

**BOROUGH OF CLAYTON
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014**

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PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Clayton
125 North Delsea Drive
Clayton, New Jersey 08312

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Clayton, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough of Clayton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Clayton as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 13 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$173,347.88 and \$165,529.17 for 2014 and 2013, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2015, on our consideration of the Borough of Clayton'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 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 of Clayton's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

March 13, 2015

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Regular Fund			
Cash - Treasurer	A-4	\$ 2,779,451.66	\$ 2,221,416.27
Cash - Payroll & Agency	A-4	29,933.36	30,735.36
Cash - Collector	A-5	226,850.24	198,312.53
Change Fund		400.00	400.00
		<u>3,036,635.26</u>	<u>2,450,864.16</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-7	596,689.25	531,960.38
Tax Title Liens Receivable	A-8	118,130.85	235,121.39
Property Acquired for Taxes - Assessed Valuation	A-9	856,500.00	377,100.00
Revenue Accounts Receivable	A-10	6,489.91	2,810.30
Miscellaneous Charges Receivable		56,578.92	58,926.72
Clean-up Charges Receivable		24,790.82	5,613.06
Tax Abatement Receivable			4,316.83
Due from Federal and State Grant Fund	A	2,057.13	162,774.07
Due from Animal Control Trust Fund	B	1,390.54	2,373.72
Due from Tax Sale Premium	B	59.47	25.63
Due from Tax Sale Redemption	B	2.21	5.90
Due from Escrow Trust Fund	B	21.79	19.11
Due from Off-Duty Police	B	2.43	81.90
Due from Donations - Aberdeen Senior Clubhouse	B	2.16	2.17
Due from Donations - Special Events	B	2.73	3.59
Due from Donations - K9 Unit	B	0.61	0.60
Due from General Capital Fund	C	114.71	83.71
		<u>1,662,833.53</u>	<u>1,381,219.08</u>
		<u>4,699,468.79</u>	<u>3,832,083.24</u>
Federal and State Grant Fund			
Grants Receivable	A-6	243,209.25	302,010.55
		<u>243,209.25</u>	<u>302,010.55</u>
		<u>\$ 4,942,678.04</u>	<u>\$ 4,134,093.79</u>

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 636,346.52	\$ 550,343.15
Encumbrances Payable	A-13	67,911.36	21,237.25
Accounts Payable	A-12	19,579.59	6,519.45
Prepaid Taxes		85,463.01	85,627.35
Tax Overpayments		6,355.93	17,613.55
Prepaid PILOT	A-4	8,326.12	7,408.73
Overpaid PILOT			108.64
Due County for Added & Omitted Taxes	A-8	18,260.82	3,512.89
Due County of Gloucester - PILOT		8,233.99	
Local School District Tax Payable	A-15	186,673.53	267,839.53
Due to POAA	B	2,066.01	2,036.01
Due to Public Defender Trust	B	3,388.75	3,123.75
Due to Utility Operating Fund	D	100.00	
Payroll Taxes Payable		29,921.39	30,720.88
Reserve for:			
Police Bequest			11.00
Security Deposits		190.00	
Due State of New Jersey:			
Construction - DCA Fees		3,358.00	1,787.00
Senior Citizen and Veterans Deductions	A-14	4,455.69	4,117.38
Marriage License Fees & Burial Permits		175.00	350.00
		<u>1,080,805.71</u>	<u>1,002,356.56</u>
Reserve for Receivables		1,662,833.53	1,381,219.08
Fund Balance	A-1	1,955,829.55	1,448,507.60
		<u>4,699,468.79</u>	<u>3,832,083.24</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-16	55,053.03	130,316.16
Encumbrances Payable	A-13	186,099.09	8,920.32
Due Current Fund	A	2,057.13	162,774.07
		<u>243,209.25</u>	<u>302,010.55</u>
		<u>\$ 4,942,678.04</u>	<u>\$ 4,134,093.79</u>

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS**

Revenue and Other Income Realized	Ref.	<u>Year 2014</u>	<u>Year 2013</u>
Fund Balance Utilized	A-2	\$ 814,317.45	\$ 950,000.00
Miscellaneous Revenue Anticipated	A-2	1,884,113.64	1,776,515.78
Receipts from Delinquent Taxes	A-2	569,600.97	467,519.88
Receipts from Current Taxes	A-2	15,538,317.60	15,071,054.16
Non-Budget Revenue	A-2	301,815.01	249,640.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	435,078.81	355,703.92
Encumbrances Payable - Canceled	A-13	3,844.74	2,964.22
Interfund Loan Returned		167,676.41	84,682.79
Reserve for Grants - Appropriated Canceled	A-16	56,881.00	66,657.15
Prior Year Liabilities Canceled			18.75
Total Income		<u>19,771,645.63</u>	<u>19,024,756.66</u>
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	2,509,355.00	2,506,490.00
Other Expenses	A-3	2,763,259.00	2,658,590.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	613,782.00	623,516.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	340,582.96	360,588.42
Capital Improvements	A-3	205,000.00	182,500.00
Debt Service	A-3	374,735.49	419,544.96
Deferred Charges			3,640.00
County Taxes	A-7	2,752,832.99	2,726,608.80
County Library Taxes	A-7	215,842.99	209,454.57
County Open Space Taxes	A-7	191,723.63	198,029.62
Due County for Added Taxes	A-7	18,260.82	3,512.89
Local District School Tax	A-15	8,405,516.00	8,294,446.50
Prior Year Deductions Disallowed	A-14	174.70	1,701.68
Grants Receivable Canceled	A-6	56,881.01	66,657.15
Interfund Advanced		2,059.64	165,037.59
Total Expenditures		<u>18,450,006.23</u>	<u>18,420,318.18</u>

The accompanying notes to the financial statements are an integral part of this statement.

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

	Ref.	Year 2014	Year 2013
Excess in Revenue		<u>1,321,639.40</u>	<u>604,438.48</u>
Fund Balance			
Balance January 1	A	<u>1,448,507.60</u>	<u>1,794,069.12</u>
		2,770,147.00	2,398,507.60
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>814,317.45</u>	<u>950,000.00</u>
Balance December 31	A	<u>\$ 1,955,829.55</u>	<u>\$ 1,448,507.60</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Amended by NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 814,317.45		\$ 814,317.45	
Miscellaneous Revenues:					
Fees and Permits	A-10	22,500.00		23,355.45	\$ 855.45
Fines and Costs:					
Municipal Court	A-10	87,540.00		71,897.04	(15,642.96)
Interest and Costs on Taxes	A-10	112,400.00		129,471.26	17,071.26
Interest on Investments	A-10	9,750.00		10,613.53	863.53
Fire Inspection Fees	A-10	5,062.00		5,104.00	42.00
Consolidated Municipal Property Tax Relief Act (NJSA 52:27D-118.34)	A-10	32,875.00		32,875.00	
Energy Receipts Tax	A-10	521,114.00		521,114.00	
Uniform Construction Code	A-10	154,850.00		159,507.00	4,657.00
Uniform Fire Safety Act	A-10	7,275.39		8,047.98	772.59
Payment in Lieu of Taxes	A: A-10	455,000.00		589,903.17	134,903.17
Over the Limit Under Arrest	A-6		\$ 1,000.00	1,000.00	
Drive Sober or Get Pulled Over	A-6		1,000.00	1,000.00	
Community Development Block Grant	A-6	49,889.00		49,889.00	
New Jersey DOT Trust - New Street	A-6		180,000.00	180,000.00	
Police Body Armor	A-6		1,765.27	1,765.27	
Environmental Commission Grant	A-6		500.00	500.00	
Clean Communities Program	A-6		14,895.23	14,895.23	
Recycling Tonnage Grant	A-6		6,992.71	6,992.71	
Safe & Secure	A-6	60,000.00		60,000.00	
Municipal Alliance Youth Service	A-6	16,183.00		16,183.00	
Total Miscellaneous Revenues		1,534,438.39	206,153.21	1,884,113.64	143,522.04
Receipts from Delinquent Taxes	A-2	450,000.00		569,600.97	119,600.97
Subtotal General Revenues		1,984,438.39	206,153.21	2,453,714.61	263,123.01
Amount to be Raised by Taxation	A-2	4,441,200.00		4,440,828.26	(371.74)
Budget Totals		7,239,955.84	206,153.21	7,708,860.32	262,751.27

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Amended by NJSA 40A:4-87		
Non-Budget Revenue	A-2			301,815.01	
		<u>\$ 7,239,955.84</u>	<u>\$ 206,153.21</u>	<u>\$ 8,010,675.33</u>	
	Ref.	A-3	A-3		
			Ref.		
Allocation of Current Tax Collections:					
Revenue from Collections			A-7		15,538,317.60
Allocated to:					
School and County Taxes			A-7		11,736,877.43
Balance for Support of Municipal Budget Appropriation					3,801,440.17
Add: Appropriation "Reserve for Uncollected Taxes"			A-3		639,388.09
Amount for Support of Municipal Budget Appropriation			A-2		<u>\$ 4,440,828.26</u>
Receipts from Delinquent Taxes:					
Delinquent Tax Collection			A-7		\$ 523,196.07
Tax Title Liens			A-8		46,404.90
			A-2		<u>\$ 569,600.97</u>
Analysis of Non-Budget Revenue					
Miscellaneous Revenue Not Anticipated:					
Revenue Accounts Receivable:					
Alcoholic Beverage Licenses			A-10		\$ 6,550.72
Verizon Franchise Fee			A-10		31,588.78
Cable TV Franchise Fee			A-10		64,326.83
T-Mobile			A-10		56,160.02
Senior Citizen Administration Fee			A-10		1,786.10
Cat Licenses			A-10		2,768.60
Landlord Registration			A-10		3,880.00
OPRA Records Request Fees			A-10		0.80
Payment in Lieu of Taxes - Clayton Mews			A-10		53,600.00
Marriage Ceremonies			A-10		1,100.00
Off-Duty Police Administration Fees			A-10		19,104.50
Recycling Fees			A-10		8,843.40
Vacant Property Registration Fee			A-10		29,000.00
Miscellaneous			A-10		10,609.45
Prior Year Refund			A-10		5,442.75
Tax Search/NSF Fees & Other Costs			A-10		240.00
Clean-up Charges (Code Violations)			A-10		6,813.06
			A-2		<u>\$ 301,815.01</u>

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration:						
Salaries & Wages	\$ 57,645.00	\$ 60,845.00	\$ 59,578.62		\$ 1,266.38	
Other Expenses	3,585.00	385.00	355.46		29.54	
Mayor and Council:						
Salaries & Wages	13,725.00	13,725.00	12,053.92		1,671.08	
Other Expenses	1,750.00	1,750.00	1,392.00		358.00	
Borough Clerk:						
Salaries & Wages	40,250.00	40,250.00	38,732.19		1,517.81	
Other Expenses:						
Printing & Legal Advertising	9,000.00	9,000.00	2,023.94	\$ 2,804.29	4,171.77	
Codification of Ordinances	4,000.00	4,000.00			4,000.00	
Miscellaneous Other Expenses	2,700.00	2,700.00	2,683.59		16.41	
Elections:						
Other Expenses	4,000.00	4,000.00	3,855.44		144.56	
Financial Administration:						
Salaries & Wages	82,000.00	82,000.00	75,044.31		6,955.69	
Other Expenses	52,000.00	52,000.00	34,513.25	3,212.58	14,274.17	
Audit Services:						
Other Expenses	37,000.00	37,000.00	17,170.00		19,830.00	
Collection of Taxes:						
Salaries & Wages	53,800.00	53,800.00	51,504.34		2,295.66	
Other Expenses:						
Tax Sale Costs	1,500.00	1,500.00	900.00		600.00	
Miscellaneous Other Expenses	4,250.00	4,250.00	2,488.34	150.00	1,611.66	
Liquidation of Tax Title Liens:						
Other Expenses	8,500.00	8,500.00	5,320.76		3,179.24	
Costs for Sale of Municipal Property:						
Other Expenses	25.00	25.00			25.00	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Legal Services and Costs:						
Other Expenses:						
Legal Services	100,000.00	100,000.00	54,532.98		45,467.02	
Labor Council	40,000.00	55,000.00	48,680.39		6,319.61	
Engineering Services and Costs:						
Other Expenses	48,000.00	48,000.00	25,957.58	7,046.25	14,996.17	
Economic Development Committee:						
Other Expenses	500.00	500.00	20.00		480.00	
Historic Commission:						
Other Expenses	1,000.00	1,000.00	950.50		49.50	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board:						
Salaries and Wages	2,350.00	2,350.00	2,293.11		56.89	
Other Expenses	5,500.00	6,250.00	5,372.02		877.98	
Zoning Official:						
Salaries and Wages	10,700.00	10,700.00	10,446.58		253.42	
Other Expenses	100.00	100.00			100.00	
Council on Affordable Housing:						
Other Expenses	4,000.00	500.00			500.00	
CODE ENFORCEMENT & ADMINISTRATION						
Code Enforcement Official:						
Salaries and Wages	5,900.00	5,900.00	5,740.38		159.62	
Other Expenses	200.00	200.00			200.00	
Housing Safety:						
Salaries and Wages	1,495.00	1,495.00	1,461.20		33.80	
Other Expenses	300.00	300.00	40.49		259.51	
Occupancy:						
Salaries and Wages:						
Administrative	5,155.00	5,155.00	5,053.16		101.84	
Secretarial	3,300.00	3,300.00	3,214.62		85.38	
Other Expenses	300.00	300.00	38.00		262.00	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
INSURANCE						
Liability Insurance	112,000.00	93,350.00	74,271.28		19,078.72	
Workmen's Compensation	199,000.00	199,000.00	197,000.00		2,000.00	
Group Insurance	845,099.00	840,874.00	797,811.46	501.97	42,560.57	
Health Benefits Waiver	50.00	50.00			50.00	
Miscellaneous Insurance	18,000.00	18,000.00	12,166.97	2,046.56	3,786.47	
PUBLIC SAFETY FUNCTIONS						
Police:						
Salaries & Wages	1,745,000.00	1,745,000.00	1,614,162.97		130,837.03	
Other Expenses:						
Miscellaneous Other Expenses	40,000.00	40,000.00	35,639.38	3,718.51	642.11	
Car Lease Expense	35,100.00	35,100.00	23,073.47		12,026.53	
Office of Emergency Management:						
Salaries & Wages	1,565.00	1,565.00	1,530.00		35.00	
Other Expenses	500.00	500.00	75.00		425.00	
Volunteer Fire - Contribution	37,000.00	37,000.00	36,950.00		50.00	
Uniform Fire Safety Act (PL 1983, C383):						
Fire Official:						
Salaries & Wages	7,000.00	7,000.00	6,289.20		710.80	
Other Expenses	5,700.00	5,700.00	4,621.93		1,078.07	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance:						
Salaries & Wages	275,000.00	275,000.00	239,620.85		35,379.15	
Other Expenses	51,000.00	51,000.00	34,822.07	10,641.60	5,536.33	
Snow Removal:						
Salaries & Wages	15,000.00	15,000.00	15,000.00			
Solid Waste Collection:						
Other Expenses - Contractual	207,900.00	207,900.00	166,006.27	13,654.64	28,239.09	
Recycling:						
Salaries & Wages	4,845.00	4,845.00	4,835.06		9.94	
Other Expenses:						
Contractual	178,500.00	178,500.00	160,579.19	13,318.29	4,602.52	
Miscellaneous Other Expenses	200.00	200.00	26.60		173.40	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Public Buildings & Grounds:						
Salaries & Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	30,500.00	30,500.00	22,243.23	175.00	8,081.77	
Equipment Repair & Maintenance:						
Salaries & Wages	61,200.00	61,200.00	57,392.94		3,807.06	
Other Expenses	94,000.00	94,000.00	85,025.26	1,224.87	7,749.87	
HEALTH & HUMAN SERVICES						
Board of Health:						
Other Expenses	75.00	75.00	68.83		6.17	
Registrar of Vital Statistics:						
Salaries & Wages	3,055.00	3,155.00	3,003.90		151.10	
Other Expenses	500.00	500.00	360.16		139.84	
Environmental Committee:						
Other Expenses	300.00	300.00	290.00		10.00	
Administration of Overseer of the Poor:						
Salaries & Wages	4,445.00	4,820.00	4,692.20		127.80	
Other Expenses	350.00	350.00	215.88		134.12	
PARK & RECREATION FUNCTIONS						
Parks and Playgrounds:						
Salaries & Wages	6,000.00	6,000.00	5,040.84		959.16	
Other Expenses	9,300.00	9,300.00	4,542.50	4,175.86	581.64	
Senior Citizen Transportation:						
Salaries & Wages	14,500.00	14,500.00	11,429.29		3,070.71	
Other Expenses	4,000.00	4,000.00	1,050.00		2,950.00	
Summer Recreation for Individuals. with Disabilities:						
Other Expenses	7,500.00	7,500.00	5,705.51		1,794.49	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday:						
Other Expenses	500.00	500.00	154.36	300.00	45.64	
Special Events	5,000.00	5,000.00	4,167.88	589.31	242.81	
Veteran's Committee:						
Other Expenses	500.00	500.00	328.00		172.00	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	42,000.00	42,000.00	29,706.51		12,293.49	
Street Lighting	92,000.00	101,300.00	98,324.95		2,975.05	
Telephone	19,000.00	19,000.00	12,799.72		6,200.28	
Fuel Oil	25,000.00	25,000.00	11,647.43		13,352.57	
Gasoline/Diesel Fuel	55,000.00	55,000.00	37,728.53	1,111.22	16,160.25	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Solid Waste Disposal:						
Tipping Fees	300,000.00	300,000.00	232,994.41		67,005.59	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
State Uniform Construction Code:						
Construction Officials						
Salaries & Wages	93,800.00	86,000.00	69,952.22		16,047.78	
Other Expenses	2,000.00	2,000.00	1,082.46	789.50	128.04	
Group Insurance	22,000.00	22,000.00	22,000.00			
Sub-Code Official:						
Fire Protection:						
Salaries & Wages	4,750.00	4,750.00	4,394.56		355.44	
Total Operations within "CAPS"	5,281,264.00	5,272,614.00	4,623,240.44	65,460.45	583,913.11	
Detail:						
Salaries and Wages	2,513,480.00	2,509,355.00	2,303,466.46		205,888.54	
Other Expenses	2,767,784.00	2,763,259.00	2,319,773.98	65,460.45	378,024.57	

