

Report of Audit

on the

Financial Statements

of the

Township of Clinton

in the

County of Hunterdon
New Jersey

for the

Year Ended
December 31, 2015

TOWNSHIP OF CLINTON

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TOWNSHIP OF CLINTON

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEARS ENDED DECEMBER 31, 2015 AND 2014



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Council
Township of Clinton
County of Hunterdon
Lebanon, New Jersey 08833

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Clinton, 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 individual funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's regulatory 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 regulatory 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 regulatory 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.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 Township of Clinton'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 Township of Clinton'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 regulatory 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 regulatory financial statements, the regulatory financial statements are prepared by the Township of Clinton 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 the various individual funds and account group of the Township of Clinton as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2015 and 2014, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Clinton's regulatory financial statements. The supplementary information and data and schedules of federal awards and state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory 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 and data and schedules of expenditures of federal awards and state financial assistance listed in the table of contents, are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2016 on our consideration of the Township of Clinton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Clinton's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 6, 2016

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CURRENT FUND

TOWNSHIP OF CLINTON

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2015 | BALANCE DECEMBER 31, 2014 |
|--|-------------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Cash | A-4 | \$ 1,953,858.12 | \$ 5,256,899.85 |
| Change Fund | A-6 | 380.00 | 380.00 |
| Due State of New Jersey - Senior Citizens and Veterans | A-7 | 10,353.33 | 10,876.62 |
| | | <u>\$ 1,964,591.45</u> | <u>\$ 5,268,156.47</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-8 | \$ 454,610.27 | \$ 575,937.99 |
| Tax Title Liens Receivable | A-9 | 28,110.47 | 20,132.73 |
| Interfunds Receivable | A-12 | 4,315.21 | 1,646.90 |
| Prepaid School Tax | A-27 | 1,319,790.60 | 1,003,130.00 |
| Property Acquired for Taxes - Assessed Valuation | A-10 | 165,000.00 | 165,000.00 |
| | A | <u>\$ 1,971,826.55</u> | <u>\$ 1,765,847.62</u> |
| | | <u>\$ 3,936,418.00</u> | <u>\$ 7,034,004.09</u> |
| Grant Fund: | | | |
| Cash | A-4 | \$ 70,752.06 | \$ 70,350.88 |
| Grants Receivable | A-30 | 217,300.60 | 213,229.02 |
| Due Current Fund | A-21 | | 4,716.46 |
| | | <u>\$ 288,052.66</u> | <u>\$ 288,296.36</u> |
| | | <u>\$ 4,224,470.66</u> | <u>\$ 7,322,300.45</u> |

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

TOWNSHIP OF CLINTON

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER <u>31, 2015</u> | BALANCE DECEMBER <u>31, 2014</u> |
|--|-------------|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Appropriation Reserves | A-3:A-14 | \$ 338,827.40 | \$ 243,590.11 |
| Prepaid Taxes | A-18 | 288,519.82 | 223,633.77 |
| Accounts Payable | A-11 | 136,846.36 | 184,162.55 |
| Tax Overpayments | A-17 | 145,902.23 | 166,121.72 |
| Reserve For: | | | |
| Prepaid Revenue | A-15 | 5,750.00 | 6,550.00 |
| Gypsy Moth Spraying | A-25 | 4,366.29 | 4,366.29 |
| Accumulated Absences | A-19 | 6,331.12 | 1,331.12 |
| Credit Card Fees | A-22 | 2,978.46 | 527.62 |
| Due State of New Jersey - Construction Code Official | A-20 | | 17,985.00 |
| Due State of New Jersey - Marriage Licenses | A-31 | | 225.00 |
| Interfunds Payable | A-12 | 105,493.53 | 3,015,783.88 |
| County Taxes Payable | A-26 | 9,516.96 | 11,644.81 |
| Regional District School Taxes Payable | A-29 | 70,837.99 | 4,903.00 |
| | | <u>\$ 1,115,370.16</u> | <u>\$ 3,880,824.87</u> |
| Reserve for Receivables and Other Assets | A | 1,971,826.55 | 1,765,847.62 |
| Fund Balance | A-1 | <u>849,221.29</u> | <u>1,387,331.60</u> |
| | | <u>\$ 3,936,418.00</u> | <u>\$ 7,034,004.09</u> |
| Grant Fund: | | | |
| Reserve for Grants - Unappropriated | A-24 | \$ | \$ 19,712.36 |
| Reserve for Grants - Appropriated | A-23 | 285,424.27 | 266,392.00 |
| Reserve for Accounts Payable | A-16 | <u>2,628.39</u> | <u>2,192.00</u> |
| | | <u>\$ 288,052.66</u> | <u>\$ 288,296.36</u> |
| | | <u>\$ 4,224,470.66</u> | <u>\$ 7,322,300.45</u> |

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

TOWNSHIP OF CLINTON

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

| | REF. | YEAR ENDED DECEMBER 31, 2015 | YEAR ENDED DECEMBER 31, 2014 |
|---|---------|------------------------------------|------------------------------------|
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | |
| Fund Balance Utilized | A-1:A-2 | \$ 1,264,627.72 | \$ 2,309,500.00 |
| Miscellaneous Revenue Anticipated | A-2 | 3,524,103.88 | 2,514,245.86 |
| Receipts From Delinquent Taxes | A-2 | 571,043.26 | 543,944.91 |
| Receipts From Current Taxes | A-2 | 54,401,331.60 | 52,682,663.23 |
| Non-Budget Revenue | A-2 | 133,375.86 | 54,916.62 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-14 | 147,587.31 | 87,958.22 |
| Accounts Payable Canceled | A-11 | 43,025.47 | |
| Interfunds Returned | | | 1,370.07 |
| <u>TOTAL REVENUE AND OTHER INCOME</u> | | <u>\$ 60,085,095.10</u> | <u>\$ 58,194,598.91</u> |
| <u>EXPENDITURES</u> | | | |
| Budget and Emergency Appropriations: | | | |
| Operations Within "CAPS" | A-3 | \$ 7,320,401.00 | \$ 7,176,266.82 |
| Deferred Charges and Statutory Expenditures - Municipal | A-3 | 1,207,898.00 | 1,014,591.00 |
| Other Operations Excluded From "CAPS" | A-3 | 312,286.00 | 289,067.39 |
| State and Federal Programs Off-Set by Revenue | A-3 | 103,664.08 | 73,062.50 |
| Municipal Debt Service | A-3 | 1,878,226.10 | 1,782,700.10 |
| Capital Improvements | A-3 | 38,300.00 | 57,000.00 |
| Open Space Tax | A-28 | 430,383.01 | 436,693.94 |
| County Tax | A-26 | 8,314,007.63 | 8,018,746.78 |
| County Share of Added Taxes | A-26 | 9,516.96 | 11,644.81 |
| Local District School Tax | A-27 | 24,039,760.00 | 23,733,866.00 |
| Regional District School Tax | A-29 | 14,381,676.00 | 13,549,806.00 |
| Interfunds Advanced | | 2,668.31 | |
| Refund of Prior Revenue | | | 18,541.77 |
| Prepaid School Tax | | 1,319,790.60 | 969,551.00 |
| <u>TOTAL EXPENDITURES</u> | | <u>\$ 59,358,577.69</u> | <u>\$ 57,131,538.11</u> |
| Excess in Revenue | | \$ 726,517.41 | \$ 1,063,060.80 |
| Fund Balance, January 1 | A | \$ 1,387,331.60 | \$ 2,633,770.80 |
| | | \$ 2,113,849.01 | \$ 3,696,831.60 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1:A-2 | 1,264,627.72 | 2,309,500.00 |
| Fund Balance, December 31 | A | <u>\$ 849,221.29</u> | <u>\$ 1,387,331.60</u> |

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

TOWNSHIP OF CLINTON

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

| | REF. | BUDGET | ANTICIPATED NJS 40A: 4-87 | REALIZED | EXCESS OR (DEFICIT) |
|--|---------|------------------|------------------------------|------------------|---------------------------|
| Fund Balance Anticipated | A-1 | \$ 1,264,627.72 | | \$ 1,264,627.72 | |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-13 | \$ 25,500.00 | \$ | \$ 25,000.00 | \$ (500.00) |
| Fees and Permits: | | | | | |
| Construction Code Official | A-13 | 486,000.00 | | 454,197.00 | (31,803.00) |
| Other | A-2 | 44,000.00 | | 54,810.59 | 10,810.59 |
| Municipal Court: | | | | | |
| Fines and Costs | A-13 | 209,700.00 | | 224,395.67 | 14,695.67 |
| Interest and Costs on Taxes | A-13 | 143,000.00 | | 127,860.92 | (15,139.08) |
| Interest on Investments and Deposits | A-13 | 26,000.00 | | 15,922.23 | (10,077.77) |
| Energy Receipts Tax | A-13 | 962,102.00 | | 962,102.00 | |
| Garden State Trust Fund | A-13 | 28,137.00 | | 28,137.00 | |
| Host Community Tonnage Fees | A-13 | 74,800.00 | | 71,655.95 | (3,144.05) |
| Franchise Fee | A-13 | 14,366.66 | | 14,366.66 | |
| Court Rent | A-13 | 264,358.00 | | 260,879.50 | (3,478.50) |
| Discovery Fees | A-13 | 400.00 | | 226.45 | (173.55) |
| Recreation Trust | A-13 | 50,000.00 | | 50,000.00 | |
| Capital Fund Balance | A-13 | 30,000.00 | | 30,000.00 | |
| SRO Officer | A-13 | 30,000.00 | | 30,000.00 | |
| North Hunterdon Agreement | A-13 | 15,000.00 | | 17,755.83 | 2,755.83 |
| Open Space Trust-Maintenance of Land | A-13 | 50,000.00 | | 50,000.00 | |
| Prepaid School Tax | | 1,003,130.00 | | 1,003,130.00 | |
| Clean Community Act | A-30 | | 37,002.92 | 37,002.92 | |
| Alcohol Education Rehabilitation | A-30 | | 2,651.99 | 2,651.99 | |
| Drunk Driving Enforcement Fund | A-30 | 4,886.74 | 5,369.30 | 10,256.04 | |
| Distracted Driving Enforcement | A-30 | 5,000.00 | | 5,000.00 | |
| Click It or Ticket | A-30 | 4,000.00 | 3,904.30 | 7,904.30 | |
| Federal EMEA Grant | A-30 | | 5,000.00 | 5,000.00 | |
| NJ Highlands Grant | A-30 | | 8,000.00 | 8,000.00 | |
| Recycling Tonnage | A-30 | 13,272.28 | | 13,272.28 | |
| Body Armor Replacement Fund | A-30 | 2,440.08 | 2,436.47 | 4,876.55 | |
| Drive Sober or Get Pulled Over | A-30 | | 9,700.00 | 9,700.00 | |
| <u>Total Miscellaneous Revenues</u> | A-1 | \$ 3,486,092.76 | \$ 74,064.98 | \$ 3,524,103.88 | \$ (36,053.86) |
| Receipts From Delinquent Taxes | A-1:A-8 | \$ 556,390.62 | \$ | \$ 571,043.26 | \$ 14,652.64 |
| Amt. to be Raised by Taxes for Support of Municipal Budget: | | | | | |
| Local Tax for Municipal Purposes | A-2:A-8 | \$ 6,430,164.00 | \$ | \$ 6,975,988.00 | \$ 545,824.00 |
| <u>BUDGET TOTALS</u> | | \$ 11,737,275.10 | \$ 74,064.98 | \$ 12,335,762.86 | \$ 598,487.76 |
| Non-Budget Revenues | A-2 | | | \$ 133,375.86 | \$ 133,375.86 |
| | | \$ 11,737,275.10 | \$ 74,064.98 | \$ 12,469,138.72 | \$ 731,863.62 |
| | REF. | A-3 | A-3 | | |

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

TOWNSHIP OF CLINTON

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

REF.

