

**BOROUGH OF CLAYTON
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015**

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PART I
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2015

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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, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the 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, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 15 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 \$165,513.40 and \$173,347.88 for 2015 and 2014, 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, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 April 29, 2016, 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

April 29, 2016

CURRENT FUND

EXHIBIT A

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Regular Fund			
Cash - Treasurer	A-4	\$ 3,334,709.35	\$ 2,779,451.66
Cash - Payroll & Agency	A-4	33,075.56	29,933.36
Cash - Collector	A-5	282,113.61	226,850.24
Change Fund		400.00	400.00
		<u>3,650,298.52</u>	<u>3,036,635.26</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-7	362,138.73	596,689.25
Tax Title Liens Receivable	A-8	30,775.47	118,130.85
Property Acquired for Taxes - Assessed Valuation	A-9	1,119,500.00	856,500.00
Revenue Accounts Receivable	A-10	4,822.91	6,489.91
Miscellaneous Charges Receivable		2,710.62	56,578.92
Clean-up Charges Receivable		6,800.00	24,790.82
Tax Abatement Receivable		4,656.49	
Due from Federal and State Grant Fund			2,057.13
Due from Animal Control Trust Fund	B	5.66	1,390.54
Due from Tax Sale Premium	B	122.98	59.47
Due from Tax Sale Redemption	B	16.44	2.21
Due from Escrow Trust Fund	B	24.38	21.79
Due from Off-Duty Police	B	447.54	2.43
Due from Donations - Aberdeen Senior Clubhouse	B	2.16	2.16
Due from Donations - Special Events	B	2.60	2.73
Due from Donations - K9 Unit	B	2.40	0.61
Due from General Capital Fund	C	163.10	114.71
		<u>1,532,191.48</u>	<u>1,662,833.53</u>
Deferred Charges			
Special Emergency Authorization	A-17	18,500.00	
		<u>18,500.00</u>	
		<u>5,200,990.00</u>	<u>4,699,468.79</u>
Federal and State Grant Fund			
Cash - Treasurer	A-4	114,892.06	
Grants Receivable	A-6	121,337.30	243,209.25
		<u>236,229.36</u>	<u>243,209.25</u>
		<u>\$ 5,437,219.36</u>	<u>\$ 4,942,678.04</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 777,625.68	\$ 636,346.52
Encumbrances Payable	A-13	53,257.71	67,911.36
Accounts Payable	A-12	620.36	19,579.59
Prepaid Taxes		112,289.72	85,463.01
Tax Overpayments		4,170.96	6,355.93
Prepaid PILOT	A-4	3,331.56	8,326.12
Due County for Added & Omitted Taxes	A-7	19,866.83	18,260.82
Due County of Gloucester - PILOT		9,762.63	8,233.99
Local School District Tax Payable	A-15	22,943.53	186,673.53
Due to POAA	B	2,076.01	2,066.01
Due to Public Defender Trust	B	3,123.75	3,388.75
Due to Utility Operating Fund			100.00
Payroll Taxes Payable		33,063.47	29,921.39
Reserve for:			
Codification of Ordinance		124.00	
Security Deposits		280.00	190.00
Due State of New Jersey:			
Construction - DCA Fees			3,358.00
Senior Citizen and Veterans Deductions	A-14	4,791.35	4,455.69
Marriage License Fees & Burial Permits		100.00	175.00
		<u>1,047,427.56</u>	<u>1,080,805.71</u>
Reserve for Receivables		1,532,191.48	1,662,833.53
Fund Balance	A-1	<u>2,621,370.96</u>	<u>1,955,829.55</u>
		<u>5,200,990.00</u>	<u>4,699,468.79</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-16	77,507.49	55,053.03
Encumbrances Payable	A-13	158,721.87	186,099.09
Due Current Fund			2,057.13
		<u>236,229.36</u>	<u>243,209.25</u>
		<u>\$ 5,437,219.36</u>	<u>\$ 4,942,678.04</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

Revenue and Other Income Realized	Ref.	Year 2015	Year 2014
Fund Balance Utilized	A-2	\$ 846,340.26	\$ 814,317.45
Miscellaneous Revenue Anticipated	A-2	2,034,244.05	1,884,113.64
Receipts from Delinquent Taxes	A-2	593,341.62	569,600.97
Receipts from Current Taxes	A-2	16,406,427.40	15,538,317.60
Non-Budget Revenue	A-2	355,421.99	301,815.01
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	464,370.29	435,078.81
Encumbrances Payable - Canceled	A-13	7,512.90	3,844.74
Interfund Loan Returned		3,653.88	167,676.41
Reserve for Grants - Appropriated Canceled	A-16	200.00	56,881.00
Total Income		<u>20,711,512.39</u>	<u>19,771,645.63</u>
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	2,554,645.00	2,509,355.00
Other Expenses	A-3	2,953,596.00	2,763,259.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	621,042.00	613,782.00
Budget Appropriations Excluded from "CAPS"			
Operations:			
Other Expenses	A-3	355,075.39	340,582.96
Capital Improvements	A-3	220,000.00	205,000.00
Debt Service	A-3	343,080.00	374,735.49
County Taxes	A-7	2,814,413.29	2,752,832.99
County Library Taxes	A-7	212,155.51	215,842.99
County Open Space Taxes	A-7	189,663.27	191,723.63
Due County for Added Taxes	A-7	19,866.83	18,260.82
Local District School Tax	A-15	8,932,559.00	8,405,516.00
Prior Year Deductions Disallowed	A-14	1,128.08	174.70
Grants Receivable Canceled	A-6	906.35	56,881.01
Interfund Advanced			2,059.64
Total Expenditures		<u>19,218,130.72</u>	<u>18,450,006.23</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 2015	Year 2014
Excess in Revenue		<u>1,493,381.67</u>	<u>1,321,639.40</u>
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	<u>18,500.00</u>	<u></u>
Statutory Excess to Fund Balance		<u>1,511,881.67</u>	<u>1,321,639.40</u>
Fund Balance			
Balance January 1	A	<u>1,955,829.55</u>	<u>1,448,507.60</u>
		<u>3,467,711.22</u>	<u>2,770,147.00</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>846,340.26</u>	<u>814,317.45</u>
Balance December 31	A	<u><u>\$ 2,621,370.96</u></u>	<u><u>\$ 1,955,829.55</u></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	\$ 846,340.26		\$ 846,340.26	
Miscellaneous Revenues:					
Fees and Permits	A-10	23,350.00		17,979.89	\$ (5,370.11)
Fines and Costs:					
Municipal Court	A-10	71,890.00		71,466.35	(423.65)
Interest and Costs on Taxes	A-10	115,000.00		125,764.70	10,764.70
Interest on Investments	A-10	9,750.00		13,058.08	3,308.08
Fire Inspection Fees	A-10	5,100.00		5,354.00	254.00
Consolidated Municipal Property Tax Relief Act (NJSA 52:27D-118.34)	A-10	24,422.00		24,422.00	
Energy Receipts Tax	A-10	529,567.00		529,567.00	
Uniform Construction Code	A-10	159,500.00		192,375.00	32,875.00
Uniform Fire Safety Act	A-10	7,275.39		10,327.53	3,052.14
Payment in Lieu of Taxes	A A-10	550,000.00		716,629.11	166,629.11
Drunk Driving Enforcement Fund	A-6		\$ 440.00	440.00	
Click It or Ticket	A-6		2,000.00	2,000.00	
Drive Sober or Get Pulled Over	A-6		3,100.00	3,100.00	
Community Development Block Grant	A-6	48,750.00		48,750.00	
New Jersey DOT Trust - Jerry's Street	A-6		170,000.00	170,000.00	
Police Body Armor	A-6		1,762.91	1,762.91	
Bulletproof Vest Partnership	A-6		1,318.16	1,318.16	
Environmental Commission Grant	A-6		500.00	500.00	
Clean Communities Program	A-6		18,116.15	18,116.15	
Recycling Tonnage Grant	A-6	10,191.17		10,191.17	
Safe & Secure	A-6	60,000.00		60,000.00	
Municipal Alliance Youth Service	A-6	11,122.00		11,122.00	
Total Miscellaneous Revenues		1,625,917.56	197,237.22	2,034,244.05	211,089.27
Receipts from Delinquent Taxes	A-2	515,000.00		593,341.62	78,341.62
Subtotal General Revenues		2,140,917.56	197,237.22	2,627,585.67	289,430.89
Amount to be Raised by Taxation	A-2	4,586,500.00		4,979,818.15	393,318.15
Budget Totals		7,573,757.82	197,237.22	8,453,744.08	682,749.04
Non-Budget Revenue	A-2			355,421.99	
		\$ 7,573,757.82	\$ 197,237.22	\$ 8,809,166.07	
Ref.		A-3	A-3		

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Anticipated		Excess or (Deficit)
	Budget	Amended by NJSA 40A:4-87 Ref.	
Allocation of Current Tax Collections:			
Revenue from Collections		A-7	16,406,427.40
Allocated to:			
School and County Taxes		A-7	12,168,657.90
Balance for Support of Municipal Budget Appropriation			4,237,769.50
Add: Appropriation "Reserve for Uncollected Taxes"		A-3	742,048.65
Amount for Support of Municipal Budget Appropriation		A-2	<u>\$ 4,979,818.15</u>
Receipts from Delinquent Taxes:			
Delinquent Tax Collection		A-7	\$ 585,138.00
Tax Title Liens		A-8	8,203.62
		A-2	<u>\$ 593,341.62</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:			
Revenue Accounts Receivable:			
Alcoholic Beverage Licenses	A-10	\$ 6,118.72	
Verizon Franchise Fee	A-10	36,432.20	
Cable TV Franchise Fee	A-10	64,197.27	
T-Mobile	A-10	54,052.48	
Senior Citizen Administration Fee	A-10	1,644.19	
Cat Licenses	A-10	2,767.00	
Landlord Registration	A-10	3,890.00	
OPRA Records Request Fees	A-10	15.80	
Payment in Lieu of Taxes - Clayton Mews	A-10	56,300.00	
Marriage Ceremonies	A-10	300.00	
Off-Duty Police Administration Fees	A-10	4,542.50	
Recycling Fees	A-10	6,240.93	
Vacant Property Registration Fee	A-10	47,300.00	
Miscellaneous	A-10	35,768.08	
Tax Search/NSF Fees & Other Costs	A-10	230.00	
Clean-up Charges (Code Violations)	A-10	35,622.82	
	A-2	<u>\$ 355,421.99</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	\$ 62,300.00	\$ 62,325.00	\$ 62,305.31		\$ 19.69	
Other Expenses	2,000.00	2,000.00	712.71	\$ 23.99	1,263.30	
Mayor and Council:						
Salaries & Wages	13,925.00	13,925.00	11,900.40		2,024.60	
Other Expenses	1,800.00	1,800.00	1,198.58	9.58	591.84	
Borough Clerk:						
Salaries & Wages	41,000.00	41,000.00	40,102.37		897.63	
Other Expenses:						
Printing & Legal Advertising	9,000.00	9,000.00	5,481.94	14.40	3,503.66	
Codification of Ordinances	4,000.00	22,500.00	18,500.00		4,000.00	
Miscellaneous Other Expenses	2,700.00	2,700.00	2,094.87	301.55	303.58	
Elections:						
Other Expenses	4,200.00	4,200.00	3,820.23		379.77	
Financial Administration:						
Salaries & Wages	91,500.00	91,500.00	77,844.19		13,655.81	
Other Expenses	52,000.00	52,000.00	42,014.93	2,882.72	7,102.35	
Audit Services:						
Other Expenses	38,000.00	38,000.00	13,770.00		24,230.00	
Collection of Taxes:						
Salaries & Wages	54,600.00	54,600.00	53,608.79		991.21	
Other Expenses:						
Tax Sale Costs	1,500.00	1,500.00	792.00		708.00	
Miscellaneous Other Expenses	4,250.00	4,250.00	3,685.59	167.86	396.55	
Liquidation of Tax Title Liens:						
Other Expenses	7,500.00	7,500.00	1,214.62		6,285.38	
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	44,419.39		55,580.61	
Labor Council	40,000.00	103,000.00	72,108.04		30,891.96	
Engineering Services and Costs:						
Other Expenses	48,000.00	48,000.00	31,472.23	556.25	15,971.52	
Economic Development Committee:						
Other Expenses	10,500.00	10,500.00	3,936.95	45.00	6,518.05	
Historic Commission:						
Other Expenses	1,000.00	1,000.00	876.49		123.51	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board:						
Salaries and Wages	2,390.00	2,390.00	2,389.14		0.86	
Other Expenses	6,000.00	6,000.00	2,192.24	54.21	3,753.55	
Zoning Official:						
Salaries and Wages	7,000.00	7,000.00	5,980.40		1,019.60	
Other Expenses	100.00	100.00	55.00		45.00	
Council on Affordable Housing:						
Other Expenses	4,000.00	34,000.00	21,003.84	7,980.00	5,016.16	
CODE ENFORCEMENT & ADMINISTRATION						
Code Enforcement Official:						
Salaries and Wages	5,000.00	5,000.00	4,806.72		193.28	
Other Expenses	200.00	200.00			200.00	
Housing Safety:						
Salaries and Wages	1,525.00	1,525.00	1,520.39		4.61	
Other Expenses	300.00	300.00	264.49		35.51	
Occupancy:						
Salaries and Wages:						
Administrative	5,260.00	5,260.00	5,206.28		53.72	
Secretarial	3,350.00	3,350.00	3,344.85		5.15	
Other Expenses	300.00	300.00	251.90		48.10	