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
STATUTORY EXPENDITURES					
Contribution to:					
Social Security System (OASI)	207,500.00	207,500.00	181,449.28		26,050.72
Public Employees' Retirement System	75,361.00	82,011.00	82,000.50		10.50
Police & Firemen's Retirement of NJ	304,121.00	306,121.00	304,121.00		2,000.00
Unemployment Insurance	18,000.00	18,000.00	17,749.72		250.28
Defined Contribution Retirement Program	150.00	150.00			150.00
Total Deferred Charges & Statutory Expenditures within "CAPS"	605,132.00	613,782.00	585,320.50		28,461.50
Total General Appropriations for Municipal Purposes within "CAPS"	5,886,396.00	5,886,396.00	5,208,560.94	65,460.45	612,374.61
OPERATIONS EXCLUDED FROM "CAPS"					
PUBLIC SAFETY FUNCTIONS					
Length of Service Award Program	11,000.00	11,000.00			11,000.00
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Recycling Tax	11,500.00	11,500.00	7,206.41		4,293.59
INSURANCE					
Group Insurance	21,401.00	21,401.00	21,401.00		
SHARED SERVICE AGREEMENTS					
Gloucester County Improvement Authority - Snow Removal	10,000.00	10,000.00	2,448.00		7,552.00
Township of Elk - Municipal Court	93,636.00	93,636.00	93,636.00		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance for Drug & Alcohol Abuse	20,228.75	20,228.75	20,228.75		
Clean Communities		14,895.23	14,895.23		
Safe and Secure	60,000.00	60,000.00	60,000.00		
Matching Funds for:					
Safe and Secure	36,775.00	36,775.00	36,775.00		
Over the Limit Under Arrest		1,000.00	1,000.00		
Drive Sober or Get Pulled Over		1,000.00	1,000.00		

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Balance Canceled
Police Body Armor		1,765.27	1,765.27		
Drunk Driving Enforcement Fund		6,992.71	6,992.71		
Gloucester County Improvement Authority Environmental Commission Grant		500.00	500.00		
Gloucester County Housing & Community Development	49,889.00	49,889.00	49,889.00		
Total Operations Excluded from "CAPS"	314,429.75	340,582.96	317,737.37		22,845.59
Detail:					
Other Expenses	314,429.75	340,582.96	317,737.37		22,845.59
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	12,500.00	12,500.00	12,500.00		
Purchase of Municipal Equipment	12,500.00	12,500.00	8,922.77	2,450.91	1,126.32
New Jersey DOT Trust		180,000.00	180,000.00		
Capital Improvements Excluded from "CAPS"	25,000.00	205,000.00	201,422.77	2,450.91	1,126.32
DEBT SERVICE					
Payment of Bond Principal	195,000.00	195,000.00	195,000.00		
Payment of Bond Anticipation Notes	4,500.00	4,500.00	4,500.00		
Interest on Bonds	52,057.00	52,057.00	52,056.25		\$ 0.75
Interest on Notes	4,885.00	4,885.00	4,884.40		0.60
Capital Lease Obligations:					
Principal	60,000.00	60,000.00	60,000.00		
Interest	36,300.00	36,300.00	36,294.84		5.16
Capital Lease Obligations - Recycle bank	22,000.00	22,000.00	22,000.00		
Total Debt Service	374,742.00	374,742.00	374,735.49		6.51

The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	714,171.75	920,324.96	893,895.63	2,450.91	23,971.91	6.51
Subtotal General Appropriations	6,600,567.75	6,806,720.96	6,102,456.57	67,911.36	636,346.52	6.51
Reserve for Uncollected Taxes	639,388.09	639,388.09	639,388.09			
Total General Appropriations	<u>\$ 7,239,955.84</u>	<u>\$ 7,446,109.05</u>	<u>\$ 6,741,844.66</u>	<u>\$ 67,911.36</u>	<u>\$ 636,346.52</u>	<u>\$ 6.51</u>
Ref.	A-2			A-13	A	
Budget	Ref. A-3	\$ 7,239,955.84				
Budget Amendments per NJSA 40A:4-87	A-2	206,153.21				
		<u>\$ 7,446,109.05</u>				
Reserve for Uncollected Taxes	Ref. A-2		\$ 639,388.09			
Reserve for Federal & State Grants - Appropriated	A-16		373,045.96			
Disbursed	A-4		5,729,410.61			
			<u>\$ 6,741,844.66</u>			

The accompanying notes to the financial statements are an integral part of this statement.

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Affordable Housing Trust Fund			
Cash - Treasurer	B-1	\$ 15,902.25	\$ 15,854.62
Animal Control Trust Fund			
Cash - Treasurer	B-1	25,687.14	25,076.12
Change Fund		25.00	25.00
		<u>25,712.14</u>	<u>25,101.12</u>
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	81,231.56	84,408.05
Escrow Receivable		400.00	400.00
		<u>81,631.56</u>	<u>84,808.05</u>
Disposal of Forfeited Property			
Cash - Treasurer	B-1	28,333.85	29,719.90
Donations - Senior Clubhouse			
Cash - Treasurer	B-1	8,483.80	8,483.81
Donations - Special Events			
Cash - Treasurer	B-1	10,622.58	12,374.87
Donations - K9 Unit			
Cash - Treasurer	B-1	2,397.61	2,397.60
LOSAP (unaudited)			
Investment		<u>173,347.88</u>	<u>165,529.17</u>
Outside Employment of Off-Duty Municipal Police Officers			
Cash - Treasurer	B-1	107.43	1,883.95
Parking Offense Adjudication Act			
Due from Current	A	<u>2,066.01</u>	<u>2,036.01</u>
Park and Recreation Trust Fund			
Cash - Treasurer	B-1	<u>112,229.14</u>	<u>110,380.51</u>
Public Defender Trust Fund			
Due from Current	A	<u>3,388.75</u>	<u>3,123.75</u>
Performance Bond Escrow Trust Fund			
Cash - Treasurer	B-1	<u>19,346.50</u>	<u>19,146.50</u>
Tax Sale Premium			
Cash - Collector	B-2	<u>233,259.47</u>	<u>99,325.63</u>
Tax Sale Redemption			
Cash - Collector	B-2	<u>15,924.41</u>	<u>14,107.30</u>
Unemployment Trust Fund			
Cash - Treasurer	B-1	<u>21,054.89</u>	<u>23,848.04</u>
		<u>\$ 753,808.27</u>	<u>\$ 618,120.83</u>

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Affordable Housing Trust Fund			
Reserve for Affordable Housing		\$ 15,902.25	\$ 15,854.62
Animal Control Trust Fund			
Due Current Fund	A	1,390.54	2,373.72
Encumbrances Payable		474.00	
Due State of New Jersey Department of Health		24.60	5.40
Reserve for Dog Fund Expenditures	B-3	23,823.00	22,722.00
		25,712.14	25,101.12
Developer's Escrow Trust Fund			
Reserve for Planning Board Escrow Fees		81,181.24	84,404.95
Encumbrances Payable		43.75	
Due Current Fund	A	21.79	19.11
Reserve for Redevelopment Escrow		384.78	383.99
		81,631.56	84,808.05
Disposal of Forfeited Property			
Reserve for Disposal of Forfeited Property		28,333.85	29,719.90
Donations - Senior Clubhouse			
Due Current Fund	A	2.16	2.17
Reserve for Donations Senior Clubhouse		8,481.64	8,481.64
		8,483.80	8,483.81
Donations - K9 Unit			
Due Current Fund	A	0.61	0.60
Reserve for Donations K9 Unit		2,397.00	2,397.00
		2,397.61	2,397.60
Donations - Special Events			
Due Current Fund	A	2.73	3.59
Encumbrances Payable		932.10	
Reserve for Donations Special Events		9,687.75	12,371.28
		10,622.58	12,374.87
LOSAP (unaudited)			
Reserve for LOSAP		173,347.88	165,529.17
Outside Employment of Off-Duty Municipal Police Officers			
Due Current Fund	A	2.43	81.90
Encumbrances Payable			750.00
Reserve for Off-Duty Police Fees		105.00	1,052.05
		107.43	1,883.95

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Parking Offense Adjudication Act			
Reserve for POAA Fees		2,066.01	2,036.01
Park and Recreation Trust Fund			
Reserve for Park & Recreation Escrow		112,229.14	110,380.51
Public Defender Trust Fund			
Due State of New Jersey		526.25	
Reserve for Public Defender Trust		2,862.50	3,123.75
		3,388.75	3,123.75
Tax Sale Premium			
Reserve for Tax Sale Premiums	B-5	233,200.00	99,300.00
Due Current Fund	A	59.47	25.63
		233,259.47	99,325.63
Tax Sale Redemption			
Due Current Fund	A	2.21	5.90
Reserve for Lien Redemptions	B-4	15,922.20	14,101.40
		15,924.41	14,107.30
Performance Bond Escrow Trust Fund			
Performance Bond Escrow		19,346.50	19,146.50
Unemployment Trust Fund			
Reserve for Unemployment Compensation		21,054.89	23,848.04
		<u>\$ 753,808.27</u>	<u>\$ 618,120.83</u>

GENERAL CAPITAL FUND

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

		Balance	Balance
ASSETS	Ref.	Dec. 31, 2014	Dec. 31, 2013
Cash - Treasurer	C-2	\$ 542,575.33	\$ 437,567.99
Amount to be Provided by Capital Lease	C-10	665,000.00	747,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	1,010,000.00	1,205,000.00
Unfunded	C-6	852,577.00	614,352.00
		<u>\$ 3,070,152.33</u>	<u>\$ 3,003,919.99</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 1,010,000.00	\$ 1,205,000.00
Bond Anticipation Notes	C-9	839,500.00	604,000.00
Obligations Under Capital Lease	C-10	665,000.00	747,000.00
Improvement Authorizations:			
Funded	C-7	38,299.25	9,562.58
Unfunded	C-7	337,896.24	231,894.81
Reserves for:			
Improvement to Municipal Roads		2,831.20	2,831.20
Encumbrances Payable	C-7	125,237.38	151,999.14
Due Current Fund	A	114.71	83.71
Capital Improvement Fund	C-5	47,077.00	47,352.00
Fund Balance	C-1	4,196.55	4,196.55
		<u>\$ 3,070,152.33</u>	<u>\$ 3,003,919.99</u>

EXHIBIT C-1

Balance December 31, 2013	Ref. C	\$ 4,196.55
Balance December 31, 2014	C	<u>\$ 4,196.55</u>

WATER AND SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER AND SEWER
UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Operating Fund			
Cash - CFO	D-5	\$ 1,056,184.16	\$ 914,451.01
Cash - Change Fund		100.00	100.00
Due from Current Fund	A	100.00	
Due from Utility Escrow Fund	D	18.65	17.48
Due from Utility Capital Fund	D	174.46	119.86
		<u>1,056,577.27</u>	<u>914,688.35</u>
Receivables with Full Reserves			
Consumer Accounts Receivable	D-7	112,886.49	117,062.65
Water & Sewer Liens	D-8	5,323.81	9,236.54
		<u>118,210.30</u>	<u>126,299.19</u>
Deferred Charges:			
Emergency Authorization		79,000.00	
Total Operating Fund		<u>1,253,787.57</u>	<u>1,040,987.54</u>
Capital Fund			
Cash - Treasurer	D-5	662,715.71	453,055.26
Fixed Capital	D-9	10,678,311.31	10,605,081.39
Fixed Capital Authorized and Uncompleted	D-10	3,515,552.58	3,478,552.58
USDA Grant Receivable		1,486,086.00	
Total Capital Fund		<u>16,342,665.60</u>	<u>14,536,689.23</u>
Escrow Fund			
Cash - Treasurer	D-5	79,118.28	75,354.58
		<u>\$ 17,675,571.45</u>	<u>\$ 15,653,031.35</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - WATER AND SEWER
UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-11	\$ 362,830.64	\$ 374,118.08
Encumbrances Payable	D-12	99,110.93	33,633.94
Accrued Interest on Bonds & Notes	D-13	26,508.61	19,614.41
Utility Rent Overpayments		3,587.08	2,617.69
		<hr/>	<hr/>
		492,037.26	429,984.12
Reserve for Receivables		118,210.30	126,299.19
Fund Balance	D-1	643,540.01	484,704.23
		<hr/>	<hr/>
		1,253,787.57	1,040,987.54
		<hr/>	<hr/>
Capital Fund			
Serial Bonds Payable	D-17	1,284,000.00	1,494,000.00
Bond Anticipation Notes Payable	D-18	566,500.00	536,000.00
USDA Loans Payable	D-19	594,701.79	603,386.84
NJEIT Loans Payable	D-19	2,714,690.68	
Improvement Authorizations:			
Funded	D-16	57,565.08	57,565.08
Unfunded	D-16	182,507.25	2,992,773.58
Encumbrances Payable	D-12	1,915,949.18	229,991.00
Capital Improvement Fund	D-14	82,082.83	50,470.01
Reserve for Preliminary Expenses:			
Well #3			1,673.74
Water Tech. Study			6,612.82
Due Utility Operating Fund	D	174.46	119.86
Reserve for Amortization		8,914,472.42	8,544,998.13
Deferred Reserve for Amortization	D-15	5,149.00	5,149.00
Fund Balance	D-2	24,872.91	13,949.17
		<hr/>	<hr/>
		16,342,665.60	14,536,689.23
		<hr/>	<hr/>
Escrow Fund			
Due Utility Operating Fund	D	18.65	17.48
Reserve for Escrow Deposits		79,099.63	75,337.10
		<hr/>	<hr/>
		79,118.28	75,354.58
		<hr/>	<hr/>
		\$ 17,675,571.45	\$ 15,653,031.35
		<hr/>	<hr/>

The accompanying notes to the financial statements are an integral part of this statement.