ANALYSIS OF REALIZED REVENUE

| | | |
|--|---------|------------------------|
| Allocation of Current Tax Collections: | | |
| Revenue From Collections | A-1:A:8 | \$ 54,401,331.60 |
| Allocated To: | | |
| County Taxes | A-8 | \$ 8,323,524.59 |
| Local District School Taxes | A-8 | 25,079,760.00 |
| Regional District School Taxes | A-8 | 14,541,676.00 |
| Municipal Open Space | A-8 | <u>430,383.01</u> |
| Balance for Support of Municipal Budget Appropriations | | \$ 6,025,988.00 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>950,000.00</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | \$ <u>6,975,988.00</u> |
| Other - Fees and Permits: | | |
| Clerk | A-13 | \$ 8,437.71 |
| Board of Health | A-13 | 8,925.00 |
| Zoning Board | A-13 | 7,670.00 |
| Planning Board | A-13 | 6,273.46 |
| Tax Assessor | A-13 | 350.00 |
| Police | A-13 | 1,767.13 |
| Board of Adjustments | A-13 | 14,705.29 |
| Registrar | A-13 | <u>132.00</u> |
| | | \$ <u>48,260.59</u> |
| Prepaid Revenue Applied | A-15 | \$ <u>6,550.00</u> |
| | A-2 | \$ <u>54,810.59</u> |

ANALYSIS OF NON-BUDGET REVENUE

| | | |
|---|-------------|----------------------|
| Miscellaneous Revenue Not Anticipated: | | |
| Police Outside Overtime Administrative Fees | | \$ 10,800.00 |
| PILOT | | 10,286.18 |
| DMV Inspections | | 1,570.00 |
| Hotel Tax | | 261.75 |
| Insurance Reimbursement | | 13,828.00 |
| Sale of Scrap/Auction | | 15,809.10 |
| FEMA Aid | | 49,161.00 |
| Miscellaneous & Prior Year Refunds | | 30,094.83 |
| Senior Citizens and Veterans Administrative Fee | | <u>1,565.00</u> |
| <u>Total Non-Budget Revenue</u> | A-1:A-2:A-4 | \$ <u>133,375.86</u> |

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

TOWNSHIP OF CLINTON

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED |
|------------------------------------|----------------|------------------------------|--------------------|-----------|-----------------------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| Mayor and Council: | | | | | |
| Salaries and Wages | \$ 14,879.00 | \$ 14,879.00 | \$ 14,877.48 | \$ 1.52 | \$ |
| Other Expenses | 51,325.00 | 51,525.00 | 51,371.47 | 153.53 | |
| Clerk: | | | | | |
| Salaries and Wages | 196,016.00 | 196,016.00 | 183,240.00 | 12,776.00 | |
| Other Expenses | 33,500.00 | 33,500.00 | 24,975.95 | 8,524.05 | |
| Information Technology: | | | | | |
| Other Expenses | 52,100.00 | 52,100.00 | 31,520.55 | 20,579.45 | |
| Elections: | | | | | |
| Other Expenses | 8,000.00 | 8,000.00 | 7,468.57 | 531.43 | |
| Financial Administration: | | | | | |
| Salaries and Wages | 145,738.00 | 145,738.00 | 143,700.00 | 2,038.00 | |
| Other Expenses | 9,420.00 | 9,920.00 | 9,914.25 | 5.75 | |
| Audit | 28,800.00 | 28,225.00 | 28,225.00 | | |
| Tax Collector: | | | | | |
| Salaries and Wages | 108,500.00 | 108,500.00 | 108,498.96 | 1.04 | |
| Other Expenses | 10,000.00 | 10,700.00 | 10,574.18 | 125.82 | |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | 87,920.00 | 85,720.00 | 85,179.01 | 540.99 | |
| Other Expenses | 20,000.00 | 20,000.00 | 16,810.33 | 3,189.67 | |
| Legal Services: | | | | | |
| Other Expenses | 140,000.00 | 140,000.00 | 139,255.34 | 744.66 | |
| Engineering Services and Costs: | | | | | |
| Other Expenses | 65,000.00 | 65,000.00 | 62,418.91 | 2,581.09 | |
| Historical Commission: | | | | | |
| Other Expenses | 500.00 | 500.00 | | 500.00 | |
| Planning Board: | | | | | |
| Salaries and Wages | 50,200.00 | 47,762.50 | 41,462.01 | 6,300.49 | |
| Other Expenses | 26,100.00 | 26,100.00 | 25,881.39 | 218.61 | |
| Board of Adjustment: | | | | | |
| Other Expenses | 7,000.00 | 7,000.00 | 3,067.59 | 3,932.41 | |
| Zoning Officer: | | | | | |
| Salaries and Wages | 15,500.00 | 15,500.00 | 11,437.50 | 4,062.50 | |
| Other Expenses | 1,000.00 | 1,500.00 | 1,044.15 | 455.85 | |
| Open Space Commission: | | | | | |
| Other Expenses | 500.00 | 500.00 | 360.53 | 139.47 | |
| Police: | | | | | |
| Salaries and Wages | 2,721,997.00 | 2,721,997.00 | 2,698,674.96 | 23,322.04 | |
| Other Expenses | 110,000.00 | 110,000.00 | 108,403.64 | 1,596.36 | |
| Emergency Management Services: | | | | | |
| Other Expenses | 2,000.00 | 2,000.00 | 2,000.00 | | |
| Division of Fire Safety: | | | | | |
| Fire Hydrant Rental | 108,484.00 | 108,484.00 | 81,355.50 | 27,128.50 | |
| Miscellaneous Other Expenses | 79,500.00 | 79,500.00 | 75,810.95 | 3,689.05 | |
| Aid to Volunteer Fire Companies | 25,000.00 | 25,000.00 | 25,000.00 | | |
| Aid to Volunteer Aid Organizations | 97,500.00 | 97,500.00 | 97,500.00 | | |
| Streets and Road Maintenance: | | | | | |
| Salaries and Wages | 691,687.00 | 691,687.00 | 683,695.51 | 7,991.49 | |
| Other Expenses | 199,800.00 | 249,800.00 | 180,422.83 | 69,377.17 | |
| Community Service Act: | | | | | |
| Other Expenses | 30,000.00 | 30,000.00 | 26,364.51 | 3,635.49 | |
| Vehicle Maintenance: | | | | | |
| Other Expenses | 82,400.00 | 92,400.00 | 90,500.77 | 1,899.23 | |
| Building and Grounds: | | | | | |
| Other Expenses | 100,000.00 | 104,000.00 | 103,885.04 | 114.96 | |
| Environmental Commission: | | | | | |
| Other Expenses | 500.00 | 500.00 | 471.28 | 28.72 | |
| Board of Health: | | | | | |
| Salaries and Wages | 11,710.00 | 11,710.00 | 10,785.00 | 925.00 | |
| Other Expenses | 6,000.00 | 6,000.00 | 4,628.67 | 1,371.33 | |

TOWNSHIP OF CLINTON

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED |
|--|------------------------|------------------------------|------------------------|----------------------|-----------------------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| Insurance: | | | | | |
| General Liability | \$ 315,018.00 | \$ 315,018.00 | \$ 314,274.54 | \$ 743.46 | \$ |
| Medical Waiver | 27,900.00 | 27,900.00 | 25,391.12 | 2,508.88 | |
| Employee Group Health | 888,280.00 | 888,280.00 | 852,794.76 | 35,485.24 | |
| Unemployment | 5,000.00 | 5,000.00 | 5,000.00 | | |
| Recreation Commission: | | | | | |
| Salaries and Wages | 133,500.00 | 134,500.00 | 128,415.57 | 6,084.43 | |
| Other Expenses | 10,000.00 | 10,000.00 | 9,979.35 | 20.65 | |
| Construction Code Department: | | | | | |
| Salaries and Wages | 187,857.00 | 185,419.50 | 183,071.22 | 2,348.28 | |
| Other Expenses | 52,000.00 | 52,000.00 | 41,331.15 | 10,668.85 | |
| Municipal Court: | | | | | |
| Salaries and Wages | 217,500.00 | 217,500.00 | 210,649.38 | 6,850.62 | |
| Other Expenses | 22,700.00 | 22,700.00 | 22,071.78 | 628.22 | |
| Public Defender: | | | | | |
| Salaries and Wages | 10,506.00 | 10,856.00 | 10,850.00 | 6.00 | |
| Prosecutor: | | | | | |
| Salaries and Wages | 42,000.00 | 42,400.00 | 42,385.00 | 15.00 | |
| UNCLASSIFIED: | | | | | |
| Electricity | 68,000.00 | 68,000.00 | 56,770.73 | 11,229.27 | |
| Heating Oil | 100.00 | 100.00 | | 100.00 | |
| Natural Gas | 23,500.00 | 21,500.00 | 21,496.70 | 3.30 | |
| Telephone | 68,000.00 | 68,000.00 | 54,246.43 | 13,753.57 | |
| Gasoline | 170,000.00 | 120,000.00 | 95,702.39 | 24,297.61 | |
| Water | 2,000.00 | 2,000.00 | 1,697.58 | 302.42 | |
| Street Lighting | 14,000.00 | 14,000.00 | 10,978.74 | 3,021.26 | |
| Sewer Services | 4,320.00 | 4,320.00 | 4,320.00 | | |
| Reserve For Accumulated Absences | 5,000.00 | 5,000.00 | 5,000.00 | | |
| TOTAL OPERATIONS WITHIN "CAPS" | \$ 7,605,757.00 | \$ 7,613,757.00 | \$ 7,287,208.27 | \$ 326,548.73 | \$ |
| Contingent | \$ 100.00 | \$ 100.00 | | \$ 100.00 | \$ |
| TOTAL OPERATIONS INCLUDING CONTINGENT-WITHIN "CAPS" | \$ 7,605,857.00 | \$ 7,613,857.00 | \$ 7,287,208.27 | \$ 326,648.73 | \$ |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS" | | | | | |
| Public Employees Retirement System | \$ 234,031.00 | \$ 234,031.00 | \$ 234,031.00 | \$ | \$ |
| Social Security System (O.A.S.I) | 370,490.00 | 367,490.00 | 356,311.33 | 11,178.67 | |
| Police and Firemen's Retirement System | 500,377.00 | 500,377.00 | 500,377.00 | | |
| DCRP | 1,000.00 | 1,000.00 | | 1,000.00 | |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS" | \$ 1,105,898.00 | \$ 1,102,898.00 | \$ 1,090,719.33 | \$ 12,178.67 | \$ |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSE WITHIN "CAPS" | \$ 8,711,755.00 | \$ 8,716,755.00 | \$ 8,377,927.60 | \$ 338,827.40 | \$ |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES | | | | | |
| Clean Community Act (NJSA 40A:4-87 \$37,002.92) | \$ | \$ 37,002.92 | \$ 37,002.92 | \$ | \$ |
| Alcohol Education Rehabilitation (NJSA 40A:4-87 \$2,651.99) | | 2,651.99 | 2,651.99 | | |
| Drunk Driving Enforcement Fund (NJSA 40A:4-87 \$5,369.30) | 4,886.74 | 10,256.04 | 10,256.04 | | |
| Distracted Driving Enforcement - U Drive, U Text, U Pay | 5,000.00 | 5,000.00 | 5,000.00 | | |
| Click it or Ticket (NJSA 40A:4-87 \$3,904.30) | | 3,904.30 | 3,904.30 | | |
| Federal EMAA Grant (NJSA 40A:4-87 \$5,000.00) | | 5,000.00 | 5,000.00 | | |
| NJ Highlands Grant (NJSA 40A:4-87 \$8,000.00) | | 8,000.00 | 8,000.00 | | |
| Recycling Tonnage | 13,272.28 | 13,272.28 | 13,272.28 | | |
| Body Armor Replacement Fund (NJSA 40A:4-87 \$2,436.47) | 2,440.08 | 4,876.55 | 4,876.55 | | |
| Drive Sober or Get Pulled Over (NJSA 40A:4-87 \$9,700.00) | | 9,700.00 | 9,700.00 | | |
| Click It or Ticket | 4,000.00 | 4,000.00 | 4,000.00 | | |
| Matching Funds for Grants | 5,000.00 | | | | |
| TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES | \$ 34,599.10 | \$ 103,664.08 | \$ 103,664.08 | \$ | \$ |