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	110,000.00	110,000.00	96,147.30	4,181.00	9,671.70	
Workmen's Compensation	197,000.00	177,000.00	172,348.00		4,652.00	
Group Insurance	916,591.00	916,591.00	807,985.68		108,605.32	
Miscellaneous Insurance	24,000.00	24,000.00	11,347.21		12,652.79	
PUBLIC SAFETY FUNCTIONS						
Police:						
Salaries & Wages	1,820,000.00	1,775,000.00	1,588,282.30		186,717.70	
Other Expenses:						
Miscellaneous Other Expenses	52,600.00	52,600.00	33,458.47	5,691.26	13,450.27	
Car Lease Expense	36,000.00	24,000.00	23,073.47		926.53	
Office of Emergency Management:						
Salaries & Wages	1,595.00	1,595.00	1,591.80		3.20	
Other Expenses	500.00	500.00	125.09		374.91	
Volunteer Fire - Contribution	37,000.00	37,000.00	37,000.00			
Uniform Fire Safety Act (PL 1983, C383):						
Fire Official:						
Salaries & Wages	7,200.00	7,200.00	6,890.90		309.10	
Other Expenses	5,900.00	5,900.00	4,575.15	100.00	1,224.85	
PUBLIC WORKS FUNCTIONS						
Road Repairs & Maintenance:						
Salaries & Wages	300,500.00	281,925.00	274,580.61		7,344.39	
Other Expenses	52,800.00	52,800.00	45,799.25	2,750.66	4,250.09	
Snow Removal:						
Salaries & Wages	15,000.00	15,000.00	15,000.00			
Other Expenses	1,500.00	1,500.00		1,464.99	35.01	
Solid Waste Collection:						
Other Expenses - Contractual	205,500.00	205,500.00	185,589.30		19,910.70	
Recycling:						
Salaries & Wages	4,400.00	4,400.00	4,397.57		2.43	
Other Expenses:						
Contractual	184,000.00	184,000.00	176,023.71		7,976.29	
Miscellaneous Other Expenses	200.00	200.00			200.00	

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	
Public Buildings & Grounds:						
Salaries & Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	30,500.00	30,500.00	17,020.32	1,992.98	11,486.70	
Equipment Repair & Maintenance:						
Salaries & Wages	61,200.00	61,200.00	59,537.61		1,662.39	
Other Expenses	94,000.00	94,000.00	61,417.60	1,196.95	31,385.45	
HEALTH & HUMAN SERVICES						
Board of Health:						
Other Expenses	1,500.00	1,500.00			1,500.00	
Registrar of Vital Statistics:						
Salaries & Wages	3,100.00	3,100.00	3,095.44		4.56	
Other Expenses	500.00	500.00	224.87		275.13	
Environmental Committee:						
Other Expenses	300.00	300.00	290.00		10.00	
Administration of Overseer of the Poor:						
Salaries & Wages	5,500.00	5,500.00	5,012.09		487.91	
Other Expenses	350.00	350.00	198.66		151.34	
PARK & RECREATION FUNCTIONS						
Parks and Playgrounds:						
Salaries & Wages	6,000.00	6,000.00	5,245.02		754.98	
Other Expenses	9,300.00	9,300.00	6,180.00	1,500.00	1,620.00	
Senior Center:						
Other Expenses	5,000.00	5,000.00		5,000.00		
Senior Citizen Transportation:						
Salaries & Wages	13,000.00	13,550.00	13,512.72		37.28	
Other Expenses	3,000.00	3,000.00	1,285.00		1,715.00	
Summer Recreation for Individuals with Disabilities:						
Other Expenses	7,500.00	7,500.00	5,748.22		1,751.78	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday:						
Other Expenses	500.00	500.00	255.60		244.40	
Special Events	5,000.00	5,000.00	4,999.01		0.99	
Veteran's Committee:						
Other Expenses	500.00	500.00	202.00		298.00	

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	42,840.00	44,340.00	40,316.28		4,023.72	
Street Lighting	93,840.00	97,340.00	94,677.22		2,662.78	
Telephone	19,000.00	19,000.00	9,609.55		9,390.45	
Fuel Oil	25,000.00	25,000.00	15,799.07		9,200.93	
Gasoline/Diesel Fuel	55,000.00	55,000.00	24,412.51	820.21	29,767.28	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Solid Waste Disposal:						
Tipping Fees	300,000.00	290,000.00	242,514.03		47,485.97	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
State Uniform Construction Code:						
Construction Officials						
Salaries & Wages	78,000.00	85,000.00	76,071.57		8,928.43	
Other Expenses	2,000.00	2,000.00	652.02	544.50	803.48	
Group Insurance	22,500.00	22,500.00	22,500.00			
Sub-Code Official:						
Fire Protection:						
Salaries & Wages	6,300.00	6,300.00	6,234.36		65.64	
Total Operations within "CAPS"	5,489,741.00	5,508,241.00	4,741,101.46	37,278.11	729,861.43	
Detail:						
Salaries and Wages	2,610,645.00	2,554,645.00	2,329,460.83		225,184.17	
Other Expenses	2,879,096.00	2,953,596.00	2,411,640.63	37,278.11	504,677.26	

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)	205,000.00	205,000.00	180,492.55		24,507.45
Public Employees' Retirement System	87,045.00	87,045.00	87,040.00		5.00
Police & Firemen's Retirement of NJ	310,997.00	310,997.00	310,997.00		
Unemployment Insurance	18,000.00	18,000.00	17,801.60		198.40
Total Deferred Charges & Statutory Expenditures within "CAPS"	621,042.00	621,042.00	596,331.15		24,710.85
Total General Appropriations for Municipal Purposes within "CAPS"	6,110,783.00	6,129,283.00	5,337,432.61	37,278.11	754,572.28
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	6,186.00		5,314.00
INSURANCE					
Group Insurance	30,209.00	30,209.00	30,209.00		
SHARED SERVICE AGREEMENTS					
Gloucester County Improvement Authority - Snow Removal	10,000.00	10,000.00	6,802.49		3,197.51
Township of Elk - Municipal Court	95,510.00	95,510.00	95,509.00		1.00
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance for Drug & Alcohol Abuse	13,903.00	13,903.00	13,903.00		
Clean Communities		18,116.15	18,116.15		
Recycling Tonnage Grant	10,191.17	10,191.17	10,191.17		
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		
Click it or Ticket		2,000.00	2,000.00		
Drive Sober or Get Pulled Over		3,100.00	3,100.00		

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	
Police Body Armor		1,762.91	1,762.91		
Bulletproof Vest Partnership		1,318.16	1,318.16		
Drunk Driving Enforcement Fund		440.00	440.00		
Gloucester County Improvement Authority Environmental Commission Grant		500.00	500.00		
Gloucester County Housing & Community Development	48,750.00	48,750.00	48,750.00		
Total Operations Excluded from "CAPS"	327,838.17	355,075.39	335,562.88	19,512.51	
Detail:					
Other Expenses	327,838.17	355,075.39	335,562.88	19,512.51	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	37,500.00	37,500.00	37,500.00		
Purchase of Municipal Equipment	12,500.00	12,500.00	8,959.11	3,540.89	
New Jersey DOT Trust		170,000.00	170,000.00		
Capital Improvements Excluded from "CAPS"	50,000.00	220,000.00	216,459.11	3,540.89	
DEBT SERVICE					
Payment of Bond Principal	180,000.00	180,000.00	180,000.00		
Payment of Bond Anticipation Notes	17,950.00	17,950.00	17,950.00		
Interest on Bonds	44,088.00	44,088.00	44,087.50		\$ 0.50
Interest on Notes	6,700.00	6,700.00	6,697.53		2.47
Capital Lease Obligations:					
Principal	60,000.00	60,000.00	60,000.00		
Interest	34,350.00	34,350.00	34,344.97		5.03
Total Debt Service	343,088.00	343,088.00	343,080.00		8.00

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	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	720,926.17	918,163.39	895,101.99		23,053.40	8.00
Subtotal General Appropriations	6,831,709.17	7,047,446.39	6,232,534.60	37,278.11	777,625.68	8.00
Reserve for Uncollected Taxes	742,048.65	742,048.65	742,048.65			
Total General Appropriations	<u>\$ 7,573,757.82</u>	<u>\$ 7,789,495.04</u>	<u>\$ 6,974,583.25</u>	<u>\$ 37,278.11</u>	<u>\$ 777,625.68</u>	<u>\$ 8.00</u>
Ref.	A-2			A-13	A	
Budget	Ref. A-3	\$ 7,573,757.82				
Special Emergency Authorization	A-17	18,500.00				
Budget Amendments per NJSA 40A:4-87	A-2	197,237.22				
		<u>\$ 7,789,495.04</u>				
Reserve for Uncollected Taxes	Ref. A-2		\$ 742,048.65			
Deferred Charges:						
Special Emergency	A-17		18,500.00			
Reserve for Federal & State Grants - Appropriated	A-16		366,856.39			
Disbursed	A-4		5,847,178.21			
			<u>\$ 6,974,583.25</u>			

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

		Balance Dec. 31, 2015	Balance Dec. 31, 2014
ASSETS			
Affordable Housing Trust Fund			
Cash - Treasurer	B-1	\$ 12,766.33	\$ 15,902.25
Animal Control Trust Fund			
Cash - Treasurer	B-1	21,717.32	25,687.14
Change Fund		25.00	25.00
		<u>21,742.32</u>	<u>25,712.14</u>
Developer's Escrow Trust Fund			
Cash - Treasurer	B-1	93,991.43	81,231.56
Escrow Receivable		400.00	400.00
		<u>94,391.43</u>	<u>81,631.56</u>
Disposal of Forfeited Property			
Cash - Treasurer	B-1	28,418.93	28,333.85
Donations - Senior Clubhouse			
Cash - Treasurer	B-1	8,483.80	8,483.80
Donations - Special Events			
Cash - Treasurer	B-1	9,436.98	10,622.58
Donations - K9 Unit			
Cash - Treasurer	B-1	2,399.40	2,397.61
LOSAP (unaudited)			
Investment		165,513.40	173,347.88
Outside Employment of Off-Duty Municipal Police Officers			
Cash - Treasurer	B-1	3,862.54	107.43
Parking Offense Adjudication Act			
Due from Current	A	2,076.01	2,066.01
Park and Recreation Trust Fund			
Cash - Treasurer	B-1	113,668.08	112,229.14
Public Defender Trust Fund			
Due from Current	A	3,123.75	3,388.75
Performance Bond Escrow Trust Fund			
Cash - Treasurer	B-1	19,546.50	19,346.50
Tax Sale Premium			
Cash - Collector	B-2	474,322.98	233,259.47
Tax Sale Redemption			
Cash - Collector	B-2	73,494.19	15,924.41
Unemployment Trust Fund			
Cash - Treasurer	B-1	19,067.86	21,054.89
		<u>\$ 1,052,314.50</u>	<u>\$ 753,808.27</u>

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Affordable Housing Trust Fund			
Reserve for Affordable Housing		\$ 12,766.33	\$ 15,902.25
Animal Control Trust Fund			
Due Current Fund	A	5.66	1,390.54
Encumbrances Payable		474.00	474.00
Due State of New Jersey Department of Health			24.60
Reserve for Dog Fund Expenditures	B-3	21,262.66	23,823.00
		21,742.32	25,712.14
Developer's Escrow Trust Fund			
Reserve for Planning Board Escrow Fees		93,877.05	81,181.24
Encumbrances Payable		490.00	43.75
Due Current Fund	A	24.38	21.79
Reserve for Redevelopment Escrow			384.78
		94,391.43	81,631.56
Disposal of Forfeited Property			
Reserve for Disposal of Forfeited Property		28,418.93	28,333.85
Donations - Senior Clubhouse			
Due Current Fund	A	2.16	2.16
Encumbrances Payable		366.00	
Reserve for Donations Senior Clubhouse		8,115.64	8,481.64
		8,483.80	8,483.80
Donations - K9 Unit			
Due Current Fund	A	2.40	0.61
Reserve for Donations K9 Unit		2,397.00	2,397.00
		2,399.40	2,397.61
Donations - Special Events			
Due Current Fund	A	2.60	2.73
Encumbrances Payable		961.77	932.10
Reserve for Donations Special Events		8,472.61	9,687.75
		9,436.98	10,622.58
LOSAP (unaudited)			
Reserve for LOSAP		165,513.40	173,347.88
Outside Employment of Off-Duty Municipal Police Officers			
Due Current Fund	A	447.54	2.43
Reserve for Off-Duty Police Fees		3,415.00	105.00
		3,862.54	107.43

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Parking Offense Adjudication Act			
Reserve for POAA Fees		2,076.01	2,066.01
Park and Recreation Trust Fund			
Reserve for Park & Recreation Escrow		113,668.08	112,229.14
Public Defender Trust Fund			
Due State of New Jersey		2,005.00	526.25
Reserve for Public Defender Trust		1,118.75	2,862.50
		3,123.75	3,388.75
Tax Sale Premium			
Reserve for Tax Sale Premiums	B-5	474,200.00	233,200.00
Due Current Fund	A	122.98	59.47
		474,322.98	233,259.47
Tax Sale Redemption			
Due Current Fund	A	16.44	2.21
Reserve for Lien Redemptions	B-4	73,477.75	15,922.20
		73,494.19	15,924.41
Performance Bond Escrow Trust Fund			
Performance Bond Escrow		19,546.50	19,346.50
Unemployment Trust Fund			
Reserve for Unemployment Compensation		19,067.86	21,054.89
		<u>\$ 1,052,314.50</u>	<u>\$ 753,808.27</u>

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

GENERAL CAPITAL FUND

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

ASSETS	Ref.	Balance	Balance
		Dec. 31, 2015	Dec. 31, 2014
Cash - Treasurer	C-2	\$ 690,434.15	\$ 542,575.33
Amount to be Provided by Capital Lease	C-10	605,000.00	665,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	830,000.00	1,010,000.00
Unfunded	C-6	1,731,582.00	852,577.00
		<u>\$ 3,857,016.15</u>	<u>\$ 3,070,152.33</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 830,000.00	\$ 1,010,000.00
Bond Anticipation Notes	C-9	1,691,050.00	839,500.00
Obligations Under Capital Lease	C-10	605,000.00	665,000.00
Improvement Authorizations:			
Funded	C-7	45,658.13	38,299.25
Unfunded	C-7	607,423.37	337,896.24
Reserves for:			
Improvement to Municipal Roads		2,831.20	2,831.20
Encumbrances Payable	C-7	28,061.80	125,237.38
Due Current Fund	A	163.10	114.71
Capital Improvement Fund	C-5	42,632.00	47,077.00
Fund Balance	C-1	4,196.55	4,196.55
		<u>\$ 3,857,016.15</u>	<u>\$ 3,070,152.33</u>