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

	Ref.	Year 2014	Year 2013
Revenue and Other Income Realized			
Fund Balance Utilized	D-3	\$ 255,394.00	\$ 315,575.00
Rents	D-3	2,198,679.97	2,135,358.45
Connection Fees	D-3	103,755.66	80,437.32
Miscellaneous	D-3	58,293.69	68,949.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	300,119.66	127,909.41
Total Income		<u>2,916,242.98</u>	<u>2,728,229.74</u>
Expenditures			
Operating	D-4	1,968,164.00	1,901,500.00
Capital Improvements	D-4	135,000.00	135,000.00
Debt Service	D-4	397,770.20	327,834.49
Statutory Expenditures	D-4	80,079.00	84,345.00
Total Expenditures		<u>2,581,013.20</u>	<u>2,448,679.49</u>
Excess to Fund Balance		335,229.78	279,550.25
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		79,000.00	
Statutory Excess to Fund Balance		<u>414,229.78</u>	<u>279,550.25</u>
Fund Balance			
Balance January 1	D	484,704.23	520,728.98
		<u>898,934.01</u>	<u>800,279.23</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1	255,394.00	315,575.00
Balance December 31	D	<u><u>\$ 643,540.01</u></u>	<u><u>\$ 484,704.23</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT D-2

STATEMENT OF FUND BALANCE - WATER AND SEWER
CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2013	Ref. D	\$ 13,949.17
Increased by:		
Preliminary Expenses Canceled	D-3	1,673.74
Premium on NJEIT Loan		9,250.00
		<u>10,923.74</u>
Balance December 31, 2014	D	<u>\$ 24,872.91</u>

EXHIBIT D-3

STATEMENT OF REVENUES - WATER AND SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Operating Surplus Anticipated	D-1	\$ 255,394.00	\$ 255,394.00	
Rents	D-3	2,135,000.00	2,198,679.97	\$ 63,679.97
Connection Fees	D-5	52,000.00	103,755.66	51,755.66
Miscellaneous	D-3	66,500.00	58,293.69	(8,206.31)
		<u>\$ 2,508,894.00</u>	<u>\$ 2,616,123.32</u>	<u>\$ 107,229.32</u>
	Ref. D-4			

Analysis of Realized Revenue

Rents:	Ref.	
Consumer Accounts Receivable:		
Collected	D-7	\$ 2,193,425.37
Overpayments Applied	D-7	2,617.69
Water and Sewer Liens	D-8	2,636.91
	D-3	<u>\$ 2,198,679.97</u>
Miscellaneous:		
Penalties/Tax Sale Costs		\$ 25,414.70
Miscellaneous		1,318.72
Meter Charges		19,312.00
NSF Fees		400.00
Transfer Fee		3,881.99
Turn On/Off		4,151.41
Interest on Investments		3,814.87
	D-3:D-5	<u>\$ 58,293.69</u>

STATEMENT OF EXPENDITURES - WATER AND SEWER UTILITY FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 423,500.00	\$ 420,500.00	\$ 373,031.42		\$ 47,468.58	
Other Expenses	1,547,664.00	1,547,664.00	1,245,344.53	\$ 45,974.93	256,344.54	
Capital Improvements:						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00			
Replacement of Pumps & Controls	50,000.00	50,000.00	917.18		49,082.82	
Replacement of Water Meters	60,000.00	60,000.00		53,136.00	6,864.00	
Debt Service:						
Payment of Bond Principal	210,000.00	210,000.00	210,000.00			
Payment of Bond Anticipation Notes	6,500.00	6,500.00	6,500.00			
Payment of USDA Loan Principal	8,686.00	8,686.00	8,685.05			\$ 0.95
Payment of NJEIT Loan Principal		58,600.00	58,550.84			49.16
Interest on Bonds	68,465.00	68,465.00	64,879.60			3,585.40
Interest on USDA Loan	24,500.00	25,500.00	25,383.38			116.62
Interest on NJEIT Loan		21,400.00	19,402.01			1,997.99
Interest on Notes	4,500.00	5,500.00	4,369.32			1,130.68
Statutory Expenditures:						
Public Employees' Retirement	40,579.00	40,579.00	40,579.00			
Social Security System (OASI)	32,000.00	32,000.00	29,103.85		2,896.15	
Unemployment Compensation	7,500.00	7,500.00	7,325.45		174.55	
	<u>\$ 2,508,894.00</u>	<u>\$ 2,587,894.00</u>	<u>\$ 2,119,071.63</u>	<u>\$ 99,110.93</u>	<u>\$ 362,830.64</u>	<u>\$ 6,880.80</u>
Ref.	D-3			D-12	D	
Budget	D-4	\$ 2,508,894.00				
Emergency Authorization	D	79,000.00				
		<u>\$ 2,587,894.00</u>				
Ref.						
Interest on Bonds and Notes	D-13		\$ 114,034.31			
Disbursed	D-5		2,005,037.32			
			<u>\$ 2,119,071.63</u>			

GENERAL FIXED ASSETS

EXHIBIT E

COMPARATIVE BALANCE SHEET - GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2014	Balance Dec. 31, 2013
General Fixed Assets:		
Land	\$ 1,354,900.00	\$ 1,345,400.00
Buildings	2,042,771.00	2,042,771.00
Machinery and Equipment	2,118,789.00	2,125,902.00
Licensed Vehicles	3,241,976.00	3,064,340.00
	<u>\$ 8,758,436.00</u>	<u>\$ 8,578,413.00</u>
Investment in General Fixed Assets	<u>\$ 8,758,436.00</u>	<u>\$ 8,578,413.00</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Clayton was created in 1887 and is located in Gloucester County, New Jersey.

The Borough has an elected Mayor and six elected members of Council. The Borough is managed daily by the Borough Administrator.

Except as noted below, the financial statements of the Borough of Clayton included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Clayton, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes. The Borough has no component units.

B. Description of Funds and Account Groups

The accounting policies of the Borough of Clayton 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 Clayton accounts for its transactions through the following separate funds, which differ from the funds required by GAAP.

Current Fund – Resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Fund – Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund – Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Water & Sewer Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally-owned Water & Sewer Utility.

Payroll Account – Receipt and disbursement of funds to meet obligations to employees and payroll tax liabilities.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

General Fixed Assets – To account for fixed assets used in governmental operations.

C. Basis of Accounting

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

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

Revenues – are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and 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 to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and 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 regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled 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 and utility capital indebtedness is on the cash basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America foreclosed property would be recorded at historical cost and no reserve would be provided.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America inventory would be recorded as an asset on the balance sheet.

General Fixed Assets – In accordance with NJAC 5:30-5.6 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 Borough has developed a fixed assets accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$5,000.00.

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

No depreciation has been provided for in the financial statements.

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

General Long-Term Debt – General Long-Term Debt is accounted for in the General Capital and Sewer Utility Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes – The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county. The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Borough’s annual budget protects the Borough from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a “Reserve for Uncollected Taxes” would not be an appropriation.

Interest on Delinquent Taxes – It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough’s financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.” This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Borough’s financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.” The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68, which is effective for periods beginning after June 15, 2014. The impact of this statement on the Borough’s financial reporting is not presently determinable.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$639,388.09 and \$622,312.32, respectively. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The following budget amendments were approved as follows:

Current Fund

Special Item of Revenue

NJ DOT	\$ 180,000.00
Drive Sober or get Pulled Over	1,000.00
Environmental Commission	500.00
Over the Limit Under Arrest	1,000.00
Clean Communities Program	14,895.23
Recycling Tonnage Grant	6,992.71
Police Body Armor	1,765.27
	<hr/>
	\$ 206,153.21

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2014 and 2013, the carrying amount of the Borough's deposits was \$5,951,934.37 and \$4,778,424.90, respectively. As of December 31, 2014 and 2013, \$0 of the municipality's bank balance of \$6,036,489.13 and \$4,980,196.62, respectively, was exposed to Custodial Credit Risk.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 4: INVESTMENTS

As of December 31, 2014 and 2013, the Borough did not have any investments other than LOSAP.

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

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or Bonds or other obligations of the Borough school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments:

As more fully described in Note 13, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Variable Annual Life Insurance Company, which is an authorized provider, approved by the Division of Local Government Services. The balance in the accounts on December 31, 2014 and 2013, amounted to \$173,347.88 and \$165,529.17, respectively. The information on 5% or more invested with Variable Annual Life Insurance Company is not yet available.

NOTE 5: FUND BALANCES APPROPRIATED

	Year	Balance December 31	Utilized in Budget of Succeeding Year
	2014	\$ 1,955,829.55	a
	2013	1,448,507.60	\$ 814,317.45
Current Fund	2012	1,794,069.12	950,000.00
	2011	1,721,423.06	1,128,536.44
	2010	2,073,377.45	1,167,906.38

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013**

NOTE 5: FUND BALANCES APPROPRIATED (CONTINUED)

	Year	Balance December 31	Budget of Succeeding Year
	2014	\$ 643,540.01	a
	2013	484,704.23	\$ 255,394.00
Water & Sewer	2012	520,728.98	315,575.00
Operating Fund	2011	591,345.32	344,354.00
	2010	693,883.01	383,705.00

a = As of the date of the audit, the 2015 budget has not been introduced.

NOTE 6: ACCUMULATED ABSENCE BENEFITS

The police employees have unlimited sick time. They also carry-over one week's vacation into the next year. At retirement, police employees receive the full year's vacation time that they are entitled to receive for the year in which they are retiring.

The Borough of Clayton has contracted with the American Federation of State, County and Municipal Employees ("AFSCME") for the office personnel, shuttle bus driver, mechanic and all Public Works employees. The AFSCME contract does not permit employees to carry over vacation days from year to year. Upon separation or retirement, an employee shall receive payment for all vacation leave not used in the current year. The AFSCME contract allows employees to accumulate unused sick leave into a bank at the end of each year. At separation, unused sick leave may be sold back to the Borough at the rate of three (3) sick days for one (1) day's current rate pay. Upon retirement, any employee may sell back to the Borough; at his/her current rate of pay, any unused sick days at the rate of one (1) day for one (1) day. According to Chapter 92 of 2007; covered employees that have accumulated more than \$15,000.00 worth of sick leave as of July 1, 2007, or at the end of an existing contract cannot accumulate additional time and dollar values (\$15,000.00) is frozen in place and cannot be increased. In all cases, sick leave days can continue to accumulate. This law only limits the amount of payment upon retirement. The employees accumulate 12 sick days per year.

Non-contracted employees accrue vacation time based on number of years employed by the Borough. These vacation days may not be carried over. Vacation time is paid out at 100% upon retirement or separation. Non-contracted employees are granted 12 sick days per year and can accumulate all unused sick days into a bank at the end of each year. The same restrictions on accumulated leave per Chapter 92 of 2007 apply to non-contracted employees. The Borough also has local ordinance that covers all non-union personnel.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 6: ACCUMULATED ABSENCE BENEFITS (CONTINUED)

	Value	
	12/31/2014	12/31/2013
FOP Lodge 130	\$ 36,779.07	\$ 19,187.77
AFSCME District 71	181,749.88	179,148.03
Non-Union	56,731.44	31,995.19
	<u>\$ 275,260.39</u>	<u>\$ 230,330.99</u>

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2014.

	Due	
	From	To
Current Fund		
Federal and State Grant Fund	\$ 2,057.13	
Animal Control Trust	1,390.54	
Tax Sale Premium	59.47	
Tax Sale Redemption	2.21	
Escrow Trust Fund	21.79	
Off-Duty Police Trust Fund	2.43	
Donations - Aberdeen Senior Clubhouse Trust	2.16	
Donations - Special Events - Trust	2.73	
Donations - K9 Unit	0.61	
General Capital Fund	114.71	
Parking Offense Adjudication Trust		\$ 2,066.01
Public Defender Trust Fund		3,388.75
Water and Sewer Operating Fund		100.00
Federal and State Grant Fund		
Current Fund		2,057.13
Animal Control Trust Fund		
Current Fund		1,390.54
Parking Offense Adjudication Trust		
Current Fund	2,066.01	
Public Defender Trust Fund		
Current Fund	3,388.75	
Escrow Trust Fund		
Current Fund		21.79
Donations - Aberdeen Senior Clubhouse Trust		
Current Fund		2.16
Donations - K9 Unit		
Current Fund		0.61
Donations - Special Events - Trust		
Current Fund		2.73
Off-Duty Police Trust Fund		
Current Fund		2.43

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due	
	From	To
Tax Sale Premium		
Current Fund		59.47
Tax Sale Redemption		
Current Fund		2.21
General Capital Fund		
Current Fund		114.71
Water and Sewer Capital Fund		
Water and Sewer Operating Fund		174.46
Water and Sewer Operating Fund		
Water and Sewer Capital Fund	174.46	
Water and Sewer Escrow Fund	18.65	
Current Fund	100.00	
Water and Sewer Escrow Fund		
Water and Sewer Operating Fund		18.65
	<u>\$ 9,401.65</u>	<u>\$ 9,401.65</u>

The amount due from Federal and State Grant Fund, POAA and Public Defender is due to the fact that a separate bank account is not maintained. All of the other interfunds are for interest earned in December but not transferred.

NOTE 8: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2014:

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Land	\$ 1,345,400.00	\$ 9,500.00		\$ 1,354,900.00
Buildings	2,042,771.00			2,042,771.00
Machinery & Equipment	2,125,902.00	48,151.00	\$ 55,264.00	2,118,789.00
Vehicles	3,064,340.00	177,636.00		3,241,976.00
	<u>\$ 8,578,413.00</u>	<u>\$ 235,287.00</u>	<u>\$ 55,264.00</u>	<u>\$ 8,758,436.00</u>

NOTE 9: TAXES COLLECTED IN ADVANCE

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

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9: TAXES COLLECTED IN ADVANCE (CONTINUED)

	Balance	
	12/31/2014	12/31/2013
Prepaid Taxes - Cash Liability	\$ 85,463.01	\$ 85,627.35

NOTE 10: ECONOMIC DEPENDENCY

The Borough of Clayton is not economically dependent on any one business or industry within the Borough.

NOTE 11: SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy of \$8,558,217.00 when school taxes are raised for a school year and have not been requisitioned by the School District. In the Borough's case, the amount of \$4,279,108.50 would be the maximum amount permitted to be deferred as of December 31, 2014, under these regulations. The Borough has elected to defer school taxes as stated below.