TOWNSHIP OF CLINTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED |
|---|-------------------------|------------------------------|-------------------------|----------------------|-----------------------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>OTHER OPERATIONS - EXCLUDED FROM "CAPS"</u> | | | | | |
| Insurance: Health Benefits | \$ 18,830.00 | \$ 18,830.00 | \$ 18,830.00 | | \$ |
| <u>TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"</u> | <u>\$ 18,830.00</u> | <u>\$ 18,830.00</u> | <u>\$ 18,830.00</u> | | <u>\$</u> |
| <u>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</u> | <u>\$ 53,429.10</u> | <u>\$ 122,494.08</u> | <u>\$ 122,494.08</u> | | <u>\$</u> |
| <u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u> | | | | | |
| Capital Improvement Fund | \$ 38,300.00 | \$ 38,300.00 | 38,300.00 | | \$ |
| <u>TOTAL CAPITAL IMPROVEMENTS</u> | <u>\$ 38,300.00</u> | <u>\$ 38,300.00</u> | <u>\$ 38,300.00</u> | | <u>\$</u> |
| <u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u> | | | | | |
| Payment of Bond Principal | \$ 1,234,047.50 | \$ 1,234,047.50 | \$ 1,234,047.50 | | \$ |
| Payment of Note Principal | 219,000.00 | 219,000.00 | 219,000.00 | | |
| Interest on Bonds | 335,856.00 | 335,856.00 | 335,855.99 | | 0.01 |
| Interest on Notes | 89,362.50 | 89,362.50 | 88,866.03 | | 496.47 |
| W.W.T. Trust Loan - Interest Only | 525.00 | 525.00 | 456.58 | | 68.42 |
| <u>TOTAL DEBT SERVICE</u> | <u>\$ 1,878,791.00</u> | <u>\$ 1,878,791.00</u> | <u>\$ 1,878,226.10</u> | | <u>\$ 564.90</u> |
| <u>DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u> | | | | | |
| Deferred Charges to Future Taxation Unfunded: Ordinance 715-00 | \$ 105,000.00 | \$ 105,000.00 | \$ 105,000.00 | | \$ |
| <u>TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u> | <u>\$ 105,000.00</u> | <u>\$ 105,000.00</u> | <u>\$ 105,000.00</u> | | <u>\$</u> |
| <u>SUBTOTAL GENERAL APPROPRIATIONS</u> | <u>\$ 10,787,275.10</u> | <u>\$ 10,861,340.08</u> | <u>\$ 10,521,947.78</u> | <u>\$ 338,827.40</u> | <u>\$ 564.90</u> |
| <u>RESERVE FOR UNCOLLECTED TAXES</u> | <u>950,000.00</u> | <u>950,000.00</u> | <u>950,000.00</u> | | |
| <u>TOTAL GENERAL APPROPRIATIONS</u> | <u>\$ 11,737,275.10</u> | <u>\$ 11,811,340.08</u> | <u>\$ 11,471,947.78</u> | <u>\$ 338,827.40</u> | <u>\$ 564.90</u> |
| | REF. | A-2:A-3 | A-1:A-3 | A:A-1 | |
| Budget | A-3 | \$ 11,737,275.10 | | | |
| Amendment - NJSA 40A: 4-87 | A-2 | 74,064.98 | | | |
| | | <u>\$ 11,811,340.08</u> | | | |
| Reserve for Accounts Payable | A-11 | | \$ 103,572.56 | | |
| Reserve for Grants Appropriated | A-23 | | 103,664.08 | | |
| Reserve for Uncollected Taxes | A-2 | | 950,000.00 | | |
| Reserve for Accumulated Absences | A-19 | | 5,000.00 | | |
| Disbursements | A-4 | | 10,848,484.11 | | |
| | | | 12,010,720.75 | | |
| Less: Refunds | A-4 | | (538,772.97) | | |
| | A-3 | | <u>\$ 11,471,947.78</u> | | |

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TRUST FUND

"B"

TOWNSHIP OF CLINTON

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

| | REF. | BALANCE DECEMBER 31, 2015 | BALANCE DECEMBER 31, 2014 |
|---|---------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Assessment Fund: | | | |
| Cash | B-2:B-4 | \$ 31,388.39 | \$ 30,789.53 |
| Due Current | B-5 | | 570.07 |
| Assessments Receivable | B-3 | 15,399.83 | 23,380.81 |
| | B | <u>\$ 46,788.22</u> | <u>\$ 54,740.41</u> |
| Animal Control Fund: | | | |
| Cash | B-2 | \$ 21,138.40 | \$ 32,008.78 |
| | B | <u>\$ 21,138.40</u> | <u>\$ 32,008.78</u> |
| Other Funds: | | | |
| Cash | B-2 | \$ 3,207,946.88 | \$ 1,683,851.72 |
| Due Current Fund | B-8 | 493.53 | 679,461.41 |
| | B | <u>\$ 3,208,440.41</u> | <u>\$ 2,363,313.13</u> |
| | | <u>\$ 3,276,367.03</u> | <u>\$ 2,450,062.32</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Assessment Fund: | | | |
| Loans Payable | B-10 | \$ | \$ 10,000.00 |
| Due Current | B-5 | 2,047.81 | |
| Reserve for Assessments | B-9 | 15,399.83 | 13,380.81 |
| Assessment Overpayments | B-24 | 29.96 | 29.96 |
| Fund Balance | B-1 | 29,310.62 | 31,329.64 |
| | B | <u>\$ 46,788.22</u> | <u>\$ 54,740.41</u> |
| Animal Control Fund: | | | |
| Prepaid Dog Licenses | B-6 | \$ 3,924.00 | \$ |
| Accounts Payable | B-22 | 1.20 | |
| Reserve for Animal Control Expenditures | B-12 | 17,213.20 | 32,008.78 |
| | B | <u>\$ 21,138.40</u> | <u>\$ 32,008.78</u> |
| Other Funds: | | | |
| Reserves For: | | | |
| Various Deposits | B-11 | \$ 351,706.88 | \$ 426,541.23 |
| Recreation Deposits | B-20 | 50,315.65 | 123,351.83 |
| Balanced Housing Trust | B-7 | 1,738.69 | 1,738.69 |
| Unemployment Insurance Compensation | B-16 | 5,806.34 | 5,860.29 |
| Escrow Deposits | B-15 | 2,055,803.32 | 1,001,699.88 |
| Open Space Deposits | B-17 | 532,380.21 | 597,665.91 |
| COAH Deposits | B-14 | 4,972.91 | 32,694.91 |
| Payroll Deductions Payable | B-18 | 13,902.12 | 13,933.87 |
| Municipal Alliance | B-23 | 15,792.62 | 12,609.67 |
| Accounts Payable | B-19 | 173,754.27 | 145,569.95 |
| Due Current Fund | B-8 | 2,267.40 | 1,646.90 |
| | B | <u>\$ 3,208,440.41</u> | <u>\$ 2,363,313.13</u> |
| | | <u>\$ 3,276,367.03</u> | <u>\$ 2,450,062.32</u> |

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

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF ASSESSMENT FUND BALANCE - REGULATORY BASIS

| | <u>REF.</u> | <u>YEAR 2015</u> | <u>YEAR 2014</u> |
|------------------------------|-------------|----------------------------|----------------------------|
| Increased/(Decreased) by: | | | |
| Collections and Debt Payment | B-9 | \$ <u>(2,019.02)</u> | \$ <u>(2,018.70)</u> |
| Balance, January 1 | B | \$ <u>31,329.64</u> | \$ <u>33,348.34</u> |
| Balance, December 31 | B | \$ <u><u>29,310.62</u></u> | \$ <u><u>31,329.64</u></u> |

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

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GENERAL CAPITAL FUND

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2015 | BALANCE DECEMBER 31, 2014 |
|---|-------------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Cash | C-2:C-3 | \$ 1,462,958.92 | \$ 204.45 |
| Due Current Fund | C-6 | 105,000.00 | 2,331,035.94 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-5 | 10,928,011.14 | 12,528,829.61 |
| Unfunded | C-7 | 12,474,767.03 | 12,968,767.03 |
| | | \$ 24,970,737.09 | \$ 27,828,837.03 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds Payable | C-11 | \$ 10,370,000.00 | \$ 11,775,000.00 |
| Bond Anticipation Notes Payable | C-10 | 6,930,000.00 | 7,149,000.00 |
| Loans Payable | C-4 | 558,011.14 | 753,829.61 |
| Capital Improvement Fund | C-8 | 97,331.98 | 59,031.98 |
| Improvement Authorizations: | | | |
| Funded | C-9 | 557,897.70 | 586,866.59 |
| Unfunded | C-7:C-9 | 4,715,806.63 | 6,956,382.67 |
| Reserve for: | | | |
| Contracts Payable | C-12 | 1,662,685.96 | 487,816.70 |
| Fund Balance | C-1 | 79,003.68 | 60,909.48 |
| | | \$ 24,970,737.09 | \$ 27,828,837.03 |

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

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

| | <u>REF.</u> | <u>YEAR 2015</u> | <u>YEAR 2014</u> |
|-------------------------------------|-------------|----------------------------|----------------------------|
| Increased by: | | | |
| Premium on Sale of Notes | C-2 | \$ <u>48,094.20</u> | \$ <u>60,909.48</u> |
| Decreased by: | | | |
| Anticipated as Current Fund Revenue | C-2 | \$ <u>30,000.00</u> | \$ <u>30,420.00</u> |
| Increase/(Decrease) | | \$ <u>18,094.20</u> | \$ <u>30,489.48</u> |
| Balance, January 1 | C | \$ <u>60,909.48</u> | \$ <u>30,420.00</u> |
| Balance, December 31 | C | \$ <u><u>79,003.68</u></u> | \$ <u><u>60,909.48</u></u> |

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF CLINTON

STATEMENT OF GENERAL FIXED ASSETS

BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER 31, 2015 | BALANCE DECEMBER 31, 2014 |
|-------------------------------------|---------------------------------|---------------------------------|
| <u>FIXED ASSETS</u> | | |
| Land | \$ 21,670,400.00 | \$ 21,670,400.00 |
| Buildings | 7,238,500.00 | 7,238,500.00 |
| Machinery and Equipment | <u>7,253,678.00</u> | <u>7,110,017.00</u> |
| <u>TOTAL FIXED ASSETS</u> | <u>\$ 36,162,578.00</u> | <u>\$ 36,018,917.00</u> |
| <u>RESERVE</u> | | |
| Investments in General Fixed Assets | <u>\$ 36,162,578.00</u> | <u>\$ 36,018,917.00</u> |

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF CLINTON

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Clinton is an instrumentality of the State of New Jersey established to function as a municipality. The Township Council consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Clinton include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Clinton, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Clinton do not include the operations of the first aid squad, volunteer fire companies, or the local and regional school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Clinton 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 financial transactions and accounts of the Township of Clinton are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose of 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.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities except for amounts which may be 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 indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit.

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. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Township has developed a fixed assets accounting and reporting system based on an inventory of all Township assets. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Township's most recent property revaluation. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012 the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013 GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks and certificates of deposit, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental until.

The Township of Clinton had the following cash and cash equivalents at December 31, 2015:

| <u>Fund</u> | <u>Cash In Bank</u> | <u>Reconciling Items</u> | <u>Total</u> |
|--------------------------------|-------------------------|------------------------------|------------------------|
| Current Fund | \$ 2,289,086.11 | \$ (335,227.99) | \$ 1,953,858.12 |
| Grant Fund | 77,301.15 | (6,549.09) | 70,752.06 |
| Assessment Trust Fund | 31,393.73 | (5.34) | 31,388.39 |
| Animal Control Trust Fund | 22,141.76 | (1,003.36) | 21,138.40 |
| Other Trust Fund | 3,199,614.46 | 8,332.42 | 3,207,946.88 |
| General Capital Fund | <u>1,671,680.10</u> | <u>(208,721.18)</u> | <u>1,462,958.92</u> |
| <u>Total December 31, 2015</u> | <u>\$ 7,291,217.31</u> | <u>\$ (543,174.54)</u> | <u>\$ 6,748,042.77</u> |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2015, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash balance in the bank, \$270,114.57 was covered by Federal Depository Insurance and \$7,021,102.74 was covered by NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- 8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Based upon the limitation set forth by New Jersey Statutes 40A:55.1 and existing investment practices, the Township is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

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 0.984%.

| | <u>GROSS DEBT</u> | <u>DEDUCTIONS</u> | <u>NET DEBT</u> |
|-------------------------------|-------------------------|-------------------------|-------------------------|
| Local School District Debt | \$ 29,370,879.00 | \$ 29,370,879.00 | \$ |
| Regional School District Debt | 406,745.16 | 406,745.16 | |
| General Debt | <u>23,742,778.53</u> | <u>1,923,832.00</u> | <u>21,818,946.53</u> |
| | <u>\$ 53,520,402.69</u> | <u>\$ 31,701,456.16</u> | <u>\$ 21,818,946.53</u> |

NET DEBT \$21,818,946.53 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$2,218,167,378.67 EQUALS 0.984%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|--------------------------------|--------------------------------|--------------------------------|
| Issued: | | | |
| Bonds, Loans, Notes: | | | |
| General | \$ 17,858,011.50 | \$ 19,677,829.97 | \$ 20,070,790.05 |
| Assessment | <u>0.00</u> | <u>10,000.00</u> | <u>30,000.00</u> |
| Total Issued | \$ <u>17,858,011.50</u> | \$ <u>19,687,829.97</u> | \$ <u>20,090,790.05</u> |
| Authorized But Not Issued: | | | |
| Bonds and Notes: | | | |
| General | \$ <u>5,884,767.03</u> | \$ <u>5,819,767.03</u> | \$ <u>7,133,767.03</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | \$ <u>23,742,778.53</u> | \$ <u>25,507,597.00</u> | \$ <u>27,224,557.08</u> |
| Less: | | | |
| Debt to be Paid By Open Space | \$ <u>1,923,832.00</u> | \$ <u>2,290,602.97</u> | \$ <u>2,668,117.05</u> |
| Net Debt Issued and Authorized But Not Issued | \$ <u><u>21,818,946.53</u></u> | \$ <u><u>23,216,994.03</u></u> | \$ <u><u>24,556,440.03</u></u> |

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

| | |
|--|--------------------------------|
| Equalized Valuation Basis* - December 31, 2015 | \$ <u>2,218,167,378.67</u> |
| 3-1/2 of Equalized Valuation Basis (Municipal) | \$ 77,635,858.25 |
| Net Debt | <u>21,818,946.53</u> |
| Remaining Borrowing Power | \$ <u><u>55,816,911.72</u></u> |

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Township of Clinton for the last three (3) preceding years.