EXHIBIT C-1

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	
Balance December 31, 2014	C	\$ 4,196.55
Balance December 31, 2015	C	<u>\$ 4,196.55</u>

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

WATER AND SEWER UTILITY FUND

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

ASSETS	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Operating Fund			
Cash - CFO	D-5	\$ 1,065,123.06	\$ 1,056,184.16
Cash - Change Fund		100.00	100.00
Due from Current Fund			100.00
Due from Utility Escrow Fund	D	18.14	18.65
Due from Utility Capital Fund	D	101.13	174.46
		<u>1,065,342.33</u>	<u>1,056,577.27</u>
Receivables with Full Reserves			
Consumer Accounts Receivable	D-7	101,553.02	112,886.49
Water & Sewer Liens	D-8	2,047.29	5,323.81
		<u>103,600.31</u>	<u>118,210.30</u>
Deferred Charges:			
Emergency Authorization			79,000.00
Total Operating Fund		<u>1,168,942.64</u>	<u>1,253,787.57</u>
Capital Fund			
Cash - Treasurer	D-5	398,815.60	662,715.71
Fixed Capital	D-9	10,851,422.84	10,678,311.31
Fixed Capital Authorized and Uncompleted	D-10	3,523,727.05	3,515,552.58
USDA Grant Receivable		59,832.00	1,486,086.00
Total Capital Fund		<u>14,833,797.49</u>	<u>16,342,665.60</u>
Escrow Fund			
Cash - Treasurer	D-5	71,055.71	79,118.28
		<u>\$ 16,073,795.84</u>	<u>\$ 17,675,571.45</u>

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

EXHIBIT D
(Continued)

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

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-11	\$ 279,368.55	\$ 362,830.64
Encumbrances Payable	D-12	69,372.76	99,110.93
Accrued Interest on Bonds & Notes	D-14	23,128.68	26,508.61
Utility Rent Overpayments		3,477.50	3,587.08
		<u>375,347.49</u>	<u>492,037.26</u>
Reserve for Receivables		103,600.31	118,210.30
Fund Balance	D-1	689,994.84	643,540.01
		<u>1,168,942.64</u>	<u>1,253,787.57</u>
Capital Fund			
Serial Bonds Payable	D-17	1,054,000.00	1,284,000.00
Bond Anticipation Notes Payable	D-18	613,950.00	566,500.00
USDA Loans Payable	D-19	585,754.24	594,701.79
NJEIT Loans Payable	D-19	2,579,682.71	2,714,690.68
Improvement Authorizations:			
Funded	D-16	58,648.60	57,565.08
Unfunded	D-16	209,257.70	182,507.25
Encumbrances Payable	D-12	253,354.43	1,915,949.18
Capital Improvement Fund	D-13	27,012.83	82,082.83
Due Utility Operating Fund	D	101.13	174.46
Reserve for Amortization		9,420,930.42	8,914,472.42
Deferred Reserve for Amortization	D-15	6,232.52	5,149.00
Fund Balance	D-2	24,872.91	24,872.91
		<u>14,833,797.49</u>	<u>16,342,665.60</u>
Escrow Fund			
Due Utility Operating Fund	D	18.14	18.65
Reserve for Escrow Deposits		71,037.57	79,099.63
		<u>71,055.71</u>	<u>79,118.28</u>
		<u>\$ 16,073,795.84</u>	<u>\$ 17,675,571.45</u>

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 2015	Year 2014
Revenue and Other Income Realized			
Fund Balance Utilized	D-3	\$ 386,585.00	\$ 255,394.00
Rents	D-3	2,259,207.01	2,198,679.97
Connection Fees	D-3	90,387.12	103,755.66
Miscellaneous	D-3	60,066.51	58,293.69
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-11	282,309.55	300,119.66
Total Income		<u>3,078,555.19</u>	<u>2,916,242.98</u>
Expenditures			
Operating	D-4	1,892,900.00	1,968,164.00
Capital Improvements	D-4	115,000.00	135,000.00
Debt Service	D-4	470,245.36	397,770.20
Deferred Charges		79,000.00	
Statutory Expenditures	D-4	88,370.00	80,079.00
Total Expenditures		<u>2,645,515.36</u>	<u>2,581,013.20</u>
Excess to Fund Balance		433,039.83	335,229.78
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>433,039.83</u>	<u>414,229.78</u>
Fund Balance			
Balance January 1	D	643,540.01	484,704.23
		<u>1,076,579.84</u>	<u>898,934.01</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1	386,585.00	255,394.00
Balance December 31	D	<u>\$ 689,994.84</u>	<u>\$ 643,540.01</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

	Ref.	
Balance December 31, 2014	D	\$ 24,872.91
Balance December 31, 2015	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	\$ 386,585.00	\$ 386,585.00	
Rents	D-3	2,190,000.00	2,259,207.01	\$ 69,207.01
Connection Fees	D-5	90,000.00	90,387.12	387.12
Miscellaneous	D-3	58,200.00	60,066.51	1,866.51
		<u>\$ 2,724,785.00</u>	<u>\$ 2,796,245.64</u>	<u>\$ 71,460.64</u>
	Ref.	D-4		

Analysis of Realized Revenue

Rents:	Ref.	
Consumer Accounts Receivable:		
Collected	D-7	\$ 2,253,315.25
Overpayments Applied	D-7	3,587.08
Water and Sewer Liens	D-8	2,304.68
	D-3	<u>\$ 2,259,207.01</u>
Miscellaneous:		
Penalties/Tax Sale Costs		\$ 24,908.56
Miscellaneous		50.00
Meter Charges		20,966.40
NSF Fees		260.00
Transfer Fee		5,347.89
Turn On/Off		4,471.04
Interest on Investments		4,062.62
	D-3:D-5	<u>\$ 60,066.51</u>

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

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	\$ 440,000.00	\$ 440,000.00	\$ 399,689.84		\$ 10,310.16	\$ 30,000.00
Other Expenses	1,527,900.00	1,527,900.00	1,227,779.20	\$ 10,123.76	244,997.04	45,000.00
Capital Improvements:						
Capital Improvement Fund	20,000.00	20,000.00	20,000.00			
Replacement of Pumps & Controls	40,000.00	40,000.00	14,557.32	4,294.00	21,148.68	
Replacement of Water Meters	55,000.00	55,000.00		54,955.00	45.00	
Debt Service:						
Payment of Bond Principal	230,000.00	230,000.00	230,000.00			
Payment of Bond Anticipation Notes	8,800.00	8,800.00	8,800.00			
Payment of USDA Loan Principal	8,950.00	8,950.00	8,947.55			2.45
Payment of NJEIT Loan Principal	116,500.00	116,500.00	116,245.25			254.75
Interest on Bonds	64,365.00	64,365.00	61,175.20			3,189.80
Interest on USDA Loan	18,000.00	18,000.00	17,770.77			229.23
Interest on NJEIT Loan	23,000.00	23,000.00	22,719.28			280.72
Interest on Notes	4,900.00	4,900.00	4,587.31			312.69
Deferred Charges:						
Emergency Authorization	79,000.00	79,000.00	79,000.00			
Statutory Expenditures:						
Public Employees' Retirement	46,870.00	46,870.00	46,868.00		2.00	
Social Security System (OASI)	34,000.00	34,000.00	31,215.12		2,784.88	
Unemployment Compensation	7,500.00	7,500.00	7,419.21		80.79	
	<u>\$ 2,724,785.00</u>	<u>\$ 2,724,785.00</u>	<u>\$ 2,296,774.05</u>	<u>\$ 69,372.76</u>	<u>\$ 279,368.55</u>	<u>\$ 79,269.64</u>
Ref.	D-3	D-3		D-12	D	
Interest on Bonds and Notes	Ref. D-14		\$ 106,252.56			
Emergency Authorization			79,000.00			
Disbursed	D-5		2,111,521.49			
			<u>\$ 2,296,774.05</u>			

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

GENERAL FIXED ASSETS

COMPARATIVE BALANCE SHEET - GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
General Fixed Assets:		
Land	\$ 1,389,900.00	\$ 1,354,900.00
Buildings	2,042,771.00	2,042,771.00
Machinery and Equipment	2,276,984.00	2,118,789.00
Licensed Vehicles	3,342,698.00	3,241,976.00
	<u>\$ 9,052,353.00</u>	<u>\$ 8,758,436.00</u>
Investment in General Fixed Assets	<u>\$ 9,052,353.00</u>	<u>\$ 8,758,436.00</u>

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

NOTES TO FINANCIAL STATEMENTS
(Regulatory Basis)

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

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.

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

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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.

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.

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes (Continued) - 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 February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement, which is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will have an effect on the Borough's financial reporting. The impact of this statement on the Borough's financial reporting is not presently determinable.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the Borough's financial reporting.

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 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$742,048.65 and \$639,388.09, 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:

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

Current Fund

Special Item of Revenue

NJ DOT	\$ 170,000.00
Drive Sober or Get Pulled Over	3,100.00
Environmental Commission	500.00
Click It or Ticket	2,000.00
Clean Communities Program	18,116.15
Drunk Driving Enforcement	440.00
Bulletproof Vest Partnership	1,318.16
Police Body Armor	1,762.91
	<hr/>
	\$ 197,237.22

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, 2015 and 2014, the carrying amount of the Borough's deposits was \$6,871,920.44 and \$5,951,934.37, respectively. As of December 31, 2015 and 2014, \$0 of the municipality's bank balance of \$7,523,926.31 and \$6,036,489.13, respectively, was exposed to Custodial Credit Risk.

NOTE 4: INVESTMENTS

As of December 31, 2015 and 2014, 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

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4: INVESTMENTS (CONTINUED)

Credit Risk (Continued) - 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 15, 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, 2015 and 2014, amounted to \$165,513.40 and \$173,347.88, 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
Current Fund	2015	\$ 2,621,370.96	\$ 761,579.19
	2014	1,955,829.55	846,340.26
	2013	1,448,507.60	814,317.45
	2012	1,794,069.12	950,000.00
	2011	1,721,423.06	1,128,536.44
	Year	Balance December 31	Budget of Succeeding Year
Water & Sewer Operating Fund	2015	\$ 689,994.84	\$ 298,800.00
	2014	643,540.01	386,585.00
	2013	484,704.23	255,394.00
	2012	520,728.98	315,575.00
	2011	591,345.32	344,354.00

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

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.

	Value	
	12/31/2015	12/31/2014
FOP Lodge 130	\$ 23,689.19	\$ 36,779.07
AFSCME District 71	165,799.47	181,749.88
Non-Union	27,732.75	56,731.44
	<u>\$ 217,221.41</u>	<u>\$ 275,260.39</u>

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2015.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due	
	From	To
Current Fund		
Animal Control Trust	\$ 5.66	
Tax Sale Premium	122.98	
Tax Sale Redemption	16.44	
Escrow Trust Fund	24.38	
Off-Duty Police Trust Fund	447.54	
Donations - Aberdeen Senior Clubhouse Trust	2.16	
Donations - Special Events - Trust	2.60	
Donations - K9 Unit	2.40	
General Capital Fund	163.10	
Parking Offense Adjudication Trust		\$ 2,076.01
Public Defender Trust Fund		3,123.75
Animal Control Trust Fund		
Current Fund		5.66
Parking Offense Adjudication Trust		
Current Fund	2,076.01	
Public Defender Trust Fund		
Current Fund	3,123.75	
Escrow Trust Fund		
Current Fund		24.38
Donations - Aberdeen Senior Clubhouse Trust		
Current Fund		2.16
Donations - K9 Unit		
Current Fund		2.40
Donations - Special Events - Trust		
Current Fund		2.60
Off-Duty Police Trust Fund		
Current Fund		447.54
Tax Sale Premium		
Current Fund		122.98
Tax Sale Redemption		
Current Fund		16.44
General Capital Fund		
Current Fund		163.10
Water and Sewer Capital Fund		
Water and Sewer Operating Fund		101.13
Water and Sewer Operating Fund		
Water and Sewer Capital Fund	101.13	
Water and Sewer Escrow Fund	18.14	
Water and Sewer Escrow Fund		
Water and Sewer Operating Fund		18.14
	<u>\$ 6,106.29</u>	<u>\$ 6,106.29</u>

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

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, 2015:

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Land	\$ 1,354,900.00	\$ 35,000.00		\$ 1,389,900.00
Buildings	2,042,771.00			2,042,771.00
Machinery & Equipment	2,118,789.00	172,814.00	\$ 14,619.00	2,276,984.00
Vehicles	3,241,976.00	100,722.00		3,342,698.00
	<u>\$ 8,758,436.00</u>	<u>\$ 308,536.00</u>	<u>\$ 14,619.00</u>	<u>\$ 9,052,353.00</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:

	Balance 12/31/2015	12/31/2014
Prepaid Taxes - Cash Liability	<u>\$ 112,289.72</u>	<u>\$ 85,463.01</u>

NOTE 10: ECONOMIC DEPENDENCY

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

NOTE 11: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the balance sheets of the various funds.

	Balance Dec. 31, 2015	2016 Budget Appropriation	Succeeding Years
Current Fund:			
Special Emergency	<u>\$ 18,500.00</u>	<u>\$ 3,700.00</u>	<u>\$ 14,800.00</u>

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 12: SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy of \$8,932,559.00 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 \$4,466,279.50 would be the maximum amount permitted to be deferred as of December 31, 2015, 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, 2015	Dec. 31, 2014
Balance of Tax	\$ 4,302,052.03	\$ 4,465,782.03
Deferred	4,279,108.50	4,279,108.50
Tax Payable	<u>\$ 22,943.53</u>	<u>\$ 186,673.53</u>

NOTE 13: 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.

