

**BOROUGH OF HIGH BRIDGE
COUNTY OF HUNTERDON
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2015**

BOROUGH OF HIGH BRIDGE

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2015

AUDITORS' REPORTS



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of High Bridge
County of Hunterdon, New Jersey
71 Main Street
High Bridge, New Jersey 08829

Report on the Financial Statements

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Borough of High Bridge, County of Hunterdon, State of New Jersey (the "Borough"), as of December 31, 2015, and 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, and the related notes to the financial statements for the year ended December 31, 2015, which collectively comprise the Borough's basic financial statements 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 accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

-Continued-

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 Borough'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 Borough'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 to the financial statements, the Borough prepares its financial statements in conformity with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting 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 Borough's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2015 and 2014, or the results of its operations and changes in its fund balances for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Borough, as of December 31, 2015 and 2014, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the years then ended, in conformity with accounting principals and practices as described in Note 1 to the financial statements.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements-regulatory basis. The supplementary information listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements-regulatory basis.

-Continued-

The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis 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-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements-regulatory basis taken as a whole, on the basis of accounting described in Note 1 to the financial statements.

Other Matters

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the prior period were audited by a predecessor auditor, whose report dated June 10, 2015 expressed an unmodified opinion on the regulatory basis financial statements and an adverse opinion on U.S. Generally Accepted Accounting Principles because the Borough prepared its financial statements in conformity with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2016, on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Borough's internal control over financial reporting and compliance.

ARDITO & CO., LLP



Frenchtown, New Jersey
April 30, 2016



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
April 30, 2016

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>BALANCE</u> <u>12/31/14</u>
Cash And Cash Equivalents:			
Cash - Treasurer	A-4	\$ 3,291,021	\$ 3,550,975
Change Fund		<u>120</u>	<u>120</u>
Subtotal		3,291,141	3,551,095
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	171,996	215,385
Tax Title Liens Receivable	A-7	8,163	10,647
Revenue Accounts Receivable	A-8	853	-
Other Accounts Receivable	A-9	19,734	-
Property Acquired for Taxes at Assessed Valuation	A	176,000	176,000
Amount Due From Other Trust Fund	B	5,687	5,687
Amount Due From Dog License Fund	B	<u>51</u>	<u>37</u>
Subtotal		<u>382,484</u>	<u>407,756</u>
Deferred Charges:			
Special Emergency Authorizations	A-24	<u>115,000</u>	<u>154,500</u>
Subtotal		<u>115,000</u>	<u>154,500</u>
Total Current Fund Assets		<u>3,788,625</u>	<u>4,113,351</u>
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-20	226,893	161,561
Due Current Fund	A	<u>41,182</u>	<u>38,343</u>
Subtotal		<u>268,075</u>	<u>199,904</u>
TOTAL ASSETS		<u>\$ 4,056,700</u>	<u>\$ 4,313,255</u>

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>BALANCE</u> <u>12/31/14</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Reserve For Encumbrances	A-11	\$ 275,286	\$ 255,209
Appropriation Reserves	A-3:10	229,914	300,893
Accounts Payable	A	58,580	-
Amount Due To Grant Fund	A	41,182	38,343
Taxes Collected In Advance	A-12	67,209	45,223
Tax Overpayments	A-13	-	2
County Taxes Payable	A-14	84	832
Local School Taxes Payable	A-15	888,750	857,672
Regional School Taxes Payable	A-16	296,253	426,016
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-17	3,339	1,589
Reserve for Miscellaneous Reserves	A-18	31,185	32,136
Reserve for Green Acres	A-19	<u>148,105</u>	<u>524,042</u>
Subtotal		<u>2,039,887</u>	<u>2,481,957</u>
Reserve For Receivables And Other Assets	A	382,484	407,756
Fund Balance	A-1	<u>1,366,254</u>	<u>1,223,639</u>
Subtotal		<u>3,788,625</u>	<u>4,113,352</u>
Federal And State Grant Fund:			
Encumbrances	A-23	193,617	134,078
Reserve For State Grants - Appropriated	A-21	70,764	52,147
Reserve For State Grants - Unappropriated	A-22	<u>3,694</u>	<u>13,678</u>
Subtotal		<u>268,075</u>	<u>199,903</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 4,056,700</u>	<u>\$ 4,313,255</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2015</u>	<u>YEAR</u> <u>2014</u>
Fund Balance Utilized	A-2	\$ 602,000	\$ 422,000
Miscellaneous Revenue Anticipated	A-2	2,360,023	2,510,835
Receipts From Delinquent Taxes	A-2	223,632	198,712
Receipts From Current Taxes	A-2	12,048,948	12,080,503
Non-Budget Revenues	A-2	86,254	77,999
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-10	<u>344,760</u>	<u>263,999</u>
TOTAL INCOME		<u>15,665,617</u>	<u>15,554,048</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	1,188,875	1,161,412
Other Expenses	A-3	2,367,023	2,451,036
Statutory Expenditures	A-3	284,778	314,012
Operations Excluded from "CAPS":			
Other Expenses	A-3	247,805	141,190
Capital Improvements	A-3	343,000	552,000
Municipal Debt Service	A-3	1,370,130	1,273,492
Deferred Charges to Future Taxation	A-3	39,500	8,798
County Taxes	A-14	1,326,518	1,281,692
Amount Due County For Added and Omitted Taxes	A-14	84	832
Local District School Taxes	A-15	5,829,372	5,736,139
Regional School Taxes	A-16	1,904,183	2,163,708
Refund of Prior Year Revenue	A-4	-	1,427
Reserve for Receivables	A	19,734	
Interfund Advances	A	-	49
TOTAL EXPENDITURES		<u>14,921,002</u>	<u>15,085,787</u>
Excess (Deficit) Revenue Over Expenditures		744,615	468,261
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	<u>-</u>	<u>134,500</u>
Statutory Excess To Fund Balance		744,615	602,761
Fund Balance January 1	A	<u>1,223,639</u>	<u>1,042,878</u>
		1,968,254	1,645,639
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>602,000</u>	<u>422,000</u>
Fund Balance December 31	A	<u>\$ 1,366,254</u>	<u>\$ 1,223,639</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2

	REF.	<u>ANTICIPATED</u>		<u>REVENUE</u> <u>RECEIVED</u>	<u>EXCESS OR</u> <u>DEFICIT</u>
		<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>		
Surplus Anticipated		\$ 602,000	-	\$ 602,000	
Licenses:					
Alcoholic Beverages	A-8	5,400		5,400	-
Fees and Permits	A-8	985		580	\$ 405
Fines and Costs:					
Municipal Court	A-8	15,000		25,797	(10,797)
Interest and Costs on Taxes	A-5	33,000		49,297	(16,297)
Interest on Investments	A-8	10,000		11,726	(1,726)
Golf Fees	A-8	1,188,000		1,198,721	(10,721)
Consolidated Municipal Property Tax Relief	A-8	47,895		47,895	-
Energy Receipts Tax	A-8	244,014		244,014	-
Garden State Trust Fund	A-8	12,931		12,931	-
Uniform Construction Code Fees	A-8	23,000		54,731	(31,731)
Clean Communities Program	A-20:22	7,720	\$ 9,382	17,102	
Recycling Tonnage Grant	A-20:22	3,893		3,893	
Body Armor Grant	A-20:22	2,065	1,089	3,154	
Drunk Driving Grant	A-20:22		3,000	3,000	
Highlands Plan Conformance Grant	A-20:22		40,000	40,000	
Click it or Ticket Grant	A-20:22		1,900	1,900	
TDR Feaibility Grant	A-20:22		40,000	40,000	
Driver Sober Grant	A-20:22		5,000	5,000	
Cable TV Franchise Fees	A-8	11,000		11,639	(639)
Hunterdon County Open Space Funding	A-8	10,418		10,418	-
Green Acres Trust Funding	A-19	375,937		375,937	-
Debt Service Reserve - General Capital Fund	A-8	172,234		172,234	-
Vehicle Replacement Insurance Reserve	A-18	6,062		6,062	-
Dam Reserve - General Capital Fund	A-8	18,592	-	18,592	-
Total Miscellaneous Revenues		<u>2,188,146</u>	<u>100,371</u>	<u>2,360,023</u>	<u>(71,506)</u>
Receipts from Delinquent Taxes	A-1	<u>200,000</u>	-	<u>223,632</u>	<u>(23,632)</u>
Amount to be Raised by Taxation	A-6	<u>3,184,323</u>	-	<u>3,388,289</u>	<u>(203,966)</u>
Total General Revenues		<u>6,174,469</u>	<u>100,371</u>	<u>6,573,944</u>	<u>(299,104)</u>
Non-Budget Revenues	A-2			<u>86,254</u>	<u>(86,254)</u>
		\$ 6,174,469	\$ 100,371	\$ 6,660,198	\$ (385,358)

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

ANALYSIS OF REALIZED REVENUES	<u>REF.</u>	
Allocation Of Current Tax Collections:		
Revenue from Collections		\$ 12,024,142
State of New Jersey, Senior Citizens and Veterans Deductions		<u>24,806</u>
	A-6	12,048,948
Allocated To:		
School and County Taxes	A-6	<u>9,060,157</u>
Balance for Support of Municipal Budget		2,988,791
Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>399,498</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 3,388,289</u>

ANALYSIS OF NON-BUDGET REVENUES	<u>REF</u>		
Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Parking Permits	\$	1,250	
Tax List		50	
Newsletter		310	
CCO		7,845	
Zoning Permits		2,110	
Copies		62	
Tree Removal Permit		450	
Planning Board Application Fees		4,640	
Road Opening Permit		500	
Towing Application Fee		450	
Landlord Registration		7,800	
Vacant Property Registration		21,250	
Hunting Lease Permit		1,450	
Vital Statistics		347	
Miscellaneous		23,769	
Recreation Fees		<u>12,040</u>	
	A-4	84,323	
Tax Collector			
Miscellaneous	A-5	<u>1,931</u>	<u>\$ 86,254</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
GENERAL GOVERNMENT FUNCTIONS:				
General Administration:				
Salaries and Wages	43,605.00	45,230.00	45,219.16	10.84
Other Expenses:				
Internet	5,250.00	5,850.00	5,836.26	13.74
Miscellaneous Other Expenses	2,500.00	2,500.00	1,194.00	1,306.00
Mayor and Council:				
Salaries and Wages	6,000.00	4,000.00	4,000.00	
Other Expenses:				
Advertising Costs	9,700.00	11,700.00	10,900.00	800.00
Newsletter	13,915.00	12,455.00	9,676.32	2,778.68
Miscellaneous Other Expenses	1,760.00	1,760.00	1,293.00	467.00
Municipal Clerk:				
Salaries and Wages	19,400.00	22,300.00	21,625.75	674.25
Other Expenses:				
Election Expenses	2,750.00	2,750.00	1,964.25	785.75
Miscellaneous Other Expenses	9,925.00	9,925.00	8,017.96	1,907.04
Financial Administration:				
Salaries and Wages	40,435.58	41,535.58	41,532.07	3.51
Other Expenses	6,470.00	6,470.00	5,176.49	1,293.51
Audit Services:				
Other Expenses	25,865.00	25,865.00	25,865.00	
Revenue Administration (Tax Collection):				
Salaries and Wages	40,435.58	41,535.58	41,532.07	3.51
Other Expenses	6,065.00	6,065.00	5,679.40	385.60
Tax Assessment Administration:				
Salaries and Wages	16,445.46	16,445.46	16,284.00	161.46
Other Expenses	2,600.00	2,600.00	1,393.82	1,206.18
Legal Services (Legal Dept.):				
Other Expenses	67,000.00	67,000.00	65,673.00	1,327.00
Engineering Services:				
Other Expenses	6,800.00	6,800.00	5,800.00	1,000.00
Public Buildings and Grounds:				
Other Expenses:				
Maintenance and Repars	25,425.00	25,425.00	25,348.23	76.77
Miscellaneous Other Expenses	15,487.00	15,487.00	15,465.84	21.16

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	3,500.00	3,500.00	2,911.26	588.74	
Other Expenses	4,500.00	8,000.00	7,168.00	832.00	
Zoning Costs:					
Salaries and Wages	4,758.30	4,758.30	4,711.66	46.64	
Building Inspector:					
Salaries and Wages	4,758.30	4,758.30	4,711.64	46.66	
Economic Development:					
Other Expenses	500.00	500.00	165.00	335.00	
Environmental Commisison(NJS 40:58A-1, et seq):					
Other Expenses	1,500.00	1,500.00	1,500.00		
 PUBLIC SAFETY FUNCTIONS:					
Fire:					
Other Expenses	59,273.91	59,273.91	59,273.91		
Contribution to First Aid Organizations					
Other Expenses	40,000.00	40,000.00	40,000.00		
Office of Emergency Management:					
Other Expenses	3,000.00	3,000.00	3,000.00		
Police:					
Salaries and Wages	768,064.00	768,064.00	761,549.09	6,514.91	
Other Expenses:					
Lease of Police Cars	39,422.76	39,422.76	39,356.76	66.00	
Miscellaneous Other Expenses	50,000.00	50,000.00	49,486.50	513.50	
 PUBLIC WORKS FUNCTIONS:					
Streets and Road Maintenance:					
Salaries and Wages	187,279.08	187,279.08	183,857.81	3,421.27	
Other Expenses:					
Field Maintenance	14,000.00	10,000.00	2,862.00	7,138.00	
Miscellaneous Other Expenses	111,780.00	111,780.00	110,717.85	1,062.15	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
PARK AND RECREATION FUNCTIONS:					
Parks and Playgrounds:					
Other Expenses	7,000.00	7,000.00	2,550.52	4,449.48	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Other Expenses	5,340.00	5,340.00	4,800.00	540.00	
WELFARE AND RECREATION FUNCTIONS:					
Recreation:					
Other Expenses:					
Special Events	2,750.00	2,750.00	1,929.08	820.92	
Miscellaneous Other Expenses	2,000.00	2,000.00	2,000.00		
GOLF COURSE FUNCTIONS:					
Golf Course:					
Other Expenses	1,194,000.00	1,194,000.00	1,034,898.16	159,101.84	
EXPENSES OF PARTICIPATION IN COUNTY LIBRARY:					
County Library:					
Salaries and Wages	21,041.34	21,041.34	19,738.50	1,302.84	
Other Expenses	200.00	200.00	100.00	100.00	
INSURANCE:					
Other Insurance Premiums	130,681.00	130,881.00	130,880.00	1.00	
Workmens Compensation Insurance	59,629.00	52,474.00	52,474.00		
Employee Group Insurance	244,129.00	259,129.00	258,705.80	423.20	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
UNIFORM CONSTRUCTION CODE					
Construction Official:					
Salaries and Wages	28,427.40	28,427.40	28,145.00	282.40	
Other Expenses	375.00	375.00	328.00	47.00	
UTILITY EXPENSES AND BULK PURCHASES:					
Telephone (excluding equipment acquisition)	20,600.00	18,600.00	16,369.81	2,230.19	
Electricity	31,800.00	36,100.00	32,828.48	3,271.52	
Water	6,130.00	6,130.00	3,844.77	2,285.23	
Gasoline	54,300.00	36,590.00	32,500.00	4,090.00	
Fuel Oil	47,325.00	47,325.00	41,071.70	6,253.30	
Street Lighting	40,000.00	42,000.00	39,924.11	2,075.89	
			-		
Total Operations - Within "CAPS "	3,555,897.71	3,555,897.71	3,333,836.03	222,061.68	
Contingent	-	-		-	
Total Operations - Within "CAPS " - Including Contingent	3,555,897.71	3,555,897.71	3,333,836.03	222,061.68	
Detail:					
Salaries and Wages	1,184,150.04	1,188,875.04	1,175,818.01	13,057.03	
Other Expenses	2,371,747.67	2,367,022.67	2,158,018.02	209,004.65	
DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":					
Statutory Expenditures :					
Social Security System (O.A.S.I.)	90,587.48	90,587.48	84,529.43	6,058.05	
Contribution to:					
PERS	62,748.00	62,748.00	62,748.00		
PFRS	131,443.00	131,443.00	131,443.00		
Total Deferred Charges and Statutory Expenditures-within "CAPS"	284,778.48	284,778.48	278,720.43	6,058.05	
Total General Appropriations for Municipal Purposes Within "CAPS"	3,840,676.19	3,840,676.19	3,612,556.46	228,119.73	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