NOTE 3: LONG-TERM DEBT (CONTINUED)

General Serial Bonds:

| | |
|--|-------------------------|
| \$2,245,000.00 of 2013 Refunding Bonds due in annual installments of \$340,000.00 to \$415,000.00 through July 2019 at an interest rate of 3%. | \$ 1,550,000.00 |
| \$8,000,000.00 of 2009 General Obligation Bonds due in annual installments of \$400,000.00 to \$800,000.00 through January 2022 at a variable interest rate of 2.25% to 3.75%. | 5,025,000.00 |
| \$5,295,000.00 of 2011 Refunding Bonds due in annual installments of \$35,000.00 to \$595,000.00 through July 2022 at variable interest rates of 2% to 5%. | <u>3,795,000.00</u> |
| | \$ <u>10,370,000.00</u> |

Green Acres Trust Loans:

| | |
|--|----------------------|
| \$364,340.24 of 2011 Green Acres Trust Loan due in semi-annual installments of \$16,546.63 to \$19,990.13 through July 2021 at an interest rate of 2.0%. | \$ 227,240.34 |
| \$2,250,000.00 of 1995 Green Acres Trust Loan due in semi-annual installments of \$68,104.21 to \$83,931.08 through August 2017 at an interest rate of 1.0%. | <u>330,771.16</u> |
| | \$ <u>558,011.50</u> |

NOTE 3: LONG-TERM DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2015, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund \$5,544,767.03

SCHEDULE OF GREEN ACRES TRUST LOANS PAYABLE
AS OF DECEMBER 31, 2015

| <u>YEAR</u> | <u>2002 LOANS</u> | | <u>2011 LOANS</u> | | <u>TOTAL</u> |
|-------------|----------------------|--------------------|----------------------|---------------------|----------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | |
| 2016 | \$ 163,739.99 | \$ 5,800.79 | \$ 36,014.43 | \$ 4,365.63 | \$ 209,920.84 |
| 2017 | 167,031.17 | 2,509.62 | 36,738.32 | 3,641.74 | 209,920.85 |
| 2018 | | | 37,476.75 | 2,903.30 | 40,380.05 |
| 2019 | | | 38,230.04 | 2,150.02 | 40,380.06 |
| 2020 | | | 38,998.46 | 1,381.60 | 40,380.06 |
| 2021 | | | 39,782.34 | 597.71 | 40,380.05 |
| TOTAL | \$ <u>330,771.16</u> | \$ <u>8,310.41</u> | \$ <u>227,240.34</u> | \$ <u>15,040.00</u> | \$ <u>581,361.91</u> |

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2015

| <u>YEAR</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|-------------|-------------------------|------------------------|-------------------------|
| 2016 | \$ 1,480,000.00 | \$ 342,143.76 | \$ 1,822,143.76 |
| 2017 | 1,530,000.00 | 297,943.76 | 1,827,943.76 |
| 2018 | 1,620,000.00 | 244,656.26 | 1,864,656.26 |
| 2019 | 1,670,000.00 | 192,556.26 | 1,862,556.26 |
| 2020 | 1,315,000.00 | 127,225.01 | 1,442,225.01 |
| 2021 | 1,360,000.00 | 82,150.01 | 1,442,150.01 |
| 2022 | 1,395,000.00 | 34,337.50 | 1,429,337.50 |
| | <u>\$ 10,370,000.00</u> | <u>\$ 1,321,012.56</u> | <u>\$ 11,691,012.56</u> |

NOTE 4: SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

NOTE 4: SHORT-TERM DEBT (CONTINUED)

The Township had the following outstanding note(s) at year end:

| <u>Fund</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|-----------------|----------------------|----------------------|------------------------|
| General Capital | 1.25% | 1/27/16 | \$ 6,930,000.00 |
| | | | <u>\$ 6,930,000.00</u> |

In accordance with NJSA 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Township may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year, and bear an interest rate that does not exceed 6%. The Township did not have any Tax Anticipation Notes in 2015.

NOTE 5: FUND BALANCES APPROPRIATED

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

Current Fund - Unavailable at time of audit

NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the Local and Regional School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

NOTE 6: PROPERTY TAXES (CONTINUED)

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

| | BALANCE DECEMBER <u>31, 2015</u> | BALANCE DECEMBER <u>31, 2014</u> |
|---------------|--|--|
| Prepaid Taxes | \$ <u>288,519.82</u> | \$ <u>223,633.77</u> |

NOTE 7: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

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

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

NOTE 7: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service. Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. Effective July 2015 PERS provides for employee contributions of 7.06% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2015, members contributed at a uniform rate of 10.00% of base salary.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Township employees are also covered by the Federal Insurance Contribution Act. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$734,408 for 2015, \$653,588.60 for 2014, and \$693,021.82 for 2013.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2015. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2015.

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$6,252,725.00 for the Township of Clinton's proportionate share of the total net pension liability. 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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion was 0.0278542679 percent, which was an decrease of 0.0005342685 percent from its proportion measured as of June 30, 2014.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$415,636 for the Township of Clinton's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2015 billing was \$234,031.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Inflow of Resources</u> | <u>Deferred Outflow of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | | \$149,168.00 |
| Changes of assumptions | | 671,493.00 |
| Net difference between projected and actual earnings on pension plan investments | \$100,532.00 | |
| Changes in proportion and differences between Township contributions and proportionate share of contributions | <u>84,865.00</u> | <u>104,065.00</u> |
| | <u>\$185,397.00</u> | <u>\$924,726.00</u> |

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

| Year Ended | |
|----------------|---------------|
| <u>June 30</u> | <u>Amount</u> |
| 2016 | \$136,763.00 |
| 2017 | \$136,763.00 |
| 2018 | \$136,763.00 |
| 2019 | \$215,951.00 |
| 2020 | \$113,089.00 |

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Additional Information

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

| | <u>6/30/2015</u> | <u>6/30/2014</u> |
|---|------------------|------------------|
| Collective deferred outflows of resources | \$5,086,138,484 | \$1,032,618,058 |
| Collective deferred inflows of resources | 478,031,236 | \$1,726,631,532 |
| Collective net pension liability - local | 22,447,996,119 | 18,722,735,003 |
| Township's Proportion | 0.0278542679% | 0.0283885364% |

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 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, 2013. These actuarial valuations used the following assumptions:

| | <u>June 30, 2014</u> | <u>June 30, 2015</u> |
|---------------------------------|----------------------|----------------------|
| Inflation | 3.01 Percent | 3.04 Percent |
| Salary Increases (based on age) | | |
| 2012-2021 | 2.15-4.40 Percent | 2.15-4.40 Percent |
| Thereafter | 3.15-5.40 Percent | 3.15-5.40 Percent |
| Investment Rate of Return | 7.90 Percent | 7.90 percent |

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members 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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>June 30, 2015</u> | | <u>June 30, 2014</u> | |
|------------------------------|--------------------------|---|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Cash | 5.00% | 1.04% | 6.00% | 0.80% |
| Core Bond | | | 1.00% | 2.49% |
| Intermediate Term Bonds | | | 11.20% | 2.26% |
| Mortgages | 2.10% | 1.62% | 2.50% | 2.17% |
| High Yield Bonds | 2.00% | 4.03% | 5.50% | 4.82% |
| Inflation Indexed Bonds | 1.50% | 3.25% | 2.50% | 3.51% |
| Broad U.S. Equities | 27.25% | 8.52% | 25.90% | 8.22% |
| Developed Foreign Markets | 12.00% | 6.88% | 12.70% | 8.12% |
| Emerging Market Equities | 6.40% | 10.00% | 6.50% | 9.91% |
| Private Equity | 9.25% | 12.41% | 8.25% | 13.02% |
| Hedge Funds/Absolute Returns | 12.00% | 4.72% | 12.25% | 4.92% |
| Real Estate (Property) | 2.00% | 6.83% | 3.20% | 5.80% |
| Commodities | 1.00% | 5.32% | 2.50% | 5.35% |
| U.S. Treasuries | 1.75% | 1.64% | | |
| Investment Grade Credit | 10.00% | 1.79% | | |
| Global Debt ex US | 3.50% | -0.40% | | |
| REIT | 4.25% | 5.12% | | |
| | <u>100.00%</u> | | <u>100.00%</u> | |

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

| | June 30, 2015 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>3.90%</u> | At Current Discount Rate <u>4.90%</u> | 1% Increase <u>5.90%</u> |
| Township's proportionate share of the pension liability | 7,771,372.00 | 6,252,725.00 | 4,979,502.00 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the State reported a net pension liability of \$11,517,972.00 for the Township of Clinton's proportionate share of the total PFRS net pension liability. 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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion was 0.0691499559 percent, which was an increase of 0.0040025595 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$1,179,953.00. The pension expense recognized in the Township's financial statement based on the April 1, 2015 billing was \$500,377.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | <u>Deferred Inflow of Resources</u> | <u>Deferred Outflow of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$99,346.00 | |
| Changes of assumptions | | \$2,126,504.00 |
| Net difference between projected and actual earnings on pension plan investments | 200,460.00 | |
| Changes in proportion and differences between the Township's contributions and proportionate share of contributions | | 810,477.00 |
| | <u>\$299,806.00</u> | <u>\$2,936,981.00</u> |

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended | |
|----------------|---------------|
| <u>June 30</u> | <u>Amount</u> |
| 2016 | \$532,470.00 |
| 2017 | \$532,470.00 |
| 2018 | \$532,470.00 |
| 2019 | \$741,537.00 |
| 2020 | \$298,228.00 |

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows

| | <u>6/30/2015</u> | <u>6/30/2014</u> |
|---|------------------|------------------|
| Collective deferred outflows of resources | \$3,527,123,787 | \$456,706,121 |
| Collective deferred inflows of resources | 466,113,435 | 1,283,652,103 |
| Collective net pension liability - local | 16,656,514,197 | 12,579,072,492 |
| Township's Proportion | 0.0691499559% | 0.0651473964% |

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

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 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, 2013. This actuarial valuation used the following assumptions:

| | | |
|---------------------------------|--------------------|-------------------|
| Inflation | 3.04 Percent | 3.01 Percent |
| Salary Increases (based on age) | | |
| 2012-2021 | 2.60-9.48 Percent | 3.95-8.62 Percent |
| Thereafter | 3.60-10.48 Percent | 4.95-9.62 Percent |
| Investment Rate of Return | 7.90 Percent | 7.90 Percent |

Mortality rates used for the July 1, 2014 valuation were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Mortality rates used for the July 1, 2013 valuation were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

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, 2010 to June 30, 2013

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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

| Asset Class | June 30,2015 | | June 30,2014 | |
|-----------------------------|-------------------|--|-------------------|--|
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Cash | 5.00% | 1.04% | 6.00% | 0.80% |
| Core Bonds | | | 1.00% | 2.49% |
| Intermediate- Term Bonds | | | 11.20% | 2.26% |
| Mortgages | 2.10% | 1.62% | 2.50% | 2.17% |
| High Yield Bonds | 2.00% | 4.03% | 5.50% | 4.82% |
| Inflation-Indexed Bonds | 1.50% | 3.25% | 2.50% | 3.51% |
| Broad US Equities | 27.25% | 8.52% | 25.90% | 8.22% |
| Developed Foreign Equities | 12.00% | 6.88% | 12.70% | 8.12% |
| Emerging Market Equities | 6.40% | 10.00% | 6.50% | 9.91% |
| Private Equity | 9.25% | 12.41% | 8.25% | 13.02% |
| Hedge Funds Absolute Return | 12.00% | 4.72% | 12.25% | 4.92% |
| Real Estate (Property) | 2.00% | 6.83% | 3.20% | 5.80% |
| Commodities | 1.00% | 5.32% | 2.50% | 5.35% |
| Global Debt ex US | 3.50% | -0.40% | | |
| REIT | 4.25% | 5.12% | | |
| US Treasuries | 1.75% | 1.64% | | |
| Investment Grade Credit | 10.00% | 1.79% | | |
| | <u>100.00%</u> | | <u>100.00%</u> | |

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

| | June 30, 2015 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>3.90%</u> | At Current Discount Rate <u>4.90%</u> | 1% Increase <u>5.90%</u> |
| Township's proportionate share of the pension liability | 7,771,372.00 | 6,252,725.00 | 4,979,502.00 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 8: COMPENSATED ABSENCES

The Township only allows a carryover of vacation days if prior approval has been obtained from the Township Council. Unused sick days are available to be carried over into a following year up to a maximum of 90 days for all Township employees, except the Police Department employees, who are entitled to accumulate 115 sick days. Employees that retire are entitled to be paid for their unused accumulated sick days at a rate equal to one-half their current pay rate. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and has not been determined, but is probably material.