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 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.

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 15: 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 \$8,000.00 and \$9,000.00 for individuals eligible in 2014 and 2013, 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 16: NOTES PAYABLE

The Borough has outstanding at December 31, 2015, a General Capital and Water and Sewer Capital bond anticipation note in the amount of \$1,691,050.00 and \$613,950.00, respectively, payable to PNC Bank N.A. This note will mature on December 13, 2016, at an interest rate per annum of .84%.

NOTE 17: LONG-TERM DEBT

Summary of Municipal Debt Service

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

	Year		
	2015	2014	2013
Bonds, Notes and Loans Issued	\$ 7,354,436.95	\$ 7,009,392.47	\$ 4,442,386.84
Bonds and Notes Authorized But Not Issued	155,132.00	127,427.00	2,910,452.00
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	<u>\$ 7,509,568.95</u>	<u>\$ 7,136,819.47</u>	<u>\$ 7,352,838.84</u>

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 17: LONG-TERM DEBT (CONTINUED)

	Balance Dec. 31, 2014	Issued/ Authorized	Retired/ Reduction	Balance Dec. 31, 2015	Due in One Year
ISSUED:					
General:					
General Serial Bonds	\$ 1,010,000.00		\$ 180,000.00	\$ 830,000.00	\$ 185,000.00
Bond Anticipation Notes	839,500.00	\$ 869,500.00	17,950.00	1,691,050.00	26,950.00
Water and Sewer:					
Serial Bonds	1,284,000.00		230,000.00	1,054,000.00	232,000.00
Bond Anticipation Notes	566,500.00	56,250.00	8,800.00	613,950.00	9,900.00
USDA Loan	594,701.79		8,947.55	585,754.24	9,218.00
NJEIT	2,714,690.68		135,007.97	2,579,682.71	116,500.00
Net Debt Issued	7,009,392.47	925,750.00	580,705.52	7,354,436.95	579,568.00
AUTHORIZED BUT NOT ISSUED:					
General:					
Bond Anticipation Notes	13,077.00	896,955.00	869,500.00	40,532.00	
Water and Sewer:					
Bond Anticipation Notes	114,350.00	56,500.00	56,250.00	114,600.00	
Authorized But Not Issued	127,427.00	953,455.00	925,750.00	155,132.00	
Total Debt Issued and Authorized But Not Issued	\$ 7,136,819.47	\$ 1,879,205.00	\$ 1,506,455.52	\$ 7,509,568.95	\$ 579,568.00

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, 2015, was \$830,000.00.

\$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, 2015, was \$30,000.00.

\$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, 2015, was \$69,000.00.

\$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, 2015, was \$475,000.00.

\$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 4.5% - 5.00% per annum. The balance remaining as of December 31, 2015, was \$480,000.00.

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 17: LONG-TERM DEBT (CONTINUED)

\$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, 2015, was \$585,754.24.

\$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, 2015, was \$485,000.00.

\$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, 2015, was \$1,412,008.48.

\$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, 2015, was \$176,081.00.

\$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 \$18,762.72 were de-obligated from the Fund loan during 2015. The balance remaining at December 31, 2015, was \$506,593.23.

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			
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	135,000.00	10,125.00	145,125.00
2021	135,000.00	3,375.00	138,375.00
	<u>\$ 830,000.00</u>	<u>\$ 118,068.75</u>	<u>\$ 948,068.75</u>

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 17: LONG-TERM DEBT (CONTINUED)

Year Ended December	Principal	Interest	Total
Water & Sewer Operating Fund			
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
2019	213,000.00	16,918.76	229,918.76
2020	80,000.00	6,000.00	86,000.00
2021	80,000.00	2,000.00	82,000.00
	<u>\$ 1,054,000.00</u>	<u>\$ 146,350.04</u>	<u>\$ 1,200,350.04</u>

Year Ended December	Principal	Interest	Total
NJEIT Loan			
Water & Sewer Operating Fund			
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	135,309.97	14,681.26	149,991.23
2021-2025	709,014.85	73,297.50	782,312.35
2026-2030	734,995.85	41,835.78	776,831.63
2031-2033	459,956.16	10,501.64	470,457.80
	<u>\$ 2,579,682.71</u>	<u>\$ 224,649.74</u>	<u>\$ 2,804,332.45</u>

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 17: LONG-TERM DEBT (CONTINUED)

Year Ended December	Principal	Interest	Total
USDA Loan			
Water & Sewer Operating Fund			
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	10,384.00	16,338.00	26,722.00
2021-2025	56,821.95	76,788.05	133,610.00
2026-2030	65,944.19	67,665.81	133,610.00
2031-2035	76,530.91	57,079.09	133,610.00
2036-2040	88,817.25	44,792.75	133,610.00
2041-2045	103,076.06	30,533.94	133,610.00
2046-2050	119,623.96	13,986.04	133,610.00
2051	25,978.31	584.69	26,563.00
	<u>\$ 585,754.24</u>	<u>\$ 376,078.76</u>	<u>\$ 961,833.00</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 .644%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 19,052,000.00	\$ 18,614,706.04	\$ 437,293.96
Water & Sewer Debt	4,947,986.95	4,947,986.95	
General Debt	2,561,582.00		2,561,582.00
	<u>\$ 26,561,568.95</u>	<u>\$ 23,562,692.99</u>	<u>\$ 2,561,582.00</u>

Net Debt \$2,561,582.00/Equalized Valuation Basis per NJSA 40A:2-12 as amended
\$465,367,651.00 = .644%.

Borrowing Power Under NJSA 40:A2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 16,287,867.79
Net Debt	<u>2,561,582.00</u>
Remaining Borrowing Power	<u>\$ 13,726,285.79</u>

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 17: LONG-TERM DEBT (CONTINUED)

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

Cash Receipts From Fees, Rents, or Other Charges		\$ 2,796,245.64
Deductions:		
Operating and Maintenance Costs	\$ 1,981,270.00	
Debt Service Per Water & Sewer Account	470,245.36	
		<u>2,451,515.36</u>
Excess in Revenue		<u>\$ 344,730.28</u>

NOTE 18: 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 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. Enrollment is required for permanent, full-time employees appointed to positions in law enforcement or firefighting in the State of New Jersey.

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, 2015, 2014, and 2013, 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, 2015 AND 2014

NOTE 18: PENSION FUNDS (CONTINUED)

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 6.92% to 7.06% 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 2015 are 11.92% and 24.32%, respectively, of covered payroll, as reported on June 30, 2013. 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, 2015, 2014, and 2013, were \$133,908.00, \$115,940.00, and \$133,263.00, respectively, equal to the required contributions for each year. The Borough's contributions to PFRS for the years ending December 31, 2015, 2014, and 2013, were \$310,997.00, \$304,121.00, and \$311,241.00, respectively, equal to the required contributions for each year. Any Additional bills paid were for retroactive reporting.

The total payroll for the years ending December 31, 2015, 2014, and 2013, was \$3,018,715.49, \$2,871,939.23, and \$2,897,285.83. Covered payroll for PERS was \$1,112,006.00, \$1,097,470.00, and \$1,104,570.00, respectively. Covered payroll for PFRS was \$1,257,246.00, \$1,274,631.00, and \$1,349,830.00, respectively.

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

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

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011, (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 18: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued)

- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 and GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS and PFRS retirement systems.

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Public Employee's Retirement System - At December 31, 2015, the Borough's liability of \$3,625,412 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 and 2014, the Borough's proportion was 0.16150269100 and 0.0162433701% respectively.

For the year ended December 31, 2015, the Borough's pension expense would be \$252,842 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 86,490	
Changes of Assumptions	371,761	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 12,980
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	72,608	
District Contributions Subsequent to the Measurement Date	138,849	
	<u>\$ 669,708</u>	<u>\$ 12,980</u>

\$138,849 represents deferred outflows of resources related to pensions, resulting from Borough contributions, subsequent to the measurement date (i.e. for the year ending December 31, 2015, the plan measurement date is June 30, 2015) is not recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles:

Year Ended June 30,	Amount
2017	\$ 100,447
2018	100,447
2019	100,447
2020	145,757
2021	70,780
	<u>\$ 517,878</u>

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources:		
Changes of Assumptions	\$ 588,743,291	\$ 2,410,735,486
Difference Between Expected and Actual Experience		535,530,329
Collective Deferred Inflows of Resources:		
Difference Between Projects and Actual Earnings	1,115,773,278	360,920,604
Collective Net Pension Liability	18,722,735,003	22,447,996,119
District's Proportion	0.0016243370%	0.0016150269%

Contributions - The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014, measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% Based on Age
Thereafter	3.15 – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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

Police and Firemen's Retirement System

At December 31, 2015, the Borough's liability of \$6,263,609 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a

BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Police and Firemen's Retirement System (Continued) - projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 and 2014 the Borough's proportion was 0.0376045620 and 0.0404907597% respectively.

For the year ended December 31, 2015, the Borough's pension expense would be \$331,519 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,119,431	
Differences Between Expected and Actual Experience		\$ 54,026
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	20,927	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions		398,124
Borough Contributions Subsequent to the Measurement Date	305,669	
	<u>\$ 1,446,027</u>	<u>\$ 452,150</u>

\$305,669 represents deferred outflows of resources related to pensions, resulting from Borough contributions, subsequent to the measurement date (i.e. for the year ending December 31, 2015, the plan measurement date is June 30, 2015) is not recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles:

Year Ended	Amount
2017	\$ 120,945
2018	120,945
2019	120,945
2020	250,885
2021	74,489
	<u>\$ 688,209</u>

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 19: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

	June 30, 2014	June 30, 2015
Collective Deferred Outflows of Resources	\$ 472,261,128	\$ 3,075,206,294
Collective Deferred Inflows of Resources:		
Difference Between Projected and Actual Earnings	1,283,652,103	289,891,980
Difference Between Expected and Actual Experience		143,667,728
Collective Net Pension Liability	<u>13,933,627,178</u>	<u>18,117,234,618</u>
 Borough's Proportion	 0.0404907597%	 0.0376045620%

NOTE 20: 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.

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 20: POST-RETIREMENT BENEFITS

Funding Policy (Continued) - The Borough of Clayton contributions to SHBP for healthcare of employees and retirees for the years ended December 31, 2015, 2014, and 2013, were \$1,058,673.31, \$1,034,456.92, and \$957,140.87. The amounts paid for retirees for the years ended December 31, 2015, 2014, and 2013, were \$305,344.06, \$319,840.92, and \$298,648.76, respectively, which equaled the required contributions for each year. There were approximately eighteen, seventeen and fifteen retired participants eligible at December 31, 2015, 2014, and 2013, respectively.

NOTE 21: 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.

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." 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 December 31
2015	\$ 63.61	\$ 4,274.36	\$ 23,200.00	\$ 29,525.00	\$ 19,067.86
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

NOTE 22: CAPITAL LEASE OBLIGATIONS

The Borough has lease agreements in effect at December 31, 2015, 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:

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 22: CAPITAL LEASE OBLIGATIONS (CONTINUED)

Year Ended December	Principal	Interest	Other	Total
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	75,000.00	16,500.00	2,070.00	91,500.00
2021-2023	255,000.00	26,000.00	6,210.00	281,000.00
	<u>\$ 605,000.00</u>	<u>\$ 143,750.00</u>	<u>\$ 16,560.00</u>	<u>\$ 748,750.00</u>

NOTE 23: 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
2016	6,744.00
2017	6,744.00
2018	4,300.00
2019	1,035.00
	<u>18,823.00</u>

NOTE 24: LABOR CONTRACTS

As of December 31, 2015, 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	1/1/2013-12/31/2016	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 25: 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 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 2015 and 2014 calendar years, the

**BOROUGH OF CLAYTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014**

NOTE 25: TAX ABATEMENT PROGRAM (CONTINUED)

tax abatement program generated \$716,629.11 and \$589,903.17, 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 2015 and 2014 calendar years, the tax abatement program generated \$37,454.44 and \$31,095.81 for the County.

NOTE 26: 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 27: SUBSEQUENT EVENT

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2015 and April 29, 2016, 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.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68 & GASB 71)**

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0161502691%	0.0162433701%	0.0153872784%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,625,412	\$ 3,041,203	\$ 2,940,815
Borough's Covered-Employee Payroll	1,108,230	1,102,308	1,113,935
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	327.14%	275.89%	264.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 138,849	\$ 133,908	\$ 115,940
Contributions in Relation to the Contractually Required Contribution	138,849	133,908	115,940
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,108,230	\$ 1,102,308	\$ 1,113,935
Contributions as a Percentage of Covered-Employee Payroll	12.53%	12.15%	10.41%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0376045620%	0.0404907597%	0.0416845225%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,263,609	\$ 5,093,362	\$ 5,541,581
Borough's Covered-Employee Payroll	1,255,168	1,327,745	1,303,842
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	499.03%	383.61%	425.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.30%	62.41%	58.70%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of Borough Contributions - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 305,669	\$ 310,997	\$ 304,121
Contributions in Relation to the Contractually Required Contribution	305,669	310,997	304,121
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,255,168	\$ 1,327,745	\$ 1,303,842
Contributions as a Percentage of Covered-Employee Payroll	24.35%	23.42%	23.32%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS
Last Three Fiscal Years
Special Funding Situation

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Borough's Proportion of the Net Pension Liability (Asset)	0.0376045620%	0.0404907597%	0.0416845225%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 549,298	\$ 548,469	\$ 516,543
Borough's Covered-Employee Payroll	1,255,168	1,327,745	1,303,842
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	43.76%	41.31%	39.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.30%	62.41%	58.70%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the Borough.

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of the additional costs incurred by Local Employers under Chapter 8, PL 2000, Chapter 318, PL 2001, Chapter 86, PL 2001, Chapter 511, PL 1991, Chapter 109, PL 1979, Chapter 247, PL 1993, and Chapter 201, PL 2001.