<u>OPERATIONS-Excluded from "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
Insurance:					
Employee Group Health	7,726.00	7,726.00	7,726.00		
Environmental Testing	53,630.00	53,630.00	53,630.00		
Affordable Housing	2,000.00	2,000.00	1,000.00	1,000.00	
Length of Service Award Program					
LOSAP	32,900.00	32,900.00	32,900.00		
Stormwater Management Engineering	500.00	500.00	-	500.00	
Total Other Operations-Excluded from "CAPS"	96,756.00	96,756.00	95,256.00	1,500.00	
Interlocal Municipal Service Agreements Excluded from "CAPS":					
Municipal Court:					
Other Expenses	37,000.00	37,000.00	36,706.00	294.00	
Total Interlocal Municipal Service Agreements	37,000.00	37,000.00	36,706.00	294.00	
Public and Private Programs Offset by Revenues-:					
Excluded from "CAPS"					
Recycling Tonnage Grant:					
Other Expenses	3,892.77	3,892.77	3,892.77		
Clean Communities Program:					
Other Expenses	7,720.33	7,720.33	7,720.33		
Body Armor Replacement Program:					
Other Expenses	2,065.00	2,065.00	2,065.00		
Clean Communities Program(C159):					
Other Expenses		9,381.38	9,381.38		
Drunk Driving Enforcement Fund(C159):					
Other Expenses		3,000.00	3,000.00		
Body Armor Replacement Program(C159):					
Other Expenses		1,089.36	1,089.36		
Drive Sober or Get Pulled Over Program(C159):					
Other Expenses		5,000.00	5,000.00		
NJ Highlands Water Protection Council Program(C159):					
Other Expenses - Plan Performance Grant		25,000.00	25,000.00		
NJ Highlands Water Protection Council Program(C159):					
Other Expenses - Transfer Development Feasibility Grant		40,000.00	40,000.00		
NJ Highlands Water Protection Council Program(C159):					
Other Expenses - Stormwater Management Plan		15,000.00	15,000.00		
Title Click It or Ticket Program(C159):					
Other Expenses		1,900.00	1,900.00		
Total Public and Private Programs			-		
Offset by Revenues-Excluded from "CAPS"	13,678.10	114,048.84	114,048.84	-	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

<u>OPERATIONS-Excluded from "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
Total Operations-Excluded from "CAPS"	147,434.10	247,804.84	246,010.84	1,794.00	
Detail:					
Other Expenses	147,434.10	247,804.84	246,010.84	1,794.00	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	343,000.00	343,000.00	343,000.00		
Total Capital Improvements-Excluded from "CAPS"	343,000.00	343,000.00	343,000.00		
Municipal Debt Service-Excluded from "CAPS":					
Payment of Bond Principal	385,000.00	385,000.00	385,000.00		
Payment of Bond Anticipation and Capital Notes	140,700.00	140,700.00	140,693.00		7.00
Interest on Bonds	360,000.00	360,000.00	358,763.77		1,236.23
Interest on Bond Anticipation and Capital Notes	32,000.00	32,000.00	4,443.73		27,556.27
Green Trust Loan Program:					
Payments for Principal and Interest	11,660.00	11,660.00	11,659.35		0.65
Green Acres - Principal and Interest	86,292.00	86,292.00	86,291.25		0.75
EIT - Principal and Interest	55,508.00	55,508.00	52,483.09		3,024.91
Loan Payments on Capital Lease	96,000.00	96,000.00	93,665.76		2,334.24
Dam Restoration Loan	237,200.00	237,200.00	237,129.60		70.40
Total Municipal Debt Service	1,404,360.00	1,404,360.00	1,370,129.55	-	34,230.45
Deferred Charges-Excluded from "CAPS":					
Emergency Authorizations	9,500.00	9,500.00	9,500.00		
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	30,000.00	30,000.00	30,000.00		
Total Deferred Charges	39,500.00	39,500.00	39,500.00	-	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 7

<u>OPERATIONS-Excluded from "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,934,294.10	2,034,664.84	1,998,640.39	1,794.00	34,230.45
Subtotal General Appropriations	5,774,970.29	5,875,341.03	5,611,196.85	229,913.73	34,230.45
Reserve For Uncollected Taxes	399,498.35	399,498.35	399,498.35		
TOTALS	6,174,468.64	6,274,839.38	6,010,695.20	229,913.73	34,230.45

A A-1

<u>REF.</u>	
Appropriated by 40A: 4-87	A-2 100,370.74
Adopted Budget	A-2 <u>6,174,468.64</u>
	<u>6,274,839.38</u>

	<u>REF.</u>	
Reserve for State Grants	A-21	114,048.84
Deferred Charges	A-24	39,500.00
Reserve for Encumbrances	A-11	5,457,648.01
Reserve for Uncollected Taxes	A-2	<u>399,498.35</u>
		<u>6,010,695.20</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>BALANCE</u> <u>12/31/14</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 5,773	\$ 6,219
Total Dog License Fund		<u>5,773</u>	<u>6,219</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	399,218	365,114
Amount Due to General Capital Fund	B-7	<u>5,036</u>	<u>5,005</u>
Total Other Trust Funds		<u>404,254</u>	<u>370,119</u>
TOTAL ASSETS		<u>\$ 410,027</u>	<u>\$ 376,338</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 5,579	\$ 4,376
Amount Due Current Fund	B-4	51	37
Reserve for Encumbrances	B-5	-	1,670
Due State Of New Jersey	B-6	<u>143</u>	<u>136</u>
Total Dog License Fund		<u>5,773</u>	<u>6,219</u>
Other Trust Fund:			
Amount Due Current Fund	B-8	5,687	5,687
Reserve for Various Reserves	B-9	396,588	360,466
Reserve for Encumbrances	B-10	<u>1,979</u>	<u>3,966</u>
Total Other Trust Fund		<u>404,254</u>	<u>370,119</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 410,027</u>	<u>\$ 376,338</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>BALANCE</u> <u>12/31/14</u>
Cash and Cash Equivalents	C-2	\$ 1,446,380	\$ 1,242,809
Grants Receivable	C-4	375,000	532,250
Deferred Charges to Future Taxation:			
Funded	C-5	11,950,577	12,636,893
Unfunded	C-6	<u>287,000</u>	<u>427,693</u>
TOTAL ASSETS		<u>\$ 14,058,957</u>	<u>\$14,839,645</u>

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	C-8	\$ 111,205	\$ 3,896
Encumbrances Payable	C-7	653,780	144,994
Serial Bonds Payable	C-9	7,698,000	8,083,000
Bond Anticipation Notes Payable	C-10	287,000	427,693
Green Acres Trust Loans Payable	C-11	3,659,912	3,917,917
New Jersey Environmental Trust Loans Payable	C-12	592,665	635,976
Improvement Authorizations:			
Funded	C-13	987,385	1,261,454
Unfunded	C-13	-	-
Due Trust Fund	C-15	5,036	5,005
Various Reserves	C-14	22,542	213,368
Fund Balance	C-1	41,432	146,342
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 14,058,957</u>	<u>\$14,839,645</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2014	C	\$ 146,342
Increased by:		
Bond Anticipation Note Premium	C-3	<u>1,090</u>
		147,432
Decreased by:		
To Finance Improvement Authorizations	C-13	<u>106,000</u>
Balance December 31, 2015	C	<u>\$ 41,432</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

D

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>BALANCE</u> <u>12/31/14</u>
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 177,549	\$ 151,545
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	D-6	9,590	38,366
Deferred Charges - Emergency Appropriations	D-1	<u>8,000</u>	<u>-</u>
Total Operating Fund		<u>195,139</u>	<u>189,911</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	112,786	54,066
Fixed Capital	D-8	3,692,789	3,664,063
Fixed Capital - Authorized and Uncompleted	D-9	<u>220,000</u>	<u>100,000</u>
Total Capital Fund		<u>4,025,575</u>	<u>3,818,129</u>
 TOTAL ASSETS		 <u>\$ 4,220,714</u>	 <u>\$ 4,008,040</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Liabilities:			
Appropriation Reserves :			
Encumbered	D-15	\$ 21,042	\$ 14,599
Unencumbered	D-3:7	3,017	19,029
Accounts Payable	D	2,405	2,405
Accrued Interest on Notes	D	2,764	2,705
Reserve for Receivables	D	9,590	38,366
Fund Balance	D-1	<u>156,321</u>	<u>112,807</u>
Total Operating Fund		<u>195,139</u>	<u>189,911</u>
Capital Fund:			
Encumbrances	D-15	38,586	9,860
Bond Anticipation Notes	D-14	26,200	32,750
Capital Improvement Fund	D-11	17,498	107,504
Improvement Authorization - Funded	D-10	170,000	50,000
Improvement Authorization - Unfunded	D-10	-	-
Deferred Reserve for Amortization	D-13	220,000	100,000
Reserve for Amortization	D-12	3,547,337	3,512,061
Fund Balance	D-1a	<u>5,954</u>	<u>5,954</u>
Total Capital Fund		<u>4,025,575</u>	<u>3,818,129</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		 <u>\$ 4,220,714</u>	 <u>\$ 4,008,040</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

D-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2015</u>	<u>YEAR</u> <u>2014</u>
Operating Surplus	D-2	\$ 20,400	\$ 23,620
Rents	D-2	344,720	346,737
Miscellaneous	D-2	15,207	5,357
Other Credits to Income			
Unexpended Balance of Reserved Budget	D-7	25,941	41,608
Other Credits	D-4	46	-
Total Income		<u>406,314</u>	<u>417,322</u>
EXPENDITURES			
Operating	D-3	294,213	292,989
Capital Improvements	D-3	40,000	30,000
Debt Service	D-3	6,950	7,964
Deferred Charges and Statutory Expenditures	D-3	9,237	9,047
Refund of Prior Years' Revenue	D-4	-	305
Total Expenditures		<u>350,400</u>	<u>340,305</u>
Excess (Deficit) Revenue Over Expenditures		55,914	77,017
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D-3	<u>8,000</u>	<u>-</u>
Statutory Excess To Fund Balance		63,914	77,017
Balance January 1	D	<u>112,807</u>	<u>59,410</u>
		176,721	136,427
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>20,400</u>	<u>23,620</u>
Balance December 31	D	<u>\$ 156,321</u>	<u>\$ 112,807</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY CAPITAL FUND
SCHEDULE OF FUND BALANCE

D-1a

	<u>REF.</u>	
Balance December 31, 2014	C	<u>\$ 5,954</u>
Balance December 31, 2015	C	<u>\$ 5,954</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY FUND
STATEMENT OF REVENUES

D-2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus	D-1	\$ 20,400	\$ 20,400	
Rents	D-1	322,000	344,720	\$ 22,720
Miscellaneous - Interest, Hook-ups	D-1	-	15,207	15,207
 Total WATER Utility Revenue		<u>\$ 342,400</u>	<u>\$ 380,327</u>	<u>\$ 37,927</u>
REF.		D-3	D-1	

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

D-3

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Salaries and Wages	\$ 120,750	\$ 109,750	\$ 109,498	\$ 252
Other Expenses	165,463	184,463	182,314	2,149
Statutory Expenditures	9,237	9,237	8,621	616
Capital Improvement Fund	40,000	40,000	40,000	-
Debt Service - Principal	6,550	6,550	6,550	-
Debt Service - Interest	400	400	400	-
Total Water Utility Appropriations	\$ 342,400	\$ 350,400	\$ 347,383	\$ 3,017

REF.

D-2

D

Budget	\$ 342,400
Emergency Appropriation (NJS 40A:4-46)	8,000
	\$ 350,400

Paid	D-4	\$ 330,761
Charged - Encumbered	D	16,622
		\$ 347,383

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/15</u>	<u>BALANCE</u> <u>12/31/14</u>
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 963,838	\$ 895,067
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	E-6	<u>41,027</u>	<u>71,607</u>
Total Operating Fund		<u>1,004,865</u>	<u>966,674</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	134,140	155,588
Fixed Capital	E-8	5,444,351	5,429,481
Fixed Capital - Authorized and Uncompleted	E-9	<u>117,000</u>	<u>117,000</u>
Total Capital Fund		<u>5,695,491</u>	<u>5,702,069</u>
 TOTAL ASSETS		 <u>\$ 6,700,356</u>	 <u>\$ 6,668,743</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Liabilities:			
Appropriation Reserves :			
Encumbered	E-3:7	\$ 115,298	\$ 116,791
Unencumbered	E-3:7	117,190	52,505
Accrued Interest on Notes	E	50,275	49,461
Reserve for Receivables	E	41,027	71,607
Fund Balance	E-1	<u>681,075</u>	<u>676,310</u>
Total Operating Fund		<u>1,004,865</u>	<u>966,674</u>
Capital Fund:			
Encumbrances	E-10:15	10,947	6,600
Serial Bonds Payable	E-14	2,867,000	2,887,000
Capital Improvement Fund	E-11	61,448	76,318
Improvement Authorization - Funded	E-10	60,250	71,175
Improvement Authorization - Unfunded	E-10	-	-
Deferred Reserve for Amortization	E-13	117,000	117,000
Reserve for Amortization	E-12	2,577,351	2,542,481
Fund Balance	E-1a	<u>1,495</u>	<u>1,495</u>
Total Capital Fund		<u>5,695,491</u>	<u>5,702,069</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		 <u>\$ 6,700,356</u>	 <u>\$ 6,668,743</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

E-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2015</u>	<u>YEAR</u> <u>2014</u>
Surplus Anticipated	E-2	\$ 100,000	\$ 100,000
Rents	E-2	776,242	775,378
Miscellaneous	E-2	18,181	9,308
Other Credits to Income			
Receivable Realized	E-4	207	-
Balance of Reserved Budget	E-7	65,135	108,501
Total Income		<u>959,765</u>	<u>993,187</u>
EXPENDITURES			
Operating	E-3	696,666	700,917
Debt Service	E-3	150,000	145,000
Deferred Charges and Statutory Expenditures	E-3	8,334	9,083
Total Expenditures		<u>855,000</u>	<u>855,000</u>
Excess (Deficit) Revenue Over Expenditures		104,765	138,187
Statutory Excess To Fund Balance		104,765	138,187
Balance January 1	E-1	<u>676,310</u>	<u>638,123</u>
		781,075	776,310
Decreased by:			
Utilized as Anticipated Revenue	E-1	<u>100,000</u>	<u>100,000</u>
Balance December 31	E	<u>\$ 681,075</u>	<u>\$ 676,310</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FUND BALANCE

E-1a

	<u>REF.</u>	
Balance December 31, 2014	E	<u>\$ 1,495</u>
Balance December 31, 2015	E	<u>\$ 1,495</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
STATEMENT OF REVENUES

E-2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Surplus Anticipated as Revenue	E-1	\$ 100,000	\$ 100,000	
User Fees and Charges	E-1	755,000	776,242	\$ 21,242
Miscellaneous - Interest	E-1	-	18,181	18,181
 Total Sewer Utility Revenue		<u>\$ 855,000</u>	<u>\$ 894,423</u>	<u>\$ 39,423</u>
 REF.		 E-3	 E-1	

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

E-3

	<u>BUDGET</u>	<u>APPROPRIATIONS</u> <u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Salaries and Wages	\$ 108,950	\$ 108,950	\$ 98,120	\$ 10,830
Other Expenses	587,716	587,716	482,139	105,577
Statutory Expenditures	8,334	8,334	7,551	783
Debt Service-Principal	20,000	20,000	20,000	
Debt Service-Interest	130,000	130,000	130,000	-
Total Sewer Utility Appropriations	<u>\$ 855,000</u>	<u>\$ 855,000</u>	<u>\$ 737,810</u>	<u>\$ 117,190</u>

REF.