NOTE 9: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims, or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 10: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2015, the Township does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the years 2015 and prior. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

| <u>Year</u> | <u>Interest Earned</u> | <u>Appropriated & Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|------------------------|---|--------------------------|-----------------------|
| 2015 | \$ 13.75 | \$ 10,870.62 | \$ 10,938.32 | \$ 5,806.34 |
| 2014 | 22.07 | 6,679.50 | 16,202.09 | 5,860.29 |
| 2013 | 28.54 | 5,000.00 | 4,795.56 | 15,360.81 |

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2015:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------------|-----------------------------|--------------------------|
| Current Fund | \$ 4,315.21 | \$ 105,493.53 |
| Assessment Trust Fund | | 2,047.81 |
| Trust Other Fund | 493.53 | 2,267.40 |
| General Capital Fund | 105,000.00 | |
| | <u>\$ 109,808.74</u> | <u>\$ 109,808.74</u> |

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 14: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by National Plan Coordinators. The accompanying financial statements do not include the Township's Deferred Compensation Plan activities.

NOTE 15: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Township is required to implement the note disclosure provision of GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement which was adopted during 2004 by the Government Accounting Standard Board (GASB) requires the Township to disclose in the notes of the financial statements the future cost of the other post employment benefits (OPEB) on a present value basis instead of the present pay as you go method. OPEB obligations are non-pension benefits that the Township has contractually agreed to provide employees once they have retired. The Township does not provide post retirement benefits other than pension to its employees which is provided through the New Jersey pension system.

NOTE 16: DEFERRED SCHOOL TAXES

New Jersey statutes provide for the deferral of liability for not more than 50% of the annual levy when school taxes are raised on a school year basis and such taxes have not been requisitioned by the school district.

LOCAL DISTRICT SCHOOL TAX

| | DECEMBER <u>31, 2015</u> | DECEMBER <u>31, 2014</u> |
|--------------------------------|--------------------------------|--------------------------------|
| Balance of Tax | \$10,680,209.40 | \$9,956,870.00 |
| Deferred | <u>12,000,000.00</u> | <u>10,960,000.00</u> |
| School Tax Payable / (Prepaid) | <u><u>(\$1,319,790.60)</u></u> | <u><u>(\$1,003,130.00)</u></u> |

REGIONAL DISTRICT SCHOOL TAX

| | DECEMBER <u>31, 2015</u> | DECEMBER <u>31, 2014</u> |
|--------------------|-----------------------------|-----------------------------|
| Balance of Tax | \$7,270,838.00 | \$7,044,903.00 |
| Deferred | <u>7,200,000.00</u> | <u>7,040,000.00</u> |
| School Tax Payable | <u><u>\$70,838.00</u></u> | <u><u>\$4,903.00</u></u> |

NOTE 17: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through May 6, 2016 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that there are no subsequent events needed to be disclosed.

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TOWNSHIP OF CLINTON

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR-TREASURER

| | <u>REF.</u> | <u>CURRENT FUND</u> | <u>GRANT FUND</u> |
|--|-------------|------------------------|---------------------|
| Balance, December 31, 2014 | A | \$ 5,256,899.85 | \$ 70,350.88 |
| Increased by Receipts: | | | |
| Taxes Receivable | A-8 | \$ 54,670,917.48 | \$ |
| State of New Jersey-Senior Citizens and Veterans Deductions | A-7 | 78,250.00 | |
| Interfunds | A-12 | 342,625.71 | |
| Revenue Accounts Receivable | A-13 | 2,410,759.80 | |
| Miscellaneous Revenue Not Anticipated | A-2 | 133,375.86 | |
| Tax Overpayments | A-17 | 186,048.48 | |
| Prepaid Taxes | A-18 | 288,519.82 | |
| Appropriation Refunds | A-3 | 538,772.97 | |
| Grants Receivable | A-30 | | 76,451.72 |
| Due Current Fund | A-21 | | 4,716.46 |
| Tax Title Liens | A-9 | 96.90 | |
| Reserve for Prepaid Revenue | A-15 | 5,750.00 | |
| Due State of NJ - Construction Code Official | A-20 | 21,860.00 | |
| Due State of NJ - Marriage Licenses | A-32 | 1,100.00 | |
| Petty Cash | A-5 | 350.00 | |
| Reserve for Credit Card Fees | A-22 | 214,053.50 | |
| Reserve for Due To Utility Authority | A-31 | 14,599.52 | |
| | | <u>58,907,080.04</u> | <u>81,168.18</u> |
| | | \$ 64,163,979.89 | \$ 151,519.06 |
| Decreased by Disbursements: | | | |
| Appropriations | A-3 | \$ 10,848,484.11 | \$ |
| Appropriation Reserves | A-14 | 191,482.83 | |
| Accounts Payable | A-11 | 19,364.25 | |
| Tax Overpayments | A-17 | 206,267.97 | |
| Local District School Taxes Payable | A-27 | 24,356,420.60 | |
| County Taxes Payable | A-26 | 8,325,652.44 | |
| Municipal Open Space Taxes Payable | A-28 | 430,383.01 | |
| Regional District School Taxes Payable | A-29 | 14,315,741.01 | |
| Due State of NJ - Marriage Licenses | A-32 | 1,150.00 | |
| Due State of NJ - Construction Code Official | A-20 | 33,039.00 | |
| Interfunds | A-12 | 3,255,584.37 | |
| Petty Cash | A-5 | 350.00 | |
| Reserve for Credit Card Fees | A-22 | 211,602.66 | |
| Reserve for Due To Utility Authority | A-31 | 14,599.52 | |
| Reserve for Grants-Appropriated | A-23 | | 80,767.00 |
| | | <u>62,210,121.77</u> | <u>80,767.00</u> |
| Balance, December 31, 2015 | A | \$ <u>1,953,858.12</u> | \$ <u>70,752.06</u> |

"A-5"

TOWNSHIP OF CLINTON
CURRENT FUND
SCHEDULE OF PETTY CASH

| <u>OFFICE</u> | <u>INCREASED</u> | <u>DECREASED</u> |
|--------------------|------------------|------------------|
| Finance Department | \$ 250.00 | \$ 250.00 |
| Police Department | 100.00 | 100.00 |
| | <hr/> | <hr/> |
| | \$ 350.00 | \$ 350.00 |
| | <hr/> <hr/> | <hr/> <hr/> |
| <u>REF.</u> | A-4 | A-4 |

"A-6"

SCHEDULE OF CHANGE FUND

| <u>OFFICE</u> | <u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014 AND 2015</u> |
|-----------------|---|
| Tax Collector | \$ 100.00 |
| Township Clerk | 50.00 |
| Municipal Court | 100.00 |
| Construction | 100.00 |
| Recreation | 30.00 |
| | <hr/> |
| | \$ 380.00 |
| | <hr/> <hr/> |
| <u>REF.</u> | A |

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

| | <u>REF.</u> | | |
|--|-------------|------------------|----------------------------|
| Balance, December 31, 2014 (Due From) | A | | \$ 10,876.62 |
| Increased by: | | | |
| Senior Citizens Deductions Per Tax Billing | A-7 | \$ 4,750.00 | |
| Veterans Deductions Per Tax Billing | A-7 | <u>73,750.00</u> | |
| | | | \$ <u>78,500.00</u> |
| Decreased by: | | | |
| Received From State | A-4 | 78,250.00 | |
| Senior and Veterans Deductions Disallowed | | <u>773.29</u> | |
| | | | <u>79,023.29</u> |
| Balance, December 31, 2015 (Due From) | A | | \$ <u><u>10,353.33</u></u> |

ANALYSIS OF STATE SHARE OF 2015 SENIOR
CITIZENS AND VETERANS DEDUCTIONS

| | | | |
|--|-----|------------------|----------------------------|
| Senior Citizens Deductions Per Tax Billing | A-7 | \$ 4,750.00 | |
| Veterans Deductions Per Tax Billing | A-7 | <u>73,750.00</u> | |
| | | | \$ 78,500.00 |
| Less: | | | |
| Senior and Veterans Deductions Disallowed | | | <u>773.29</u> |
| | A-8 | | \$ <u><u>77,726.71</u></u> |

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| YEAR | BALANCE DECEMBER 31, 2014 | 2015 LEVY | ADDED TAXES | COLLECTIONS | | CANCELED | TRANSFERRED TO TAX TITLE LIENS | BALANCE DECEMBER 31, 2015 |
|-------|---|-------------------------|---------------------|----------------------|-------------------------|--------------------|--------------------------------------|---------------------------------|
| | | | | 2014 | 2015 | | | |
| Prior | \$ 575,937.99 | \$ | \$ | \$ | \$ 570,946.36 | \$ | \$ 2,620.15 | \$ 2,371.48 |
| 2015 | | 54,802,980.75 | 62,604.09 | 223,633.77 | 54,177,697.83 | 7,248.50 | 4,765.95 | 452,238.79 |
| | <u>\$ 575,937.99</u> | <u>\$ 54,802,980.75</u> | <u>\$ 62,604.09</u> | <u>\$ 223,633.77</u> | <u>\$ 54,748,644.19</u> | <u>\$ 7,248.50</u> | <u>\$ 7,386.10</u> | <u>\$ 454,610.27</u> |
| REF. | A | | | A-2:A-18 | A-2 | | A-9 | A |
| | | | | REF. | | | | |
| | Collector | | | A-4 | \$ 54,670,917.48 | | | |
| | Senior Citizens and Veterans Deductions | | | A-7 | <u>77,726.71</u> | | | |
| | | | | | <u>\$ 54,748,644.19</u> | | | |

ANALYSIS OF 2015 PROPERTY TAX LEVY

TAX YIELD

| | | |
|----------------------------------|--|-------------------------|
| General Property Tax | | \$ 54,802,980.75 |
| Added Taxes (54:4-63.1 et. seq.) | | <u>62,604.09</u> |
| | | <u>\$ 54,865,584.84</u> |

TAX LEVY

| | | |
|---|----------|-------------------------|
| Local District School Tax (Abstract) | A-2:A-27 | \$ 25,079,760.00 |
| Regional District School Tax (Abstract) | A-2:A-29 | 14,541,676.00 |
| County Tax (Abstract) | | \$ 6,942,932.96 |
| County Library Tax (Abstract) | | 695,066.01 |
| County Open Space (Abstract) | | <u>676,008.66</u> |
| Due County for Added Taxes (54:4-63.1 et. seq.) | A-26 | \$ 8,314,007.63 |
| <u>Total County Taxes</u> | A-26 | <u>9,516.96</u> |
| | A-2 | 8,323,524.59 |
| Municipal Open Space Tax | A-2:A-28 | 430,383.01 |
| Local Tax for Municipal Purposes (Abstract) | A-2 | \$ 6,430,164.00 |
| Add: Additional Tax Levied | | <u>60,077.24</u> |
| Local Tax for Municipal Purposes Levied | | <u>6,490,241.24</u> |
| | | <u>\$ 54,865,584.84</u> |

"A-9"

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

| | <u>REF.</u> | | |
|------------------------------|-------------|---------------|----------------------------|
| Balance, December 31, 2014 | A | | \$ 20,132.73 |
| Increased by: | | | |
| Taxes Accrued | A-8 | \$ 7,386.10 | |
| Interest & Costs on Tax Sale | | <u>688.54</u> | |
| | | | \$ <u>8,074.64</u> |
| | | | \$ 28,207.37 |
| Decreased by: | | | |
| Receipts | A-4 | | <u>96.90</u> |
| Balance, December 31, 2015 | A | | \$ <u><u>28,110.47</u></u> |

"A-10"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

| | | | |
|---|---|--|-----------------------------|
| Balance, December 31, 2014 and December 31, 2015 | A | | \$ <u><u>165,000.00</u></u> |
|---|---|--|-----------------------------|