Local School District Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local School District Tax	
	Balance	Balance
	Dec. 31, 2014	Dec. 31, 2013
Balance of Tax	\$4,465,782.03	\$4,394,247.03
Deferred	4,279,108.50	4,126,407.50
Tax Payable	\$ 186,673.53	\$ 267,839.53

NOTE 12: DEFERRED COMPENSATION

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 12: DEFERRED COMPENSATION (CONTINUED)

As part of its fiduciary role, the Borough has an obligation of due care in selecting third party administrators. The independent administrators are Variable Annual Life Insurance Company and Equitable Life Assurance Society through AXA. In the opinion of the Borough's legal counsel, the Borough has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

NOTE 13: LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)

During the year 2001 the voters of the Borough of Clayton approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan was approved by voters of the Borough of Clayton by referendum at the general election in November 2001. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting services pursuant to section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law of 1997, Chapter 338 and the LOSAP document. The balance is subject to the general creditors of the Borough. Contributions by the Borough for qualified participants were \$9,000.00 and \$8,000.00 for individuals eligible in 2013 and 2012, respectively. These payments are made in the subsequent year for participants who met the required qualifications. The assets of the plan are held by an independent administrator, Variable Annual Life Insurance Company (VALIC).

NOTE 14: JOINT VENTURE

On November 24, 2014, The Borough of Clayton entered into a joint venture agreement with Gloucester County Improvement Authority for snow removal goods and services. This agreement is effective for ten years. The Borough is billed based on the actual costs.

On October 27, 2011, the Borough of Clayton entered into a joint agreement with Township of Elk to administer the Municipal Court office effective December 23, 2011. The Borough is billed on a monthly basis based on actual costs.

NOTE 15: LONG-TERM DEBT

Summary of Municipal Debt Service

Long-term debt as of December 31, 2014, consisted of the following:

	Year		
	2014	2013	2012
Bonds, Notes and Loans Issued	\$ 7,009,392.47	\$ 4,442,386.84	\$ 4,560,817.08
Bonds and Notes Authorized But Not Issued	127,427.00	2,910,452.00	87,802.00
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	\$ 7,136,819.47	\$ 7,352,838.84	\$ 4,648,619.08

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 15: LONG-TERM DEBT (CONTINUED)

Summary of Municipal Debt Service (Continued)

	Balance Dec. 31, 2013	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2014	Due in One Year
ISSUED:					
General:					
General Serial Bonds	\$ 1,205,000.00		\$ 195,000.00	\$ 1,010,000.00	\$ 180,000.00
Bond Anticipation Notes	604,000.00	\$ 240,000.00	4,500.00	839,500.00	4,500.00
Water and Sewer:					
Serial Bonds	1,494,000.00		210,000.00	1,284,000.00	230,000.00
Bond Anticipation Notes	536,000.00	37,000.00	6,500.00	566,500.00	8,800.00
USDA Loan	603,386.84		8,685.05	594,701.79	8,947.56
NJ EIT		2,785,750.00	71,059.32	2,714,690.68	135,007.97
Net Debt Issued	<u>4,442,386.84</u>	<u>3,062,750.00</u>	<u>495,744.37</u>	<u>7,009,392.47</u>	<u>567,255.53</u>
AUTHORIZED BUT NOT ISSUED:					
General:					
Bond Anticipation Notes	10,352.00	242,725.00	240,000.00	13,077.00	
Water and Sewer:					
Bond Anticipation Notes	2,900,100.00	37,000.00	2,822,750.00	114,350.00	
Authorized But Not Issued	<u>2,910,452.00</u>	<u>279,725.00</u>	<u>3,062,750.00</u>	<u>127,427.00</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 7,352,838.84</u>	<u>\$ 3,342,475.00</u>	<u>\$ 3,558,494.37</u>	<u>\$ 7,136,819.47</u>	

Permanently Funded Debt Consisted of the Following:

\$1,715,000.00 General Improvement Bonds dated April 1, 2008, payable in annual installments through April 1, 2021. Interest is paid semi-annually at a rate of 4.25% - 5.00% per annum. The balance remaining as of December 31, 2014, was \$1,010,000.00.

\$500,000.00 Water Utility Bonds dated April 1, 1977, payable in annual installments through April 1, 2017. Interest is paid semi-annually at a rate of 5.00% per annum. The balance remaining as of December 31, 2014, was \$45,000.00.

\$87,000.00 Water Utility Bonds dated June 1, 1977, payable in annual installments through December 1, 2015. Interest is paid semi-annually at a rate of 5.00% per annum. The balance remaining as of December 31, 2014, was \$3,000.00.

\$571,000.00 Water Utility Bonds dated October 1, 1979, payable in annual installments through April 1, 2019. Interest is paid semi-annually at a rate of 5.00% per annum. The balance remaining as of December 31, 2014, was \$86,000.00.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 15: LONG-TERM DEBT (CONTINUED)

\$1,730,000.00 Water & Sewer Utility Bonds dated October 1, 1999, payable in annual installments through November 1, 2019. Interest is paid semi-annually at a rate of 5.625% per annum. The balance remaining as of December 31, 2014, was \$595,000.00.

\$810,000.00 Water & Sewer Utility Bonds dated April 1, 2008, payable in annual installments through April 1, 2021. Interest is paid semi-annually at a rate of 4.25% - 5.00% per annum. The balance remaining as of December 31, 2014, was \$555,000.00.

\$620,000.00 Water & Sewer Utility USDA Loan dated December 27, 2011, payable in annual installments through December 27, 2011. Interest is paid semi-annually at a rate of 3% per annum. The balance remaining as of December 31, 2014, was \$594,701.79.

\$505,000.00 Department of Environmental Infrastructure Loan (NJEIT) trust loan dated May 21, 2014, payable in semi-annual installments through August 2033. The trust loan interest is paid at a rate of 3%-5% per annum. The balance remaining at December 31, 2014, was \$505,000.00.

\$1,542,750.00 Department of Environmental Infrastructure Loan (NJEIT) fund loan dated May 21, 2014, payable in semi-annual installments through August 2033. The fund loan interest is paid at a rate of 0% per annum. The balance remaining at December 31, 2014, was \$1,490,453.39.

\$184,500.00 Department of Environmental Infrastructure Loan (NJEIT) trust loan dated May 21, 2014, payable in semi-annual installments through August 2033. The trust loan interest is paid at a rate of .2%-3.35% per annum. The balance remaining at December 31, 2014, was \$184,500.00.

\$553,500.00 Department of Environmental Infrastructure Loan (NJEIT) fund loan dated May 21, 2014, payable in semi-annual installments through August 2033. The fund loan interest is paid at a rate of 0% per annum. Water and Sewer funds in the amount of \$12,508.48 were de-obligated from the Fund loan during 2014. The balance remaining at December 31, 2014, was \$534,737.29.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 15: LONG-TERM DEBT (CONTINUED)

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

Year Ended December	Principal	Interest	Total
General Serial Bonds			
Current Fund			
2015	\$ 180,000.00	\$ 44,087.50	\$ 224,087.50
2016	185,000.00	36,100.00	221,100.00
2017	125,000.00	28,968.75	153,968.75
2018	125,000.00	22,875.00	147,875.00
2019	125,000.00	16,625.00	141,625.00
2020-2021	270,000.00	13,500.00	283,500.00
	<u>\$ 1,010,000.00</u>	<u>\$ 162,156.25</u>	<u>\$ 1,172,156.25</u>

Year Ended December	Principal	Interest	Total
Water & Sewer Operating Fund			
2015	\$ 230,000.00	\$ 64,362.51	\$ 294,362.51
2016	232,000.00	52,468.76	284,468.76
2017	232,000.00	40,418.76	272,418.76
2018	217,000.00	28,543.76	245,543.76
2018	213,000.00	16,918.76	229,918.76
2020-2021	160,000.00	8,000.00	168,000.00
	<u>\$ 1,284,000.00</u>	<u>\$ 210,712.55</u>	<u>\$ 1,494,712.55</u>

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 15: LONG-TERM DEBT (CONTINUED)

Year Ended December	Principal	Interest	Total
NJET Loan			
Water & Sewer			
Operating Fund			
2015	\$ 135,007.97	\$ 22,976.30	\$ 157,984.27
2016	135,024.97	22,359.46	157,384.43
2017	135,061.97	21,723.18	156,785.15
2018	135,116.97	20,668.10	155,785.07
2019	135,201.97	19,582.82	154,784.79
2020-2024	698,125.85	79,297.50	777,423.35
2025-2029	733,588.85	46,335.78	779,924.63
2030-2033	607,562.13	14,682.90	622,245.03
	<u>\$ 2,714,690.68</u>	<u>\$ 247,626.04</u>	<u>\$ 2,962,316.72</u>

Year Ended December	Principal	Interest	Total
USDA Loan			
Water & Sewer			
Operating Fund			
2015	\$ 8,947.56	\$ 17,774.44	\$ 26,722.00
2016	9,218.00	17,504.00	26,722.00
2017	9,496.61	17,225.39	26,722.00
2018	9,783.65	16,938.35	26,722.00
2019	10,079.35	16,642.65	26,722.00
2020-2024	55,154.88	78,455.12	133,610.00
2025-2029	64,009.51	69,600.49	133,610.00
2030-2034	74,285.63	59,324.37	133,610.00
2035-2039	86,211.51	47,398.49	133,610.00
2040-2044	100,051.99	33,558.01	133,610.00
2045-2049	116,114.40	17,495.60	133,610.00
2050-2051	51,348.70	1,936.30	53,285.00
	<u>\$ 594,701.79</u>	<u>\$ 393,853.21</u>	<u>\$ 988,555.00</u>

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 .605%.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 15: LONG-TERM DEBT (CONTINUED)

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

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 19,972,735.00	\$ 18,968,055.60	\$ 1,004,679.40
Water & Sewer Debt	5,274,242.47	5,274,242.47	
General Debt	1,862,577.00		1,862,577.00
	<u>\$ 27,109,554.47</u>	<u>\$ 24,242,298.07</u>	<u>\$ 1,862,577.00</u>

Net Debt \$1,862,577.00/Equalized Valuation Basis per NJSA 40A:2-12 as amended
\$474,201,390 = .605%.

Borrowing Power Under NJSA 40:A2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 16,597,048.65
Net Debt	<u>1,862,577.00</u>
Remaining Borrowing Power	<u>\$ 14,734,471.65</u>

Calculation of “Self-Liquidating Purpose” Water & Sewer Utility Per NJSA 40:2-45

Cash Receipts From Fees, Rents, or Other Charges	\$ 2,616,123.32
Deductions:	
Operating and Maintenance Costs	\$ 2,048,243.00
Debt Service Per Water & Sewer Account	<u>397,770.20</u>
	2,446,013.20
Excess in Revenue	<u>\$ 170,110.12</u>

NOTE 16: NOTES PAYABLE

The Borough has outstanding at December 31, 2014, a General Capital and Water and Sewer Capital bond anticipation note in the amount of \$839,500.00 and \$566,500.00, respectively, payable to First Elmer Investment Corp. This note will mature on December 15, 2015, at an interest rate per annum of .80%.

NOTE 17: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by Public Employees' Retirement System, (PERS), or Police and Firemen's Retirement System, (PFRS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System 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

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 17: PENSION FUNDS (CONTINUED)

Description of Plans (Continued) - supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 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 generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.78% to 6.92% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. PFRS provides for employee contributions of 10% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The PERS and PFRS employer rates in effect for 2014 are 10.92% and 23.25%, respectively, of covered payroll, as reported on June 30, 2011. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The Borough's contributions to PERS for the years ending December 31, 2014, 2013, and 2012, were \$115,940.00, \$133,263.00, and \$148,773.00, respectively, equal to the required contributions for each year. The Borough's contributions to PFRS for the years ending December 31, 2014, 2013, and 2012, were \$304,121.00, \$311,241.00, and \$276,341.00, respectively, equal to the required contributions for each year. Additional bills were paid for retroactive reporting.

Defined Contribution Retirement Program (DCRP) - The Borough established Defined Contribution Retirement Program by ordinance on July 10, 2008, as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et. seq. DCRP provides for employee contributions of 5.5% of employees' annual base salary. Employers are required to contribute 3% of the employees' base salary. The Borough's contributions to DCRP for the years ending December 31, 2014, 2013, and 2012, were \$0, \$0, and \$0, respectively, equal to the required contributions for each year.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 18: POST-RETIREMENT BENEFITS

Plan Description - The Borough of Clayton contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2001 the Borough of Clayton authorized participation in the SHBP's post-retirement benefit program through resolution adopted November 26, 2001, effective January 1, 2002. The Borough adopted the prescription drug program in December 2005, effective January 1, 2006. The Borough's policies provide for health insurance and prescription coverage, to eligible retirees and their spouses that participate in the SHBP's post-retirement benefit program with the local unit. The Borough also offers vision and dental coverage to the retirees and their spouses.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/shbp.htm>.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994 medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP, are billed to the Borough of Clayton on a monthly basis. Plan members receiving benefits are not required to make contributions.

The Borough of Clayton contributions to SHBP for healthcare of employees and retirees for the years ended December 31, 2014, 2013, and 2012, were \$1,034,456.92, \$957,140.87, and \$910,579.10. The amounts paid for retirees for the years ended December 31, 2014, 2013, and 2012, were \$319,840.92, \$298,648.76, and \$252,839.39, respectively, which equaled the required contributions for each year. There were approximately seventeen, fifteen and fifteen retired participants eligible at December 31, 2014, 2013, and 2012, respectively.

NOTE 19: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 19: RISK MANAGEMENT (CONTINUED)

The Borough of Clayton is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have not been any claims in excess of coverage and no reduction in coverage.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method in 2006." Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Trust Fund for the current year and previous year:

Year	Interest Earnings	Employee Contributions	Employer Contribution	Amount Reimbursed	Balance Dec. 31
2014	68.93	\$ 4,204.46	\$ 23,100.00	\$ 30,166.54	\$ 21,054.89
2013	78.80	4,225.73	23,250.00	43,510.00	23,848.04
2012	127.19	4,345.31	39,174.00	29,916.28	39,803.51

NOTE 20: CAPITAL LEASE OBLIGATIONS

The Borough has lease agreements in effect at December 31, 2014, for equipment, a fire truck, and municipal building improvements. The lease is funded through Gloucester County Improvement Authority and was approved by the Local Finance Board prior to July 1, 2007. Future minimum lease payments under capital lease agreements are as follows:

Year Ended December	Principal	Interest	Other	Total
2015	\$ 60,000.00	\$ 32,275.00	\$ 2,070.00	\$ 92,275.00
2016	65,000.00	30,250.00	2,070.00	95,250.00
2017	65,000.00	27,000.00	2,070.00	92,000.00
2018	70,000.00	23,750.00	2,070.00	93,750.00
2019	75,000.00	20,250.00	2,070.00	95,250.00
2020-2023	330,000.00	42,500.00	8,280.00	372,500.00
	<u>\$ 665,000.00</u>	<u>\$ 176,025.00</u>	<u>\$ 18,630.00</u>	<u>\$ 841,025.00</u>

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 21: OTHER LEASES

The Borough entered into a lease agreement on September 18, 2013, with Ford Motor Credit for purchase of police cars. The principal payments made in 2014 were \$23,730.41 and interest was \$2,343.06. Future minimum lease payments under capital lease agreements are as follows:

Year Ended December	Principal	Interest	Total
2015	\$ 21,870.59	\$ 1,202.88	\$ 23,073.47
	<u>\$ 21,870.59</u>	<u>\$ 1,202.88</u>	<u>\$ 23,073.47</u>

NOTE 22: OPERATING LEASES

The Borough has commitments to lease copiers for Police and Administration with a term of 60 months. The monthly lease payments range from \$82 to \$365.00 per month. Future lease payments are as follows:

Year Ended December	Payments
2015	\$ 5,364.00
2016	5,364.00
2017	5,364.00
2018	2,920.00
	<u>\$ 19,012.00</u>

NOTE 23: LABOR CONTRACTS

As of December 31, 2014, the Borough's employees are organized in the following collective bargaining units. Contracts are continually being negotiated and the following table shows their current status.