E

Paid	E-4	\$ 622,512
Charged - Encumbered	E	115,298
		<u>\$ 737,810</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOLID WASTE UTILITY FUND
COMPARATIVE BALANCE SHEET

F

ASSETS	REF.	BALANCE <u>12/31/15</u>	BALANCE <u>12/31/14</u>
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 258,956	\$ 183,721
Receivables with Full Reserves	F-6	<u>24,202</u>	<u>33,044</u>
Total Operating Fund		<u>283,158</u>	<u>216,765</u>
Capital Fund:			
Cash and Cash Equivalents	F-4	6,281	6,281
Fixed Capital	F-8	<u>162,410</u>	<u>162,410</u>
Total Capital Fund		<u>168,691</u>	<u>168,691</u>
TOTAL ASSETS		<u>\$ 451,849</u>	<u>\$ 385,456</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Appropriation Reserves :			
Encumbured	F-3:7	\$ 20,061	\$ 24,214
Unencumbered	F-3:7	12,934	11,533
Reserve for Receivables	F	24,202	33,044
Fund Balance	F-1	<u>225,961</u>	<u>147,974</u>
Total Operating Fund		<u>283,158</u>	<u>216,765</u>
Capital Fund:			
Capital Improvement Fund	F-9	6,281	6,281
Reserve for Amortization	F-10	<u>162,410</u>	<u>162,410</u>
Total Capital Fund		<u>168,691</u>	<u>168,691</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 451,849</u>	<u>\$ 385,456</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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

F-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2015</u>	<u>YEAR</u> <u>2014</u>
Operating Surplus	F-2	-	\$ 160,000
Solid Waste Collection Fees	F-2	\$ 381,077	373,974
Miscellaneous	F-2	6,012	5,466
Other Credits to Income			
Other Credits	F	130	
Balance of Reserved Budget	F-7	15,768	8,233
Total Income		<u>402,987</u>	<u>547,673</u>
EXPENDITURES			
Operating	F-3	322,292	319,850
Deferred Charges and Statutory Expenditures	F-3	2,708	3,150
Surplus (General Budget)	F-3	-	160,000
Total Expenditures		<u>325,000</u>	<u>483,000</u>
Excess (Deficit) Revenue Over Expenditures		77,987	64,673
Balance January 1	F-1	<u>147,974</u>	<u>243,301</u>
		225,961	307,974
Decreased by:			
Utilized as Anticipated Revenue	F-1	<u>-</u>	<u>160,000</u>
Balance December 31	F	<u>\$ 225,961</u>	<u>\$ 147,974</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOLID WASTE UTILITY FUND
STATEMENT OF REVENUES

F-2

	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>		<u>EXCESS OR (DEFICIT)</u>
Solid Waste Charges	325,000	381,077	\$	56,077
Miscellaneous		6,012		6,012
 Total Garbage District Revenue	 <u>\$ 325,000</u>	 <u>\$ 387,089</u>	 <u>\$</u>	 <u>62,089</u>

REF.

F-3

F-1

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOLID WASTE UTILITY FUND
STATEMENT OF EXPENDITURES

F-3

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Salaries and Wages	\$ 35,401	\$ 35,401	\$ 25,614	\$ 9,787
Other Expenses	286,891	286,891	284,493	2,398
Statutory Expenditures	2,708	2,708	1,959	749
Total Garbage District Appropriations	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ 312,066</u>	<u>\$ 12,934</u>

REF.

F-2

F-2

D

	Paid	F-4	\$ 292,005
Charged - Encumbered		F	<u>20,061</u>
			<u>\$ 312,066</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2015

	<u>BALANCE</u> <u>12/31/15</u>	<u>BALANCE</u> <u>12/31/14</u>
General Fixed Assets:		
Land	\$ 14,546,992	\$ 14,499,637
Buildings and Improvements	291,787	291,787
Machinery and Equipment	5,796,179	5,847,728
Total General Fixed Assets	<u>\$ 20,634,958</u>	<u>\$ 20,639,152</u>
Investment In General Fixed Assets	<u>\$ 20,634,958</u>	<u>\$ 20,639,152</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Borough to be reported separately.

The financial statements of the Borough of High Bridge include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough. The financial statements of the Borough do not include the operations of the Board of Education.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes fund types and 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 accounting policies of the Borough of High Bridge conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Borough of High Bridge accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

Current Fund

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

Trust Funds

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

General Capital Fund

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

Water Operating and Capital Fund

Accounts for the operations and acquisition of capital facilities of the municipality-owned Water Utility.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

Sewer Operating and Capital Fund

Accounts for the operations and acquisition of capital facilities of the municipality-owned Sewer Utility.

Solid Waste Collection Fund

Account for the operations and collection of user fees for the cost of providing garbage collection.

General Fixed Assets Account Group

To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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 the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body.

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Property Tax Revenue--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space 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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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 to the County by the Borough quarterly on February 15, May 15, August 15 and November 15. The Open Space Levy is paid quarterly to the Borough's other trust funds on February 15, May 15, August 15 and November 15.

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to 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 Borough.

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 required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Foreclosed Property--Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

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

General Fixed Assets --In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

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 and sidewalks and drainage systems are not capitalized.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

General fixed assets are recorded at estimated historical cost except for buildings which are recorded at 1992 replacement values. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Utility Capital Funds. The values recorded in the General Fixed Assets Account and the Utility Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures.

Property and equipment purchased by the Utility Funds is recorded in the Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

Budget and Budgetary Procedures--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

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

**General Capital Fund
Trust 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 Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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 cancelled 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.

Tax Appeals and Other Contingent Losses--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

Deferred Charges to Future Taxation Funded and Unfunded--Upon the authorization of capital projects, the Borough 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 Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough 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 municipality's financial position and operations. However, comparative data have 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 in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Departures from Generally Accepted Accounting Principles--The accounting principles and practices followed by the Borough differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Regulatory-Basis Financial Statements--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Borough 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: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2015, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 2: CASH AND CASH EQUIVALENTS-(Continued)

As of December 31, 2015, cash and cash equivalents of the municipality consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ <u>6,795,942</u>	\$ <u>6,795,942</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2015, was \$6,795,942 and the bank balance was \$6,713,572. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$6,463,572 was covered by collateral pool.

Note 3: LONG-TERM DEBT

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Long Term Debt:				
Bond Anticipation Notes	\$ 460,443		\$ 147,243	\$ 313,200
Serial Bonds Payable	10,970,000		405,000	10,565,000
New Jersey Trust Loans	4,553,893		301,316	4,252,577
Total Long-Term Debt	<u>\$ 15,984,336</u>	-	<u>\$ 853,559</u>	<u>\$ 15,130,777</u>

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 3: LONG-TERM DEBT-(Continued)

The Borough debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2015</u>	YEAR <u>2014</u>	YEAR <u>2013</u>
Issued			
General:			
Bonds and Notes	\$ 12,237,577	\$ 13,064,587	\$ 10,415,133
Water Utility:			
Bonds and Notes	26,200	32,750	39,300
Sewer Utility:			
Bonds and Notes	2,867,000	2,887,000	2,902,000
Net Debt Issued	15,130,777	15,984,337	13,356,433
Less:			
Statutory Deductions	3,012,452	172,234	472,234
Reserve to Pay Debt Service			
	12,118,325	15,812,103	12,884,199
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	-	-	3,300,000
Water Utility:			
Bonds and Notes	119,252	119,252	119,252
Sewer Utility:			
Bonds and Notes			
Total Authorized But Not Issued	119,252	119,252	3,419,252
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 12,237,577	\$ 15,931,355	\$ 16,303,451

Summary of Statutory Debt Condition - Annual Debt Statement

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 3.445%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 4,410,000	\$ 4,410,000	
Regional School Debt	65,143	65,143	
Water and Sewer Utility Debt	3,012,452	3,012,452	
General Debt	12,237,577	-	\$ 12,237,577
	\$ 19,725,172	\$ 7,487,595	\$ 12,237,577

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 3: LONG-TERM DEBT-(Continued)

Summary of Statutory Debt Condition - Annual Debt Statement - (Continued)

Net Debt \$ 12,237,577 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended, \$ 355,254,378 equals 3.445%

Borrowing Power Under N.J.S.A. 40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 12,433,903
Net Debt	<u>12,237,577</u>
Remaining Borrowing Power	<u>\$ 196,326</u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar <u>Year</u>	<u>General</u>		<u>Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 725,599	\$ 419,180	\$ 20,000	\$ 128,746
2017	729,986	394,100	20,000	128,236
2018	734,479	371,748	20,000	127,666
2019	768,114	349,303	25,000	126,976
2020	787,646	325,797	25,000	126,085
2021-2025	2,590,551	1,312,584	150,000	609,175
2026-2030	2,603,811	907,166	425,000	538,300
2031-2035	1,587,391	491,025	980,000	379,793
2036-2040	<u>1,423,000</u>	<u>131,783</u>	<u>1,202,000</u>	<u>138,780</u>
	<u>\$11,950,577</u>	<u>\$ 4,702,686</u>	<u>\$ 2,867,000</u>	<u>\$ 2,303,757</u>

General Obligation Bonds and Loans

General Improvement Refunding Bonds-dated February 8, 2006, issued in the original amount of \$1,104,000 with interest rates of 4.00% to 4.75%, maturing on December 1, 2022. The remaining balance as of December 31, 2015, was \$629,000. Outstanding bond principal and interest is paid from the Current Fund budget of the Borough.

Golf Course Utility Refunding Bonds-dated February 8, 2006, issued in the original amount of \$4,156,000 with interest rates of 4.00% to 4.75%, maturing on December 1, 2022. The remaining balance as of December 31, 2015, was \$2,261,000. Outstanding bond principal and interest is paid from the Current Fund budget of the Borough.

General Improvement Bonds-dated February 15, 2010, issued in the original amount of \$4,863,000 with interest rates of 2.00% to 5.00%, maturing on February 15, 2040. The remaining balance as of December 31, 2015, was \$4,808,000. Outstanding bond principal and interest is paid from the Current Fund budget of the Borough.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 3: LONG-TERM DEBT-(Continued)

General Obligation Bonds and Loans- (continued)

New Jersey Environmental Infrastructure Trust Loan-dated November 8, 2007, issued in the original amount of \$245,000 with an interest rate of 3.5%, maturing on August 1, 2027. The remaining balance as of December 31, 2015, was \$175,000. Outstanding bond principal and interest is paid from the Current Fund budget of the Borough.

New Jersey Environmental Infrastructure Fund Loan-dated November 8, 2007, issued in the original amount of \$681,941 at zero interest, maturing on August 1, 2027. The remaining balance as of December 31, 2015, was \$417,665. Outstanding bond principal and interest is paid from the Current Fund budget of the Borough.

Green Acres Trust Loan-dated March 8, 2007, issued in the original amount of \$1,049,148 with an interest rate of 2.0%, maturing on June 8, 2021. The remaining balance as of December 31, 2015, was \$447,318. Outstanding bond principal and interest is paid from the Current Fund budget of the Borough.

Green Acres Trust Loan-dated March 31, 2002, issued in the original amount of \$187,500 with an interest rate of 2.0%, maturing on December 21, 2021. The remaining balance as of December 31, 2015, was \$65,613. Outstanding bond principal and interest is paid from the Current Fund budget of the Borough.

Green Acres Trust Loan-dated February 15, 2010, issued in the original amount of \$3,318,592 with an interest rate of 2.0%, maturing on February 1, 2031. The remaining balance as of December 31, 2015, was \$3,146,981. Outstanding bond principal and interest is paid from the Current Fund budget of the Borough.

Sewer Utility Bonds-dated February 24, 2010, issued in the original amount of \$2,937,000 with interest rates of 2.00% to 5.00%, maturing on February 15, 2040. The remaining balance as of December 31, 2015, was \$2,867,000. Outstanding bond principal and interest is paid from the Sewer Utility Operating budget of the Borough.

Bond Anticipation Notes

The Borough has outstanding at December 31, 2015, bond anticipation notes in the amount of \$313,200 payable to CEDE & Co. These notes mature on June 24, 2016. The interest rate on the notes are 1.25% payable at maturity. Principal and interest on this note is paid from the current fund budget and the water operating utility budgets.