Schedule of Borough Contributions - PFRS
Last Three Fiscal Years
Special Funding Situation

	Year Ended		
	12/31/2015	12/31/2014	12/31/2013
Contractually Required Contribution	\$ 28,594	\$ 22,774	\$ 20,338
Contributions in Relation to the Contractually Required Contribution	28,594	22,774	20,338
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,255,168	\$ 1,327,745	\$ 1,303,842
Contributions as a Percentage of Covered-Employee Payroll	2.28%	1.72%	1.56%
Measurement Date	6/30/2015	6/30/2014	6/30/2013

SUPPLEMENTARY INFORMATION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, 2015, 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 April 29, 2016, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not engaged to audit the Length of Service Award Program (LOSAP), financial statements as part of our audit of the Borough of Clayton's financial statements.

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.

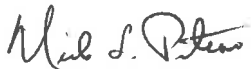
Compliance and Other Matters

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

April 29, 2016

SINGLE AUDIT SECTION

SCHEDULE 1

BOROUGH OF CLAYTON
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2015

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	\$ 11,122.00	\$ 2,781.00		01/01/15	12/31/15	\$ 2,442.00	\$ 2,442.00
		16,183.00	4,045.75	\$ 11,122.00	01/01/14	12/31/14	11,598.24	20228.75
Clean Communities	4900-765-042-4900-004-VCMC-6020	18,116.15		18,116.15	01/01/15	12/31/15	16,234.82	16,234.82
Recycling Tonnage	4900-752-042-4900-001-VREV-6020	10,191.17		10,191.17	01/01/15	12/31/15		
		9,531.48			01/01/13	12/31/13	5,289.23	5,289.23
		10,088.70			01/01/12	12/31/12	428.50	10,088.70
Community Watch Grant	N/A	250.00			01/01/11	12/31/11		
		500.00			01/01/08	12/31/08		300.00
Department of Law and Public Safety:								
Safe & Secure Program	100-066-1020-232	60,000.00	36,775.00	45,000.00	01/18/15	01/17/16	96,775.00	96,775.00
		60,000.00	36,775.00	15,000.00	01/18/14	01/17/15		96,775.00
Police Body Armor	1020-718-066-1020-001-YCJS-6120	1,762.91		1,762.91	01/01/15	12/31/15	1,634.73	1,634.73
		1,765.27			01/01/14	12/31/14	1,765.27	1,765.27
Drunk Driving Enforcement	1110-448-301020-60	440.00			01/01/15	12/31/15		
		6,992.71			01/01/14	12/31/14	694.50	854.52
Department of Environmental Protection:								
Environmental Commission Grant	N/A	500.00		500.00	01/01/15	12/31/15		
		500.00			01/01/14	12/31/14	214.94	214.94
		500.00			01/01/13	12/31/13	500.00	500.00
		500.00			01/01/12	12/31/12	500.00	500.00
		500.00			01/01/11	12/31/11	500.00	500.00
		500.00			01/01/10	12/31/10	10.00	500.00
Hazardous Discharge Site Remediation	N/A	38,475.00		5,655.15	01/01/12	completed		8,042.90
New Jersey Environmental Infrastructure Trust	08010014-001	184,500.00			07/15/12	completed	2,592.00	184,500.00
		514,250.00		356,563.00	07/15/12	completed	4,275.00	422,785.00
Department of Transportation:								
NJ Transportation Trust	6320-480-078-6320-Z50-TCAP-6010	170,000.00		108,074.96	01/01/15	completed	160,419.95	160,419.95
		180,000.00		179,293.65	01/01/14	completed		180,000.00
				<u>\$ 751,278.99</u>			<u>\$ 305,874.18</u>	<u>\$ 1,210,350.81</u>

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

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll & Agency	Grant Fund
Balance December 31, 2014	A	<u>\$ 2,779,451.66</u>	<u>\$ 29,933.36</u>	
Increased by Receipts:				
Tax Collector	A-5	16,739,345.08		
Grants Receivable	A-6			\$ 448,265.99
Revenue Accounts Receivable	A-10	1,893,050.10	195.96	
Due State of New Jersey -				
Senior Citizen and Veterans Deductions	A-14	82,209.38		
Homestead Rebate	A-7	337,949.37		
Due County of Gloucester - PILOT		37,454.44		
Prepaid PILOT	A	3,331.56		
Due from Animal Control Trust Fund		1,390.54		
Due from General Capital		114.71		
Due to POAA Trust Fund		10.00		
Due from Developer's Escrow Trust Funds		21.79		
Due from Tax Sale Premium		59.47		
Due from Tax Sale Redemption		2.21		
Due from Off-Duty Trust Fund		2.43		
Due from Donations - Senior Clubhouse Trust		2.16		
Due from Donations - Special Events		2.73		
Due from Donations - K-9		0.61		
Due State of New Jersey -				
Construction - DCA Fees		13,537.00		
Marriage Licenses and Burial Permits		725.00		
Due to Public Defender Trust		1,345.00		
Election Payable		8,550.00		
Security Deposits		220.00		
Petty Cash		200.00		
Due General Capital Fund				552.03
Due Payroll and Agency Account	A-4	195.84		
Due from Federal and State Grant Fund	A-4			37,498.87
Net Payroll			1,792,182.41	
Employee and Employer Payroll Taxes			2,810,064.65	
Total Receipts		<u>19,119,719.42</u>	<u>4,602,443.02</u>	<u>486,316.89</u>
		<u>21,899,171.08</u>	<u>4,632,376.38</u>	<u>486,316.89</u>

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Payroll & Agency	Grant Fund
Decreased by Disbursements:				
Current Year Budget Appropriations	A-3	5,847,178.21		
Appropriation Reserves	A-11	171,976.23		
Encumbrances Payable	A-13	60,484.45		177,549.52
Accounts Payable	A-12	19,579.59		
Reserve for Grants - Appropriated	A-16			193,875.31
Due State of New Jersey - DCA Fees		11,941.00		
Due State of New Jersey - Marriage/Burial		800.00		
County Taxes Payable	A-7	2,814,413.29		
County Open Space Taxes Payable	A-7	189,663.27		
County Library Taxes Payable	A-7	212,155.51		
Due County Added & Omitted Taxes		18,260.82		
Due County Tax Abatement		35,925.80		
Security Deposits		130.00		
Tax Overpayments		26,707.06		
Petty Cash		200.00		
Reserve for Codification of Ordinances		7,350.40		
Due to Public Defender Trust		1,610.00		
Due Water & Sewer Operating Fund		3,196.20		
Due General Capital Fund		552.03		
Election Payable		8,550.00		
Local District School Tax	A-15	9,096,289.00		
Due Current Fund	A-4	37,498.87	195.84	
Net Payroll			1,792,182.41	
Payroll Taxes Payable			2,806,922.57	
		<u>18,564,461.73</u>	<u>4,599,300.82</u>	<u>371,424.83</u>
Balance December 31, 2015	A	<u>\$ 3,334,709.35</u>	<u>\$ 33,075.56</u>	<u>\$ 114,892.06</u>

SCHEDULE OF CURRENT FUND CASH - COLLECTOR

Balance December 31, 2014	Ref. A		\$ 226,850.24
Increased by Receipts:			
Taxes Receivable	A-7	\$ 16,474,592.01	
Tax Title Liens Receivable	A-8	8,203.62	
Prepaid Taxes		112,289.72	
Tax Overpayments		35,081.30	
Revenue Accounts Receivable	A-10	164,125.03	
Due Utility Operating Fund		316.77	
			<hr/> 16,794,608.45
			<hr/> 17,021,458.69
Decreased by Disbursements:			
Paid to Treasurer	A-4		<hr/> 16,739,345.08
Balance December 31, 2015	A		<hr/> <hr/> \$ 282,113.61

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2014	Budget Revenue Realized	Received	Canceled	Balance Dec. 31, 2015
Federal Grants:					
Drive Sober or Get Pulled Over	\$ 1,000.00	\$ 3,100.00	\$ 2,800.00	\$ 200.00	\$ 1,100.00
Community Development Block Grant		48,750.00	48,750.00		
Click It or Ticket		2,000.00	2,000.00		
State Grants:					
Hazardous Discharge Site Remediation	36,087.25		5,655.15		30,432.10
New Jersey DOT Trust - N. New Street	180,000.00		179,293.65	706.35	
New Jersey DOT Trust - Jerry's Avenue		170,000.00	108,074.96		61,925.04
Drunk Driving Enforcement Fund		440.00			440.00
Police Body Armor		1,762.91	1,762.91		
Environmental Commission Grant		500.00	500.00		
Clean Communities Program		18,116.15	18,116.15		
Recycling Tonnage Grant		10,191.17	10,191.17		
Bulletproof Vest Partnership		1,318.16			1,318.16
Safe & Secure	15,000.00	60,000.00	60,000.00		15,000.00
Municipal Alliance Youth Service	11,122.00	11,122.00	11,122.00		11,122.00
	<u>\$ 243,209.25</u>	<u>\$ 327,300.39</u>	<u>\$ 448,265.99</u>	<u>\$ 906.35</u>	<u>\$ 121,337.30</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, 2014			2014	2015				Dec. 31, 2015
2012	\$ 1,878.65				\$ 984.26				\$ 894.39
2013	3,652.16				267.78				3,384.38
2014	591,158.44		\$ 7,874.13		583,885.96		\$ 4,203.28	\$ 1,950.36	8,992.97
	596,689.25		7,874.13		585,138.00		4,203.28	1,950.36	13,271.74
2015		\$ 16,831,782.35		\$ 85,463.01	16,310,405.18	\$ 10,559.21	49,889.96	26,598.00	348,866.99
	\$ 596,689.25	\$ 16,831,782.35	\$ 7,874.13	\$ 85,463.01	\$ 16,895,543.18	\$ 10,559.21	\$ 54,093.24	\$ 28,548.36	\$ 362,138.73
Ref.	A			A				A-8	A
				Ref.					
		Cash Collector		A-5	\$ 16,474,592.01				
		Cash - CFO		A-4	337,949.37				
		Due State of New Jersey		A-14	83,001.80				
					\$ 16,895,543.18				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax:			
Business Personalty Tax	\$	41,961.85	
General Property Tax		16,693,369.36	
		<u> </u>	\$ 16,735,331.21
Added & Omitted Taxes			
(54:4-63.1 and 54:4-63.12 et seq.)			96,451.14
			<u> </u>
			<u><u>\$ 16,831,782.35</u></u>

Ref.

Tax Levied:

Local District School Tax (Abstract)	A-15	\$ 8,932,559.00	
County Taxes:			
County Tax (Abstract)	\$	2,814,413.29	
County Library (Abstract)		212,155.51	
County Open Space (Abstract)		189,663.27	
Due County for Added & Omitted Taxes			
(54:4-63.1 & 54:4-63.12 et seq.)		19,866.83	
		<u> </u>	3,236,098.90
Total County Taxes			
Local Tax for Municipal Purposes	A-2	4,586,500.00	
Add: Additional Taxes Levied		76,624.45	
		<u> </u>	4,663,124.45
			<u><u>\$ 16,831,782.35</u></u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2014	A	\$	118,130.85
Increased by:			
Transfers from Taxes Receivable	A-7		28,548.36
Interest and Costs on Sale			276.43
			<u>28,824.79</u>
			146,955.64
Decreased by:			
Receipts	A-5	\$	8,203.62
Transfer to Property Acquired for Taxes	A-9		<u>107,976.55</u>
			116,180.17
Balance December 31, 2015	A	\$	<u><u>30,775.47</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2014	A	\$	856,500.00
Increased by:			
Transfer from Tax Title Liens	A-8	\$	107,976.55
Transfer from Utility Liens	D-8		5,186.81
Transfer from Miscellaneous Liens			55,378.92
			<u>168,542.28</u>
Add: Adjustment to Assessed Valuation			<u>94,457.72</u>
			263,000.00
Balance December 31, 2015		\$	<u><u>1,119,500.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2014	Accrued	Collected by		Balance Dec. 31, 2015
			Treasurer	Collector	
Miscellaneous Revenue Anticipated					
Fees and Permits		\$ 17,979.89	\$ 17,979.89		
Fines and Costs:					
Municipal Court	\$ 6,489.91	69,799.35	71,466.35		\$ 4,822.91
Interest and Costs on Taxes		125,764.70		\$ 125,764.70	
Interest on Investments		13,058.08	10,550.57	2,507.51	
Fire Inspection Fees		5,354.00	5,354.00		
Consolidated Municipal Property Tax Relief		24,422.00	24,422.00		
Energy Receipts Tax		529,567.00	529,567.00		
Uniform Construction Code Official		192,375.00	192,375.00		
Uniform Fire Safety Act		10,327.53	10,327.53		
Payment in Lieu of Taxes - The Reserve and Aberdeen		711,634.55	711,634.55		
Miscellaneous Revenue Not Anticipated					
Alcoholic Beverage Licenses		6,118.72	6,118.72		
Verizon Franchise Fee		36,432.20	36,432.20		
Cable TV Franchise Fee		64,197.27	64,197.27		
T-Mobile		54,052.48	54,052.48		
Senior Citizen Administration Fee		1,644.19	1,644.19		
Cat Licenses		2,767.00	2,767.00		
Landlord Registration		3,890.00	3,890.00		
OPRA Records Request Fees		15.80	15.80		
Payment in Lieu of Taxes - Clayton Mews		56,300.00	56,300.00		
Marriage Ceremonies		300.00	300.00		
Off-Duty Police Administration Fees		4,542.50	4,542.50		
Recycling Marketables		6,240.93	6,240.93		
Vacant Property Registration Fee		47,300.00	47,300.00		
Miscellaneous		35,768.08	35,768.08		
Tax Search/NSF Fees & Other Costs		230.00		230.00	
Clean-up Charges (Code Violations)		35,622.82		35,622.82	
	<u>\$ 6,489.91</u>	<u>\$ 2,055,704.09</u>	<u>\$ 1,893,246.06</u>	<u>\$ 164,125.03</u>	<u>\$ 4,822.91</u>
Ref.	A		A-4	A-5	A

