257,505.45
		<hr/>
		2,033,816.85
		<hr/>
		3,735,684.44
Decreased by Disbursements:		
Budget Appropriations	F-3	1,512,441.46
Interfund Disbursements	F-5	135,475.00
Appropriation Reserves	F-8	137,000.00
Encumbrances Payable	F-9	750.00
		<hr/>
		1,785,666.46
Balance - December 31, 2015	F	<hr/> <hr/> 1,950,017.98

Township of Sparta, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Solid Waste Operating Utility Fund

Year Ended December 31, 2015

		<u>Current Fund</u>
Increased by:		
Budget Appropriations	F-3	<u>135,475.00</u>
Decreased by:		
Disbursements	F-4	<u>135,475.00</u>

Township of Sparta, N.J.

Schedule of Consumer Accounts Receivable

Solid Waste Operating Utility Fund

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	<u>Charges</u>	<u>Collections</u>	Balance <u>Dec. 31, 2015</u>
Solid Waste User Fees	<u>129,218.77</u>	<u>1,996,684.27</u>	<u>1,998,328.36</u>	<u>127,574.68</u>
	F			F
		<u>Ref.</u>		
Cash Receipts	F-4		1,754,197.94	
Pre-Paid Rents Applied	F-10		<u>244,130.42</u>	
			<u>1,998,328.36</u>	
			F-2	

Schedule of Solid Waste Liens Receivable

Solid Waste Operating Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	<u>79.27</u>
Balance - December 31, 2015	F	<u>79.27</u>

Township of Sparta, N.J.

Schedule of Appropriation Reserves

Solid Waste Operating Utility Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	After Transfers	Paid	Balance Lapsed
Operating:				
Salaries and Wages	0.30	0.30		0.30
Other Expenses	251,352.01	251,352.01	137,000.00	114,352.01
	<u>251,352.31</u>	<u>251,352.31</u>	<u>137,000.00</u>	<u>114,352.31</u>
			F-4	F-1
	<u>Ref.</u>			
Unencumbered	F	114,352.31		
Encumbered	F	<u>137,000.00</u>		
		<u>251,352.31</u>		

Schedule of Accounts Payable

Solid Waste Operating Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	750.00
Increased by:		
Solid Waste User Fee Overpayments	F-10	180.00
		<u>930.00</u>
Decreased by:		
Cash Disbursed	F-4	<u>750.00</u>
Balance - December 31, 2015	F	<u>180.00</u>

Township of Sparta, N.J.

Schedule of Solid Waste User Fee Overpayments

Solid Waste Operating Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	244,130.42
Increased by;		
Cash Receipts	F-4	<u>257,505.45</u>
		<u>501,635.87</u>
Decreased by:		
Applied	F-6	244,130.42
Refunded	F-9	<u>180.00</u>
		<u>244,310.42</u>
Balance - December 31, 2015	F	<u>257,325.45</u>

Township of Sparta, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2015

	<u>Ref.</u>	P.A.T.F. Account #1
Balance - December 31, 2014	G	4,076.82
Increased by Receipts:		
Interest	G-4;G-5	1.95
		<u>4,078.77</u>
Decreased by Disbursements	G-5	<u>4,078.77</u>

Township of Sparta, N.J.

Schedule of Cash and Reconciliation

Per N.J.S. 40A:5-5

Public Assistance Fund

Year Ended December 31, 2015

NOT APPLICABLE - ACCOUNT IS CLOSED OUT

Township of Sparta, N.J.

Schedule of Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2015

Balance - December 31, 2014	4,076.82
Increased by Receipts:	
Cash Receipts Record	1.95
	<hr/>
Decreased by Disbursements	
Interfund - Current	4,078.77
	<hr/>
	4,078.77

Reconciliation - December 31, 2015

P.A.T.F.
Account #1

Balance on Deposit per Statement of:

Lakeland Bank
Checking -0-

Less: Outstanding Checks

Balance - December 31, 2015

1

Township of Sparta, N.J.

Schedule of Revenues

Public Assistance Fund

Year Ended December 31, 2015

	<u>Ref.</u>	P.A.T.F. <u>Account #1</u>
Interest Earned		<u>1.95</u>
Total Revenues (P.A.T.F.)		<u>1.95</u>
Total Receipts	G-1	<u>1.95</u>

G-5

Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	G	4,076.82
Increased by:		
Interest Income	G-1	<u>1.95</u>
		<u>4,078.77</u>
Decreased by		
Interfund CurrentFund	G-1	<u>4,078.77</u>

TOWNSHIP OF SPARTA

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Township of Sparta in the County of Sussex as of and for the year ended December 31, 2015 and the related notes to the financial statements, and have issued our report thereon dated May 2, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Fixed Asset account group and the Length of Services Award Program not being audited.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Honorable Mayor and
Members of the Township Council
Page 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Sparta internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Sparta internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



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

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

Newton, New Jersey

May 2, 2016



GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2015, and at May 2, 2016, 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 6, 2015, 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, 2016.

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, 2016
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 6, 2015, 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, 2016.
2. If payment of any installment is made within thirty (30) calendar days following the date upon which the same became payable, no interest shall be charged.
3. If payment is made after the 30th calendar day; interest is to be calculated on each delinquency that the water, sewer and solid waste charges were payable until the date of actual payment.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 7, 2015, 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>
2015	15
2014	56
2013	53

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, 2015 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.

- 1) There are 681 tickets assigned but not issued over 181 days.

Management Response:

The Court Administrator will review the process of recalling "Assigned Not Issued" tickets for proper disposition. The Township police officers issue E-Tickets and they are issued paper tickets in case their computers malfunction. We feel this audit procedure should be excluded for Townships with E-Tickets.

Finance

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

Management Response:

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

- 2) The petty cash custodian/amount has not been updated with the State of New Jersey.

Management Response:

We will contact the state and update the custodian and petty cash amount.

OTHER COMMENTS (CONTINUED)

Tax Collection

- 1) A complete listing of tax overpayments was not available for review.

Management Response:

We will be exploring other software options to correct this situation.

- 2) A complete listing of property acquired for taxes was not available for review.

Management Response:

We will be updating our property acquired for tax records to agree with the general ledger.

Outside Offices

- 1) Various outside offices' cashbooks do not agree with the finance office. Additionally, many receipts are not being deposited within 48 hours.

Management Response:

Every effort will be made to tie in receipts monthly and deposit within 48 hours.

RECOMMENDATIONS

It is recommended:

1. That tickets assigned but not issued over 181 days be reassigned or cancelled.
2. That ordinances, with a cash deficit over 5 years, be funded.
3. That outside offices records reconcile with the finance office on a monthly basis and receipts be deposited within 48 hours.
4. That the petty cash custodian/amount be updated with the State of New Jersey.
5. That a complete listing of tax overpayments be maintained.
6. That a complete listing of property acquired for taxes be maintained.

Status of Prior Year's Audit Findings/Recommendations

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

1. That tickets assigned but not issued over 181 days be reassigned or cancelled.
2. That ordinances, with a cash deficit over 5 years, be funded.
3. That all outside office records reconcile to the finance office on a monthly basis.

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

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

Very Truly Yours,



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

Ferraioli, Wielkotz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
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