	Debt <u>Outstanding</u>
Total General Capital Bonds, Loans and Notes Above	\$ 12,237,577
Total Water Utility Notes Above	26,200
Total Sewer Utility Bonds Above	<u>2,867,000</u>
Total Debt Issued and Outstanding	<u>\$ 15,130,777</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 4: GENERAL FIXED ASSETS

The following is a summary of changes in the general fixed assets:

	Balance <u>1/1/15</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>12/31/15</u>
Buildings and Improvements	\$ 14,499,637	\$ 47,355		\$ 14,546,992
Vehicles	291,787	-		291,787
Machinery and Equipment	5,847,728	125,050	176,599	5,796,179
	<u>\$ 20,639,152</u>	<u>\$ 172,405</u>	<u>176,599</u>	<u>\$ 20,634,958</u>

Note 5: FUND BALANCES APPROPRIATED

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

Current Fund	\$602,000	(Introduced Budget)
Water Utility Fund	\$132,425	(Introduced Budget)
Sewer Utility Fund	\$213,979	(Introduced Budget)
Solid Waste Collection Fund	\$72,776	(Introduced Budget)

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The Borough elected to fund various capital ordinances over a five year period through the municipal operating budget. At December 31, 2015, the Borough recorded the following deferred charges which are included in the following budgets:

	Balance <u>12/31/14</u>	Raised as 2015 Budget <u>Appropriation</u>	Resulting <u>from 2015</u>	Balance to Succeeding <u>Budgets</u>
<u>Current Fund:</u>				
Special Emergency Appropriation (40A:4-53)	\$ 145,000	\$ 30,000	-	115,000
Emergency Appropriation (40A:4-46)	9,500	9,500		
<u>Water Utility Fund:</u>				
Emergency Appropriation (40A:4-46)	-	-	\$ 8,000	8,000
	<u>\$ 154,500</u>	<u>\$ 39,500</u>	<u>\$ 8,000</u>	<u>\$ 123,000</u>

The appropriations in the 2016 Budget are not less than that required by statute.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 7: SCHOOL TAXES

Local District Tax has been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL DEFERRED TAX <u>12/31/15</u>	LOCAL SCHOOL BALANCE <u>12/31/15</u>	BALANCE <u>12/31/14</u>	TOTAL DEFERRED TAX <u>12/31/14</u>	REGIONAL HIGH SCHOOL BALANCE <u>12/31/15</u>	BALANCE <u>12/31/14</u>
Balance of Tax		\$ 2,726,860	\$ 2,695,782		\$ 296,253	\$ 426,016
Deferred		<u>1,838,110</u>	<u>1,838,110</u>		<u>-</u>	<u>-</u>
Tax Payable		<u>\$ 888,750</u>	<u>\$ 857,672</u>		<u>\$ 296,253</u>	<u>\$ 426,016</u>
Tax Deferred	<u>\$ 1,838,110</u>			<u>\$ 1,838,110</u>		

School taxes are levied and collected in the period to which they relate, July 1 through June 30, and are turned over to the school district on a quarterly basis.

Note 8: PENSION PLANS

Description of Plans - All required employees of the municipality are covered by either the Public Employees' Retirement System (PERS), the Police and Fireman's Retirement System (PFRS), or the Defined Contribution Retirement Plan (DCRP) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school municipality, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS - (Continued)

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

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1 /60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The current PERS rate is 6.5% of covered payroll.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

Summary of Significant Accounting Policies - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets, or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net pension liability, related outflows and inflows of resources, and pension expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

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

At June 30, 2015, the municipality disclosed a liability of \$1,425,079 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the municipality's proportion was 0.00761% which was an decrease of 0.00118% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the municipality's portion of the plan's pension expense was \$39,744. At June 30, 2015, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	\$ 44,812	
Net difference between projected and actual earnings on pension plan investments		\$ 84,927
Changes in proportion and differences between municipality contributions and proportionate share of contributions	-	190,051
municipality contributions subsequent to the measurement date	62,748	
Total	\$ 107,560	\$ 274,978

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

\$62,748 disclosed as deferred outflows of resources related to pensions resulting from municipality contributions subsequent to the measurement date (i.e. Contributions for calendar year 2015 were made after the the plan measurement date of June 30, 2014) will be shown as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the plan as follows:

	<u>Year Ended June 30:</u>	
2015	(\$74,557)	
2016	(\$74,557)	
2017	(\$74,557)	
2018	(\$74,557)	
2019	\$47,264	
Thereafter	<u>\$20,796</u>	
Total	<u>(\$230,166)</u>	
	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$952,194,675
Collective deferred inflows of resources	-	1,479,224,662
Collective net pension liability (Non State - Local Group)	\$19,111,986,911	\$18,722,735,003
municipality's proportionate share of net pension liability	\$1,679,694	\$1,425,079
municipality's proportion %	0.00878869%	0.00761149%

Actuarial assumptions . The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 3.01%
- Salary Increases:
- 2012-2021 2.15%-4.40% based on age
- Therafter 3.15%-5.40% based on age
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

Long-Term Expected 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 Bonds	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 US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

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.

Sensitivity of the municipality's proportionate share of the net pension liability to changes in the discount rate. The following presents the municipality's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.39%)</u>	<u>(5.39%)</u>	<u>(6.39%)</u>
Municipality's proportionate share of the net pension liability	\$ 1,792,798	\$1,425,079	\$ 1,116,289

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of January 1, 1944, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Police and Fireman's Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey 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 or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contribution Requirements - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2014 and 2013, the State contributed an amount less than the actuarially determined amount.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Summary of Significant Accounting Policies - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets, or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net pension liability, related outflows and inflows of resources, and pension expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

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

At June 30, 2015, the municipality disclosed a liability of \$2,152,711 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total of non-special funding contributions to the PFRS during the years ended June 30, 2014 and 2013. At June 30, 2014, the municipality's proportion was 0.01711% which was a decrease of 0.00230% from its proportion measured as of June 30, 2013.

For the State fiscal year ended June 30, 2015, the municipality's portion of the plan's pension expense was \$108,565. At June 30, 2015, deferred outflows of resources and deferred inflows of resources for PFRS relating to the municipality's proportionate share are from the following sources:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	\$ 80,820	
Net difference between projected and actual earnings on pension plan investments		\$ 219,677
Changes in proportion and differences between municipality contributions and proportionate share of contributions	-	256,221
municipality contributions subsequent to the measurement date	131,443	
Total	<u>\$ 212,263</u>	<u>\$ 475,898</u>

\$131,443 disclosed as deferred outflows of resources related to pensions resulting from municipality contributions subsequent to the measurement date (i.e. Contributions for calendar year 2015 were made after the the plan measurement date of June 30, 2014) will be shown as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the plan as follows:

	<u>Year Ended June 30:</u>
2015	(\$111,779)
2016	(\$111,779)
2017	(\$111,779)
2018	(\$111,779)
2019	\$44,478
Thereafter	<u>\$7,561</u>
Total	<u>(\$395,078)</u>

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources (Non-Special Funding Situations)	-	\$750,532,959
Collective deferred inflows of resources (Non-Special Funding Situations)	-	1,561,923,934
Collective net pension liability (Non-Special Funding Situations)	\$13,294,097,604	\$12,579,072,492
Municipality's proportionate share of net pension liability (Non-Special Funding Situations)	\$2,580,857	\$2,152,711
Municipality's proportion %	0.01941356%	0.01711343%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

Actuarial assumptions . The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3.01%
<u>Salary Increases:</u>
2012-2021 3.95%-8.62% based on age
Therafter 4.95%-9.62% based on age
Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2011 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

Long-Term Expected 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 Bonds	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 US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: 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, 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 based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 municipality's proportionate share of the net pension liability to changes in the discount rate. The following presents the collective net pension liability of the municipality as of June 30, 2014, 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:

	1% Decrease	Current Discount Rate	1% Increase
	(5.32%)	(6.32%)	(7.32%)
Municipality's proportionate share of the net pension liability	\$ 2,901,055	\$2,152,711	\$ 1,534,223

PFRS Special Funding Situation - Under N.J.S.A. 43:16A-15, the municipality is responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the municipality to the PFRS under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability and collective pension expense that is associated with the municipality is as follows:

	6/30/2013	6/30/2014
Collective net pension liability of the Nonemployer (State of New Jersey) - Special Funding Situation	\$1,239,171,400	\$1,354,554,686
State's portion of the net pension liability that was associated with the municipality - Special Funding Situation	\$240,567	\$231,811
State's portion of the net pension liability that was associated with the municipality as a percentage of the collective net pension liability - Special Funding Situation	0.019414%	0.017113%
Collective pension expense of the Nonemployer-(State of New Jersey) - Special Funding Situation	-	\$171,628,286
State's portion of the pension expense that was associated with the municipality - Special Funding Situation	-	\$29,371

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the 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. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 8: PENSION PLANS (Continued)

Three-Year Trend Information:

<u>Year</u> <u>Funding</u>	PERS Annual Pension <u>Contribution</u>	PFRS Annual Pension <u>Contribution</u>	Percentage of Contribution <u>Paid</u>
2015	\$62,748	\$131,443	100%
2014	\$67,634	\$141,726	100%
2013	\$68,056	\$147,050	100%

Note 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension.

Note 10: ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Borough has, through contractual obligation, permitted various employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon amount as determined by the Borough council. At the time of audit the cost of such unpaid compensation totaled \$66,128. Such compensation would be included in the Borough's budget operating expenditures in the year it is used.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 11: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Borough participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Borough's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Borough expects such amounts, if any, to be immaterial.

LITIGATION

The Borough is involved with various litigation matters. We are advised by Borough Counsel, that the Borough is involved in current litigation matters that could have a material impact on the Financial Statements, however the financial impact is unknown at this time.

Note 12: OTHER REQUIRED DISCLOSURES

Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2015:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 5,738	\$ 41,182
Federal/State Grants Fund	41,182	-
General Capital Fund	-	5,036
Animal Control Fund	-	51
Other Trust Funds	5,036	5,687
	<u>\$ 51,956</u>	<u>\$ 51,956</u>

Note 13: RISK FINANCING

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

PART II
SUPPLEMENTARY INFORMATION
CURRENT FUND SCHEDULES

CURRENT FUND/FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH -TREASURER

A-4

	REF.	CURRENT FUND
Balance December 31, 2014	A	\$ 3,550,975
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	\$ 84,323
Collector	A-5	12,335,630
Revenue Accounts Receivable	A-8	1,813,825
Legal Reserve Receipts	A-9	6,638
Senior Citizens/Veterans Deductions	A-17	26,556
Miscellaneous Reserves	A-18	290,751
Federal/State Grant Funds	A-20:22	38,733
		14,596,456
		18,147,431
Decreased by Disbursements:		
2014 Appropriation Reserves	A-10	92,034
Reserve for Encumbrances	A-11	5,268,624
Tax Overpaid	A-13	14,629
County Taxes	A-14	1,327,350
Local District School Tax	A-15	5,798,294
Regional District School Tax	A-16	2,033,946
Miscellaneous Reserves	A-18	285,640
Federal/State Grant Funds	A-23	35,893
		14,856,410
Balance December 31, 2015	A	<u>\$ 3,291,021</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$	49,297	
Miscellaneous	A-2		1,931	
Taxes Receivable	A-6		12,199,286	
Tax Title Liens	A-7		3,280	
2016 Prepaid Taxes	A-12		67,209	
Taxes Overpaid	A-13		<u>14,627</u>	<u>\$ 12,335,630</u>

Decreased by Disbursements:

Payments to Treasurer	A-4			<u>\$ 12,335,630</u>
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CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

<u>YEAR</u>	<u>BALANCE</u>	<u>ADDED</u>	<u>2015</u>	<u>CASH COLLECTIONS</u>		<u>TRANSFERRED</u>	<u>CANCELLED</u>	<u>BALANCE</u>
	<u>12/31/14</u>	<u>TAXES</u>	<u>LEVY</u>	<u>2014</u>	<u>2015</u>	<u>TO TAX</u> <u>TITLE LIENS</u>		<u>12/31/15</u>
2013	\$ 16,338				\$ 16,338			
2014	199,047	\$ 4,982			204,029			-
	215,385	4,982	-	-	220,367	-	-	-
2015			\$ 12,247,873	\$ 45,223	12,003,725	\$ 1,719	\$ 25,210	\$ 171,996
TOTALS	\$ 215,385	\$ 4,982	\$ 12,247,873	\$ 45,223	\$ 12,224,092	\$ 1,719	\$ 25,210	\$ 171,996
REF.	A			A-12		A-7		A

State of New Jersey -- Senior Citizens
and Veterans Deductions
Received by Collector

<u>REF.</u>	
A-2	\$ 24,806
A-5	<u>12,199,286</u>
	<u>\$ 12,224,092</u>

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax	\$ 12,247,102	
Added Taxes (54:4-63.1 et.seq.)	<u>771</u>	<u>\$ 12,247,873</u>

Tax Levy:

	<u>REF.</u>		
Local District School Tax	A-15	\$ 5,829,372	
Regional School Tax	A-16	1,904,183	
County Taxes:			
County Tax (Abstract)	A-14	\$ 1,107,761	
County Library	A-14	110,897	
County Open Space Tax	A-14	107,860	
Due County for Added and Omitted Taxes(54.4-63.1,et.seq.)	A-14	<u>84</u>	1,326,602
Local Tax for Municipal Purposes	A-2		3,184,323
Add: Additional Tax Levied		<u>3,393</u>	<u>\$ 12,247,873</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2014	A	\$ 10,647
Increased by:		
Transfers from Taxes Receivable	A-6	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 1px solid black; width: 50px; margin-right: 10px;">1,719</div> </div>
		12,366
Decreased by:		
Canceled		923
Paid	A-5	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 1px solid black; width: 50px; margin-right: 10px;">3,280</div> </div>
		4,203
Balance December 31, 2015	A	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 3px double black; width: 50px; margin-right: 10px;">8,163</div> </div>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>ACCRUED</u> <u>IN 2015</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/15</u>	
Licenses:						
Alcoholic Beverages	A-2		\$ 5,400	\$ 5,400		
Fees and Permits	A-2		580	580		
Municipal Court:						
Fines and Costs	A-2		25,797	24,944	\$ 853	
Interest on Investments and Deposits	A-2		11,726	11,726		
Golf Fees	A-2		1,198,721	1,198,721		
Consolidated Municipal Property Tax Relief	A-2		47,895	47,895		
Energy Receipts Tax	A-2		244,014	244,014		
Garden State Trust Fund	A-2		12,931	12,931		
Uniform Construction Code Fees	A-2		54,731	54,731		
Cable TV Franchise Fees	A-2		11,639	11,639		
Hunterdon County Open Space Funding	A-2		10,418	10,418		
Debt Service Reserve - General Capital Fund	A-2		172,234	172,234		
Dam Reserve - General Capital Fund	A-2		18,592	18,592		
Totals		-	\$ 1,814,678	\$ 1,813,825	\$ 853	
	REF.		A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF ACCOUNTS RECEIVABLE - LEGAL FEES

A-9

REF.