	Category	Term	Covers
AFSCME #71	Public Works, Clerical	1/1/2011-12/31/2013	All Employees in Public Works and Clerical Workers Excluding Supervisors
FOP Lodge #130	Police	1/1/2013-12/31/2016	All Uniformed Police Excluding the Chief

NOTE 24: TAX ABATEMENT PROGRAM

The tax abatement programs "Aberdeen" and "the Reserve" were established to encourage commercial and industrial development in the Borough. They are twenty year programs where real estate taxes on the approved buildings are abated and payments are made in lieu. Specific qualifications for properties are delineated in the Code Book of the Borough. Qualifying

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014 AND 2013**

NOTE 24: TAX ABATEMENT PROGRAM (CONTINUED)

properties are tax exempt until the project is complete. Once completed, the taxpayer pays no tax in the first year after completion. Beginning in the second year, the taxpayer is assessed taxes on 2% of the selling price for twenty years. During the 2014 and 2015 calendar years, the tax abatement program generated \$589,903.17 and \$458,942.08, respectively, in revenue for the Borough. These abatements also require 5% of the funds received to be turned over to the County of Gloucester. During the 2014 and 2013 calendar years, the tax abatement program generated \$31,095.81 and \$24,550.51 for the County.

NOTE 25: LITIGATION

The Borough participates in federal and state assistance grant programs. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of the grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the Borough of Clayton Counsel's opinion that there is not any pending litigation against the Borough.

NOTE 26: SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2014 and March 13, 2015, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

SUPPLEMENTARY INFORMATION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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Denise R. Nevico, CPA
Deanna L. Roller, CPA, RMA

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

Honorable Mayor and Members
of the Borough Council
Borough of Clayton
125 North Delsea Drive
Clayton, New Jersey, 08312

We have audited, in accordance with the 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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Clayton, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough of Clayton's basic financial statements, and have issued our report thereon dated March 13, 2015, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Clayton's 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 of Clayton's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 from 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 entity'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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

March 13, 2015

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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**MEMBER: AMERICAN INSTITUTE OF
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Nick L. Petroni, CPA, RMA

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Deanna L. Roller, CPA, RMA

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB 04-04

Independent Auditor's Report

Honorable Mayor and Members
of the Borough Council
Borough of Clayton
125 North Delsea Drive
Clayton, New Jersey 08312

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Clayton's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement, New Jersey State Aid/Grant Compliance Supplement* and New Jersey OMB 04-04 that could have a direct and material effect on each of the Borough of Clayton's major federal and state programs for the year ended December 31, 2014. The Borough of Clayton's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Clayton's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, New Jersey OMB 04-04, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133 and New Jersey OMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Clayton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on

compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Clayton's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Clayton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Borough of Clayton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Clayton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, and New Jersey OMB 04-04 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Clayton's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and New Jersey OMB 04-04

We have audited the financial statements of the accompanying balance sheets – regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance – regulatory basis, and the related statement of revenues – regulatory basis and

statement of expenditures – regulatory basis of the Borough of Clayton as of and for the year ended December 31, 2014, and have issued our report thereon dated March 13, 2015, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

March 13, 2015

SCHEDULE 1

BOROUGH OF CLAYTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

State Funding Department/Program	Federal CFDA Number	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
						From	To		
Department of Housing & Urban Development									
Pass through the County of Gloucester Community Development Block Grant	14.228	100-022-8020-078	\$ 49,889.00		\$ 49,889.00	01/01/14	completed	\$ 49,889.00	\$ 49,889.00
Department of Law and Public Safety									
Over the Limit Under Arrest	20.601	N/A	1,000.00		1,000.00	08/15/14	09/01/14	1,000.00	1,000.00
	20.601	N/A	2,400.00		2,400.00	08/15/13	09/01/13	1,600.00	2,400.00
Drive Sober or Get Pulled Over	20.601	N/A	1,000.00			12/05/14	01/02/15	600.00	600.00
Department of Agriculture									
Water and Waste Disposal Systems for Rural Communities									
Grant	10.760	N/A	500,000.00			01/01/13	completed		
Loan	10.760		1,500,000.00			01/01/13	completed	600,000.00	600,000.00
Department of Transportation									
S. Dennis Drive Phase II	20.205		175,000.00		175,000.00	01/01/13	completed	7,423.85	175,000.00
Department of Environmental Protection									
Capitalization Grant for Drinking Water Revolving Fund	66.468	0801001-001	553,500.00		553,500.00	07/15/12	completed	406,988.00	545,725.00
	66.468	0801001-001	1,542,750.00		428,185.00	07/15/12	completed	1,255,536.00	1,255,536.00
					<u>\$ 1,209,974.00</u>			<u>\$ 2,323,036.85</u>	<u>\$ 2,630,150.00</u>

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

SCHEDULE 2

BOROUGH OF CLAYTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

State Funding Department/Program	State Grant Number	Program Amount	Matching Funds	Funds Received	Grant Period		Amount of Expenditures	Cumulative Expenditures
					From	To		
Department of Community Affairs:								
Municipal Alliance on Alcoholism & Drug Abuse	N/A	\$ 16,183.00	\$ 4,045.75	\$ 5,061.00	01/01/14	12/31/14	\$ 8,630.51	\$ 8,630.51
		10,122.00	2,530.00	5,626.50	01/01/13	12/31/13	202.13	12,652.00
Clean Communities	4900-765-042-4900-004-VCMC-6020	14,895.23		14,895.23	01/01/14	12/31/14	14,895.23	14,895.23
		15,881.90			01/01/13	12/31/13	7,341.45	15,881.90
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	9,531.48			01/01/13	12/31/13		
		10,088.70			01/01/12	12/31/12	5,166.98	9,660.20
Community Watch Grant	N/A	250.00			01/01/11	12/31/11		
		500.00			01/01/08	12/31/08	60.00	300.00
Department of Law and Public Safety:								
Safe & Secure Program	100-066-1020-232	60,000.00	36,775.00	45,000.00	01/18/14	01/17/15	96,775.00	96,775.00
		60,000.00	36,775.00	15,000.00	01/18/13	01/17/14		96,775.00
Police Body Armor	1020-718-066-1020-001-YCJS-6120	1,765.27		1,765.27	01/01/14	12/31/14		
		2,326.64			01/01/13	12/31/13	2,326.64	2,326.64
Drunk Driving Enforcement	1110-448-301020-60	6,992.71		6,992.71	01/01/14	12/31/14	160.02	160.02
		3,849.57			01/01/11	12/31/11	129.13	3,849.57
Department of Environmental Protection:								
Environmental Commission Grant	N/A	500.00		500.00	01/01/14	12/31/14		
		500.00			01/01/13	12/31/13		
		500.00			01/01/12	12/31/12		
		500.00			01/01/11	12/31/11		
		500.00			01/01/10	12/31/10	340.00	490.00
Hazardous Discharge Site Remediation	N/A	38,475.00		2,387.75	01/01/12	completed	14,888.15	16,438.15
New Jersey Environmental Infrastructure Trust	08010014-001	184,500.00		184,500.00	07/15/12	completed	135,662.00	181,908.00
		514,250.00		142,729.00	07/15/12	completed	418,510.00	418,510.00
Department of Transportation:								
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	180,000.00			01/01/14	completed	180,000.00	180,000.00
				<u>\$ 424,457.46</u>			<u>\$ 885,087.24</u>	<u>\$ 1,059,252.22</u>

BOROUGH OF CLAYTON
NOTES TO SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes federal and state activity of the Borough of Clayton. The Borough 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 financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Borough of Clayton and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Circular 04-04. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 4: NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS

The following table shows the outstanding loan balances as of December 31, 2014.

LOAN PROGRAM TITLE	AMOUNT
2014 Nano Trust Loan	\$ 505,000.00
2014 Nano Fund Loan	1,490,453.39
2014 Trust Loan	184,500.00
2014 Fund Loan	534,737.29
	<u>\$ 2,714,690.68</u>

BOROUGH OF CLAYTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over financial reporting:

1. Material weakness(es) identified? Yes X No
2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grant for Drinking Water Revolving Fund
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

BOROUGH OF CLAYTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I – Summary of Auditor’s Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee? _____ Yes X No

Type of auditor’s report issued on compliance for major programs:

Internal control over major programs:

1. Material weakness(es) identified? _____ Yes X No

2. Significant deficiencies identified that
are not considered to be material weaknesses? _____ Yes X None reported

Any audit findings disclosed that are required to
be reported in accordance with New Jersey OMB
Circular Letter 04-04?

_____ Yes X No

Identification of major programs:

State Grant Number
08010014-00

Name of State Program
New Jersey Environmental Infrastructure Trust

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings

None

Section IV – State Awards Findings

None

BOROUGH OF CLAYTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2014

No matters were reported in the prior year related to federal or state grant awards.

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll & Agency	Grant Fund
Balance December 31, 2013	A	<u>\$ 2,221,416.27</u>	<u>\$ 30,735.36</u>	
Increased by Receipts:				
Tax Collector	A-5	16,152,064.25		
Grants Receivable	A-6			\$ 334,145.50
Revenue Accounts Receivable	A-10	1,707,472.18	206.21	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-14	89,304.79		
Due County of Gloucester - PILOT		31,095.81		
Prepaid PILOT	A	8,326.12		
Due from Animal Control Trust Fund		2,373.72		
Due from General Capital		83.71		
Due to POAA Trust Fund		30.00		
Due from Developer's Escrow Trust Funds		19.46		
Due from Tax Sale Premium		25.63		
Due from Tax Sale Redemption		5.90		
Due from Off-Duty Trust Fund		81.90		
Due from Donations - Senior Clubhouse Trust		2.17		
Due from Donations - Special Events		3.59		
Due from Donations - K-9		0.60		
Due State of New Jersey - Construction - DCA Fees		10,895.00		
Marriage Licenses and Burial Permits		1,050.00		
Due to Public Defender Trust		1,160.00		
Election Payable		8,250.00		
Security Deposits		240.00		
Due Payroll and Agency Account	A-4	208.72		
Due from Federal and State Grant Fund	A-4	119,896.18		
Net Payroll			1,715,723.28	
Employee and Employer Payroll Taxes			2,726,058.72	
Total Receipts		<u>18,132,589.73</u>	<u>4,441,988.21</u>	<u>334,145.50</u>
		<u>20,354,006.00</u>	<u>4,472,723.57</u>	<u>334,145.50</u>

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll & Agency	Grant Fund
Decreased by Disbursements:				
Current Year Budget Appropriations	A-3	5,729,410.61		
Appropriation Reserves	A-11	95,684.75		
Encumbrances Payable	A-13	17,392.51		8,920.32
Accounts Payable	A-12	6,519.45		
Reserve for Grants - Appropriated	A-16			205,329.00
Due State of New Jersey - DCA Fees		9,324.00		
Due State of New Jersey - Marriage/Burial		1,225.00		
County Taxes Payable	A-7	2,752,832.99		
County Open Space Taxes Payable	A-7	191,723.63		
County Library Taxes Payable	A-7	215,842.99		
Due County Added & Omitted Taxes		3,512.89		
Due County Tax Abatement		22,861.82		
Security Deposits		50.00		
Tax Overpayments		31,970.18		
Refunded PILOT Payment		108.64		
Refunded Prepaid Taxes		256.88		
Due to Public Defender Trust		895.00		
Police Bequest		11.00		
Election Payable		8,250.00		
Local District School Tax	A-15	8,486,682.00		
Due Current Fund	A-4		208.72	119,896.18
Net Payroll			1,715,723.28	
Payroll Taxes Payable			2,726,858.21	
		<u>17,574,554.34</u>	<u>4,442,790.21</u>	<u>334,145.50</u>
Balance December 31, 2014	A	<u>\$ 2,779,451.66</u>	<u>\$ 29,933.36</u>	

SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2013	Ref. A		\$ 198,312.53
Increased by Receipts:			
Taxes Receivable	A-7	\$ 15,868,881.59	
Tax Title Liens Receivable	A-8	46,404.90	
Prepaid Taxes		85,719.89	
Tax Overpayments		38,009.11	
Revenue Accounts Receivable	A-10	138,616.32	
Due Utility Operating Fund		2,970.15	
			<u>16,180,601.96</u>
			16,378,914.49
Decreased by Disbursements:			
Paid to Treasurer	A-4		<u>16,152,064.25</u>
Balance December 31, 2014	A		<u><u>\$ 226,850.24</u></u>

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2013	Budget Revenue Realized	Received	Canceled	Balance Dec. 31, 2014
Federal Grants:					
Over the Limit Under Arrest	\$ 2,400.00	\$ 1,000.00	\$ 3,400.00		
Drive Sober or Get Pulled Over		1,000.00			\$ 1,000.00
Community Development Block Grant		49,889.00	49,889.00		
New Jersey DOT Trust - Safe Routes to School	65,509.04		8,628.04	\$ 56,881.00	
New Jersey DOT Trust - S. Dennis Drive Phase II	175,000.00		175,000.00		
State Grants:					
Hazardous Discharge Site Remediation	38,475.00		2,387.75		36,087.25
New Jersey DOT Trust - N. New Street		180,000.00			180,000.00
New Jersey DOT Trust - S. Dennis Drive Phase II	0.01			0.01	
Drunk Driving Enforcement Fund		6,992.71	6,992.71		
Police Body Armor		1,765.27	1,765.27		
Environmental Commission Grant		500.00	500.00		
Clean Communities Program		14,895.23	14,895.23		
Safe & Secure	15,000.00	60,000.00	60,000.00		15,000.00
Municipal Alliance Youth Service	5,626.50	16,183.00	10,687.50		11,122.00
	<u>\$ 302,010.55</u>	<u>\$ 332,225.21</u>	<u>\$ 334,145.50</u>	<u>\$ 56,881.01</u>	<u>\$ 243,209.25</u>
Ref.	A	A-2	A-4	A-1	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2013			2013	2014				Dec. 31, 2014
2011	\$ 4,558.03				\$ 4,558.03				
2012	5,241.24				3,362.59				\$ 1,878.65
2013	522,161.11		\$ 2,833.33		515,275.45		\$ 803.96	\$ 5,262.87	3,652.16
	<u>531,960.38</u>		<u>2,833.33</u>		<u>523,196.07</u>		<u>803.96</u>	<u>5,262.87</u>	<u>5,530.81</u>
2014		\$ 16,254,563.76		\$ 85,627.35	15,434,826.70	\$ 17,863.55	85,211.61	39,876.11	591,158.44
	<u>\$ 531,960.38</u>	<u>\$ 16,254,563.76</u>	<u>\$ 2,833.33</u>	<u>\$ 85,627.35</u>	<u>\$ 15,958,022.77</u>	<u>\$ 17,863.55</u>	<u>\$ 86,015.57</u>	<u>\$ 45,138.98</u>	<u>\$ 596,689.25</u>
Ref.	A			A				A-8	A
		Cash		Ref.					
		Due State of New Jersey		A-5	\$ 15,868,881.59				
				A-14	89,141.18				
					<u>\$ 15,958,022.77</u>				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax:			
Business Personalty Tax	\$	39,095.73	
General Property Tax		16,125,037.16	
		<hr/>	\$ 16,164,132.89
Added & Omitted Taxes (54:4-63.1 and 54:4-63.12 et seq.)			90,430.87
		<hr/>	<hr/>
			\$ 16,254,563.76

Tax Levied:

	Ref.		
Local District School Tax (Abstract)	A-15	\$	8,558,217.00
County Taxes:			
County Tax (Abstract)		\$	2,752,832.99
County Library (Abstract)			215,842.99
County Open Space (Abstract)			191,723.63
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)			18,260.82
		<hr/>	
Total County Taxes			3,178,660.43
Local Tax for Municipal Purposes	A-2	4,441,200.00	
Add: Additional Taxes Levied		76,486.33	
		<hr/>	
			4,517,686.33
		<hr/>	<hr/>
			\$ 16,254,563.76

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2013	A	\$	235,121.39
Increased by:			
Transfers from Taxes Receivable	A-7		45,138.98
Interest and Costs on Sale			712.58
			<u>45,851.56</u>
			280,972.95
Decreased by:			
Receipts	A-5	\$	46,404.90
Transfer to Property Acquired for Taxes	A-9		<u>116,437.20</u>
			162,842.10
Balance December 31, 2014	A	\$	<u><u>118,130.85</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2013	A	\$	377,100.00
Increased by:			
Transfer from Tax Title Liens	A-8	\$	116,437.20
Transfer from Utility Liens	D-8		1,619.82
Transfer from Miscellaneous Liens			4,547.80
			<u>122,604.82</u>
Add: Adjustment to Assessed Valuation			<u>401,395.18</u>
			524,000.00
			<u>901,100.00</u>
Decreased by:			
Property Dedicated to Public Parks			44,600.00
Balance December 31, 2014	A	\$	<u><u>856,500.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2013	Accrued	Collected by		Balance Dec. 31, 2014
			Treasurer	Collector	
Miscellaneous Revenue Anticipated					
Fees and Permits		\$ 23,355.45	\$ 23,355.45		
Fines and Costs:					
Municipal Court	\$ 2,810.30	75,576.65	71,897.04		\$ 6,489.91
Interest and Costs on Taxes		129,471.26		\$ 129,471.26	
Interest on Investments		10,613.53	8,521.53	2,092.00	
Fire Inspection Fees		5,104.00	5,104.00		
Consolidated Municipal Property Tax Relief		32,875.00	32,875.00		
Energy Receipts Tax		521,114.00	521,114.00		
Uniform Construction Code Official		159,507.00	159,507.00		
Uniform Fire Safety Act		8,047.98	8,047.98		
Payment in Lieu of Taxes		582,494.44	582,494.44		
Miscellaneous Revenue Not Anticipated					
Alcoholic Beverage Licenses		6,550.72	6,550.72		
Verizon Franchise Fee		31,588.78	31,588.78		
Cable TV Franchise Fee		64,326.83	64,326.83		
T-Mobile		56,160.02	56,160.02		
Senior Citizen Administration Fee		1,786.10	1,786.10		
Cat Licenses		2,768.60	2,768.60		
Landlord Registration		3,880.00	3,880.00		
OPRA Records Request Fees		0.80	0.80		
Payment in Lieu of Taxes - Clayton Mews		53,600.00	53,600.00		
Marriage Ceremonies		1,100.00	1,100.00		
Off-Duty Police Administration Fees		19,104.50	19,104.50		
Recycling Fees		8,843.40	8,843.40		
Vacant Property Registration Fee		29,000.00	29,000.00		
Miscellaneous		10,609.45	10,609.45		
Prior Year Refund		5,442.75	5,442.75		
Tax Search/NSF Fees & Other Costs		240.00		240.00	
Clean-up Charges (Code Violations)		6,813.06		6,813.06	
	<u>\$ 2,810.30</u>	<u>\$ 1,849,974.32</u>	<u>\$ 1,707,678.39</u>	<u>\$ 138,616.32</u>	<u>\$ 6,489.91</u>
Ref.	A		A-4	A-5	A

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2013	Paid or Charged	Balance Lapsed
Salaries and Wages:			
Police	\$ 122,083.87	\$ 18,188.19	\$ 103,895.68
Other Expenses:			
General Administration	324.37	25.02	299.35
Audit Services	17,030.00	17,030.00	
Liquidation of Tax Title Liens	4,818.12	4,129.00	689.12
Tax Collector	2,578.16	66.00	2,512.16
Legal Services and Costs	30,319.70	14,651.56	15,668.14
Labor Council	7,843.35	1,210.99	6,632.36
Economic Development	500.00	260.00	240.00
Group Insurance	33,122.53	388.94	32,733.59
Police	7,684.11	3,133.76	4,550.35
Solid Waste Disposal Tipping Fees	67,493.94	19,472.82	48,021.12
Solid Waste Collection	34,547.36	18,387.06	16,160.30
Street Lighting	1,928.11	360.40	1,567.71
Gasoline	17,183.14	423.84	16,759.30
Telephone	4,744.34	1,040.62	3,703.72
Social Security	18,728.15	1,391.40	17,336.75
Other Accounts - No Change	153,117.81		153,117.81
Excluded from "CAPS"			
Recycling Tax	4,260.43	718.20	3,542.23
GCIA Snow Removal	7,741.52	2,366.00	5,375.52
Length of Service Award	11,000.00	9,000.00	2,000.00
Purchase of Equipment	3,020.54	3,020.54	
Other Accounts - No Change	273.60		273.60
	<u>\$ 550,343.15</u>	<u>\$ 115,264.34</u>	<u>\$ 435,078.81</u>
Ref.	A		A-1
Disbursed	A-4	\$ 95,684.75	
Accounts Payable	A-12	19,579.59	
		<u>\$ 115,264.34</u>	

SCHEDULE OF ACCOUNTS PAYABLE

Balance December 31, 2013	Ref. A	\$ 6,519.45
Increased by:		
Transfers from Appropriation Reserves	A-11	19,579.59
		<u>26,099.04</u>
Decreased by:		
Payments	A-4	6,519.45
Balance December 31, 2014	A	<u>\$ 19,579.59</u>

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2013	A	\$ 21,237.25	\$ 8,920.32
Increased by:			
Charges to Current Year Appropriations	A-3	67,911.36	
Charges to Grants Appropriated	A-16		186,099.09
		<u>89,148.61</u>	<u>195,019.41</u>
Decreased by:			
Payments	A-4	17,392.51	8,920.32
Canceled	A-1	3,844.74	
		<u>21,237.25</u>	<u>8,920.32</u>
Balance December 31, 2014	A	<u>\$ 67,911.36</u>	<u>\$ 186,099.09</u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZEN AND VETERANS DEDUCTIONS

Balance December 31, 2013	Ref. A	\$ 4,117.38
Increased by:		
Receipts	A-4	89,304.79
		<u>93,422.17</u>
Decreased by:		
Current Year Deductions Per Tax Duplicate		\$ 88,750.00
Current Year Deductions Allowed by Collector		1,750.00
Current Year Deductions Disallowed by Collector		<u>(1,358.82)</u>
	A-7	89,141.18
Prior Year Deductions Disallowed by Collector	A-1	<u>(174.70)</u>
		88,966.48
Balance December 31, 2014	A	<u><u>\$ 4,455.69</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2013:	Ref.		
School Tax Payable	A	\$ 267,839.53	
School Tax Deferred		<u>4,126,407.50</u>	
			\$ 4,394,247.03
Increased by:			
Levy School Year July 1, 2014 to June 30, 2015	A-7		8,558,217.00
			<u>12,952,464.03</u>
Decreased by:			
Payments	A-4		<u>8,486,682.00</u>
Balance December 31, 2014:			
School Tax Payable	A	186,673.53	
School Tax Deferred		<u>4,279,108.50</u>	
			<u><u>\$ 4,465,782.03</u></u>
Tax Liability for Local District School Tax:			
Tax Payable December 31, 2013	A-15	\$ (267,839.53)	
Tax Payable December 31, 2014	A-15	186,673.53	
Tax Paid	A-15	<u>8,486,682.00</u>	
Amount Charged to Operations	A-1		<u><u>\$ 8,405,516.00</u></u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grant	Balance Dec. 31, 2013	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Canceled	Balance Dec. 31, 2014
Federal Grants:						
Community Development Block Grant		\$ 49,889.00	\$ 49,889.00			
Over the Limit Under Arrest	\$ 1,600.00	1,000.00	2,600.00			
Drive Sober or Get Pulled Over		1,000.00	600.00			\$ 400.00
New Jersey DOT Trust - Safe Routes to School	56,881.00				\$ 56,881.00	
New Jersey DOT Trust - S. Dennis Drive Phase II	7,423.85		7,423.85			
State Grants:						
Municipal Alliance Youth Service	202.13	20,228.75	8,832.64			11,598.24
Safe & Secure		96,775.00	96,775.00			
Hazardous Discharge Site Remediation	36,925.00		7,044.93	\$ 7,843.22		22,036.85
Recycling Tonnage Grant	15,126.96		5,166.98			9,959.98
Police Body Armor	2,326.64	1,765.27	2,326.64			1,765.27
Drunk Driving Enforcement Fund	129.13	6,992.71	289.15			6,832.69
Clean Communities Program	7,341.45	14,895.23	22,236.68			
Community Watch - 2008	510.00		60.00			450.00
Environmental Commission Grant	1,850.00	500.00	340.00			2,010.00
New Jersey DOT Trust - N. New Street		180,000.00	1,744.13	178,255.87		
	<u>\$ 130,316.16</u>	<u>\$ 373,045.96</u>	<u>\$ 205,329.00</u>	<u>\$ 186,099.09</u>	<u>\$ 56,881.00</u>	<u>\$ 55,053.03</u>
Ref.	A	A-3	A-4	A-13	A-1	A

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Affordable Housing Trust	Animal Control Trust	Developer's Escrow Trust	Disposal of Forfeited Funds	Donations - Senior Clubhouse	Donations - K-9 Unit	Donations - Special Events	Off-Duty Police Employment	Park and Recreation Escrow	Performance Bond Escrow Trust	Unemployment Trust
Balance December 31, 2013	B	\$ 15,854.62	\$ 25,076.12	\$ 84,408.05	\$ 29,719.90	\$ 8,483.81	\$ 2,397.60	\$ 12,374.87	\$ 1,883.95	\$ 110,380.51	\$ 19,146.50	\$ 23,848.04
Increased by Receipts:												
Interest Earned		47.63	86.21	302.72	87.91	25.47	7.18	38.85	27.77	533.63		68.93
Dog License Fees:												
Municipal Share	B-3		10,904.00									
State Share			2,268.00									
Off-Duty Police Fees									62,067.45			
Escrow Deposits				42,340.63						1,315.00	200.00	
Donations - Special Events								6,868.59				
Employee Deductions												4,204.46
Unemployment Compensation												23,100.00
		47.63	13,258.21	42,643.35	87.91	25.47	7.18	6,907.44	62,095.22	1,848.63	200.00	27,373.39
Decreased by Disbursements:												
Expenditures Under RS 4:19-15.11	B-3		7,945.02									
NJ State Department of Health			2,248.80									
Encumbrances Payable									750.00			
Escrow Charges				45,578.28								
Forfeited Funds					1,473.96							
Unemployment Compensation												30,166.54
Off-Duty Police Fees									63,014.50			
Donations - Special Events								8,620.02				
Due Current Fund			2,453.37	241.56		25.48	7.17	39.71	107.24			
			12,647.19	45,819.84	1,473.96	25.48	7.17	8,659.73	63,871.74			30,166.54
Balance December 31, 2014	B	\$ 15,902.25	\$ 25,687.14	\$ 81,231.56	\$ 28,333.85	\$ 8,483.80	\$ 2,397.61	\$ 10,622.58	\$ 107.43	\$ 112,229.14	\$ 19,346.50	\$ 21,054.89

SCHEDULE OF TRUST FUND CASH - COLLECTOR

	Ref.	Tax Sale	
		Premium	Redemption
Balance December 31, 2013	B	\$ 99,325.63	\$ 14,107.30
Increased by:			
Deposits for Redemption of Tax Sale Certificate	B-4		393,368.44
Tax Sale Premiums	B-5	215,700.00	
Interest Earned		352.41	74.50
		216,052.41	393,442.94
		315,378.04	407,550.24
Decreased by:			
Redemptions of Tax Sale Certificates	B-4		391,547.64
Tax Sale Premiums	B-5	81,800.00	
Interest Due Current Fund		318.57	78.19
		82,118.57	391,625.83
Balance December 31, 2014	B	\$ 233,259.47	\$ 15,924.41

EXHIBIT B-3

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.	
Balance December 31, 2013	B	\$ 22,722.00
Increased by:		
Municipal Share of Dog License Fees	B-1	10,904.00
		33,626.00
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	7,945.02
Encumbrances Payable		474.00
Statutory Excess Due Current		1,383.98
		9,803.00
Balance December 31, 2014	B	\$ 23,823.00

License Fees Collected

Year	Amount
2012	\$ 11,734.00
2013	12,089.00
	\$ 23,823.00

EXHIBIT B-4

SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

Balance December 31, 2013	Ref. B	\$ 14,101.40
Increased by:		
Deposits Received	B-2	<u>393,368.44</u>
		407,469.84
Decreased by:		
Refunds - Tax Sale Certificates Redeemed	B-2	<u>391,547.64</u>
Balance December 31, 2014	B	<u><u>\$ 15,922.20</u></u>

EXHIBIT B-5

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2013	Ref. B	\$ 99,300.00
Increased by:		
Premiums Received	B-2	<u>215,700.00</u>
		315,000.00
Decreased by:		
Premiums Refunded	B-2	<u>81,800.00</u>
Balance December 31, 2014	B	<u><u>\$ 233,200.00</u></u>

GENERAL CAPITAL FUND

EXHIBIT C-2

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2013	Ref. C	<u>\$ 437,567.99</u>
Increased by:		
Interest Earned	C-3	1,166.95
Bond Anticipation Notes	C-9	240,000.00
Police Technology Grant	C-3	35,000.00
Budget Appropriation:		
Capital Improvement Fund	C-3:C-5	<u>12,500.00</u>
		<u>288,666.95</u>
		<u>726,234.94</u>
Decreased by:		
Improvement Authorizations	C-7	29,962.16
Encumbrance Payable	C-3	151,846.50
Due Current Fund	C-3	1,135.95
Due from Park & Recreation Trust	C-3	<u>715.00</u>
		<u>183,659.61</u>
Balance December 31, 2014	C	<u><u>\$ 542,575.33</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2013	Receipts		Disbursements		Transfers		Balance Dec. 31, 2014
		Notes Issued	Miscellaneous	Improvement Authorization	Miscellaneous	From	To	
Fund Balance	\$ 4,196.55							\$ 4,196.55
Due Current Fund	83.71		\$ 1,166.95		\$ 1,135.95			114.71
Due Park and Recreation Escrow					715.00		\$ 715.00	
Capital Improvement Fund	47,352.00		12,500.00			\$ 12,775.00		47,077.00
Reserve for Improvements to Municipal Roads	2,831.20							2,831.20
Encumbrances Payable	151,999.14				151,846.50	152.64	125,237.38	125,237.38
Improvement Authorizations:								
Ordinance								
Number								
Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution								
Engineering Costs	3,299.25							3,299.25
11-07 Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	5,334.39					5,334.39		
2011-9 Site Remediation and/or Environmental investigations	45,213.48							45,213.48
2011-13 Acquisition of Capital Equipment and the completion of Capital Projects	32,110.25			\$ 11,074.91				21,035.34
2012-9 Site Remediation and/or Environmental Investigations	54,042.13			1,258.00				52,784.13
2012-11 Construction of a Club House	128.94			128.94				
2012-14 Acquisition of Capital Equipment and the Completion of Capital Projects	84,907.07			2,464.22		6,024.50		76,418.35
2013-9 Acquisition of Capital Equipment and the Completion of Capital Projects	5,269.88					4,201.59	152.64	1,220.93
2013-20 Gazebo for Sandelier Park	800.00			85.00		715.00		
2014-8 Acquisition of Capital Equipment and the Completion of Capital Projects		\$ 240,000.00		14,951.09		111,947.38	12,775.00	125,876.53
2014-11 Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of: Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements						13,290.00	15,560.48	2,270.48
2014-18 Police Technology Grant			35,000.00					35,000.00
	\$ 437,567.99	\$ 240,000.00	\$ 48,666.95	\$ 29,962.16	\$ 153,697.45	\$ 154,440.50	\$ 154,440.50	\$ 542,575.33
Ref.	C	C-9	C-2	C-7	C-2			C