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

| | <u>REF.</u> | | |
|---|-------------|------------------|-----------------------------|
| Balance, December 31, 2014 | A | | \$ 184,162.55 |
| Increased by: | | | |
| 2015 Budget Appropriations | A-3 | \$ 103,572.56 | |
| Due State of New Jersey-Construction Code | A-20 | 6,806.00 | |
| Due State of New Jersey-Marriage Licenses | A-32 | <u>175.00</u> | |
| | | | <u>110,553.56</u> |
| | | | \$ <u>294,716.11</u> |
| Decreased by: | | | |
| Disbursements | A-4 | \$ 19,364.25 | |
| Transferred to Appropriation Reserves | A-14 | 95,480.03 | |
| Canceled | A-1 | <u>43,025.47</u> | |
| | | | <u>157,869.75</u> |
| Balance, December 31, 2015 | A | | \$ <u><u>136,846.36</u></u> |

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF INTERFUNDS

| | REF. | TOTAL | GRANT FUND | ASSESSMENT TRUST FUND | DEVELOPERS ESCROW | TRUST OTHER FUND PERFORMANCE ESCROW | TRUST OTHER FUND OPEN SPACE | TRUST OTHER | GENERAL CAPITAL FUND |
|----------------------------|------|---------------------|------------------|-----------------------|-------------------|-------------------------------------|-----------------------------|-------------------|----------------------|
| Balance, December 31, 2014 | | | | | | | | | |
| Due To | A | \$ 3,011,067.42 | \$ 4,716.46 | \$ 570.07 | \$ | \$ | \$ 597,161.41 | \$ 82,300.00 | \$ 2,331,035.94 |
| Due From | A | <u>1,646.90</u> | | | <u>921.66</u> | <u>725.24</u> | | | |
| Receipts | A-4 | \$ 342,625.71 | \$ 8,604.30 | \$ 7,980.98 | \$ 921.66 | \$ 725.24 | \$ 20,493.53 | \$ 71,400.00 | \$ 232,500.00 |
| Disbursements | A-4 | <u>3,255,584.37</u> | <u>13,320.76</u> | <u>10,598.86</u> | <u>1,542.16</u> | <u>725.24</u> | <u>617,161.41</u> | <u>153,700.00</u> | <u>2,458,535.94</u> |
| Balance, December 31, 2015 | | | | | | | | | |
| Due To | A | \$ 105,493.53 | \$ | \$ | \$ | \$ | \$ 493.53 | \$ | \$ 105,000.00 |
| Due From | A | <u>4,315.21</u> | | <u>2,047.81</u> | <u>1,542.16</u> | <u>725.24</u> | | | |

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| <u>ACCOUNTS</u> | <u>REF.</u> | <u>ACCRUED IN 2015</u> | <u>COLLECTED</u> |
|--|-------------|----------------------------|------------------|
| Clerk: | | | |
| Licenses: | | | |
| Alcoholic Beverages | A-2 | \$ 25,000.00 | \$ 25,000.00 |
| Fees and Permits | A-2 | 8,437.71 | 8,437.71 |
| Tax Collector: | | | |
| Interest and Costs on Taxes | A-2 | 127,860.92 | 127,860.92 |
| Construction Code Official | A-2 | 454,197.00 | 454,197.00 |
| Planning Board: | | | |
| Fees and Permits | A-2 | 6,273.46 | 6,273.46 |
| Board of Adjustments: | | | |
| Fees and Permits | A-2 | 14,705.29 | 14,705.29 |
| Zoning Board: | | | |
| Fees and Permits | A-2 | 7,670.00 | 7,670.00 |
| Board of Health: | | | |
| Fees and Permits | A-2 | 8,925.00 | 8,925.00 |
| Tax Assessor: | | | |
| Fees and Permits | A-2 | 350.00 | 350.00 |
| Registrar: | | | |
| Fees and Permits | A-2 | 132.00 | 132.00 |
| Municipal Court: | | | |
| Fines and Costs | A-2 | 224,395.67 | 224,395.67 |
| Police: | | | |
| Fees and Permits | A-2 | 1,767.13 | 1,767.13 |
| Interest on Investments and Deposits | A-2 | 15,922.23 | 15,922.23 |
| Recreation Trust Surplus | A-2 | 50,000.00 | 50,000.00 |
| SRO Officer | A-2 | 30,000.00 | 30,000.00 |
| Consolidated Municipal Property Tax Relief | A-2 | | |
| Energy Receipts Tax | A-2 | 962,102.00 | 962,102.00 |
| Garden State Trust Fund | A-2 | 28,137.00 | 28,137.00 |
| North Hunterdon Agreement | A-2 | 17,755.83 | 17,755.83 |
| Host Community Tonnage Fees | A-2 | 71,655.95 | 71,655.95 |
| Capital Fund Balance | A-2 | 30,000.00 | 30,000.00 |
| Open Space Trust - Maintenance of Land | A-2 | 50,000.00 | 50,000.00 |
| Discovery Fees | A-2 | 226.45 | 226.45 |
| Court Rent | A-2 | 260,879.50 | 260,879.50 |
| Franchise Fees | A-2 | 14,366.66 | 14,366.66 |
| | | \$ 2,410,759.80 | \$ 2,410,759.80 |

REF.

A-4

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2014 | ACCOUNTS PAYABLE | BALANCE AFTER MODIFICATION | PAID OR CHARGED | BALANCE LAPSED |
|---|---------------------------------|---------------------|----------------------------------|----------------------|----------------------|
| <u>SALARIES AND WAGES</u> | | | | | |
| Clerk | \$ 0.74 | \$ | \$ 0.74 | \$ | \$ 0.74 |
| Mayor and Council | 0.38 | | 0.38 | | 0.38 |
| Financial Administration | 513.03 | | 513.03 | | 513.03 |
| Collection of Taxes | 99.76 | | 99.76 | | 99.76 |
| Tax Assessment Administration | 3,658.52 | | 3,658.52 | | 3,658.52 |
| Planning Board | 99.60 | | 99.60 | | 99.60 |
| Zoning Officer | 2,045.59 | | 2,045.59 | | 2,045.59 |
| Police | 76.68 | | 76.68 | | 76.68 |
| Streets and Road Maintenance | 17,845.61 | | 7,845.61 | | 7,845.61 |
| Board of Health | 308.12 | | 308.12 | | 308.12 |
| Municipal Court | 429.12 | | 429.12 | | 429.12 |
| Public Defender | 50.00 | | 50.00 | | 50.00 |
| Prosecutor | 840.00 | | 840.00 | | 840.00 |
| Recreation Commission | 3,132.06 | | 3,132.06 | | 3,132.06 |
| Construction Code Department | 8,927.09 | | 927.09 | | 927.09 |
| <u>OTHER EXPENSES</u> | | | | | |
| Mayor and Council | 17.37 | 2,237.74 | 11,255.11 | 9,017.00 | 2,238.11 |
| Clerk | 2,563.30 | 525.35 | 3,088.65 | 418.78 | 2,669.87 |
| Information Technology | 1,482.16 | 974.11 | 2,456.27 | 275.00 | 2,181.27 |
| Financial Administration | 148.85 | 1,652.98 | 1,801.83 | 1,542.62 | 259.21 |
| Collection of Taxes | 2.81 | 462.20 | 465.01 | 465.01 | |
| Tax Assessment Administration | 17,294.57 | 186.90 | 17,481.47 | 326.92 | 17,154.55 |
| Legal Services | 189.50 | 5,283.16 | 10,472.66 | 10,472.66 | |
| Engineering Services | 1,816.13 | | 10,816.13 | 3,400.91 | 7,415.22 |
| Historical Commission | 200.00 | 600.00 | 800.00 | 600.00 | 200.00 |
| Planning Board | 947.77 | 567.93 | 1,515.70 | 1,221.82 | 293.88 |
| Board of Adjustments | 271.47 | 312.14 | 583.61 | 274.88 | 308.73 |
| Zoning Officer | 463.61 | | 463.61 | 35.99 | 427.62 |
| Open Space Commission | 380.67 | | 380.67 | | 380.67 |
| Police | 33,084.52 | 10,389.89 | 28,474.41 | 12,083.36 | 16,391.05 |
| Emergency Management Services | 790.81 | | 790.81 | 658.10 | 132.71 |
| Division of Fire Safety-Fire Hydrant Rental | 27,128.50 | | 27,128.50 | 27,118.50 | 10.00 |
| Division of Fire Safety-Miscellaneous | 2,054.49 | 15,257.99 | 17,312.48 | 15,767.75 | 1,544.73 |
| Streets and Roads Maintenance | 3,248.99 | 609.62 | 33,858.61 | 32,964.62 | 893.99 |
| Community Services Act | 939.59 | | 939.59 | | 939.59 |
| Vehicle Maintenance | 13,694.51 | 10,680.99 | 24,375.50 | 15,956.23 | 8,419.27 |
| Buildings and Grounds | 214.91 | 6,653.40 | 11,868.31 | 10,700.57 | 1,167.74 |
| Environmental Commission | 478.01 | | 478.01 | | 478.01 |
| Board of Health | 2,688.21 | | 2,688.21 | 510.30 | 2,177.91 |
| Insurance-General Liability | 689.77 | | 689.77 | | 689.77 |
| Insurance-Medical Waiver | 1,140.98 | | 1,140.98 | | 1,140.98 |
| Insurance-Employee Group Health | 10,359.90 | | 359.90 | 290.00 | 69.90 |
| Unemployment | 5,000.00 | | 5,000.00 | | 5,000.00 |
| Recreation Commission | 15.87 | 492.09 | 507.96 | 446.54 | 61.42 |
| Construction Code Department | 1,315.22 | 29,255.75 | 30,570.97 | 28,965.54 | 1,605.43 |
| Heating Oil | 100.00 | | 100.00 | | 100.00 |
| Electricity | 16,342.15 | 2,066.91 | 9,409.06 | 4,534.32 | 4,874.74 |
| Natural Gas | 24.09 | | 24.09 | | 24.09 |
| Telephone | 14,463.72 | 2,186.01 | 16,649.73 | 4,036.41 | 12,613.32 |
| Gasoline | 23,587.51 | 3,753.42 | 21,340.93 | 4,735.48 | 16,605.45 |
| Water | 1,003.95 | | 1,003.95 | 395.88 | 608.07 |
| Street Lighting | 7,304.70 | | 7,304.70 | | 7,304.70 |
| Sewer Services | 80.00 | | 80.00 | | 80.00 |
| Contingent | 100.00 | | 100.00 | | 100.00 |
| Municipal Court | 3,119.81 | 1,331.45 | 4,451.26 | 4,267.64 | 183.62 |
| Matching Funds For Grants | 5,000.00 | | 5,000.00 | | 5,000.00 |
| Contribution to Social Security Systems | 4,812.99 | | 4,812.99 | | 4,812.99 |
| Defined Contribution Retirement Program | 1,002.40 | | 1,002.40 | | 1,002.40 |
| | <u>\$ 243,590.11</u> | <u>\$ 95,480.03</u> | <u>\$ 339,070.14</u> | <u>\$ 191,482.83</u> | <u>\$ 147,587.31</u> |

"A-15"

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF RESERVE FOR PREPAID REVENUE

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2014 | A | \$ 6,550.00 |
| Increased by: | | |
| Receipts | A-4 | 5,750.00 |
| | | <u>\$ 12,300.00</u> |
| Decreased by: | | |
| Applied To Revenue | A-2 | 6,550.00 |
| | | <u>6,550.00</u> |
| Balance, December 31, 2015 | A | <u><u>\$ 5,750.00</u></u> |

"A-16"

GRANT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

| | | |
|--------------------------------------|------|---------------------------|
| Balance, December 31, 2014 | A | \$ 2,192.00 |
| Increased by: | | |
| Transferred from Grants Appropriated | A-23 | 2,628.39 |
| | | <u>\$ 4,820.39</u> |
| Decreased by: | | |
| Prior Year Accounts Payable | A-23 | 2,192.00 |
| | | <u>2,192.00</u> |
| Balance, December 31, 2015 | A | <u><u>\$ 2,628.39</u></u> |

"A-17"

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

| | <u>REF.</u> | |
|----------------------------|-------------|-----------------------------|
| Balance, December 31, 2014 | A | \$ 166,121.72 |
| Increased by: | | |
| Overpayments in 2015 | A-4 | <u>186,048.48</u> |
| | | \$ <u>352,170.20</u> |
| Decreased by: | | |
| Refunded | A-4 | <u>206,267.97</u> |
| Balance, December 31, 2015 | A | \$ <u><u>145,902.23</u></u> |

"A-18"