Increased by:

Legal Fee Purchase Orders	A-11		\$ <u>26,372</u>
			26,372

Decreased by:

Receipts - Union Township	A-4	\$ 406	
Receipts - Clinton Township Sewer Authority	A-4	<u>6,232</u>	<u>\$ 6,638</u>

Balance December 31, 2015	A		<u>\$ 19,734</u>
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CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2014

A-10
Sheet 1

	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u> <u>12/31/14</u>	<u>PAID</u> <u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LASPED</u>
General Administration:				
Other Expenses	\$ 354	\$ 592	\$ 59	\$ 533
Internet	37	492	433	59
Mayor & Council:				
Advertising	2,916	5,426	914	4,512
Financial Administration:				
Other Expenses	812	1,571	577	994
Tax Collector:				
Other Expenses	237	603	96	507
Tax Assessor:				
Other Expenses	1,092	1,244	152	1,092
Legal Expenses	4,239	19,719	7,147	12,572
Engineering Expenses	3,100	3,236	150	3,086
Building and Grounds:				
Other Expenses	3,935	12,599	3,830	8,769
Planning Board:				
Other Expenses	1,914	2,417	821	1,596
Liability Insurance	3,040	4,040	96	3,944
Police Department:				
Other Expenses	270	5,672	5,672	-
Emergency Management:				
Other Expenses	3	1,475	80	1,395
LOSAP Contributions		7,000	7,000	-
Streets and Roads (DPW) Maintenance:				
Other Expenses	2,852	9,966	2,823	7,143
Board of Health:				
Other Expenses	407	615	299	316
Environmental Commission:				
Other Expenses	437	437	428	9
Special Events:				
Other Expenses	244	419	105	314
Recreation:				
Other Expenses	3	714	711	3
Golf:				
Other Expenses	156,276	207,301	32,039	175,262
Electricity	3,657	7,490	1,141	6,349
Street Lighting	979	5,085	3,332	1,753
Telephone	109	2,098	1,698	400
Gasoline	-	5,392	4,108	1,284
Heating Fuel	43	6,618	3,421	3,197
Environmental Testing	11,280	53,000	46,720	6,280
Municipal Court:				
Other Expenses	14,512	14,800	288	14,512
Deferred Charges-Emergency Revaluation	24,711	43,607	18,896	24,711
Other Accounts - No Change	63,434	64,168		64,168
TOTALS	\$ 300,893	\$ 487,796	\$ 143,036	\$ 344,760

	A		A-1
Appropriation Reserve	A	\$ 300,893	
Encumbrances	A-11	<u>186,903</u>	
		<u>\$ 487,796</u>	
Encumbrances	A-11	\$ 51,002	
Cash	A-4	<u>92,034</u>	
		<u>\$ 143,036</u>	

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-11

	<u>REF.</u>	
Balance December 31, 2014	A	\$ 255,209
Increased by:		
Encumbrances Added		
Transfer from Legal Reserve	A-9	\$ 26,372
Transfer from Appropriation Reserve	A-10	51,002
Transfer from Current Year Appropriations	A-3	<u>5,457,648</u>
		<u>5,535,022</u>
		5,790,231
Decreased by:		
Purchase Orders Cancelled	A	838
Transfer to Accounts Payable	A	58,580
Transfer to Appropriations Reserve	A-10	186,903
Cash Disbursements	A-4	<u>5,268,624</u>
		<u>5,514,945</u>
Balance December 31, 2015	A	<u>\$ 275,286</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-12

	<u>REF.</u>	
Balance December 31, 2014	A	\$ 45,223
Increased by:		
2016 Taxes Collected in Advance	A-5	<u>67,209</u> 112,432
Decreased by:		
Applied to 2015 Taxes Receivable	A-6	<u>45,223</u>
Balance December 31, 2015	A	<u>\$ 67,209</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-13

	<u>REF.</u>	
Balance December 31, 2014	A	\$ 2
Increased by:		
2015 Overpayments	A-5	<u>14,627</u> 14,629
Decreased by:		
Refunded	A-4	<u>\$ 14,629</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-14

	<u>REF.</u>					
Balance December 31, 2014	A	\$ 832				
Increased by:						
2015 Levy:						
County Taxes	A-1:6	\$1,107,761				
County Library	A-1:6	110,897				
County Open Space Tax	A-1:6	107,860				
County Added and Omitted Taxes	A-1:6	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">84</td> <td style="text-align: right; border-bottom: 1px solid black;">1,326,602</td> </tr> <tr> <td></td> <td style="text-align: right;">1,327,434</td> </tr> </table>	84	1,326,602		1,327,434
84	1,326,602					
	1,327,434					
Decreased by:						
Payments	A-4	1,327,350				
Balance December 31, 2015	A	\$ 84				

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>		
Balance December 31, 2014:			
School Tax Payable	A	\$ 857,672	
School Tax Deferred		<u>1,838,110</u>	\$ 2,695,782
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016	A-6		<u>5,829,372</u>
			8,525,154
Decreased by:			
Payments	A-4		<u>5,798,294</u>
Balance December 31, 2015:			
School Tax Payable		888,750	
School Tax Deferred	A	<u>1,838,110</u>	<u>\$ 2,726,860</u>
2015 Liability for Local District School Tax:			
Tax Paid			\$ 5,798,294
Tax Payable 12/31/15			<u>2,726,860</u>
			8,525,154
Less -- Tax Deferred 12/31/15			-
Less -- Tax Payable 12/31/14			<u>2,695,782</u>
Amount Charged to 2015 Operations	A-1		<u>\$ 5,829,372</u>

CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX PAYABLE

A-16

	<u>REF.</u>		
Balance December 31, 2014:			
School Tax Payable	A	\$ 426,016	
School Tax Deferred		<u>-</u>	\$ 426,016
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016	A-6		<u>1,904,183</u>
			2,330,199
Decreased by:			
Payments	A-4		<u>2,033,946</u>
Balance December 31, 2015:			
School Tax Payable		296,253	
School Tax Deferred	A	<u>-</u>	<u>\$ 296,253</u>
2015 Liability for Local District School Tax:			
Tax Paid			\$ 2,033,946
Tax Payable 12/31/15			<u>296,253</u>
			2,330,199
Less -- Tax Deferred 12/31/15			-
Less -- Tax Payable 12/31/14			<u>426,016</u>
Amount Charged to 2015 Operations	A-1		<u>\$ 1,904,183</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-17

	<u>REF.</u>	
Balance December 31, 2014	A	\$ 1,589
Increased by:		
Received in Cash From State	A-4	<u>26,556</u>
		28,145
Decreased by:		
Senior Citizens Deductions per Tax Billings		\$ 21,250
Veterans Deductions per Tax Billings		5,000
Sr and Vet Disallowed		<u>(1,444)</u>
		<u>24,806</u>
Balance December 31, 2015	A	<u>\$ 3,339</u>

CURRENT FUND
SCHEDULE OF MISCELLANEOUS RESERVES

A-18

	<u>BALANCE</u> <u>12/31/14</u>	<u>RECEIPTS</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>12/31/15</u>
Marriage Licenses Due State	\$ 25	475	375	\$ 125
Health Benefits	13,904	87,290	89,265	11,929
Insurance Claims	6,062	5,504	6,644	4,922
Outside Liens	-	183,264	175,734	7,530
State Training Fees	643	2,896	2,346	1,193
Police Outside Overtime	7,186	8,097	13,748	1,535
GIS Fees	1,341	1,400	2,590	151
Police Donations	-	25		25
County Food Inspections	2,975	1,800	1,000	3,775
Totals	\$ 32,136	\$ 290,751	\$ 291,702	\$ 31,185

A

A-4

A

A-2

A-4

\$ 6,062
285,640
<u>\$ 291,702</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR GREEN ACRES FUNDING

A-19

	<u>REF.</u>	
Balance December 31, 2014	A	\$524,042
Decreased by:		
Anticipated as Revenue - Current Fund Budget	A-2	<u>\$375,937</u>
Balance December 31, 2015	A	<u>\$148,105</u>

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-20

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/15</u>
Highlands and Water Protection Sustainable Development Plan	\$131,261			\$ 131,261
Clean Communities	30,300	\$ 9,382	\$ 9,382	-
Highlands - Plan Conformance		25,000	19,668	5,332
Body Armor		1,089	1,089	-
Drunk Driving Enforcement		3,000	3,000	-
Drive Sober Grant		5,000		5,000
NJ Highlands - Stormwater Management		15,000		15,000
NJ Highlands - TDR Feasibility		40,000		40,000
Click it or Ticket		1,900	1,900	-
Totals	\$161,561	\$ 100,371	\$ 35,039	\$ 226,893
REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

A-21

	<u>BALANCE</u> <u>12/31/14</u>		<u>TRANSFER</u> <u>FROM</u> <u>2015 BUDGET</u> <u>APPROPRIATIONS</u>		<u>TRANSFER</u> <u>FROM</u> <u>2015 BUDGET</u> <u>N.J.S. 40A:4-87</u>		<u>EXPENDED</u>		<u>BALANCE</u> <u>12/31/15</u>
Hazardous Discharge Site Remediation	\$ 8,539								\$ 8,539
Hazardous Discharge Site Remediation	15,320								15,320
Body Armor	1,182	\$	2,065	\$	1,089	\$	1,770		2,566
Historic Block Grant	151								151
Recycling Tonnage Grant	2,141		3,893				1,604		4,430
NJ Highlands - Plan Conformance	17,856				25,000		25,391		17,465
NJ Highlands - Stormwater Management					15,000		15,000		-
NJ Highlands - TDR Feasibility					40,000		40,000		-
Click it or Ticket					1,900		1,900		-
Clean Communities	141		7,720		9,382		9,767		7,476
Drive Sober Grant	6,817				5,000				11,817
Drunk Driving Enforcement Fund					3,000				3,000
Totals	\$ 52,147	\$	13,678	\$	100,371	\$	95,432	\$	70,764
	A		A-3		A-3		A-23		A

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

A-22

	<u>BALANCE</u> <u>12/31/14</u>	TRANSFER TO 2015 BUDGET <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/15</u>
Clean Communities	\$ 7,720	\$ 7,720		-
Recycling Grant	3,893	3,893	\$ 3,694	\$ 3,694
Body Armor	2,065	2,065		-
Totals	\$ 13,678	\$ 13,678	\$ 3,694	\$ 3,694
	A	A-21	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES-GRANTS FUND

A-23

	<u>REF.</u>	
Balance December 31, 2014	A	\$ 134,078
Increased by:		
Transfer from Appropriation Reserve	A-21	<u>95,432</u>
		229,510
Decreased by:		
Cash Disbursements	A-4	<u>35,893</u>
Balance December 31, 2015	A	<u>\$ 193,617</u>

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
EMERGENCY AND SPECIAL EMERGENCY AUTHORIZATIONS

A-24

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE</u> <u>AUTHORIZED</u>	<u>NET</u> <u>AMOUNT</u> <u>AUTHORIZED</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>APPROPRIATED</u> <u>2015</u> <u>BUDGET</u>	<u>BALANCE</u> <u>12/31/15</u>
Special Emergency (40A:4-53)	Preparation of Tax Map	8-15-13	\$ 25,000	\$ 20,000	\$ 5,000	\$ 15,000
Special Emergency (40A:4-53)	Revaluation	2-27-14	125,000	125,000	25,000	100,000
Emergency Authorization (40A:4-46)	Dept. Public Works	12-5-14	9,500	9,500	9,500	
Totals				\$ 154,500	\$ 39,500	\$ 115,000
REF.				A	A-3	A

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance December 31, 2014	B	\$ 6,219	\$ 365,114
Increased by Receipts:			
Dog License Fees	B-3	5,044	
Amount Due Current Fund	B-4	14	
State of New Jersey Fees	B-6	444	
Various Reserves	B-9		2,361,597
Total Receipts		<u>5,502</u>	<u>2,361,597</u>
		<u>11,721</u>	<u>2,726,711</u>
Decreased by Disbursements:			
Encumbrances	B-5:10	5,511	25,175
State of New Jersey Fees Paid	B-6	437	
Various Reserves	B-9		2,302,318
Total Disbursements		<u>5,948</u>	<u>2,327,493</u>
Balance December 31, 2015	B	<u>\$ 5,773</u>	<u>\$ 399,218</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2014	B	\$ 4,376
Increased by:		
License Fees Collected	B-2	5,044
		9,420
Decreased by:		
Administrative Expenses	B-5	3,841
Balance December 31, 2015	B	\$ 5,579

DOG LICENSE FEES COLLECTED

CY 2014	\$	3,801
CY 2013		3,096
		\$ 6,897

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
ANIMAL CONTROL FUND

B-4

	<u>REF.</u>	
Balance December 31, 2014	B	\$ 37
Increased by:		
Interest Credits Due Current Fund	B-2	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-top: 1px solid black; width: 20px; margin-right: 5px;"></div> 14 </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> 51 </div>
Balance December 31, 2015	B	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="border-bottom: 3px double black; width: 20px; margin-right: 5px;"></div> 51 </div>

ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

B-5

	<u>REF.</u>	
Balance December 31, 2014	B	\$ 1,670
Increased by:		
Purchase Orders	B-3	<u>3,841</u>
		5,511
Decreased by:		
Purchase Orders Paid	B-2	<u>\$ 5,511</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF
NEW JERSEY DEPARTMENT OF HEALTH

B-6

	<u>REF.</u>	
Balance December 31, 2014	B	\$ 136
Increased by:		
Collected in 2015:		
State Board of Health Fees	B-2	\$ 444
		<u>580</u>
Decreased By:		
Payments	B-2	<u>437</u>
Balance December 31, 2015	B	<u>\$ 143</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE GENERAL CAPITAL FUND

B-7

	<u>REF.</u>	
Balance December 31, 2014	B	\$ 5,005
Increased by:		
Interest Earned	B-9	<u>31</u>
Balance December 31, 2015	B	<u>\$ 5,036</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

B-8

	<u>REF.</u>	
Balance December 31, 2014	B	<u>\$ 5,687</u>
Balance December 31, 2015	B	<u><u>\$ 5,687</u></u>

TRUST FUND
SCHEDULE OF VARIOUS RESERVES

B-9

	<u>BALANCE</u> <u>12/31/14</u>	<u>RECEIPTS</u>	<u>EXPENDED</u>	<u>BALANCE</u> <u>12/31/15</u>
Engineering Fees	\$ 23,293	\$ 16,538		\$ 39,831
Open Space Acquisition	4,084	31		4,115
Unemployment Compensation	117,977	2,292	\$ 13,442	106,827
Smal Cities-CDBG	53,444	135		53,579
Historic Preservation		338	100	238
Tax Sale Premiums	154,300	145,486	124,986	174,800
Public Events	6,265	27,147	23,252	10,160
Recreation		16,017	11,504	4,513
Payroll Agency	1,103	2,153,644	2,152,222	2,525
Totals	\$ 360,466	\$ 2,361,628	\$ 2,325,506	\$ 396,588

	B	B-2	A
Cash	B-2	\$ 2,361,597	\$ 2,302,318
Interfund General Capital	B-7	31	-
Encumbrances	B-10	-	23,188
		<u>\$ 2,361,628</u>	<u>\$ 2,325,506</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

B-5

	<u>REF.</u>	
Balance December 31, 2014	B	\$ 3,966
Increased by:		
Purchase Orders	B-9	<u>23,188</u>
		27,154
Decreased by:		
Purchase Orders Paid	B-2	<u>25,175</u>
Balance December 31, 2015	B	<u>\$ 1,979</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2014	C		\$ 1,242,809
Increased by Receipts:			
Current Fund Budgeted Appropriation - Capital Improvement Fund	C-8	\$ 343,000	
Grant Receipts	C-4	317,250	
Opens Space Account Interest Earned	C-15	31	
Interfund Returned	C-3	1,090	
Interest Credits	C-3	<u>3,452</u>	<u>664,823</u>
			1,907,632
Decreased by Disbursements:			
Payment to Current Fund for Interest Credits	C-3	3,452	
Payment to Current Fund for Items Anticipated as Current Fund Revenue	C-3	190,826	
Liquidation of Prior Year Encumbrances	C-7	143,925	
Improvements Authorizations Paid	C-13	<u>123,049</u>	<u>461,252</u>
Balance December 31, 2015	C		<u>\$ 1,446,380</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

REF.