EXHIBIT C-4

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - FUNDED

Balance December 31, 2013	Ref. C	\$ 1,205,000.00
Decreased by:		
Payment of Bonds Payable	C-8	195,000.00
Balance December 31, 2014	C	<u>\$ 1,010,000.00</u>

EXHIBIT C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2013	Ref. C	\$ 47,352.00
Increased by:		
Budget Appropriation	C-2	12,500.00
		<u>59,852.00</u>
Decreased by:		
Financed Improvement Authorizations	C-7	12,775.00
Balance December 31, 2014	C	<u>\$ 47,077.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2013	Authorization	Notes Paid by Budget Appropriation	Balance Dec. 31, 2014	Analysis of Balances December 31, 2014	
						Bond Anticipation Notes	Unexpended Improvement Authorizations
11-07	Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	\$ 735.00	\$ (735.00)				
2011-9	Site Remediation and/or Environmental investigations	76,000.00			\$ 76,000.00	\$ 76,000.00	
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	78,992.00		\$ 4,500.00	74,492.00	73,500.00	\$ 992.00
2012-9	Site Remediation and/or Environmental Investigations	100,000.00			100,000.00	100,000.00	
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	161,975.00			161,975.00	160,000.00	1,975.00
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	196,650.00			196,650.00	190,000.00	6,650.00
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects		242,725.00		242,725.00	240,000.00	2,725.00
2014-11	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of: Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements		735.00		735.00		735.00
		<u>\$ 614,352.00</u>	<u>\$ 242,725.00</u>	<u>\$ 4,500.00</u>	<u>\$ 852,577.00</u>	<u>\$ 839,500.00</u>	<u>\$ 13,077.00</u>
Ref.		C	C-7	C-9	C	C-9	
Improvement Authorizations - Unfunded						Ref. C-7	\$ 337,896.24
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							
Ordinance Number							
2011-9	Site Remediation and/or Environmental Investigations				C-3		(45,213.48)
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects				C-3		(21,035.34)
2012-9	Site Remediation and/or Environmental Investigations				C-3		(52,784.13)
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects				C-3		(76,418.35)
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects				C-3		(1,220.93)
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects				C-3		(125,876.53)
2014-11	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of: Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements				C-3		(2,270.48)
							<u>\$ 13,077.00</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2013		Authorization	Paid or Charged	Encumbered	Reappropriation	Encumbrance Canceled	Cancel	Balance Dec. 31, 2014	
				Funded	Unfunded							Funded	Unfunded
11-03	Various Capital Improvements												
	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the purpose of:												
	Engineer Costs	05/22/03	\$ 33,000.00	\$ 3,299.25								\$ 3,299.25	
11-07	Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	11/29/07	1,191,300.00	5,334.39	\$ 735.00				\$ (6,069.39)				
2011-9	Site Remediation and/or Environmental investigations	05/26/11	80,000.00		45,213.48								\$ 45,213.48
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	08/11/11	83,150.00		33,102.25		\$ 11,074.91						22,027.34
2012-9	Site Remediation and/or Environmental Investigations	06/14/12	100,000.00		54,042.13		1,258.00						52,784.13
2012-11	Construction of a Club House	09/13/12	40,000.00	128.94			128.94						
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	11/19/12	170,500.00		86,882.07		2,464.22		(6,024.50)				78,393.35
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	08/08/13	207,000.00		11,919.88				(4,201.59)	\$ 152.64			7,870.93
2013-20	Gazebo for Sandelier Park	11/14/13	4,000.00	800.00			85.00				\$ (715.00)		
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects	06/12/14	255,500.00			\$ 255,500.00	14,951.09	\$ 111,947.38					128,601.53
2014-11	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the purpose of:												
	Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	10/09/14	16,295.48					13,290.00	16,295.48			35,000.00	3,005.48
2014-18	Police Technology Grant	12/11/14	35,000.00			35,000.00						35,000.00	
				<u>\$ 9,562.58</u>	<u>\$ 231,894.81</u>	<u>\$ 290,500.00</u>	<u>\$ 29,962.16</u>	<u>\$ 125,237.38</u>		<u>\$ 152.64</u>	<u>\$ (715.00)</u>	<u>\$ 38,299.25</u>	<u>\$ 337,896.24</u>
	Ref.			C	C		C-2	C		C-3	C-3	C	C
	Deferred Charges to Future Taxation - Unfunded				C-6	\$ 242,725.00							
	Capital Improvement Fund				C-5	12,775.00							
	Local Grant					35,000.00							
						<u>\$ 290,500.00</u>							

SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
04/01/08	General Improvements	\$ 1,715,000.00	4/1/15	\$ 180,000.00	4.25%			
			4/1/16	185,000.00	4.50%			
			4/1/17	125,000.00	5.00%			
			4/1/18-19	125,000.00	5.00%			
			4/1/20-21	135,000.00	5.00%	\$ 1,205,000.00	\$ 195,000.00	\$ 1,010,000.00
					Ref.	C	C-4	C

EXHIBIT C-9

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	12/22/11	12/16/14	12/15/15	0.80%	\$ 65,000.00		\$ 4,500.00	\$ 60,500.00
2011-9	Site Remediation and/or Environmental Investigations	12/20/12	12/16/14	12/15/15	0.80%	76,000.00			76,000.00
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	12/20/12	12/16/14	12/15/15	0.80%	13,000.00			13,000.00
2012-9	Various Redevelopment Area Improvements	12/20/12	12/16/14	12/15/15	0.80%	60,000.00			60,000.00
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	12/20/12	12/16/14	12/15/15	0.80%	116,000.00			116,000.00
2012-9	Various Redevelopment Area Improvements	12/18/13	12/16/14	12/15/15	0.80%	40,000.00			40,000.00
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	12/18/13	12/16/14	12/15/15	0.80%	44,000.00			44,000.00
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	12/18/13	12/16/14	12/15/15	0.80%	190,000.00			190,000.00
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects	12/16/14	12/16/14	12/15/15	0.80%		\$ 240,000.00		240,000.00
						<u>\$ 604,000.00</u>	<u>\$ 240,000.00</u>	<u>\$ 4,500.00</u>	<u>\$ 839,500.00</u>
					Ref.	C	C-2	C-6	C

EXHIBIT C-10

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE

Date of Lease	Purpose	Term of Lease	Amount of Original Lease		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Principal	Interest				
01/20/04	Various Capital Improvements	20 years	\$ 1,610,000.00	\$ 608,355.63	1% to 5.99%	\$ 725,000.00	\$ 60,000.00	\$ 665,000.00
12/31/11	Recycle Carts	3 years	66,000.00		0%	22,000.00	22,000.00	
						<u>\$ 747,000.00</u>	<u>\$ 82,000.00</u>	<u>\$ 665,000.00</u>
					Ref.	C		C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2013	Authorization	Reappropriation	Issued	Balance Dec. 31, 2014
11-07	Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	\$ 735.00		\$ (735.00)		
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	992.00				\$ 992.00
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	1,975.00				1,975.00
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	6,650.00				6,650.00
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects		\$ 242,725.00		\$ 240,000.00	2,725.00
2014-11	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of: Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements			735.00		735.00
		<u>\$ 10,352.00</u>	<u>\$ 242,725.00</u>		<u>\$ 240,000.00</u>	<u>\$ 13,077.00</u>
	Ref.		C-7		C-9	

WATER AND SEWER UTILITY FUND

SCHEDULE OF WATER AND SEWER UTILITY FUND CASH

	Ref.	Operating	Capital	Escrow
Balance December 31, 2013	D	<u>\$ 914,451.01</u>	<u>\$ 453,055.26</u>	<u>\$ 75,354.58</u>
Increased by:				
Consumer Accounts Receivable	D-7	2,193,425.37		
Water and Sewer Liens Receivable	D-8	2,636.91		
Connection Fees	D-3	103,755.66		
Miscellaneous Revenues	D-3	56,708.17	1,370.04	215.48
Budget Appropriation:				
Capital Improvement Fund	D-14		25,000.00	
Bond Anticipation Notes	D-18		37,000.00	
NJEIT Loan Receivable	D-6		1,308,914.00	
Utility Rent Overpayments	D	3,587.08		
Escrow Deposits				7,756.63
Due Utility Escrow Trust Fund	D-5	214.31		
Due Utility Capital Fund	D-5	1,315.44		
		<u>2,361,642.94</u>	<u>1,372,284.04</u>	<u>7,972.11</u>
		<u>3,276,093.95</u>	<u>1,825,339.30</u>	<u>83,326.69</u>
Decreased by:				
Budget Appropriations	D-4	2,005,037.32		
Appropriation Reserves	D-11	73,998.42		
Encumbrances Payable	D-12	33,633.94	68,083.42	
Accrued Interest Paid	D-13	107,140.11		
Improvement Authorizations	D-16		1,093,224.73	
Due Current Fund		100.00		
Escrow Fees				3,994.10
Due Utility Operating Fund	D-5		1,315.44	214.31
		<u>2,219,909.79</u>	<u>1,162,623.59</u>	<u>4,208.41</u>
Balance December 31, 2014	D	<u>\$ 1,056,184.16</u>	<u>\$ 662,715.71</u>	<u>\$ 79,118.28</u>

ANALYSIS OF WATER AND SEWER UTILITY CAPITAL FUND CASH

	Receipts					Disbursements		Transfers		Balance Dec. 31, 2014
	Balance Dec. 31, 2013	Budget Appropriation	Bond Anticipation Notes	NJEIT Loan	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 13,949.17								\$ 10,923.74	\$ 24,872.91
Capital Improvement Fund	50,470.01	\$ 25,000.00							6,612.82	82,082.83
Encumbrances Payable	229,991.00						\$ 68,083.42		1,754,041.60	1,915,949.18
Due Utility Operating Fund	119.86				\$ 1,370.04		1,315.44			174.46
NJEIT Loan Receivable				\$ 1,308,914.00				\$ 2,795,000.00		(1,486,086.00)
Preliminary Expenses:										
Water Technology Study	6,612.82							6,612.82		
Well #3	1,673.74							1,673.74		
Improvement Authorizations:										
Ordinance										
Number										
17-01	North Delsea Drive Sewer Extension	241.50								241.50
11-05	Brown Lane Pump Station & Well 3	5,149.00								5,149.00
2010-15	Preliminary Costs for New Water Tower	85,947.19				\$ 22,617.34		20,420.00		42,909.85
	Reappropriation of Unexpended									
	Balance of Previous Ordinance									
	per 40A:2-39 by Resolution									
	for the Purpose of:									
2011-14	Various Capital Equipment	52,174.58								52,174.58
2012-13	Acquisition of a Camera for the Sewer Lines	1,129.00				80.19				1,048.81
2013-3	Various Improvements to the North Delsea Drive									
	and East Chestnut Street Water Towers									
2013-10	Restoration of Hagelstein Drive	5,597.39								5,597.39
2013-11	Construction of an Elevated Water Storage Tank					1,070,527.20		1,703,132.80	2,785,750.00	12,090.00
2014-7	Acquisition of Water and Sewer Utility Truck		\$ 37,000.00					30,488.80		6,511.20
		\$ 453,055.26	\$ 25,000.00	\$ 37,000.00	\$ 1,308,914.00	\$ 1,370.04	\$ 1,093,224.73	\$ 69,398.86	\$ 4,557,328.16	\$ 4,557,328.16
		\$ 453,055.26	\$ 25,000.00	\$ 37,000.00	\$ 1,308,914.00	\$ 1,370.04	\$ 1,093,224.73	\$ 69,398.86	\$ 4,557,328.16	\$ 4,557,328.16
Ref.	D	D-5	D-18	D-5	D-5	D-16	D-5			D

EXHIBIT D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2013	Ref. D	\$ 117,062.65
Increased by:		
Utility Rents Levied		2,192,210.90
		<u>2,309,273.55</u>
Decreased by:		
Collections	D-5	2,193,425.37
Overpayments Applied	D-3	2,617.69
Transfer to Liens	D-8	344.00
		<u>2,196,387.06</u>
Balance December 31, 2014	D	<u><u>\$ 112,886.49</u></u>

EXHIBIT D-8

SCHEDULE OF UTILITY LIENS RECEIVABLE

Balance December 31, 2013	Ref. D	\$ 9,236.54
Increased by:		
Transfer from Consumer Accounts Receivable	D-7	344.00
		<u>9,580.54</u>
Decreased by:		
Collections	D-5	2,636.91
Foreclosed	A-10	1,619.82
		<u>4,256.73</u>
Balance December 31, 2014	D	<u><u>\$ 5,323.81</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2013	Additions Capital Outlay	Balance Dec. 31, 2014
Wells and Tanks	\$ 3,017,231.17		\$ 3,017,231.17
Land	94,058.75		94,058.75
Walk and Appurtenance	5,443.68		5,443.68
Collecting Reservoir	1,268.02		1,268.02
Pumping Station Structure	3,721.19		3,721.19
Steam Power Pumping Equipment	9,993.49		9,993.49
Electric Power Pumping Equipment	228,574.63	\$ 5,575.00	234,149.63
Portable Air Compressor	19,444.92		19,444.92
Chlorinator	26,937.37		26,937.37
Distribution Mains and Accessories	648,472.99		648,472.99
Service Pipes and Stops	521,835.91		521,835.91
Meters and Meter Boxes	571,979.29	53,136.00	625,115.29
Fire Hydrants	22,106.41	7,589.16	29,695.57
Frame Dwellings and General Structures	19,066.35		19,066.35
General Equipment	503,737.54	6,929.76	510,667.30
Organization Expenses	1,000.00		1,000.00
Autos and Trucks	328,736.00		328,736.00
Garage	3,901.73		3,901.73
Office Equipment	7,186.00		7,186.00
Engineering and Legal Fees	79,635.17		79,635.17
Bonded Interest	20,667.81		20,667.81
Industrial Park Water System	230,035.14		230,035.14
Improvements in-town Water System	1,064,393.89		1,064,393.89
Safety Equipment	2,302.82		2,302.82
Sewer Authority Assets and Dissolution	1,541,038.69		1,541,038.69
Sewer Extensions	1,180,406.49		1,180,406.49
Booster Station	331,924.94		331,924.94
Water Tower Ladders/Roof Vent	119,981.00		119,981.00
	<u>\$ 10,605,081.39</u>	<u>\$ 73,229.92</u>	<u>\$ 10,678,311.31</u>
Ref.	D		D
Current Year Budget	D-4	\$ 917.18	
Current Year Budget - Encumbered	D-4	53,136.00	
Current Year Budget - Other Expenses		2,102.74	
Prior Year Budget - Other Expenses		7,637.00	
		<u>\$ 73,229.92</u>	