SCHEDULE OF PREPAID TAXES

| | | |
|----------------------------|-----|-----------------------------|
| Balance, December 31, 2014 | A | \$ 223,633.77 |
| Increased by: | | |
| Collection of 2016 Taxes | A-4 | <u>288,519.82</u> |
| | | \$ <u>512,153.59</u> |
| Decreased by: | | |
| Application to 2015 Taxes | A-8 | <u>223,633.77</u> |
| Balance, December 31, 2015 | A | \$ <u><u>288,519.82</u></u> |

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES

| | <u>REF.</u> | | |
|----------------------------|-------------|----|-----------------|
| Balance, December 31, 2014 | A | \$ | 1,331.12 |
| Increased by: | | | |
| Budget Appropriation | A-3 | | <u>5,000.00</u> |
| Balance, December 31, 2015 | A | \$ | <u>6,331.12</u> |

SCHEDULE OF DUE STATE OF NEW JERSEY - CONSTRUCTION CODE OFFICIAL

| | | | |
|----------------------------|------|----|------------------|
| Balance, December 31, 2015 | A | \$ | 17,985.00 |
| Increased by: | | | |
| Receipts | A-4 | | <u>21,860.00</u> |
| | | \$ | <u>39,845.00</u> |
| Decreased by: | | | |
| Disbursements | A-4 | \$ | 33,039.00 |
| Accounts Payable | A-11 | | <u>6,806.00</u> |
| | | \$ | <u>39,845.00</u> |

"A-21"

TOWNSHIP OF CLINTON

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

| | <u>REF.</u> | |
|---------------------------------------|-------------|--------------------|
| Balance, December 31, 2014 (Due From) | A | \$ 4,716.46 |
| Decreased by: Receipts | A-4 | \$ <u>4,716.46</u> |

"A-22"

CURRENT FUND

SCHEDULE OF RESERVE FOR CREDIT CARD FEES

| | | |
|--------------------------------|-----|---------------------------|
| Balance, December 31, 2014 | A | \$ 527.62 |
| Increased by: Receipts | A-4 | <u>214,053.50</u> |
| | | \$ <u>214,581.12</u> |
| Decreased by: Disbursements | A-4 | <u>211,602.66</u> |
| Balance, December 31, 2015 | A | \$ <u><u>2,978.46</u></u> |

TOWNSHIP OF CLINTON

GRANT FUND

SCHEDULE OF GRANTS APPROPRIATED

| | BALANCE DECEMBER 31, 2014 | BUDGET APPROPRIATION | EXPENDED | ACCOUNTS PAYABLE | CANCELED | BALANCE DECEMBER 31, 2015 |
|---|---------------------------------|-------------------------|---------------------|---------------------|--------------------|---------------------------------|
| Recycling Tonnage Grant | \$ 15,837.28 | \$ 13,272.28 | \$ 14,799.25 | \$ | \$ 0.42 | \$ 14,309.89 |
| Body Armor Replacement Fund | 2,934.35 | 4,876.55 | 2,110.00 | (1,992.00) | | 7,692.90 |
| Clean Communities | 29,451.92 | 37,002.92 | 29,920.76 | 532.80 | | 36,001.28 |
| Bulletproof Vest Partnership | 2,028.00 | | | | 2,028.00 | |
| Juvenile Accountability Incentive Block Grant | 1,615.86 | | 1,359.41 | (58.91) | | 315.36 |
| Drunk Driving Enforcement Fund | 2,413.32 | 10,256.04 | 12,669.36 | | | |
| Alcohol Education Rehabilitation Fund | 305.59 | 2,651.99 | | | | 2,957.58 |
| Drive Sober or Get Pulled Over | 7,500.00 | 14,700.00 | 15,908.22 | | 150.00 | 6,141.78 |
| HUD Special Projects | 191,783.68 | | | | | 191,783.68 |
| Click It or Ticket It | | 7,904.30 | 4,000.00 | | | 3,904.30 |
| Smart Growth Planning Program - Match | 2,522.00 | | | | 1,250.00 | 1,272.00 |
| Highlands Water Protection & Planning Council | | 8,000.00 | | 1,954.50 | | 6,045.50 |
| Federal EMAA Grant | 10,000.00 | 5,000.00 | | | | 15,000.00 |
| | <u>\$ 266,392.00</u> | <u>\$ 103,664.08</u> | <u>\$ 80,767.00</u> | <u>\$ 436.39</u> | <u>\$ 3,428.42</u> | <u>\$ 285,424.27</u> |
| <u>REF.</u> | A | A-3:A-30 | A-4 | | A-30 | A |
| Accounts Payable | A-16 | | | \$ 2,628.39 | | |
| Accounts Payable - Prior Year | A-16 | | | (2,192.00) | | |
| | | | | <u>\$ 436.39</u> | | |

TOWNSHIP OF CLINTON

GRANT FUND

SCHEDULE OF GRANTS UNAPPROPRIATED

| | BALANCE DECEMBER 31, 2014 | APPLIED TO RECEIVABLE |
|-------------------------|---------------------------------|-----------------------------|
| Recycling Tonnage Grant | \$ 13,272.28 | \$ 13,272.28 |
| Body Armor | 2,440.08 | 2,440.08 |
| Click It Or Ticket | <u>4,000.00</u> | <u>4,000.00</u> |
| | <u>\$ 19,712.36</u> | <u>\$ 19,712.36</u> |

REF.

A

A-30

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF RESERVE FOR GYPSY MOTH SPRAYING

| | <u>REF.</u> | | |
|---|-------------|--|--------------------|
| Balance, December 31, 2014 and December 31, 2015 | A | | \$ <u>4,366.29</u> |

SCHEDULE OF COUNTY TAXES PAYABLE

| | | | |
|----------------------------|---------|-----------------|------------------------|
| Balance, December 31, 2014 | A | | \$ 11,644.81 |
| Increased by: | | | |
| 2015 Levy | A-1:A-8 | \$ 8,314,007.63 | |
| Added and Omitted | A-1:A-8 | <u>9,516.96</u> | |
| | | | <u>8,323,524.59</u> |
| | | | \$ <u>8,335,169.40</u> |
| Decreased by: | | | |
| Disbursements | A-4 | | <u>8,325,652.44</u> |
| Balance, December 31, 2015 | A | | \$ <u>9,516.96</u> |

"A-27"

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

| | <u>REF.</u> | | |
|--|-------------|-----------------------|-------------------------|
| Balance, December 31, 2014: | | | |
| School Tax Deferred | | \$ 10,960,000.00 | |
| School Tax Payable (Prepaid) | A:A-27 | <u>(1,003,130.00)</u> | \$ 9,956,870.00 |
| Increased by: | | | |
| Levy | A-8 | | <u>25,079,760.00</u> |
| | | | \$ 25,079,760.00 |
| Decreased by: | | | |
| Disbursements | A-4 | | <u>24,356,420.60</u> |
| Balance, December 31, 2015: | | | |
| School Tax Deferred | | \$ 12,000,000.00 | |
| School Tax Payable | A:A-27 | <u>(1,319,790.60)</u> | \$ <u>10,680,209.40</u> |
| 2015 Liability for Local School District Tax | | | |
| Tax Paid | A-4 | | \$ 24,356,420.60 |
| Tax (Prepaid), December 31, 2015 | A-27 | | <u>(1,319,790.60)</u> |
| | | | \$ 23,036,630.00 |
| Less: | | | |
| Tax (Prepaid), December 31, 2014 | A-27 | | <u>(1,003,130.00)</u> |
| Amount Charged to 2015 Operation | A-1 | | \$ <u>24,039,760.00</u> |

"A-28"

SCHEDULE OF MUNICIPAL OPEN SPACE TAXES PAYABLE

| | | | |
|---------------|---------|--|----------------------|
| Increased by: | | | |
| Tax Levy | A-1:A-8 | | \$ <u>430,383.01</u> |
| Decreased by: | | | |
| Disbursements | A-4 | | \$ <u>430,383.01</u> |

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAXES PAYABLE

| | <u>REF.</u> | | |
|--|-------------|------------------|-------------------------|
| Balance, December 31, 2014: | | | |
| School Tax Deferred | | \$ 7,040,000.00 | |
| School Tax Payable | A:A-29 | <u>4,903.00</u> | |
| | | | \$ 7,044,903.00 |
| Increased by: | | | |
| Levy | A-8 | | <u>14,541,676.00</u> |
| | | | \$ 14,541,676.00 |
| Decreased by: | | | |
| Disbursements | A-4 | | <u>14,315,741.00</u> |
| Balance, December 31, 2015: | | | |
| School Tax Deferred | | \$ 7,200,000.00 | |
| School Tax Payable | A:A-29 | <u>70,838.00</u> | |
| | | | \$ <u>7,270,838.00</u> |
| 2015 Liability for Local School District Tax | | | |
| Tax Paid | A-4 | | \$ 14,315,741.00 |
| Tax Payable, December 31, 2015 | A-29 | | <u>70,838.00</u> |
| | | | \$ 14,386,579.00 |
| Less: | | | |
| Tax Payable, December 31, 2014 | A-29 | | <u>4,903.00</u> |
| Amount Charged to 2015 Operation | A-1 | | \$ <u>14,381,676.00</u> |

TOWNSHIP OF CLINTON

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

| | BALANCE DECEMBER 31, 2014 | BUDGET APPROPRIATION | RECEIPTS | UNAPPROPRIATED APPLIED | CANCELED | BALANCE DECEMBER 31, 2015 |
|---|---------------------------------|-------------------------|---------------------|---------------------------|--------------------|---------------------------------|
| Recycling Tonnage Grant | \$ 0.42 | \$ 13,272.28 | \$ | \$ 13,272.28 | \$ 0.42 | \$ |
| Clean Communities | | 37,002.92 | 37,002.92 | | | |
| Body Armor Replacement Fund | | 4,876.55 | 2,436.47 | 2,440.08 | | |
| Alcohol Education Rehabilitation Fund | | 2,651.99 | 2,651.99 | | | |
| Drunk Driving Enforcement Fund | | 10,256.04 | 10,256.04 | | | |
| Federal EMAA Grant | | 5,000.00 | | | | 5,000.00 |
| Drive Sober or Get Pulled Over | 2,650.00 | 14,700.00 | 12,200.00 | | 150.00 | 5,000.00 |
| Click It or Ticket | | 7,904.30 | 3,904.30 | 4,000.00 | | |
| Highlands Water Protection & Planning Council | | 8,000.00 | 8,000.00 | | | |
| Bulletproof Vest Partnership | 2,028.00 | | | | 2,028.00 | |
| HUD Special Projects | 207,300.60 | | | | | 207,300.60 |
| Smart Growth Planning | 1,250.00 | | | | 1,250.00 | |
| | <u>\$ 213,229.02</u> | <u>\$ 103,664.08</u> | <u>\$ 76,451.72</u> | <u>\$ 19,712.36</u> | <u>\$ 3,428.42</u> | <u>\$ 217,300.60</u> |
| <u>REF.</u> | A | A-2:A-23 | A-4 | A-24 | A-23 | A |

TOWNSHIP OF CLINTON

CURRENT FUND

SCHEDULE OF RESERVE FOR DUE TO UTILITY AUTHORITY

| | <u>REF.</u> | | |
|---------------|-------------|----|------------------|
| Increased by: | | | |
| Receipts | A-4 | \$ | 14,599.52 |
| Decreased by: | | | |
| Disbursements | A-4 | \$ | <u>14,599.52</u> |

SCHEDULE OF DUE STATE OF NEW JERSEY - MARRIAGE LICENSES

| | | | |
|----------------------------|------|----|-----------------|
| Balance, December 31, 2014 | A | \$ | 225.00 |
| Increased by: | | | |
| Receipts | A-4 | | 1,100.00 |
| | | \$ | <u>1,325.00</u> |
| Decreased by: | | | |
| Disbursements | A-4 | \$ | 1,150.00 |
| Accounts Payable | A-11 | | <u>175.00</u> |
| | | \$ | <u>1,325.00</u> |