Increased by:

Interfund Returned	C-2	\$ 1,090		
Revenue Anticipated as Revenue - Current Fund Budget	C-14	190,826		
Payment of Interest Credits to Current Fund	C-2	<u>3,452</u>	\$	<u>195,368</u>
				195,368

Decreased by:

BAN Premium received in Current Fund	C-1	1,090		
Interfund Advanced	C-2	190,826		
Interest Credits Due Current Fund	C-2	<u>3,452</u>	\$	<u>195,368</u>

GENERAL CAPITAL FUND
SCHEDULE OF ACCOUNTS RECEIVABLE

	<u>REF.</u>	C-4
Balance December 31, 2014	C	\$ 532,250
Increased by:		
NJ DOT Grant - Cregar Road Phase V - Ord. 2015-16	C-13	<u>160,000</u>
		692,250
Decreased by:		
Department of Housing and Urban Development Receipts	C-2	\$ 245,000
NJ DOT Grant - Cregar Road Receipts	C-2	<u>72,250</u>
		<u>317,250</u>
Balance December 31, 2015	C	<u>\$ 375,000</u>
NJ Department of Transportation - Ord. 2013-16		\$ 215,000
NJ Department of Transportation - Ord. 2015-16		<u>160,000</u>
		<u>\$ 375,000</u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>REF.</u>	C-5
Balance December 31, 2014	C	\$ 12,636,893
Decreased by:		
2015 Budget Appropriations - Bonds Payable	C-9	\$ 385,000
Green Acres Trust Loans Payable	C-11	258,005
New Jersey Environmental Trust Loans Payable	C-12	<u>43,311</u> \$ 686,316
Balance December 31, 2015	C	<u>\$ 11,950,577</u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

ANALYSIS OF BALANCE

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE 12/31/14</u>	<u>PAID BY BUDGET APPROPRIATION</u>	<u>BALANCE 12/31/15</u>	<u>BOND ANTI- ANTICIPATION NOTES</u>	<u>BONDS/NOTES AUTHORIZED NOT ISSUED</u>
2005-22	Acquisition of Pumper Truck	\$ 15,293	\$ 15,293	-		-
2005-16	Acquisition of Golf Equipment	11,400	11,400	-		-
2007-14	Construction of Public Works Building	155,000	31,000	\$ 124,000	\$ 124,000	-
2007-17	Improvements to Jericho Road	72,000	24,000	48,000	48,000	-
2007-20	Acquisition of Fire Pumper	114,000	38,000	76,000	76,000	-
2008-11	River Road Improvements	30,000	15,000	15,000	15,000	-
2008-10; 2008-25	Mine Road Improvements	30,000	6,000	24,000	24,000	-
		\$ 427,693	\$ 140,693	\$ 287,000	\$ 287,000	-

REF.

C

C-10

C

C-10

C

GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

C-7

	<u>REF.</u>	
Balance December 31, 2014	C	\$ 144,994
Increased by:		
Improvement Authorization Purchase Orders Issued	C-13	<u>653,780</u> 798,774
Decreased by:		
Prior Year Purchase Orders Canceled	C-13	\$ 1,069
Liquidation of Prior Year Purchase Orders	C-2	<u>143,925</u> <u>144,994</u>
Balance December 31, 2015	C	<u>\$ 653,780</u>

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-8

	<u>REF.</u>	
Balance December 31, 2014	C	\$ 3,896
Increased by:		
2015 Budget Appropriations	C-2	\$ 343,000
Improvement Authorizations Canceled	C-13	<u>27,509</u>
		<u>370,509</u>
		374,405
Decreased by:		
To Finance Improvement Authorizations	C-13	<u>263,200</u>
Balance December 31, 2015	C	<u>\$ 111,205</u>

GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

C-9

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE 12/31/14</u>	<u>BUDGET DECREASED</u>	<u>BALANCE 12/31/15</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Refunding Bonds	2/8/2006	\$ 1,104,000	12/1/16	\$ 78,500	4.750%	\$ 705,000	\$ 76,000	\$ 629,000
			12/1/17	85,500	4.000%			
			12/1/18	85,000	4.000%			
			12/1/19	85,000	4.000%			
			12/1/20	100,000	4.000%			
			12/1/21	99,500	4.000%			
			12/1/22	95,500	4.000%			
Golf Course Utility Refunding Bonds	2/8/2006	\$ 4,156,000	12/1/16	\$ 311,500	4.750%	2,565,000	304,000	2,261,000
			12/1/17	304,500	4.000%			
			12/1/18	305,000	4.000%			
			12/1/19	325,000	4.000%			
			12/1/20	325,000	4.000%			
			12/1/21	320,500	4.000%			
			12/1/22	369,500	4.000%			
General Improvement Bonds	2/15/2010	\$ 4,863,000	2/15/16	\$ 30,000	2.000%	4,813,000	5,000	4,808,000
			2/15/17	30,000	2.400%			
			2/15/18	30,000	2.700%			
			2/15/19	25,000	3.000%			
			2/15/20	25,000	3.125%			
			2/15/21	20,000	4.000%			
			2/15/22	20,000	5.000%			
			2/15/23	70,000	5.000%			
			2/15/24	20,000	5.000%			
			2/15/25	270,000	5.000%			
			2/15/26	220,000	5.000%			
			2/15/27	215,000	5.000%			
			2/15/28	265,000	5.000%			
			2/15/29	340,000	5.000%			
			2/15/30	335,000	5.000%			
			2/15/31	260,000	4.250%			
			2/15/32	285,000	4.300%			
			2/15/33	275,000	4.350%			
			2/15/34	325,000	4.400%			
			2/15/35	325,000	4.500%			
			2/15/36	325,000	4.500%			
			2/15/37	375,000	4.500%			
			2/15/38	350,000	4.500%			
			2/15/39	350,000	4.500%			
			2/15/40	23,000	4.500%			

\$ 8,083,000	\$ 385,000	\$ 7,698,000
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C-5

C

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-10

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	AMOUNT ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE 12/31/14	DECREASED	BALANCE 12/31/15
2005-22	Acquisition of Pumper Truck	7/25/2005	\$ 153,000	6/24/2015	6/24/2016	1.250%	\$ 15,293	\$ 15,293	-
2005-16	Acquisition of Golf Equipment	7/25/2005	114,000	6/24/2015	6/24/2016	1.250%	11,400	11,400	-
2007-20	Acquisition of Fire Pumper	7/26/2007	380,000	6/24/2015	6/24/2016	1.250%	114,000	38,000	\$ 76,000
2007-17	Improvements to Jericho Road	12/20/2007	240,000	6/24/2015	6/24/2016	1.250%	72,000	24,000	48,000
2008-11	River Road Improvements	7/23/2008	150,000	6/24/2015	6/24/2016	1.250%	30,000	15,000	15,000
2007-14	Construction of Public Works Building	4/9/2010	310,000	6/24/2015	6/24/2016	1.250%	155,000	31,000	124,000
2008-11/25	Mine Road Improvements	12/10/2009	60,000	6/24/2015	6/24/2016	1.250%	30,000	6,000	24,000
							\$ 427,693	\$ 140,693	\$ 287,000
REF.							C	C-6	C

GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES TRUST LOANS PAYABLE

C-11

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING LOANS DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/14</u>	<u>BUDGET DECREASED</u>	<u>BALANCE 12/31/15</u>
Lake Solitude Acquisition	3/8/07	\$ 1,049,148	2016	\$ 77,732	2.000%	\$ 523,518	\$ 76,200	\$ 447,318
			2017	79,294	2.000%			
			2018	80,888	2.000%			
			2019	82,514	2.000%			
			2020	84,172	2.000%			
			2021	42,718	2.000%			
Springside Woodlands	3/21/02	\$ 187,500	2016	\$ 10,399	2.000%	75,807	10,194	65,613
			2017	10,608	2.000%			
			2018	10,821	2.000%			
			2019	11,038	2.000%			
			2020	11,260	2.000%			
			2021	11,487	2.000%			
Lake Solitude Dam	2/15/2010	\$ 3,318,592	2016	\$ 175,061	2.000%	3,318,592	171,611	3,146,981
			2017	178,580	2.000%			
			2018	182,169	2.000%			
			2019	185,831	2.000%			
			2020	189,566	2.000%			
			2021	193,376	2.000%			
			2022	197,263	2.000%			
			2023	201,228	2.000%			
			2024	205,273	2.000%			
			2025	209,399	2.000%			
			2026	213,607	2.000%			
			2027	217,901	2.000%			
			2028	222,281	2.000%			
			2029	226,749	2.000%			
			2030	231,306	2.000%			
2031	117,391	2.000%						
						\$ 3,917,917	\$ 258,005	\$ 3,659,912

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C-5

C

GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST LOANS

C-12

<u>PURPOSE</u>	<u>DATE</u> <u>ORIGINAL</u> <u>ISSUE</u>	<u>ORIGINAL</u> <u>ISSUE</u>	<u>MATURITY OF</u> <u>OUTSTANDING LOANS</u> <u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>BUDGET</u> <u>DECREASED</u>	<u>BALANCE</u> <u>12/31/15</u>						
Trust Loan	11/8/07	\$ 245,000	2016	\$ 10,000	3.500%	\$ 185,000	\$ 10,000	\$ 175,000						
			2017	10,000	3.500%									
			2018	10,000	3.500%									
			2019	15,000	3.500%									
			2020	15,000	3.500%									
			2021	15,000	3.500%									
			2022	15,000	3.500%									
			2023	15,000	3.500%									
			2024	15,000	3.500%									
			2025	15,000	3.500%									
			2026	20,000	3.500%									
			2027	20,000	3.500%									
			Fund Loan	11/8/07	\$ 681,941				2016	\$ 32,408	None	450,976	33,311	417,665
									2017	31,505				
2018	30,601													
2019	38,731													
2020	37,647													
2021	36,563													
2022	35,208													
2023	33,853													
2024	32,701													
2025	31,482													
2026	39,296													
2027	37,670													

\$ 635,976	\$ 43,311	\$ 592,665
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C-5

C

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-13

ORDINANCE NO.	DATE	AMOUNT	IMPROVEMENT DESCRIPTION	BALANCE 12/31/14		STATE AID ROAD ALLOTMENTS	CAPITAL FUND BALANCE	CAPITAL IMPROVEMENT FUND	PAID OR CHARGED	CANCELED	BALANCE 12/31/15	
				FUNDED	UNFUNDED						FUNDED	UNFUNDED
2002-19	7/25/2002	\$ 164,600	Lake Solitude Dam Project	\$ 16,272					\$ 3,500		\$ 12,772	-
2007-19	5/10/2007	63,000	Various Improvements to Mill & McDonald Streets	46,629							46,629	-
2008-26	10/23/2008	3,600,000	Lake Solitude Dam Remediation	192,230							192,230	-
2012-05; 2014-12	3/8/2012; amended 4/1/2014	475,000 & 100,000	Construction of ADA Compliant Borough Hall	514,756					507,800		6,956	-
2012-17	10/11/2012	80,000	Golf Course and Well Decommissioning	33,267							33,267	-
2013-16; 2014-04	7/18/2013; amended 1/23/2014	215,000 & 250,000	Streetscape - Phase II	423,000					15,950		407,050	-
2013-17	9/12/2013	50,000	Purchase and Install of Emergency Generator	7,260							7,260	-
2013-18	8/15/2013	111,000	Purchase and Install of Fuel Tanks	198					8		190	-
2014-01	1/23/2014	352,000	Road Improvements - Cregar Road	26,230					(1,069)	\$ 27,299	-	-
2014-03	1/23/2014	50,000	Removal of Underground Storage Tanks	1,402					1,402		-	-
2014-07	3/27/2014	11,000	Purchase of a Clamshell Bucket	210						210	-	-
2015-07	2/28/2015	95,000	Preliminary Engineering - Cregar Road				\$ 95,000		90,525		4,475	-
2015-08	2/28/2015	11,000	Facility Upgrade				11,000		10,874		126	-
2015-16	5/7/2015	275,000	Cregar Road Phase V			\$ 160,000		\$ 115,000			275,000	-
2015-18	5/7/2015	68,000	Road Improvements					68,000	66,570		1,430	-
2015-19	5/7/2015	67,000	Fire SCBA Air Packs					67,000	67,000		-	-
2015-20	5/7/2015	13,200	Firehouse Roof					13,200	13,200		-	-
				\$ 1,261,454	\$ -	\$ 160,000	\$ 106,000	\$ 263,200	\$ 775,760	\$ 27,509	\$ 987,385	\$ -
REF.				C	C	C-4	C-1	C-8		C-8	C	C

Cash Disbursements	C-2	\$ 123,049
Prior Year Encumbrances Canceled	C-7	(1,069)
Encumbrances	C-7	653,780
		<u>\$ 775,760</u>

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/14</u>	ANTICIPATED AS REVENUE <u>CURRENT</u> <u>FUND</u>	C-14 <u>BALANCE</u> <u>12/31/15</u>
Debt Service	\$ 172,234	\$ 172,234	-
Open Space	2,542		\$ 2,542
Grants Receivable	20,000		20,000
Dam Project - NJEIT	18,592	18,592	-
	<u>\$ 213,368</u>	<u>\$ 190,826</u>	<u>\$ 22,542</u>
REF.	C	C-3	C

TRUST FUND
SCHEDULE OF AMOUNT DUE OTHER TRUST FUND

B-7

	<u>REF.</u>	
Balance December 31, 2014	C	\$ 5,005
Increased by:		
Interest Earned	C-2	<u>31</u>
Balance December 31, 2015	C	<u>\$ 5,036</u>

WATER UTILITY FUND

WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

D-4

	<u>REF.</u>	<u>OPERATING</u>		<u>CAPITAL</u>
Balance December 31, 2014	D	\$ 151,545		\$ 54,066
Increased by Receipts:				
Water Rents	D-5	\$ 344,720		
Captial Improvement Fund	D-11		\$ 58,720	
Other Receipts	D	105		
Miscellaneous	D-2	<u>15,207</u>	<u>360,032</u>	<u>58,720</u>
		511,577	-	112,786
Decreased by Disbursements:				
2014 Appropriation Reserve	D-7	3,267		
2015 Appropriations	D-3:10	<u>330,761</u>	<u>334,028</u>	-
Balance December 31, 2015	D	<u>\$ 177,549</u>		<u>\$ 112,786</u>

WATER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

D-5

REF.

Increased by Receipts:

Consumer Accounts Receivable Collections	D-6	\$ 344,720
		<u>344,720</u>

Decreased by Disbursements:

Payment to Treasurer	D-4	<u>\$ 344,720</u>
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WATER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-6

	<u>REF.</u>	
Balance December 31, 2014	D	\$ 38,366
Increased by:		
Water Rents Levied		<u>315,944</u>
		354,310
Decreased by:		
Collection	D-5	<u>344,720</u>
Balance December 31, 2015	D	<u>\$ 9,590</u>

WATER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2014

D-7

	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salaries and Wages	\$ 4,698	\$ 4,698		\$ 4,698
Other Expenses	28,570	28,570	\$ 7,687	20,883
Statutory Expenses	360	360		360
 TOTALS	 <u>\$ 33,628</u>	 <u>\$ 33,628</u>	 <u>\$ 7,687</u>	 <u>\$ 25,941</u>

REF.