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	Authorization	Balance
		Date	Amount	Dec. 31, 2013		Dec. 31, 2014
3-06	Repainting of Interior of Water Storage Tank	01/26/07	\$ 60,000.00	\$ 5,149.00		\$ 5,149.00
12-07	Acquisition of Various Pieces of Water and Sewer Utility Equipment for the Borough	11/29/07	276,100.00	52,274.58		52,274.58
2009-14	Rehabilitation of Well #5 and Well #6	08/13/09	550,000.00			
2010-15	Preliminary Costs for New Water Tower	09/09/10	500,000.00	500,000.00		500,000.00
2012-13	Acquisition of a Camera for the Sewer Lines	11/19/12	20,000.00	1,129.00		1,129.00
2013-10	Restoration of Hagelstein Drive	08/08/13	30,000.00	30,000.00		30,000.00
2013-11	Construction of an Elevated Water Storage Tank	09/12/13	2,890,000.00	2,890,000.00		2,890,000.00
2014-7	Acquisition of Water and Sewer Utility Truck	06/12/14	37,000.00		\$ 37,000.00	37,000.00
				<u>\$ 3,478,552.58</u>	<u>\$ 37,000.00</u>	<u>\$ 3,515,552.58</u>
			Ref.	D	D-16	D

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2013	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salary & Wages	\$ 36,495.14	\$ 36,495.14		\$ 36,495.14
Other Expenses	307,540.79	307,540.79	\$ 64,561.42	242,979.37
Replacement of Pumps and Controls	27,341.40	27,341.40	9,437.00	17,904.40
Other Accounts - No Change	2,740.75	2,740.75		2,740.75
	<u>\$ 374,118.08</u>	<u>\$ 374,118.08</u>	<u>\$ 73,998.42</u>	<u>\$ 300,119.66</u>
Ref.	D		D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2013	D	\$ 33,633.94	\$ 229,991.00
Increased by:			
Charges to:			
Current Appropriations	D-4	99,110.93	
Improvement Authorizations	D-16		1,754,041.60
		<u>132,744.87</u>	<u>1,984,032.60</u>
Decreased by:			
Payments	D-5	33,633.94	68,083.42
Balance December 31, 2014	D	<u>\$ 99,110.93</u>	<u>\$ 1,915,949.18</u>

**SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE**

	Ref.	NJEIT Loans	USDA Loans	Notes	Bonds
Balance December 31, 2013	D		\$ 247.97	\$ 166.53	\$ 19,199.91
Increased by:					
Budget Appropriation for:					
Interest on Bonds and Notes	D-4	\$ 19,402.01	25,383.38	4,369.32	64,879.60
		19,402.01	25,631.35	4,535.85	84,079.51
Decreased by:					
Interest Paid	D-5	9,828.55	25,386.95	4,349.60	67,575.01
Balance December 31, 2014	D	\$ 9,573.46	\$ 244.40	\$ 186.25	\$ 16,504.50

Analysis of Accrued Interest December 31, 2014

Principal Outstanding Dec. 31, 2014	Interest Rate	From	To	Period	Amount
\$ 45,000.00	5.000%	10/01/2014	12/31/2014	3 Months	\$ 562.50
3,000.00	5.000%	12/01/2014	12/31/2014	1 Month	12.50
86,000.00	5.000%	10/01/2014	12/31/2014	3 Months	1,075.00
595,000.00	5.625%	10/01/2014	12/31/2014	3 Months	8,367.19
555,000.00	Varies	10/01/2014	12/31/2014	3 Months	6,487.31
<u>\$ 1,284,000.00</u>					<u>\$ 16,504.50</u>
USDA					
\$ 594,701.79	3.000%	12/27/2014	12/31/2014	5 days	\$ 244.40
NJEIT					
\$ 505,000.00	3%-5%	8/1/2014	12/31/2014	5 Months	\$ 7,867.19
1,490,453.39	0.000%	8/1/2014	12/31/2014	5 Months	
184,500.00	.2%-3.35%	8/1/2014	12/31/2014	5 Months	1,706.27
534,737.29	0.000%	8/1/2014	12/31/2014	5 Months	
<u>\$ 2,714,690.68</u>					<u>\$ 9,573.46</u>
Notes					
\$ 566,500.00	0.800%	12/16/2014	12/31/2014	15 days	\$ 186.25

EXHIBIT D-14

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2013	Ref. D	\$ 50,470.01
Increased by:		
Budget Appropriation	D-5	25,000.00
Preliminary Expenses - Canceled	D	6,612.82
Balance December 31, 2014	D	<u>\$ 82,082.83</u>

EXHIBIT D-15

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2013	Balance Dec. 31, 2014
11-05	Brown Lane Pump Station & Well 3	07/14/06	<u>\$ 5,149.00</u>	<u>\$ 5,149.00</u>
		Ref.	D	D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2013		Authorization	Paid or Charged	Encumbered	Balance Dec. 31, 2014	
				Funded	Unfunded				Funded	Unfunded
17-01	North Delsea Drive Sewer Extension	10/11/01	\$ 75,000.00	\$ 241.50					\$ 241.50	
3-06	Repainting of Interior of Water Storage Tank	01/26/07	60,000.00	5,149.00					5,149.00	
2010-15	Preliminary Costs for New Water Tower	09/09/10	500,000.00		\$ 85,947.19		\$ 22,617.34	\$ 20,420.00		\$ 42,909.85
2011-14	Reappropriation of Unexpended Balance of Previous Ordinance per 40A:2-39 by Resolution for the Purpose of:									
	Various Capital Equipment	08/11/11	52,274.58	52,174.58	100.00				52,174.58	100.00
2012-13	Acquisition of a Camera for the Sewer Lines	11/19/12	20,000.00		1,129.00		80.19			1,048.81
2013-10	Restoration of Hagelstein Drive	08/08/13	30,000.00		15,597.39					15,597.39
2013-11	Construction of an Elevated Water Storage Tank	09/12/13	2,890,000.00		2,890,000.00		1,070,527.20	1,703,132.80		116,340.00
2014-7	Acquisition of Water and Sewer Utility Truck	06/12/14	37,000.00			\$ 37,000.00		30,488.80		6,511.20
				<u>\$ 57,565.08</u>	<u>\$ 2,992,773.58</u>	<u>\$ 37,000.00</u>	<u>\$ 1,093,224.73</u>	<u>\$ 1,754,041.60</u>	<u>\$ 57,565.08</u>	<u>\$ 182,507.25</u>
	Ref.			D	D		D-5	D-12	D	D

SCHEDULE OF WATER AND SEWER CAPITAL SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2013	Decreased	Balance Dec. 31, 2014
			Date	Amount				
04/01/77	Improvements to In-Town Water Supply	\$ 500,000.00	4/1/15-17	\$ 15,000.00	5.00%	\$ 60,000.00	\$ 15,000.00	\$ 45,000.00
06/01/77	Industrial Park - Water System	87,000.00	12/1/15	3,000.00	5.00%	6,000.00	3,000.00	3,000.00
10/01/79	Improvements to In-Town Water Supply	571,000.00	4/1/15-18 4/1/19	17,000.00 18,000.00	5.00%	103,000.00	17,000.00	86,000.00
10/01/99	Construction of Wells 3 & 6 and Related Improvements	1,730,000.00	10/1/15-18 10/1/19	120,000.00 115,000.00	5.625%	695,000.00	100,000.00	595,000.00
04/01/08	Water and Sewer Improvements	810,000.00	4/1/15 4/1/16 4/1/17 4/1/18-21	75,000.00 80,000.00 80,000.00 80,000.00	4.250% 4.500% 4.750% 5.000%	630,000.00	75,000.00	555,000.00
						<u>\$ 1,494,000.00</u>	<u>\$ 210,000.00</u>	<u>\$ 1,284,000.00</u>
					Ref.	D		D

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Purpose	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
2010-15	Preliminary Costs for New Water Tower	12/28/10	12/16/14	12/15/15	0.80%	\$ 306,000.00		\$ 4,000.00	\$ 302,000.00
2010-15	Preliminary Costs for New Water Tower	12/22/11	12/16/14	12/15/15	0.80%	190,000.00		2,500.00	187,500.00
2012-13	Acquisition of a Camera for the Sewer Lines	12/20/12	12/16/14	12/15/15	0.80%	20,000.00			20,000.00
2013-10	Restoration of Hagelstein Drive	12/18//13	12/16/14	12/15/15	0.80%	20,000.00			20,000.00
2014-7	Acquisition of Water and Sewer Utility Truck	12/16/14	12/16/14	12/15/15	0.80%		\$ 37,000.00		37,000.00
						<u>\$ 536,000.00</u>	<u>\$ 37,000.00</u>	<u>\$ 6,500.00</u>	<u>\$ 566,500.00</u>
					Ref.	D	D-5		D

SCHEDULE OF LOANS PAYABLE

Ordinance Number	Purpose	Balance Dec. 31, 2013	Increased	Decreased	Balance Dec. 31, 2014
USDA					
2009-14	Rehabilitation of Well #5 and Well #6 and				
2009-16	Installation of Water System Booster System	\$ 603,386.84		\$ 8,685.05	\$ 594,701.79
NJEIT					
2013-11	Construction of an Elevated Water Storage Tank		\$ 505,000.00		505,000.00
2013-11	Construction of an Elevated Water Storage Tank		1,542,750.00	52,296.61	1,490,453.39
2013-11	Construction of an Elevated Water Storage Tank		184,500.00		184,500.00
2013-11	Construction of an Elevated Water Storage Tank		553,500.00	18,762.71	534,737.29
			2,785,750.00	71,059.32	2,714,690.68
		\$ 603,386.84	\$ 2,785,750.00	\$ 79,744.37	\$ 3,309,392.47
		D			D
			Ref.		
	Principal Forgiveness			\$ 12,508.48	
	USDA Principal		D-4	8,685.05	
	NJEIT Principal		D-4	58,550.84	
				\$ 79,744.37	

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2013	Authorized	Notes Issued	NJEIT Loan/Grant Issued	Balance Dec. 31, 2014
12-07	Acquisition of Various Pieces of Water and Sewer Utility Equipment for the Borough	\$ 100.00				\$ 100.00
2013-10	Restoration of Hagelstein Drive	10,000.00				10,000.00
2013-11	Construction of an Elevated Water Storage Tank	2,890,000.00			\$ 2,785,750.00	104,250.00
2014-7	Acquisition of Water and Sewer Utility Truck		\$ 37,000.00	\$ 37,000.00		
		<u>\$ 2,900,100.00</u>	<u>\$ 37,000.00</u>	<u>\$ 37,000.00</u>	<u>\$ 2,785,750.00</u>	<u>\$ 114,350.00</u>
	Ref.		D-16	D-18	D-19	

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2014

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

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

The minutes indicate that bids were requested by public advertisement for the following items:

Construction Water Tower	Trash & Recyclables
Wireless Read Meters	Reconstruction North New Street
Hurst High Pressure Rescue Tools	

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11.5.

Inasmuch as 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 reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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

NJSA 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for 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 7, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, in accordance with NJSA 54:4-67, a governing body of any municipality may fix the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they became delinquent; and

WHEREAS, the Borough of Clayton, Council, has ordered the Tax Collector to charge eight (8) percent per annum on the first \$1,500.00 of delinquency, and eighteen (18) percent per annum on any amount in excess of \$1,500.00; and

WHEREAS, the Borough of Clayton, Council, has ordered the Tax Collector to charge a penalty of six (6) percent of the delinquency in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Borough of Clayton, Gloucester County, State of New Jersey that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8) percent per annum on the first \$1,500.00 for the delinquency, and eighteen (18) percent per annum on any amount in excess of \$1,500.00; and

BE IT FURTHER RESOLVED that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6) percent of the amount of the tax delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 24, 2014, and was complete except for bankruptcies from prior years not sold.

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

<u>Year</u>	<u>Number of Liens</u>
2014	13
2013	27
2012	35
2011	29
2010	24

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 tax-paying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. All notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

PROPERTY TAX INFORMATION

	2014	2013	2012	2011
Tax Rate	3.4940	3.3700	5.3680	5.2030
Apportionment of Tax Rate				
Municipal	0.9590	0.9250	1.4010	1.3570
County	0.5960	0.5860	0.9050	0.9040
County Library	0.0470	0.0450	0.0750	0.0740
County Open Space	0.0420	0.0430	0.0710	0.0720
Local School	1.8500	1.7710	2.9160	2.7960
Assessed Valuation	462,625,439	466,000,228	285,803,262	288,500,455

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	2014	2013	2012	2011
Tax Levy	\$16,254,563.76	\$15,721,772.15	\$15,394,425.68	\$15,037,402.72
Cash Collections	15,538,317.60	15,071,054.16	14,786,480.71	14,480,831.06
Percentage of Collections	95.59%	95.86%	96.05%	96.30%

COMPARISON 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 four years.

	2014	2013	2012	2011
Amount of Tax Title Liens	\$ 118,130.85	\$ 235,121.39	\$ 228,205.40	\$ 171,981.79
Delinquent Taxes	596,689.25	531,960.38	435,578.36	484,863.17
Total Delinquent	\$ 714,820.10	\$ 767,081.77	\$ 663,783.76	\$ 656,844.96
Percentage of Tax Levy	4.40%	4.88%	4.41%	4.37%

COMPARISON 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:

	2014	2013	2012	2011
Property Acquired for Taxes (Assessed Valuation)	856,500	377,100	377,100	545,500

**ASSESSED VALUATION OF REAL PROPERTY AND BUSINESS PERSONAL
PROPERTY BY CLASSIFICATION**

	2014	2013	2012	2011
Vacant	11,952,300	13,299,600	6,201,500	6,348,600
Residential	392,213,400	392,831,800	246,957,400	247,168,700
Farm Regular	1,961,700	2,824,500	1,593,800	1,814,700
Farm Qualified	276,900	361,200	518,062	518,062
Commercial	29,976,300	29,108,900	13,779,800	13,852,500
Industrial	11,951,200	12,275,400	9,921,000	11,957,000
Apartment	13,174,700	14,141,900	6,222,700	6,222,700
	461,506,500	464,843,300	285,194,262	287,882,262
Telephone	1,118,939	1,156,928	609,000	618,193
Net Valuation Taxable	462,625,439	466,000,228	285,803,262	288,500,455
Assessed Value to True Value	96.89%	95.88%	56.47%	55.43%

TOP TAXPAYERS

	Taxable Assessed Valuation	
	2014	2013
Berk Cohen Associates	8,488,200	8,767,200
Aleris Light Gauge Products, Inc.	7,083,400	7,083,400
Realmarq Development LLC	3,238,300	3,238,300
Silver Lake Assoc.	3,020,500	3,020,500
HovBros Clayton Urban Renewal LLC	2,379,300	
Clayton Apartments LTC Partnership	1,782,300	1,782,300
Rite Aid of NJ Inc.	1,263,600	1,263,600
Clayton Realty LLC	1,260,000	
HWD, LLC	1,234,300	1,201,700
Verizon Communication Inc.	1,137,500	1,156,928
825 Delsea Drive C/O Robson Goldberg		1,137,500
American Stores Company		1,125,200
	30,887,400	29,776,628

COMPARISON OF WATER & SEWER RENTS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent water and sewer rents and utility liens, in relation to the levy of the last four years.

WATER & SEWER	2014	2013	2012	2011
Balance January 1	\$ 126,299.19	\$ 204,475.85	\$ 190,211.86	\$ 300,311.68
Levy & Interest and Costs	2,192,210.90	2,057,181.79	2,070,799.06	1,956,981.27
Cash Collections	2,198,679.97	2,135,358.45	2,056,535.07	2,067,081.09
Percentage of Collections	94.83%	94.42%	90.96%	91.57%

OTHER COMMENTS

Chief Financial Officer/Treasurer

The records maintained by the Chief Financial Officer and Treasurer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements.

Tax Collector

The records of the Tax Collector were found to be in compliance with requirements prescribed by the Division of Local Government Services.

Corrective Action Plan

A corrective action plan was not required for the year 2013 year.

STATUS OF PRIOR RECOMMENDATIONS

None

RECOMMENDATIONS

None

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

We received the complete cooperation of all the officials of the Borough and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252