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Transfers	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:					
General Administration	\$ 1,266.38		\$ 1,266.38	\$ 1,130.27	\$ 136.11
Mayor and Council	1,671.08		1,671.08	221.09	1,449.99
Borough Clerk	1,517.81		1,517.81	767.95	749.86
Financial Administration	6,955.69		6,955.69	1,504.06	5,451.63
Collection of Taxes	2,295.66		2,295.66	1,033.98	1,261.68
Planning Board	56.89		56.89	45.93	10.96
Zoning Official	253.42		253.42	198.74	54.68
Construction Code	16,047.78		16,047.78	919.87	15,127.91
Fire Protection	355.44		355.44	84.35	271.09
Code Enforcement	159.62		159.62	125.00	34.62
Housing Safety	33.80		33.80	29.22	4.58
Occupancy Secretary	85.38		85.38	64.29	21.09
Police	130,837.03		130,837.03	48,265.37	82,571.66
Emergency Management	35.00		35.00	30.60	4.40
Fire Official	710.80		710.80	223.50	487.30
Road Repair and Maintenance	35,379.15		35,379.15	4,931.02	30,448.13
Recycling	9.94		9.94	8.63	1.31
Equipment Repair and Maintenance	3,807.06		3,807.06	1,137.36	2,669.70
Registrar	151.10		151.10	59.28	91.82
Recreation	959.16		959.16	100.82	858.34
Senior Citizen Transportation	3,070.71		3,070.71	165.22	2,905.49
Other Expenses:					
General Administration	29.54		29.54	25.03	4.51
Borough Clerk:					
Printing & Legal Advertisement	4,171.77		4,171.77	545.28	3,626.49
Financial Administration	14,274.17		14,274.17	3,345.83	10,928.34
Audit Services	19,830.00		19,830.00	19,830.00	
Liquidation of Tax Title Liens	3,179.24	\$ 2,500.00	5,679.24	5,655.18	24.06
Legal Services and Costs	45,467.02		45,467.02	24,890.09	20,576.93
Labor Council	6,319.61	6,000.00	12,319.61	12,195.97	123.64
Economic Development	480.00		480.00	377.60	102.40
Planning Board	877.98		877.98	16.56	861.42
Group Insurance	42,560.57		42,560.57	153.02	42,407.55
Recreation	581.64		581.64	60.00	521.64
Road Repair and Maintenance	5,536.33		5,536.33	324.51	5,211.82
Public Buildings and Grounds	8,081.77		8,081.77	991.00	7,090.77
Solid Waste Disposal Tipping Fees	67,005.59	(8,500.00)	58,505.59	20,113.14	38,392.45
Solid Waste Collection	28,239.09		28,239.09	5,335.09	22,904.00
Street Lighting	2,975.05		2,975.05	1,494.28	1,480.77
Fuel Oil	13,352.57		13,352.57	776.71	12,575.86
Gasoline	16,160.25		16,160.25	348.20	15,812.05
Telephone	6,200.28		6,200.28	233.78	5,966.50
Social Security	26,050.72		26,050.72	4,103.91	21,946.81
Other Accounts - No Change	95,342.52		95,342.52		95,342.52
Excluded from "CAPS"					
Recycling Tax	4,293.59		4,293.59	678.45	3,615.14
GCIA Snow Removal	7,552.00		7,552.00	403.05	7,148.95
Length of Service Award	11,000.00		11,000.00	8,000.00	3,000.00
Purchase of Equipment	1,126.32		1,126.32	1,033.00	93.32
	<u>\$ 636,346.52</u>	<u>None</u>	<u>\$ 636,346.52</u>	<u>\$ 171,976.23</u>	<u>\$ 464,370.29</u>
Ref.	A			A-4	A-1

SCHEDULE OF ACCOUNTS PAYABLE

Balance December 31, 2014	Ref. A	\$ 19,579.59
Increased by:		
Transfers from Encumbrances Payable	A-13	620.36
		<u>20,199.95</u>
Decreased by:		
Payments	A-4	19,579.59
Balance December 31, 2015	A	<u><u>\$ 620.36</u></u>

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2014	A	\$ 67,911.36	\$ 186,099.09
Increased by:			
Charges to Current Year Appropriations	A-3	37,278.11	
Reserve for Codification of Ordinances		11,025.60	
DCA State Fees Payable		4,954.00	
Charges to Grants Appropriated	A-16		158,721.87
		<u>121,169.07</u>	<u>344,820.96</u>
Decreased by:			
Payments	A-4	60,484.45	177,549.52
Canceled	A-1	6,806.55	706.35
Transfer to Accounts Payable	A-12	620.36	
Transfer to Grants Appropriated	A-16		7,843.22
		<u>67,911.36</u>	<u>186,099.09</u>
Balance December 31, 2015	A	<u><u>\$ 53,257.71</u></u>	<u><u>\$ 158,721.87</u></u>

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

Balance December 31, 2014	Ref. A	\$ 4,455.69
Increased by:		
Receipts	A-4	82,209.38
		<u>86,665.07</u>
Decreased by:		
Current Year Deductions Per Tax Duplicate	\$ 82,250.00	
Current Year Deductions Allowed by Collector	2,000.00	
Current Year Deductions Disallowed by Collector	(1,248.20)	
		<u>83,001.80</u>
Prior Year Deductions Disallowed by Collector	A-1	(1,128.08)
		<u>81,873.72</u>
Balance December 31, 2015	A	<u><u>\$ 4,791.35</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2014:	Ref.		
School Tax Payable	A	\$ 186,673.53	
School Tax Deferred		<u>4,279,108.50</u>	
			\$ 4,465,782.03
Increased by:			
Levy School Year July 1, 2015 to June 30, 2016	A-7	8,932,559.00	
		<u>13,398,341.03</u>	
Decreased by:			
Payments	A-4	9,096,289.00	
Balance December 31, 2015:			
School Tax Payable	A	22,943.53	
School Tax Deferred		<u>4,279,108.50</u>	
			<u><u>\$ 4,302,052.03</u></u>
Tax Liability for Local District School Tax:			
Tax Payable December 31, 2014	A-15	\$ (186,673.53)	
Tax Payable December 31, 2015	A-15	22,943.53	
Tax Paid	A-15	9,096,289.00	
Amount Charged to Operations	A-1	<u><u>\$ 8,932,559.00</u></u>	

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

Grant	Balance Dec. 31, 2014	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Canceled	Balance Dec. 31, 2015
Federal Grants:						
Community Development Block Grant		\$ 48,750.00	\$ 48,750.00			
Click It or Ticket		2,000.00	2,000.00			
Drive Sober or Get Pulled Over	\$ 400.00	3,100.00	2,840.00		\$ 200.00	\$ 460.00
State Grants:						
Municipal Alliance Youth Service	11,598.24	13,903.00	14,040.24			11,461.00
Safe & Secure		96,775.00	96,775.00			
Hazardous Discharge Site Remediation	22,036.85		(552.03)	\$ (7,843.22)		30,432.10
Recycling Tonnage Grant	9,959.98	10,191.17	5,717.73			14,433.42
Police Body Armor	1,765.27	1,762.91	3,400.00			128.18
Bulletproof Vest Partnership		1,318.16				1,318.16
Drunk Driving Enforcement Fund	6,832.69	440.00	694.50			6,578.19
Clean Communities Program		18,116.15	15,734.82	500.00		1,881.33
Community Watch - 2008	450.00					450.00
Environmental Commission Grant	2,010.00	500.00	1,724.94			785.06
New Jersey DOT Trust - Jerry's Avenue		170,000.00	2,198.08	158,221.87		9,580.05
	<u>\$ 55,053.03</u>	<u>\$ 366,856.39</u>	<u>\$ 193,323.28</u>	<u>\$ 150,878.65</u>	<u>\$ 200.00</u>	<u>\$ 77,507.49</u>
Ref. A		A-3			A-1	A
Cash			A-4 \$ 193,875.31			
Due General Capital Fund			(552.03)			
			<u>\$ 193,323.28</u>			
			Ref. A-13	\$ 158,721.87		
Encumbrance Payable			A-13	(7,843.22)		
Transfer from Encumbrance Payable				<u>\$ 150,878.65</u>		

SCHEDULE OF DEFERRED CHARGES
 NJSA 40A:4-55 SPECIAL EMERGENCY - TAX MAP AND REVALUATION PROGRAM

Date Authorized	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Added	Balance Dec. 31, 2015
05/10/15	Codification of Ordinances	\$ 18,500.00	\$ 3,700.00	\$ 18,500.00	\$ 18,500.00
			Ref.	A-3	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, 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
Increased by Receipts:												
Interest Earned		44.08	81.77	252.60	85.08	25.47	7.18	35.11	13.60	538.94		63.61
Dog License Fees:												
Municipal Share	B-3		10,918.00									
State Share			2,256.00									
Off-Duty Police Fees									21,409.02			
Escrow Deposits				126,649.39						900.00	200.00	
Donations - Special Events								17,663.89				
Employee Deductions												4,274.36
Unemployment Compensation												23,200.00
		44.08	13,255.77	126,901.99	85.08	25.47	7.18	17,699.00	21,422.62	1,438.94	200.00	27,537.97
Decreased by Disbursements:												
Expenditures Under RS 4:19-15.11	B-3		13,478.34									
NJ State Department of Health			2,280.60									
Encumbrances Payable				43.75				932.10				
Escrow Charges				113,848.36								
Unemployment Compensation												29,525.00
Off-Duty Police Fees									13,110.00			
Donations - Special Events								17,917.26				
Affordable Housing		3,180.00										
Due Current Fund			1,466.65	250.01		25.47	5.39	35.24	4,557.51			
		3,180.00	17,225.59	114,142.12		25.47	5.39	18,884.60	17,667.51			29,525.00
Balance December 31, 2015	B	\$ 12,766.33	\$ 21,717.32	\$ 93,991.43	\$ 28,418.93	\$ 8,483.80	\$ 2,399.40	\$ 9,436.98	\$ 3,862.54	\$ 113,668.08	\$ 19,546.50	\$ 19,067.86

SCHEDULE OF TRUST FUND CASH - COLLECTOR

	Ref.	Tax Sale	
		Premium	Redemption
Balance December 31, 2014	B	\$ 233,259.47	\$ 15,924.41
Increased by:			
Deposits for Redemption of Tax Sale Certificate	B-4		293,492.86
Tax Sale Premiums	B-5	385,400.00	
Interest Earned		867.76	88.43
		386,267.76	293,581.29
		619,527.23	309,505.70
Decreased by:			
Redemptions of Tax Sale Certificates	B-4		235,937.31
Tax Sale Premiums	B-5	144,400.00	
Interest Due Current Fund		804.25	74.20
		145,204.25	236,011.51
Balance December 31, 2015	B	\$ 474,322.98	\$ 73,494.19

EXHIBIT B-3

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

	Ref.	
Balance December 31, 2014	B	\$ 23,823.00
Increased by:		
Municipal Share of Dog License Fees	B-1	10,918.00
		34,741.00
Decreased by:		
Expenditures Under R.S.4:19-15.11: Cash	B-1	13,478.34
		13,478.34
Balance December 31, 2015	B	\$ 21,262.66

License Fees Collected

Year	Amount
2013	\$ 12,089.00
2014	10,904.00
	\$ 22,993.00

EXHIBIT B-4

SCHEDULE OF DEPOSITS FOR REDEMPTION OF TAX SALE CERTIFICATES

Balance December 31, 2014	Ref. B	\$ 15,922.20
Increased by:		
Deposits Received	B-2	<u>293,492.86</u>
		309,415.06
Decreased by:		
Refunds - Tax Sale Certificates Redeemed	B-2	<u>235,937.31</u>
Balance December 31, 2015	B	<u><u>\$ 73,477.75</u></u>

EXHIBIT B-5

SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

Balance December 31, 2014	Ref. B	\$ 233,200.00
Increased by:		
Premiums Received	B-2	<u>385,400.00</u>
		618,600.00
Decreased by:		
Premiums Refunded	B-2	<u>144,400.00</u>
Balance December 31, 2015	B	<u><u>\$ 474,200.00</u></u>

GENERAL CAPITAL FUND

EXHIBIT C-2

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2014	Ref. C	<u>\$ 542,575.33</u>
Increased by:		
Interest Earned	C-3	1,403.46
Bond Anticipation Notes	C-9	869,500.00
Budget Appropriation:		
Capital Improvement Fund	C-3:C-5	<u>37,500.00</u>
		<u>908,403.46</u>
		<u>1,450,978.79</u>
Decreased by:		
Improvement Authorizations	C-7	633,952.19
Encumbrance Payable	C-3	125,237.38
Due Current Fund	C-3	<u>1,355.07</u>
		<u>760,544.64</u>
Balance December 31, 2015	C	<u><u>\$ 690,434.15</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
		Notes Issued	Miscellaneous	Improvement Authorization	Miscellaneous	From	To	
Fund Balance	\$ 4,196.55							\$ 4,196.55
Due Current Fund	114.71		\$ 1,403.46		\$ 1,355.07			163.10
Capital Improvement Fund	47,077.00		37,500.00			\$ 41,945.00		42,632.00
Reserve for Improvements to Municipal Roads	2,831.20							2,831.20
Encumbrances Payable	125,237.38				125,237.38		\$ 28,061.80	28,061.80
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
2011-9 Site Remediation and/or Environmental investigations	45,213.48			\$ 9,293.28		1,558.75		34,361.45
2011-13 Acquisition of Capital Equipment and the completion of Capital Projects	21,035.34							21,035.34
2012-9 Site Remediation and/or Environmental Investigations	52,784.13			3,623.00				49,161.13
2012-14 Acquisition of Capital Equipment and the Completion of Capital Projects	76,418.35			15,524.61		18,700.00		42,193.74
2013-9 Acquisition of Capital Equipment and the Completion of Capital Projects	1,220.93			1,561.18				(340.25)
2014-8 Acquisition of Capital Equipment and the Completion of Capital Projects	125,876.53			53,107.12		1,613.93		71,155.48
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	2,270.48							2,270.48
2014-18 Police Technology Grant	35,000.00							35,000.00
2015-6 Acquisition of a Fire Truck		\$ 522,500.00		549,946.00			27,500.00	54.00
2015-17 Redevelopment Area Improvements		75,000.00						75,000.00
2015-18 Acquisition of Capital Equipment and the Completion of Capital Projects		272,000.00		897.00		6,189.12	14,445.00	279,358.88
	\$ 542,575.33	\$ 869,500.00	\$ 38,903.46	\$ 633,952.19	\$ 126,592.45	\$ 70,006.80	\$ 70,006.80	\$ 690,434.15
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, 2014	Ref. C	\$ 1,010,000.00
Decreased by:		
Payment of Bonds Payable	C-8	180,000.00
Balance December 31, 2015	C	<u>\$ 830,000.00</u>