D

D-1

Appropriation Reserves	\$ 19,029
Encumbrances	<u>14,599</u>
	<u>\$ 33,628</u>

Cash	D-4	\$ 3,267
Encumbrances	D-15	<u>4,420</u>
		<u>\$ 7,687</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2015

D-8

Balance December 31, 2014	D	\$ 3,664,063
Increased by:		
Transfer from Fixed Assets Authorized	D-9	<u>28,726</u>
Balance December 31, 2015	D	<u>\$ 3,692,789</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-9

<u>ORDINANCE</u> <u>DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>NEW</u> <u>AUTHORIZATIONS</u>	<u>TRANSFER</u> <u>TO FIXED</u> <u>CAPITAL</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/15</u>
2009-22	Various Water Improvements	\$ 50,000				\$ 50,000
2014-02	Generator at Solitude Water Tank	50,000				50,000
2015-17	Improvement to Cregar Road		\$ 120,000			120,000
2015-33	Purchase of Ford F250		29,000	\$ 28,726	\$ 274	-
		\$ 100,000	\$ 149,000	\$ 28,726	\$ 274	\$ 220,000
REF.		D	D-10	D-12	D-10	D

WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-10

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	DATE	ORIGINAL AMOUNT	12/31/14 BALANCE		CAPITAL IMPROVEMENT FUND	PAID OR CHARGED	CANCELED	12/31/15 BALANCE	
				UNFUNDED	FUNDED				UNFUNDED	FUNDED
2014-20	Generator at Solitude Water Tank	7/17/14	50,000		\$ 50,000				\$	50,000
2015-17	Improvement to Cregar Road	5/7/15	120,000			120,000				120,000
2015-33	Purchase of Ford F250	11/12/15	29,000			29,000	\$ 28,726	\$ 274		-
				-	\$ 50,000	\$ 149,000	28,726	274	-	\$ 170,000
REF.				D	D	D-11	D-15	D-11	D	D

WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER CAPITAL IMPROVEMENT FUND

D-11

	<u>REF.</u>	
Balance December 31, 2014	D	\$ 107,504
Increased by:		
Improvement Authorizations Canceled	D-10	\$ 274
FEMA - Washington Ave.	D-4	18,720
2015 Budget Appropriation	D-3:4	40,000
		<u>58,994</u>
		166,498
Decreased by:		
Improvement Authorizations	D-10	<u>149,000</u>
Balance December 31, 2015	D	<u>\$ 17,498</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

D-12

	<u>REF.</u>	
Balance December 31, 2014	D	\$ 3,512,061
Increased by:		
Serial Bonds Paid by Water Operating Budget	D-3:14	\$ 6,550
Transferred from Deferred Amortization	D-13	<u>28,726</u>
		<u>35,276</u>
		3,547,337
Balance December 31, 2015	D	<u>\$ 3,547,337</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

D-13

ORDINANCE NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>FIXED</u> <u>CAPITAL</u> <u>AUTHORIZED</u>	<u>TO RESERVE</u> <u>FOR</u> <u>AMORTIZATION</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/15</u>
2009-22	Various Water Improvements	6/25/09	\$ 50,000				\$ 50,000
2014-02	Generator at Solitude Water Tank	7/14/14	50,000				50,000
2015-17	Improvement to Cregar Road	5/7/15		\$ 120,000			120,000
2015-33	Purchase of Ford F250	11/12/15		29,000	\$ 28,726	\$ 274	-
			\$ 100,000	\$ 149,000	\$ 28,726	\$ 274	\$ 220,000
	REF.		D	D-10	D-12	D-10	D

WATER CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

D-14

<u>ORDINANCE NO.</u>	<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>AMOUNT ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/14</u>	<u>DECREASED</u>	<u>BALANCE 12/31/15</u>
13-2015	5/17/12	Washington Ave. Water Main Improvements	12/18/2009	\$ 65,500	6/24/15	6/24/16	1.25%	\$ 32,750	\$ 6,550	\$ 26,200
								\$ 32,750	\$ 6,550	\$ 26,200
		REF.						D	D-12	D

WATER UTILITY FUND
SCHEDULE OF ENCUMBRANCES

D-15

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance December 31, 2014	D	\$ 14,599	\$ 9,860
Increased by:			
Transfer from Appropriation Reserve	D-7	\$ 4,420	
Transfer from Current Year Appropriations	D-3:10	<u>16,622</u>	<u>28,726</u>
		35,641	38,586
Decreased by:			
Cash Disbursements	D-4	<u>14,599</u>	<u>-</u>
Balance December 31, 2015	D	<u>\$ 21,042</u>	<u>\$ 38,586</u>

SEWER UTILITY FUND

SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

E-4

	<u>REF.</u>	<u>OPERATING</u>		<u>CAPITAL</u>
Balance December 31, 2014	D	\$ 895,067		\$ 155,588
Increased by Receipts:				
Sewer Rents	E-5	\$ 776,242		
Other Receipts	E	1,021		
Miscellaneous	E-2	<u>18,181</u>	<u>795,444</u>	<u>-</u>
		1,690,511		155,588
Decreased by Disbursements:				
2014 Appropriation Reserve	E-7	104,161		
Encumbrances	E-15		6,600	
2015 Appropriations	E-3:10	<u>622,512</u>	<u>726,673</u>	<u>14,848</u>
Balance December 31, 2015	D	<u>\$ 963,838</u>		<u>134,140</u>

SEWER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

E-5

REF.

Increased by Receipts:

Consumer Accounts Receivable Collections	E-6	<u>\$ 776,242</u> 776,242
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Decreased by Disbursements:

Payment to Treasurer	E-4	<u>\$ 776,242</u>
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SEWER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

E-6

	<u>REF.</u>	
Balance December 31, 2014	E	\$ 71,607
Increased by:		
Sewer Rents Levied		<u>745,662</u>
		817,269
Decreased by:		
Collection	E-4	<u>776,242</u>
Balance December 31, 2015	E	<u>\$ 41,027</u>

SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2014

E-7

	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salary and Wages	\$ 17,467	\$ 17,467	-	\$ 17,467
Other Expenses	150,663	150,663	\$ 104,161	46,502
Statutory Expenditures	1,166	1,166	-	1,166
 TOTALS	 <u>\$ 169,296</u>	 <u>\$ 169,296</u>	 <u>\$ 104,161</u>	 <u>\$ 65,135</u>

REF.

E

E-4

E-1

Appropriation Reserves	\$ 52,505
Encumbrances	<u>116,791</u>
	<u>\$ 169,296</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2015

E-8

Balance December 31, 2014	E	\$ 5,429,481
Increased by:		
Transfer from Fixed Assets Authorized	E-9	<u>14,870</u>
Balance December 31, 2015	E	<u>\$ 5,444,351</u>

SEWER UTILITTY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

E-9

<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE 12/31/14</u>	<u>NEW AUTHORIZATIONS</u>	<u>TRANSFER TO FIXED CAPITAL</u>	<u>CANCELED</u>	<u>BALANCE 12/31/15</u>
2007-24	Sewer Maps	\$ 7,000				\$ 7,000
2012-15	Replacement of Sewer Pumps	50,000				50,000
2013-08	Infiltration Study and Improvements	60,000				60,000
2015-21	Sewer Valves		\$ 20,000	\$ 14,870	\$ 5,130	-
		\$ 117,000	\$ 20,000	\$ 14,870	\$ 5,130	\$ 117,000

REF.

E

E-10

E-8

E-10

E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

E-10

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>	<u>DATE</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE 12/31/14</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE 12/31/15</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Sewer Maps	2007-24	8/9/07	\$ 7,000	\$ 7,000					\$ 7,000	
Replacement of Sewer Pumps	2012-15	7/19/12	50,000	10,775		\$ 9,925			850	
Infiltration Study and Improvements	2013-08	3/28/13	60,000	53,400		1,000			52,400	
Sewer Valves	2015-21	5/8/15	20,000			\$ 20,000	14,870	\$ 5,130		-
			\$ 71,175	-	\$ 20,000	\$ 25,795	\$ 5,130	\$ 60,250	-	
REF.			E	E	E-11	E-4	E-11	E	E	
				E-4 Encumbered		\$ 14,848				
						10,947				
						\$ 25,795				

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER CAPITAL IMPROVEMENT FUND

E-11

	<u>REF.</u>	
Balance December 31, 2014	E	<u>\$ 76,318</u>
Increased by:		
Improvement Authorizations Canceled	E-10	<u>5,130</u>
		81,448
Decreased by:		
Funding for Improvement Authorizations	E-10	<u>20,000</u>
Balance December 31, 2015	E	<u>\$ 61,448</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

E-12

	<u>REF.</u>	
Balance December 31, 2014	E	\$ 2,542,481
Increased by:		
Transfer from Deferred Amortization	E-13	\$ 14,870
Serial Bonds Paid by Sewer Operating Budget	E-14	<u>20,000</u>
		<u>34,870</u>
		2,577,351
Balance December 31, 2015	E	<u>\$ 2,577,351</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

						E-13
<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE</u> <u>12/31/14</u>	<u>FIXED</u> <u>CAPITAL</u> <u>AUTHORIZED</u>	<u>TO RESERVE</u> <u>FOR</u> <u>AMORTIZATION</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/15</u>
Sewer Maps	8/9/07	\$ 7,000				\$ 7,000
Replacement of Sewer Pumps	7/19/12	50,000				50,000
Infiltration Study and Improvements	3/28/13	60,000				60,000
Sewer Valves	5/8/15		20,000	14,870	5,130	-
		\$ 117,000	\$ 20,000	\$ 14,870	\$ 5,130	\$ 117,000
REF.		E	E-10	E-12	E-10	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

E-14

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING BONDS DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/14</u>	<u>DECREASED</u>	<u>BALANCE 12/31/15</u>
Sewer Utility Bonds	2/24/2010	\$ 2,937,000	2/15/15	\$ 20,000	2.000%	\$ 2,887,000	\$ 20,000	\$ 2,867,000
			2/15/16	20,000	2.400%			
			2/15/17	20,000	2.700%			
			2/15/18	20,000	3.000%			
			2/15/19	25,000	3.130%			
			2/15/20	25,000	4.000%			
			2/15/21	30,000	5.000%			
			2/15/22	30,000	5.000%			
			2/15/23	30,000	5.000%			
			2/15/24	30,000	5.000%			
			2/15/25	30,000	5.000%			
			2/15/26	80,000	5.000%			
			2/15/27	85,000	5.000%			
			2/15/28	85,000	5.000%			
			2/15/29	85,000	5.000%			
			2/15/30	90,000	5.000%			
			2/15/31	190,000	4.250%			
			2/15/32	190,000	4.300%			
			2/15/33	200,000	4.350%			
			2/15/34	200,000	4.400%			
			2/15/35	200,000	4.500%			
			2/15/36	225,000	4.500%			
			2/15/37	225,000	4.500%			
			2/15/38	250,000	4.500%			
			2/15/39	250,000	4.500%			
			2/15/40	252,000	4.500%			
						\$ 2,887,000	\$ 20,000	\$ 2,867,000

E

E-12

E

SEWER UTILITY FUND
SCHEDULE OF ENCUMBRANCES

E-15

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance December 31, 2014	E	\$ 116,791	\$ 6,600
Increased by:			
Transfer from Current Year Appropriations	E-3:10	<u>115,298</u> 232,089	<u>10,947</u> 17,547
Decreased by:			
Cash Disbursements	E-4	<u>116,791</u>	<u>6,600</u>
Balance December 31, 2015	E	<u>\$ 115,298</u>	<u>\$ 10,947</u>

SOLID WASTE FUND

SOLID WASTE UTILITY FUND
SCHEDULE OF CASH - TREASURER

F-4

	<u>REF.</u>	<u>OPERATING</u>		<u>CAPITAL</u>	
Balance December 31, 2014	D	\$ 183,721		\$ 6,281	
Increased by Receipts:					
Collections of District Taxes	F-5	\$ 381,077			
Other Receipts	F-1	130			
Miscellaneous	F-2	<u>6,012</u>	<u>387,219</u>	-	-
			570,940	-	6,281
Decreased by Disbursements:					
2014 Appropriation Reserve	F-7	19,979			
2015 Appropriations	F-3	<u>292,005</u>	<u>311,984</u>	-	-
Balance December 31, 2015	D	<u>\$ 258,956</u>		<u>6,281</u>	

SOLID WASTE UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

F-5

REF.

Increased by Receipts:

Consumer Accounts Receivable Collections

F-6

\$ 381,077

381,077

Decreased by Disbursements:

Payment to Treasurer

F-4

\$ 381,077

SOLID WASTE UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

F-6

	<u>REF.</u>	
Balance December 31, 2014	F	\$ 33,044
Increased by:		
Collection Billings		<u>372,235</u>
		405,279
Decreased by:		
Collection	F-5	<u>381,077</u>
Balance December 31, 2015	F	<u><u>\$ 24,202</u></u>

SOLID WASTE UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2014

F-7

	<u>BALANCE</u> <u>12/31/14</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salaries and Wages	\$ 4,075	\$ 4,075		\$ 4,075
Other Expenses	31,360	31,360	\$ 19,979	11,381
Statutory Expenditures	312	312		312
TOTALS	<u>\$ 35,747</u>	<u>\$ 35,747</u>	<u>19,979</u>	<u>\$ 15,768</u>

REF.	F	F	F-4	F-1
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Appropriation Reserve	\$ 11,533
Encumbrances	<u>24,214</u>
	<u>\$ 35,747</u>

SOLID WASTE UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2015

F-8

Balance December 31, 2014	F	<u>\$ 162,410</u>
Balance December 31, 2015	F	<u>\$ 162,410</u>

SOLID WASTE UTILITY CAPITAL FUND
SCHEDULE OF SOLID WASTE CAPITAL IMPROVEMENT FUND

F-9

	<u>REF.</u>	
Balance December 31, 2014	F	<u>\$ 6,281</u>
Balance December 31, 2015	F	<u>\$ 6,281</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

F-10

	<u>REF.</u>	
Balance December 31, 2014	F	<u>\$ 162,410</u>
Balance December 31, 2015	F	<u>\$ 162,410</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2015

G-1

	<u>BALANCE</u> <u>12/31/14</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/15</u>
General Fixed Assets:				
Land	\$ 14,499,637	\$ 47,355		\$ 14,546,992
Buildings and Improvements	291,787			291,787
Machinery and Equipment	5,847,728	125,050	\$ 176,599	5,796,179
Total General Fixed Assets	<u>\$ 20,639,152</u>	<u>\$ 172,405</u>	<u>\$ 176,599</u>	<u>\$ 20,634,958</u>
 Investment In General Fixed Assets	 <u>\$ 20,639,152</u>	 <u>\$ 172,405</u>	 <u>\$ 176,599</u>	 <u>\$ 20,634,958</u>

**PART III
SUPPLEMENTARY INFORMATION**

General Comments

**Report on Internal Control over Financial Reporting
and Compliance and Other Matters based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Schedule of Federal/State Awards

Status of Prior Audit Findings

Schedule of Findings and Responses

GENERAL COMMENTS

Scope of Audit

The audit of the financial statements of the Borough of High Bridge, County of Hunterdon, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Borough and various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a 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. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body 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 contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (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. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall 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 N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement 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 to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$40,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The Minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.40A:11-5.

The system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "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.40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method of authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 5, 2015, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Be It Resolved that the rate of interest to be charged is hereby fixed at the rate of 8% per annum for amounts under \$1,500 and, 18% per annum on any amount in excess of \$1,500, the dates of delinquency will be ten (10) days after the quarterly due dates after which interest will be charged from the due date of the quarter. And Be It Further Resolved that the Tax Collector be and is hereby authorized to collect interest at the rate aforesaid. "

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 5, 2015 adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2015, include real property taxes from the 2015 tax levy.

Inspection of tax sale certificates on file revealed that all tax sale certificates from tax sales were available for audit. The last tax sale was held on October 30, 2015 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2015	4
2014	5
2013	3

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of November 15, 2015. The items that were returned were compared to and are in agreement with the Borough's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax				
Date of Circulars - November 10, 2015-Real Estate				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2015 Property Tax	Positive	3,150	60	12
2016 Property Tax	Positive	3,150	60	12
2015 Delinquent Tax	Negative	348	25	4

N.J.A.C. 5:30-5 (Technical Accounting Directives)

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Borough of High Bridge to these new directives are as follows:

<u>Requirement</u>	<u>FY 2015 Required Implementation</u>	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
CURRENT FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2015</u>	<u>%</u>	<u>YEAR 2014</u>	<u>%</u>
Fund Balance Utilized	\$ 602,000	3.84%	\$ 422,000	2.71%
Miscellaneous - From Other Than				
Local Property Tax Levies	2,791,037	17.82%	2,852,833	18.34%
Collection of Delinquent Taxes and				
Tax Title Liens	223,632	1.43%	198,712	1.28%
Collection of Current Tax Levy	<u>12,048,948</u>	<u>76.91%</u>	<u>12,080,503</u>	<u>77.67%</u>
Total Income	<u>15,665,617</u>	<u>100.00%</u>	<u>15,554,048</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	5,801,611	38.88%	5,893,142	39.06%
County Taxes	1,326,602	8.89%	1,282,524	8.50%
Local and Regional Taxes	7,733,555	51.83%	7,899,847	52.37%
Deferred Charges	39,500	0.26%	8,798	0.06%
Other Expenditures	<u>19,734</u>	<u>0.13%</u>	<u>1,476</u>	<u>0.01%</u>
Total Expenditures	<u>14,921,002</u>	<u>100.00%</u>	<u>15,085,787</u>	<u>100.00%</u>

Excess (Deficit) Revenue Over Expenditures	744,615		468,261
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Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>134,500</u>

Statutory Excess To Fund Balance	744,615		602,761
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Fund Balance January 1	1,223,639		1,042,878
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Less:

Utilization as Anticipated Revenue	<u>602,000</u>		<u>422,000</u>
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Fund Balance December 31	<u>\$ 1,366,254</u>		<u>\$ 1,223,639</u>
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COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
WATER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2015</u>	<u>%</u>	<u>YEAR 2014</u>	<u>%</u>
Operating Surplus	\$ 20,400	5.02%	\$ 23,620	5.66%
Rents	344,720	84.84%	346,737	83.09%
Miscellaneous	15,207	3.74%	5,357	1.28%
Other Credits to Income	<u>25,987</u>	<u>6.40%</u>	<u>41,608</u>	<u>9.97%</u>
Total Income	406,314	100.00%	417,322	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>350,400</u>	100.00%	<u>340,305</u>	100.00%
Excess in Revenue	55,914		77,017	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>8,000</u>		<u>-</u>	
Statutory Excess To Fund Balance	63,914		77,017	
Fund Balance January 1	112,807		59,410	
Less:				
Utilization as Anticipated Revenue	<u>20,400</u>		<u>23,620</u>	
Fund Balance December 31	<u>\$ 156,321</u>		<u>\$ 112,807</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
SEWER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2015</u>	<u>%</u>	<u>YEAR 2014</u>	<u>%</u>
Operating Surplus	\$ 100,000	10.42%	\$ 100,000	10.07%
Rents	776,242	80.88%	775,378	78.07%
Miscellaneous	18,181	1.89%	9,308	0.94%
Other Credits to Income	<u>65,342</u>	<u>6.81%</u>	<u>108,501</u>	<u>10.92%</u>
Total Income	959,765	89.58%	993,187	89.93%

EXPENDITURES

Budget Expenditures:				
Operating	<u>855,000</u>	100.00%	<u>855,000</u>	100.00%
Excess in Revenue	104,765		138,187	
Statutory Excess To Fund Balance	104,765		138,187	
Fund Balance January 1	676,310		638,123	
Less:				
Utilization as Anticipated Revenue	<u>100,000</u>		<u>100,000</u>	
Fund Balance December 31	<u>\$ 681,075</u>		<u>\$ 676,310</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
SOLID WASTE UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2015</u>	<u>%</u>	<u>YEAR 2014</u>	<u>%</u>
Operating Surplus	-	0.00%	\$ 160,000	29.21%
District Tax	\$ 381,077	94.59%	373,974	68.28%
Miscellaneous	6,012	1.49%	5,466	1.00%
Other Credits to Income	<u>15,768</u>	<u>3.91%</u>	<u>8,233</u>	<u>1.50%</u>
Total Income	402,857	100.00%	547,673	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>325,000</u>	100.00%	<u>483,000</u>	100.00%
Excess in Revenue	77,857		64,673	
Fund Balance January 1	147,974		243,301	
Less:				
Utilization as Anticipated Revenue	<u>-</u>		<u>160,000</u>	
Fund Balance December 31	<u>\$ 225,831</u>		<u>\$ 147,974</u>	

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$3.706</u>	<u>\$3.429</u>	<u>\$3.324</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.964	\$0.875	\$0.842
County	\$0.402	\$0.357	\$0.357
Local School	\$1.764	\$1.595	\$1.502
Regional School	\$0.576	\$0.602	\$0.623

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2015	\$330,466,854
2014	\$359,667,954
2013	\$364,091,874

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>Collections</u>	<u>Percentage of Collections</u>
2015	\$12,247,873	\$12,048,948	98.37%
2014	\$12,340,980	\$12,080,503	97.88%
2013	\$12,102,414	\$11,781,641	97.34%

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 Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$8,163	\$171,996	\$180,159	1.47%
2014	\$10,647	\$215,385	\$226,032	1.83%
2013	\$5,032	\$213,623	\$218,655	1.81%

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	\$176,000
2014	\$176,000
2013	\$176,000

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>Utilized</u> <u>In Budget of Succeeding Year</u> <u>Regular</u>
2015	\$ 1,366,254	\$ 602,000
2014	\$ 1,223,639	\$ 602,000
2013	\$ 1,042,877	\$ 422,000
2012	\$ 1,168,497	\$ 582,000
2011	\$ 1,115,021	\$ 582,000

Water Utility Fund

2015	\$ 156,321	\$ 132,425
2014	\$ 112,807	\$ 20,400
2013	\$ 59,410	\$ 23,620
2012	\$ 101,669	\$ 56,450
2011	\$ 146,169	\$ 44,500

Sewer Utility Fund

2015	\$ 681,075	\$ 213,979
2014	\$ 676,310	\$ 100,000
2013	\$ 638,123	\$ 100,000
2012	\$ 573,190	\$ 119,297
2011	\$ 719,206	\$ 168,398

Solid Waste Utility Fund

2015	\$ 225,831	\$ 72,776
2014	\$ 147,974	None
2013	\$ 243,301	\$ 160,000
2012	\$ 182,899	None
2011	\$ 117,102	None

Officials in Office and Surety Bonds

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>
Mark Desire	Mayor		
Stephan Strange	Council Member		
Lynn Hughes	Council Member		
Karen Scarcia	Council Member		
Christopher Zappa	Council Member		
Adrienne Shipps	Council Member		
Mike Stemple	Council Member		

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Adam Young	Deputy Clerk; Utility Collector; Dog Licensing	\$1,000,000	Blanket Coverage; Statewide Insurance Fund
John Gregory	Borough Administrator; Acting Clerk		
Bonnie Ann Fleming	Chief Financial Officer; Tax Collector	\$1,000,000	Blanket Coverage; Statewide Insurance Fund
Ann Marie Obiedzinski	Tax Assessor		
Barry Goodman	Municipal Attorney		

The minimum bond coverage required for the Tax Collector based on the prior years' tax levy is as follows:

<u>Collector</u>	
<u>Year</u>	<u>Amount</u>
2015	\$110,352

There are public employees' blanket bonds providing coverage to municipal officials and employees not specifically bonded. The municipal officials and employees are covered by a "faithful performance blanket bond" in the amount of \$1,000,000. provided through the Statewide Insurance Fund by Zurich Insurance Company.



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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

**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**

Independent Auditor's Report

The Honorable Mayor and
Members of the Borough Council
Borough of High Bridge
County of Hunterdon, New Jersey
71 Main Street
High Bridge, New Jersey 08829

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Borough of High Bridge in the County of Hunterdon, State of New Jersey, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Borough of High Bridge's basic financial statements, and have issued our report thereon dated April 30, 2016, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

-Continued-

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements 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.

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



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
April 30, 2016

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule A

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>CFDA</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/15</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/15</u>	<u>CUMULATIVE EXPENDITURES</u>
US Department of Transportation:										
Passed Through NJ Transportation Trust Fund Act:										
Cregar Road	20.205	\$ 159,000	2014	C	\$ (72,250)	\$ 72,250			-	\$ 159,000
Cregar Road	20.205	160,000	2015	C					-	
					<u>\$ (72,250)</u>	<u>\$ 72,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 159,000</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS.

Note: This Schedule was not subject to an audit in accordance with OMB Circular Uniform Guidance.

**SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Schedule B

STATE GRANTOR/ PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE			CASH ACCRUED OR DEFERRED REVENUE BALANCE		
					BALANCE AT 1/1/15	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	AT 12/31/15	
<u>DEPT. OF ENVIR. PROTECTION</u>										
Solid Waste Admin.-Clean Communities Program	4900-765-178911	\$ 9,382	2015	A		\$ 9,382		\$ 1,906	\$ 7,476	
			Prior Yrs	A	\$ 7,861			7,861	-	
Recycling Tonnage Grant	752-042-4900-004-178840	3,694	2015	A		3,694			3,694	
Recycling Tonnage Grant	752-042-4900-004-178840		Prior Yrs	A	6,034			1,604	4,430	
Hazardous Discharge Grant	N/A	92,460	Prior Yrs	A	23,859				23,859	
<u>DEPT. OF PUBLIC SAFETY</u>										
Criminal Justice - Body Armor	N/A	1,089	2015	A		1,089			1,089	
Criminal Justice - Body Armor	N/A		Prior Yrs	A	3,247			1,770	1,477	
Drunk Driving Enforcement	4250-760-050000-63	3,000	2015	A	-	3,000			3,000	
Drive Sober Grant	N/A	5,000	2015	A					-	
Drive Sober Grant	N/A		Prior Yrs	A	6,817				6,817	
Click it or Ticket	N/A	1,900	2015	A		1,900		1,900	-	
<u>NJ HIGHLANDS COUNCIL</u>										
NJ Highlands Water Protection-Plan Conformance - 2010	2009-082-2078-100-03	250,580	Prior Yrs	A	(113,405)			17,856	(131,261)	
NJ Highlands Water Protection-Plan Conformance - 2015	N/A	25,000	2015	A		19,668		7,535	12,133	
NJ Highlands Transfer Development Rights (TDR) Feasibility Grant	N/A	40,000	2015	A				40,000	(40,000)	
NJ Highlands Stormwater Management Grant	N/A	15,000	2015	A				15,000	(15,000)	
<u>OTHER STATE AIDS</u>										
Historic Block Grant	N/A	N/A	Prior Yrs	A	151				151	
Sustainable Development Plan	N/A	N/A	Prior Yrs	A	(30,300)				(30,300)	
TOTAL STATE ASSISTANCE						\$ (95,736)	\$ 38,733	-	\$ 95,432	\$ (152,435)

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS.

Note: This Schedule was not subject to an audit in accordance with NJOMB Circular 04-04 or 15-08.

BOROUGH OF HIGH BRIDGE

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2015

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Borough of High Bridge. The Borough of High Bridge is defined in Note 1 to the Borough's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Uniform Guidance, Audits of States, Local Governments and Nonprofit Organizations. However, the Borough was not subject to the single audit provisions of Federal OMB Uniform Guidance or New Jersey OMB Circular NJOMB 04-04/15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2015 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

CY
Occurrence

None

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2015

Summary of Auditor's Results

The Borough prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The audit did not disclose any material weaknesses in the internal controls of the Borough.

The audit did not disclose any noncompliance that is material to the financial statements of the Borough.

The Borough was not subject to the single audit provisions of Federal OMB Uniform Guidance or New Jersey OMB Circular NJOMB 04-04/15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2015 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Finding

- 2015-1 Open purchase orders (encumbrances) as of December 31, 2015 include \$221,279 of aged items from 2011 through 2014. The amounts originate from blanket purchase orders in those years that were never liquidated. Blanket purchase orders are incorrectly utilized for many purchases in which commitments to vendors do not actually exist. The blanket purchase orders are initiated and approved by the finance department.

I recommend that the Borough review aged purchase orders and cancel uncommitted orders to the credit of fund balance for the current fund, and to the credit of appropriated reserves for the grants fund. Additionally I recommend the implementation of a formal purchase order system in which orders are approved by department heads or other authorized parties independent of the finance department and that the appropriation reserve be utilized at the beginning of the year to liquidate any vendor payments whose amounts were unknown as of the end of the prior year.

- 2015-2 Accounts Payable as of December 31, 2015 include three invoices from 2013 for a total of \$58,580.

I recommend that the Borough review aged payables and if necessary cancel invoices to the credit of fund balance for the current fund. Accounts payable should only be utilized for goods or services that have already been rendered, but not yet paid.

- 2015-3 Legal fees for the Clinton sewer billing dispute matter are being charged and paid outside of the budget. The legal fees are being charged to a balance sheet reserve account, net of other town reimbursements, resulting in a \$19,734 balance sheet debit. An audit adjustment was proposed to record an offsetting reserve and charge to surplus. The audit adjustment was recorded in the December 31, 2015 financial statements.

I recommend that the Borough pay all legal fees through the legal fee appropriation line item within the Borough budget. Any reimbursements from other participating towns should be treated as refunds to the legal fee line item appropriation.

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2015

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Finding

2015-4 Financial Assistant I has full access to accounting system as well as purchase order creation, accounts payable, blank check stock, and is responsible for check signing.

I recommend that duties are segregated so that individuals with purchase order responsibility do not have disbursement, check signing, and check custodial responsibility. Individuals with check custodial responsibility should not have check signing capability.

2015-5 Management review of the physical checks to the voucher package by someone independent of the accounts payable function is not documented.

I recommend that the CMFO or other responsible person document their approval of the final physical check and voucher package and account for the numerical sequence of checks.

2015-6 There does not appear to be a control to ensure only valid employees are added to the payroll records.

I recommend that someone independent of the payroll function document their approval of the payroll registers or other payroll reports highlighting new employees or employee payroll changes.

2015-7 Canceled property taxes or utility billings are not reconciled to the authorizing documents by someone independent of the collection function.

I recommend someone independent of the collection function document their approval and reconcile canceled taxes/utility bills to the authorizing documentation, such as council resolutions, county tax board appeals notices, or other such authorizing documentation.