EXHIBIT C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	Ref. C	\$ 47,077.00
Increased by:		
Budget Appropriation	C-2	37,500.00
		<u>84,577.00</u>
Decreased by:		
Financed Improvement Authorizations	C-7	41,945.00
Balance December 31, 2015	C	<u>\$ 42,632.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION - UNFUNDED

Ordinance Number	Purpose	Balance Dec. 31, 2014	Authorization	Notes Paid by Budget Appropriation	Balance Dec. 31, 2015	Analysis of Balances December 31, 2015		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
2011-9	Site Remediation and/or Environmental investigations	\$ 76,000.00		\$ 2,625.00	\$ 73,375.00	\$ 73,375.00		
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	74,492.00		5,375.00	69,117.00	68,125.00		\$ 992.00
2012-9	Site Remediation and/or Environmental Investigations	100,000.00		2,100.00	97,900.00	97,900.00		
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	161,975.00		7,850.00	154,125.00	152,150.00		1,975.00
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	196,650.00			196,650.00	190,000.00	\$ 340.25	6,309.75
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
2015-6	Acquisition of a Fire Truck		\$ 522,500.00		522,500.00	522,500.00		
2015-17	Redevelopment Area Improvements		100,000.00		100,000.00	75,000.00		25,000.00
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects		274,455.00		274,455.00	272,000.00		2,455.00
		<u>\$ 852,577.00</u>	<u>\$ 896,955.00</u>	<u>\$ 17,950.00</u>	<u>\$ 1,731,582.00</u>	<u>\$ 1,691,050.00</u>	<u>\$ 340.25</u>	<u>\$ 40,191.75</u>
Ref.	C		C-7	C-9	C	C-9	C-3	
Improvement Authorizations - Unfunded						Ref. C-7		\$ 607,423.37
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:								
Ordinance Number								
2011-9	Site Remediation and/or Environmental Investigations				C-3			34,361.45
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			49,161.13
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects				C-3			42,193.74
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects				C-3			71,155.48
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
2015-6	Acquisition of a Fire Truck				C-3			54.00
2015-17	Redevelopment Area Improvements				C-3			75,000.00
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects				C-3			272,000.00
								<u>\$ 40,191.75</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2014		Authorization	Paid or Charged	Encumbered	Balance Dec. 31, 2015	
				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	
2011-9	Site Remediation and/or Environmental investigations	05/26/11	80,000.00		\$ 45,213.48		\$ 9,293.28	\$ 1,558.75		\$ 34,361.45
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	08/11/11	83,150.00		22,027.34					22,027.34
2012-9	Site Remediation and/or Environmental Investigations	06/14/12	100,000.00		52,784.13		3,623.00			49,161.13
2012-11	Construction of a Club House	09/13/12	40,000.00							
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	11/19/12	170,500.00		78,393.35		15,524.61	18,700.00		44,168.74
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	08/08/13	207,000.00		7,870.93		1,561.18			6,309.75
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects	06/12/14	255,500.00		128,601.53		53,107.12	1,613.93		73,880.48
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		3,005.48					3,005.48
2014-18	Police Technology Grant	12/11/14	35,000.00	35,000.00					35,000.00	
2015-6	Acquisition of a Fire Truck	05/18/15	550,000.00			\$ 550,000.00	549,946.00			54.00
2015-17	Redevelopment Area Improvements	09/24/15	100,000.00			100,000.00				100,000.00
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects	10/08/15	288,900.00			288,900.00	897.00	6,189.12	7,358.88	274,455.00
				<u>\$ 38,299.25</u>	<u>\$ 337,896.24</u>	<u>\$ 938,900.00</u>	<u>\$ 633,952.19</u>	<u>\$ 28,061.80</u>	<u>\$ 45,658.13</u>	<u>\$ 607,423.37</u>
	Ref.			C	C		C-2	C	C	C
	Deferred Charges to Future Taxation - Unfunded				C-6	\$ 896,955.00				
	Capital Improvement Fund				C-5	41,945.00				
						<u>\$ 938,900.00</u>				

SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
04/01/08	General Improvements	\$ 1,715,000.00	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%	\$ 1,010,000.00	\$ 180,000.00	\$ 830,000.00
					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, 2014	Increased	Decreased	Balance Dec. 31, 2015
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	12/22/11	12/14/15	12/13/16	0.84%	\$ 60,500.00		\$ 4,500.00	\$ 56,000.00
2011-9	Site Remediation and/or Environmental Investigations	12/20/12	12/14/15	12/13/16	0.84%	76,000.00		2,625.00	73,375.00
2011-13	Acquisition of Capital Equipment and the Completion of Capital Projects	12/20/12	12/14/15	12/13/16	0.84%	13,000.00		875.00	12,125.00
2012-9	Various Redevelopment Area Improvements	12/20/12	12/14/15	12/13/16	0.84%	60,000.00		2,100.00	57,900.00
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	12/20/12	12/14/15	12/13/16	0.84%	116,000.00		7,850.00	108,150.00
2012-9	Various Redevelopment Area Improvements	12/18/13	12/14/15	12/13/16	0.84%	40,000.00			40,000.00
2012-14	Acquisition of Capital Equipment and the Completion of Capital Projects	12/18/13	12/14/15	12/13/16	0.84%	44,000.00			44,000.00
2013-9	Acquisition of Capital Equipment and the Completion of Capital Projects	12/18/13	12/14/15	12/13/16	0.84%	190,000.00			190,000.00
2014-8	Acquisition of Capital Equipment and the Completion of Capital Projects	12/16/14	12/14/15	12/13/16	0.84%	240,000.00			240,000.00
2015-6	Acquisition of a Fire Truck	12/14/15	12/14/15	12/13/16	0.84%		\$ 522,500.00		522,500.00
2015-17	Redevelopment Area Improvements	12/14/15	12/14/15	12/13/16	0.84%		75,000.00		75,000.00
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects	12/14/15	12/14/15	12/13/16	0.84%		272,000.00		272,000.00
						<u>\$ 839,500.00</u>	<u>\$ 869,500.00</u>	<u>\$ 17,950.00</u>	<u>\$ 1,691,050.00</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, 2014	Decreased	Balance Dec. 31, 2015
			Principal	Interest				
01/20/04	Various Capital Improvements	20 years	\$ 1,610,000.00	\$ 608,355.63	1% to 5.99%	\$ 665,000.00	\$ 60,000.00	\$ 605,000.00
Ref.						C		C

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2014	Authorization	Issued	Balance Dec. 31, 2015
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	2,725.00			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
2015-6	Acquisition of a Fire Truck		\$ 522,500.00	\$ 522,500.00	
2015-17	Redevelopment Area Improvements		100,000.00	75,000.00	25,000.00
2015-18	Acquisition of Capital Equipment and the Completion of Capital Projects		274,455.00	272,000.00	2,455.00
		<u>\$ 13,077.00</u>	<u>\$ 896,955.00</u>	<u>\$ 869,500.00</u>	<u>\$ 40,532.00</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, 2014	D	<u>\$ 1,056,184.16</u>	<u>\$ 662,715.71</u>	<u>\$ 79,118.28</u>
Increased by:				
Consumer Accounts Receivable	D-7	2,253,315.25		
Water and Sewer Liens Receivable	D-8	2,304.68		
Connection Fees	D-3	90,387.12		
Miscellaneous Revenues	D-3	58,288.55	1,570.97	206.99
Budget Appropriation:				
Capital Improvement Fund	D-13		20,000.00	
Bond Anticipation Notes	D-18		56,250.00	
NJEIT Loan Receivable	D-6		1,426,254.00	
Refund	D-6		18,275.00	
Utility Rent Overpayments		4,436.50		
Escrow Deposits				3,216.90
Due Current Fund		100.00		
Due Utility Escrow Trust Fund	D-5	207.50		
Due Utility Capital Fund	D-5	1,644.30		
		<u>2,410,683.90</u>	<u>1,522,349.97</u>	<u>3,423.89</u>
		<u>3,466,868.06</u>	<u>2,185,065.68</u>	<u>82,542.17</u>
Decreased by:				
Budget Appropriations	D-4	2,111,521.49		
Appropriation Reserves	D-11	80,521.09		
Encumbrances Payable	D-12	99,110.93	1,697,545.75	
Accrued Interest Paid	D-14	109,632.49		
Improvement Authorizations	D-16		87,060.03	
Utility Rent Overpayments		959.00		
Escrow Fees				11,278.96
Due Utility Operating Fund	D-5		1,644.30	207.50
		<u>2,401,745.00</u>	<u>1,786,250.08</u>	<u>11,486.46</u>
Balance December 31, 2015	D	<u><u>\$ 1,065,123.06</u></u>	<u><u>\$ 398,815.60</u></u>	<u><u>\$ 71,055.71</u></u>

ANALYSIS OF WATER AND SEWER UTILITY CAPITAL FUND CASH

		Receipts				Disbursements					
		Balance	Budget	Bond	NJEIT		Improvement	Miscellaneous	Transfers		Balance
		Dec. 31, 2014	Appropriation	Anticipation	Loan	Miscellaneous	Authorizations		From	To	Dec. 31, 2015
				Notes							
Fund Balance		\$ 24,872.91									\$ 24,872.91
Capital Improvement Fund		82,082.83	\$ 20,000.00						\$ 93,345.00	\$ 18,275.00	27,012.83
Encumbrances Payable		1,915,949.18						\$ 1,697,545.75		34,951.00	253,354.43
Due Utility Operating Fund		174.46				\$ 1,570.97		1,644.30			101.13
NJEIT Loan Receivable		(1,486,086.00)			\$ 1,426,254.00						(59,832.00)
Preliminary Expenses:											
Engineering USDA						18,275.00			18,275.00		
Engineering Water Tower									34,345.00	34,345.00	
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	42,909.85					\$ 18,444.30				24,465.55
	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	1,048.81									1,048.81
2013-03	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	12,090.00					6,867.00				5,223.00
2014-07	Acquisition of Water and Sewer Utility Truck	6,511.20					4,438.25				2,072.95
2015-12	Various Improvements to the Sewer Collection										
	System at the Manhole in the Intersection of Poe										
	Avenue and Bernard Street						32,686.88			33,000.00	313.12
2015-16	Replacement Mains - Roosevelt & Thomas						24,623.60		606.00	26,000.00	770.40
2015-19	Various Water & Sewer Utility Improvements			\$ 56,250.00							56,250.00
		\$ 662,715.71	\$ 20,000.00	\$ 56,250.00	\$ 1,426,254.00	\$ 19,845.97	\$ 87,060.03	\$ 1,699,190.05	\$ 146,571.00	\$ 146,571.00	\$ 398,815.60
Ref.	D	D-5	D-18	D-5	D-5	D-5	D-16	D-5			D

EXHIBIT D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2014	Ref. D	\$ 112,886.49
Increased by:		
Utility Rents Levied		2,249,363.87
		<u>2,362,250.36</u>
Decreased by:		
Collections	D-5	2,253,315.25
Overpayments Applied	D-3	3,587.08
Transfer to Liens	D-8	3,795.01
		<u>2,260,697.34</u>
Balance December 31, 2015	D	<u><u>\$ 101,553.02</u></u>

EXHIBIT D-8

SCHEDULE OF UTILITY LIENS RECEIVABLE

Balance December 31, 2014	Ref. D	\$ 5,323.81
Increased by:		
Transfer from Consumer Accounts Receivable	D-7	3,795.01
Interest and Costs on Sale		419.96
		<u>4,214.97</u>
		<u>9,538.78</u>
Decreased by:		
Collections	D-5	2,304.68
Foreclosed	A-9	5,186.81
		<u>7,491.49</u>
Balance December 31, 2015	D	<u><u>\$ 2,047.29</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2014	Additions Capital Outlay	Ordinance	Balance Dec. 31, 2015
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	234,149.63			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		\$ 25,229.60	673,702.59
Service Pipes and Stops	521,835.91			521,835.91
Meters and Meter Boxes	625,115.29	\$ 56,521.00		681,636.29
Fire Hydrants	29,695.57			29,695.57
Frame Dwellings and General Structures	19,066.35			19,066.35
General Equipment	510,667.30	9,265.00	80.19	520,012.49
Organization Expenses	1,000.00			1,000.00
Autos and Trucks	328,736.00		34,926.25	363,662.25
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		32,686.88	1,213,093.37
Booster Station	331,924.94			331,924.94
Water Tower Ladders/Roof Vent	119,981.00			119,981.00
Hagelstein Treatment Plant Access			14,402.61	14,402.61
	<u>\$ 10,678,311.31</u>	<u>\$ 65,786.00</u>	<u>\$ 107,325.53</u>	<u>\$ 10,851,422.84</u>
Ref.	D		D-10	D
Current Year Budget - Encumbered	D-4	\$ 54,955.00		
Current Year Budget - Other Expenses		9,265.00		
Appropriation Reserves	D-11	1,566.00		
		<u>\$ 65,786.00</u>		

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	Authorization	Costs to	Transfer	Balance
		Date	Amount	Dec. 31, 2014		Fixed Capital		Dec. 31, 2015
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)	
2010-15	Preliminary Costs for New Water Tower	09/09/10	500,000.00	500,000.00				500,000.00
2011-14	Various Capital Equipment	08/11/11	52,274.58				52,274.58	52,274.58
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	30,000.00		14,402.61		15,597.39
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		34,926.25		2,073.75
2015-12	Various Improvements to the Sewer Collection System at the Manhole in the Intersection of Poe Avenue and Bernard Street	08/13/15	33,000.00		\$ 33,000.00	32,686.88		313.12
2015-16	Replacement Mains - Roosevelt & Thomas	10/08/15	26,000.00		26,000.00	25,229.60		770.40
2015-19	Various Water & Sewer Utility Improvements	10/08/15	31,500.00		31,500.00			31,500.00
2015-19	Various Water & Sewer Utility Improvements	10/08/15	25,000.00		25,000.00			25,000.00
				<u>\$ 3,515,552.58</u>	<u>\$ 115,500.00</u>	<u>107,325.53</u>	<u>None</u>	<u>\$ 3,523,727.05</u>
Ref.				D	D-16	D-9		D

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salary & Wages	\$ 47,468.58	\$ 47,468.58	\$ 7,414.67	\$ 40,053.91
Other Expenses	256,344.54	256,344.54	70,956.21	185,388.33
Replacement of Water Meters	6,864.00	6,864.00	1,566.00	5,298.00
Social Security	2,896.15	2,896.15	584.21	2,311.94
Other Accounts - No Change	49,257.37	49,257.37		49,257.37
	<u>\$ 362,830.64</u>	<u>\$ 362,830.64</u>	<u>\$ 80,521.09</u>	<u>\$ 282,309.55</u>
Ref.	D		D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2014	D	\$ 99,110.93	\$ 1,915,949.18
Increased by:			
Charges to:			
Current Appropriations	D-4	69,372.76	
Preliminary Expenses			34,345.00
Improvement Authorizations	D-16		606.00
		<u>168,483.69</u>	<u>1,950,900.18</u>
Decreased by:			
Payments	D-5	99,110.93	1,697,545.75
Balance December 31, 2015	D	<u>\$ 69,372.76</u>	<u>\$ 253,354.43</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2014	Ref. D	\$ 82,082.83
Increased by:		
Budget Appropriation	D-5	20,000.00
Preliminary Expenses - Canceled		18,275.00
		<u>38,275.00</u>
		120,357.83
Decreased by:		
Appropriated to Finance Improvement Authorizations	D-16	59,000.00
Preliminary Expenses		34,345.00
		<u>93,345.00</u>
Balance December 31, 2015	D	<u><u>\$ 27,012.83</u></u>

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

	Ref.	NJEIT Loans	USDA Loans	Notes	Bonds
Balance December 31, 2014	D	\$ 9,573.46	\$ 244.40	\$ 186.25	\$ 16,504.50
Increased by:					
Budget Appropriation for:					
Interest on Bonds and Notes	D-4	22,719.28	17,770.77	4,587.31	61,175.20
		32,292.74	18,015.17	4,773.56	77,679.70
Decreased by:					
Interest Paid	D-5	22,976.30	17,774.45	4,519.23	64,362.51
Balance December 31, 2015	D	\$ 9,316.44	\$ 240.72	\$ 254.33	\$ 13,317.19

Analysis of Accrued Interest December 31, 2015

Principal Outstanding Dec. 31, 2015	Interest Rate	From	To	Period	Amount
\$ 30,000.00	5.000%	10/01/2015	12/31/2015	3 Months	\$ 375.00
69,000.00	5.000%	10/01/2015	12/31/2015	3 Months	862.50
475,000.00	5.625%	10/01/2015	12/31/2015	3 Months	6,679.69
480,000.00	Varies	10/01/2015	12/31/2015	3 Months	5,400.00
<u>\$ 1,054,000.00</u>					<u>\$ 13,317.19</u>
USDA					
\$ 585,754.24	3.000%	12/27/2015	12/31/2015	5 days	\$ 240.72
NJEIT					
\$ 485,000.00	3%-5%	8/1/2015	12/31/2015	5 Months	\$ 7,617.19
1,412,008.48	0.000%	8/1/2015	12/31/2015	5 Months	
176,081.00	2%-3.35%	8/1/2015	12/31/2015	5 Months	1,699.25
506,593.23	0.000%	8/1/2015	12/31/2015	5 Months	
<u>\$ 2,579,682.71</u>					<u>\$ 9,316.44</u>
Notes					
\$ 613,950.00	0.840%	12/14/2015	12/31/2015	18 days	\$ 254.33

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2014	Fixed Capital Authorized	To Reserve for Amortization	Balance Dec. 31, 2015
11-05	Brown Lane Pump Station & Well 3	07/14/06	\$ 5,149.00			\$ 5,149.00
2015-12	Various Improvements to the Sewer Collection System at the Manhole in the Intersection of Poe Avenue and Bernard Street	08/13/15		\$ 33,000.00	\$ 32,686.88	313.12
2015-16	Replacement Mains - Roosevelt & Thomas	10/08/15		26,000.00	25,229.60	770.40
			<u>\$ 5,149.00</u>	<u>\$ 59,000.00</u>	<u>\$ 57,916.48</u>	<u>\$ 6,232.52</u>
		Ref.	D	D-10		D

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2014		Authorization	Paid or Charged	Encumbered	Balance Dec. 31, 2015	
				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		\$ 42,909.85		\$ 18,444.30			\$ 24,465.55
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		1,048.81					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		116,340.00		6,867.00			109,473.00
2014-7	Acquisition of Water and Sewer Utility Truck	06/12/14	37,000.00		6,511.20		4,438.25			2,072.95
2015-12	Various Improvements to the Sewer Collection System at the Manhole in the Intersection of Poe Avenue and Bernard Street	08/13/15	33,000.00			\$ 33,000.00	32,686.88		313.12	
2015-16	Replacement Mains - Roosevelt & Thomas	10/08/15	26,000.00			26,000.00	24,623.60	\$ 606.00	770.40	
2015-19	Various Water & Sewer Utility Improvements	10/08/15	56,500.00			56,500.00				56,500.00
				<u>\$ 57,565.08</u>	<u>\$ 182,507.25</u>	<u>\$ 115,500.00</u>	<u>\$ 87,060.03</u>	<u>\$ 606.00</u>	<u>\$ 58,648.60</u>	<u>\$ 209,257.70</u>
	Ref.			D	D		D-5	D-12	D	D
	Capital Improvement Fund				Ref.	\$ 59,000.00				
	Deferred Charges to Future Revenue				D-13	56,500.00				
					D-20	<u>\$ 115,500.00</u>				

SCHEDULE OF WATER AND SEWER CAPITAL SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
04/01/77	Improvements to In-Town Water Supply	\$ 500,000.00	4/1/16-17	\$ 15,000.00	5.00%	\$ 45,000.00	\$ 15,000.00	\$ 30,000.00
06/01/77	Industrial Park - Water System	87,000.00	12/1/15	3,000.00	5.00%	3,000.00	3,000.00	
10/01/79	Improvements to In-Town Water Supply	571,000.00	4/1/16-18 4/1/19	17,000.00 18,000.00	5.00%	86,000.00	17,000.00	69,000.00
10/01/99	Construction of Wells 3 & 6 and Related Improvements	1,730,000.00	10/1/16-18 10/1/19	120,000.00 115,000.00	5.625%	595,000.00	120,000.00	475,000.00
04/01/08	Water and Sewer Improvements	810,000.00	4/1/16 4/1/17 4/1/18-21	80,000.00 80,000.00 80,000.00	4.500% 4.750% 5.000%	555,000.00	75,000.00	480,000.00
						<u>\$ 1,284,000.00</u>	<u>\$ 230,000.00</u>	<u>\$ 1,054,000.00</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, 2014	Increased	Decreased	Balance Dec. 31, 2015
2010-15	Preliminary Costs for New Water Tower	12/28/10	12/14/15	12/13/16	0.84%	\$ 302,000.00		\$ 4,000.00	\$ 298,000.00
2010-15	Preliminary Costs for New Water Tower	12/22/11	12/14/15	12/13/16	0.84%	187,500.00		2,500.00	185,000.00
2012-13	Acquisition of a Camera for the Sewer Lines	12/20/12	12/14/15	12/13/16	0.84%	20,000.00		2,300.00	17,700.00
2013-10	Restoration of Hagelstein Drive	12/18//13	12/14/15	12/13/16	0.84%	20,000.00			20,000.00
2014-7	Acquisition of Water and Sewer Utility Truck	12/16/14	12/14/15	12/13/16	0.84%	37,000.00			37,000.00
2015-19	Various Water & Sewer Utility Improvements	12/14/15	12/14/15	12/13/16	0.84%		\$ 56,250.00		56,250.00
						<u>\$ 566,500.00</u>	<u>\$ 56,250.00</u>	<u>\$ 8,800.00</u>	<u>\$ 613,950.00</u>
					Ref.	D	D-5		D

SCHEDULE OF LOANS PAYABLE

Ordinance Number	Purpose	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
USDA				
2009-14	Rehabilitation of Well #5 and Well #6 and			
2009-16	Installation of Water System Booster System	\$ 594,701.79	\$ 8,947.55	\$ 585,754.24
NJEIT				
2013-11	Construction of an Elevated Water Storage Tank	505,000.00	20,000.00	485,000.00
2013-11	Construction of an Elevated Water Storage Tank	1,490,453.39	78,444.91	1,412,008.48
2013-11	Construction of an Elevated Water Storage Tank	184,500.00	8,419.00	176,081.00
2013-11	Construction of an Elevated Water Storage Tank	534,737.29	28,144.06	506,593.23
		2,714,690.68	135,007.97	2,579,682.71
		\$ 3,309,392.47	\$ 143,955.52	\$ 3,165,436.95
		D		D

Principal Forgiveness	\$ 18,762.72
USDA Principal	8,947.55
NJEIT Principal	116,245.25
	\$ 143,955.52

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2014	Authorized	Notes Issued	Balance Dec. 31, 2015
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	104,250.00			104,250.00
2015-19	Various Water & Sewer Utility Improvements		\$ 56,500.00	\$ 56,250.00	250.00
		<u>\$ 114,350.00</u>	<u>\$ 56,500.00</u>	<u>\$ 56,250.00</u>	<u>\$ 114,600.00</u>
	Ref.		D-16	D-18	

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015

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:

Rescue Pumper	Solid Waste & Recycling
Wireless Read Meters	Reconstruction Jerry's Avenue
Water Main	Water Main Parts

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, 2015, 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 23, 2015, 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>
2015	16
2014	13
2013	27
2012	35
2011	29

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

	2015	2014	2013	2012
Tax Rate	3.6200	3.4940	3.3700	5.3680
Apportionment of Tax Rate				
Municipal	0.9920	0.9590	0.9250	1.4010
County	0.6090	0.5960	0.5860	0.9050
County Library	0.0460	0.0470	0.0450	0.0750
County Open Space	0.0410	0.0420	0.0430	0.0710
Local School	1.9320	1.8500	1.7710	2.9160
Assessed Valuation	462,301,967	462,625,439	466,000,228	285,803,262

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.

	2015	2014	2013	2012
Tax Levy	\$16,831,782.35	\$16,254,563.76	\$15,721,772.15	\$15,394,425.68
Cash Collections	16,406,427.40	15,538,317.60	15,071,054.16	14,786,480.71
Percentage of Collections	97.47%	95.59%	95.86%	96.05%

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.

	2015	2014	2013	2012
Amount of Tax Title Liens	\$ 30,775.47	\$ 118,130.85	\$ 235,121.39	\$ 228,205.40
Delinquent Taxes	362,138.73	596,689.25	531,960.38	435,578.36
Total Delinquent	\$ 392,914.20	\$ 714,820.10	\$ 767,081.77	\$ 663,783.76
Percentage of Tax Levy	2.33%	4.40%	4.88%	4.41%

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:

	2015	2014	2013	2012
Property Acquired for Taxes (Assessed Valuation)	1,119,500	856,500	377,100	377,100

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

	2015	2014	2013	2012
Vacant	10,480,800	11,952,300	13,299,600	6,201,500
Residential	394,604,900	392,213,400	392,831,800	246,957,400
Farm Regular	2,009,900	1,961,700	2,824,500	1,593,800
Farm Qualified	299,100	276,900	361,200	518,062
Commercial	28,889,300	29,976,300	29,108,900	13,779,800
Industrial	11,604,100	11,951,200	12,275,400	9,921,000
Apartment	13,254,700	13,174,700	14,141,900	6,222,700
	461,142,800	461,506,500	464,843,300	285,194,262
Telephone	1,159,167	1,118,939	1,156,928	609,000
Net Valuation Taxable	462,301,967	462,625,439	466,000,228	285,803,262
Assessed Value to True Value	101.08%	96.89%	95.88%	56.47%

TOP TAXPAYERS

	Taxable Assessed Valuation	
	2015	2014
Berk Cohen Associates	7,800,000	8,488,200
Aleris Light Gauge Products, Inc.	6,941,900	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
Verizon Communication Inc.	1,177,265	1,137,500
American Stores Company	1,125,200	
825 Delsea Drive C/O Robson Goldberg	1,105,000	
Fulton Bank	1,068,500	
	28,522,565	30,887,400

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	2015	2014	2013	2012
Balance January 1	\$ 118,210.30	\$ 126,299.19	\$ 204,475.85	\$ 190,211.86
Levy & Interest and Costs	2,249,783.83	2,192,210.90	2,057,181.79	2,070,799.06
Cash Collections	2,259,207.01	2,198,679.97	2,135,358.45	2,056,535.07
Percentage of Collections	95.41%	94.83%	94.42%	90.96%

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 2014 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