TOWNSHIP OF CLINTON
TRUST FUND
SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | <u>ASSESSMENT</u> | <u>ANIMAL CONTROL</u> | <u>OTHER</u> |
|---|-------------|---------------------|-----------------------|------------------------|
| Balance, December 31, 2014 | B | \$ 30,789.53 | \$ 32,008.78 | \$ 1,683,851.72 |
| Increased by Receipts: | | | | |
| Assessments Receivable | B-3 | \$ 7,980.98 | \$ | \$ |
| Reserve for Animal Control | B-12 | | 21,432.58 | |
| Due State of New Jersey | B-13 | | 2,623.20 | |
| Prepaid Dog License | B-6 | | 3,924.00 | |
| Reserve for Escrow Deposits | B-15 | | | 1,434,931.04 |
| Unemployment Insurance Compensation | B-16 | | | 10,884.37 |
| Reserve for Various Trust Deposits | B-11 | | | 375,782.40 |
| Reserve for Open Space Deposits | B-17 | | | 431,106.37 |
| Reserve for Payroll Deductions Payable | B-18 | | | 2,916,787.66 |
| Reserve for Recreation Deposits | B-20 | | | 270,091.41 |
| Reserve for Redemption of Outside Liens | B-21 | | | 338,429.98 |
| Due Current Fund | B-5:B-8 | 2,617.88 | | 680,790.50 |
| Reserve for Municipal Alliance | B-23 | | | 37,153.14 |
| Reserve for COAH Deposits | B-14 | | | 10,568.02 |
| | | <u>10,598.86</u> | <u>27,979.78</u> | <u>6,506,524.89</u> |
| | | \$ 41,388.39 | \$ 59,988.56 | \$ 8,190,376.61 |
| Decreased by Disbursements: | | | | |
| New Jersey State Board of Health | B-13 | | \$ 2,622.00 | \$ |
| Expenditures Under R.S.4:19-15.11 | B-12 | | 36,228.16 | |
| Loans Payable | B-10 | 10,000.00 | | |
| Reserve for Municipal Alliance | B-23 | | | 33,970.19 |
| Reserve for Various Trust Deposits | B-11 | | | 422,112.10 |
| Reserve for Escrow Deposits | B-15 | | | 380,827.60 |
| Reserve for Recreation Deposits | B-20 | | | 343,284.17 |
| Unemployment Insurance Compensation | B-16 | | | 10,938.32 |
| Due Current Fund | B-8 | | | 1,202.12 |
| Reserve for Redemption of Outside Liens | B-21 | | | 338,429.98 |
| Reserve for Payroll Deductions Payable | B-18 | | | 2,916,819.41 |
| Reserve for COAH Deposits | B-14 | | | 38,453.77 |
| Reserve for Open Space Deposits | B-17 | | | 496,392.07 |
| | | <u>10,000.00</u> | <u>38,850.16</u> | <u>4,982,429.73</u> |
| Balance, December 31, 2015 | B | \$ <u>31,388.39</u> | \$ <u>21,138.40</u> | \$ <u>3,207,946.88</u> |

TOWNSHIP OF CLINTON
TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>DATE OF CONFIRMATION</u> | <u>INSTALLMENT</u> | <u>DUE DATES</u> | <u>BALANCE DECEMBER 31, 2014</u> | <u>COLLECTED</u> | <u>BALANCE DECEMBER 31, 2015</u> | <u>BALANCE PLEGDED TO RESERVE</u> |
|-----------------------------|------------------------------------|---------------------------------|--------------------|------------------|--|--------------------|--|---|
| 582-95 | Twin Oaks Benefit Assessment | 6/10/98 | 20 | 8/10/1998-2018 | \$ <u>23,380.81</u> | \$ <u>7,980.98</u> | \$ <u>15,399.83</u> | \$ <u>15,399.83</u> |
| | | | | | \$ <u>23,380.81</u> | \$ <u>7,980.98</u> | \$ <u>15,399.83</u> | \$ <u>15,399.83</u> |
| | | | | <u>REF.</u> | B | B-2 | B | |

TOWNSHIP OF CLINTON

TRUST FUND

ANALYSIS OF ASSESSMENT FUND CASH

| | BALANCE DECEMBER 31, 2014 | RECEIPTS | | DISBURSEMENTS | BALANCE DECEMBER 31, 2015 |
|-------------------------|---------------------------------|--------------------------|---------------|---------------------|---------------------------------|
| | | ASSESSMENTS AND LIENS | MISCELLANEOUS | | |
| Due Current Fund | \$ (570.07) | \$ | \$ 2,617.88 | \$ | \$ 2,047.81 |
| Assessment Overpayments | 29.96 | | | | 29.96 |
| Trust Surplus | 31,329.64 | 7,980.98 | | 10,000.00 | 29,310.62 |
| | <u>\$ 30,789.53</u> | <u>\$ 7,980.98</u> | <u>\$</u> | <u>\$ 10,000.00</u> | <u>\$ 31,388.39</u> |
| <u>REF.</u> | B | | | | B |

"B-5"

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF DUE CURRENT FUND - ASSESSMENT TRUST

| | <u>REF.</u> | |
|---------------------------------------|-------------|--------------------|
| Balance, December 31, 2014 (Due From) | B | \$ 570.07 |
| Decreased by: | | |
| Receipts | B-2 | <u>2,617.88</u> |
| Balance, December 31, 2015 (Due To) | B | <u>\$ 2,047.81</u> |

"B-6"

SCHEDULE OF PREPAID DOG LICENSES - ANIMAL CONTROL FUND

| | | |
|----------------------------|-----|--------------------|
| Increased by: | | |
| Receipts | B-2 | \$ 3,924.00 |
| Balance, December 31, 2015 | B | <u>\$ 3,924.00</u> |

"B-7"

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR BALANCED HOUSING TRUST

REF.

| | | |
|---|---|--------------------|
| Balance, December 31, 2014 and December 31, 2015 | B | \$ <u>1,738.69</u> |
|---|---|--------------------|

"B-8"

SCHEDULE OF DUE CURRENT FUND - TRUST FUND

| | | |
|--|-----|--------------------|
| Balance, December 31, 2014 (Due From, Net) | B | \$ 677,814.51 |
| Increased by: | | |
| Disbursements | B-2 | <u>1,202.12</u> |
| | | \$ 679,016.63 |
| Decreased by: | | |
| Receipts | B-2 | <u>680,790.50</u> |
| Balance, December 31, 2015 (Due To, Net) | | \$ <u>1,773.87</u> |

Analysis of Balance:

| | | | |
|--------------------|---|---------------|--------------------|
| Due From: | | | |
| Open Space | B | | \$ (493.53) |
| Due To: | | | |
| Developers Escrow | | \$ 1,542.16 | |
| Performance Escrow | | <u>725.24</u> | |
| | B | | <u>2,267.40</u> |
| | | | \$ <u>1,773.87</u> |

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENTS

| | <u>REF.</u> | |
|---------------------------------|-------------|---------------------|
| Balance, December 31, 2014 | B | \$ 13,380.80 |
| Increased by: | | |
| Collections and Debt Payment | B-1 | <u>2,019.02</u> |
| Balance, December 31, 2015 | B | <u>\$ 15,399.82</u> |
| <u>Analysis of Balance:</u> | | |
| Ordinance 582-95 | | <u>\$ 15,399.83</u> |
| | | <u>\$ 15,399.83</u> |

SCHEDULE OF ASSESSMENT LOAN PAYABLE

| | | |
|----------------------------|-----|---------------------|
| Balance, December 31, 2014 | B | \$ 10,000.00 |
| Decreased by: | | |
| Disbursements | B-2 | <u>\$ 10,000.00</u> |

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS DEPOSITS

| <u>ACCOUNT</u> | BALANCE DECEMBER 31, 2014 | INCREASES | DECREASES | BALANCE DECEMBER 31, 2015 |
|----------------------------------|---------------------------------|----------------------|----------------------|---------------------------------|
| Fire Department | \$ 141.39 | \$ | \$ | \$ 141.39 |
| Playground Driveway Paving | 12,356.56 | | | 12,356.56 |
| Student Resource Officer | 1,624.48 | | 443.60 | 1,180.88 |
| Storm Recovery | | 28,000.00 | 27,307.41 | 692.59 |
| Tax Premium | 225,400.00 | 71,400.00 | 112,500.00 | 184,300.00 |
| Police Outside Overtime | 14,818.97 | 71,131.62 | 61,445.00 | 24,505.59 |
| Police Seizure | 160,492.12 | 256,449.83 | 299,879.73 | 117,062.22 |
| Public Defender | 8,297.50 | 11,235.50 | 9,310.00 | 10,223.00 |
| Parking Offense Adjudication Act | 1,026.00 | 104.00 | 941.01 | 188.99 |
| Community Garden | 2,384.21 | 1,580.00 | 2,908.55 | 1,055.66 |
| | <u>\$ 426,541.23</u> | <u>\$ 439,900.95</u> | <u>\$ 514,735.30</u> | <u>\$ 351,706.88</u> |
| | <u>REF.</u> | B | | B |
| Receipts | B-2 | \$ 375,782.40 | | |
| Prior Accounts Payable | B-19 | <u>64,118.55</u> | | |
| | | <u>\$ 439,900.95</u> | | |
| Disbursements | B-2 | | \$ 422,112.10 | |
| Accounts Payable | B-19 | | <u>92,623.20</u> | |
| | | | <u>\$ 514,735.30</u> | |

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2014 | B | \$ 32,008.78 |
| Increased by: | | |
| Receipts | B-2 | 21,432.58 |
| | | <u>\$ 53,441.36</u> |
| Decreased by: | | |
| Disbursements | B-2 | 36,228.16 |
| Balance, December 31, 2015 | B | <u>\$ 17,213.20</u> |

DOG LICENSE FEES COLLECTED

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------------|
| 2013 | \$ 31,106.00 |
| 2014 | <u>31,102.60</u> |
| | <u>\$ 62,208.60</u> |

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF DUE STATE DEPARTMENT OF HEALTH - ANIMAL CONTROL TRUST FUND

| | <u>REF.</u> | | |
|------------------------------------|-------------|----|-----------------|
| Increased by: | | | |
| State Registration Fees Collected | B-2 | \$ | 2,623.20 |
| Decreased by: | | | |
| Paid to State Department of Health | B-2 | \$ | 2,622.00 |
| Accounts Payable | B-22 | | <u>1.20</u> |
| | | \$ | <u>2,623.20</u> |

SCHEDULE OF RESERVE FOR COAH DEPOSITS

| | | | |
|----------------------------|------|----|------------------------|
| Balance, December 31, 2014 | B | \$ | 32,694.91 |
| Increased by: | | | |
| Receipts | B-2 | \$ | 10,568.02 |
| Accounts Payable | B-19 | | <u>7,250.00</u> |
| | | | <u>17,818.02</u> |
| | | \$ | <u>50,512.93</u> |
| Decreased by: | | | |
| Disbursements | B-2 | \$ | 38,453.77 |
| Prior Accounts Payable | B-19 | | <u>7,086.25</u> |
| | | | <u>45,540.02</u> |
| Balance, December 31, 2015 | B | \$ | <u><u>4,972.91</u></u> |

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF ESCROW DEPOSITS

| | <u>REF.</u> | |
|---------------------------------|-------------|-------------------------------|
| Balance, December 31, 2014 | B | \$ 1,001,699.88 |
| Increased by: | | |
| Receipts | B-2 | <u>1,434,931.04</u> |
| | | \$ <u>2,436,630.92</u> |
| Decreased by: | | |
| Disbursements | B-2 | <u>380,827.60</u> |
| Balance, December 31, 2015 | B | \$ <u><u>2,055,803.32</u></u> |
| <u>Analysis of Balance:</u> | | |
| Performance Bond Deposits | | \$ 1,613,499.42 |
| Developers Escrow Deposits | | <u>442,303.90</u> |
| | | \$ <u><u>2,055,803.32</u></u> |

"B-16"

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF UNEMPLOYMENT INSURANCE COMPENSATION

| | <u>REF.</u> | | |
|--------------------------------|-------------|------------------|---------------------------|
| Balance, December 31, 2014 | B | | \$ 5,860.29 |
| Increased by: | | | |
| Interest Earned | | \$ 13.75 | |
| Budget & Payroll Contributions | | <u>10,870.62</u> | |
| | B-2 | | \$ <u>10,884.37</u> |
| | | | \$ <u>16,744.66</u> |
| Decreased by: | | | |
| Disbursements | B-2 | | <u>10,938.32</u> |
| Balance, December 31, 2015 | B | | \$ <u><u>5,806.34</u></u> |

"B-17"

SCHEDULE OF RESERVE FOR OPEN SPACE DEPOSITS

| | | | |
|----------------------------|-----|---------------|-----------------------------|
| Balance, December 31, 2014 | B | | \$ 597,665.91 |
| Increased by: | | | |
| Tax Levy | | \$ 430,383.01 | |
| Interest Earned | | <u>723.36</u> | |
| | B-2 | | \$ <u>431,106.37</u> |
| | | | \$ <u>1,028,772.28</u> |
| Decreased by: | | | |
| Disbursements | B-2 | | <u>496,392.07</u> |
| Balance, December 31, 2015 | B | | \$ <u><u>532,380.21</u></u> |

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE

| | <u>REF.</u> | |
|----------------------------|-------------|----------------------------|
| Balance, December 31, 2014 | B | \$ 13,933.87 |
| Increased by: | | |
| Payroll Deductions | B-2 | <u>2,916,787.66</u> |
| | | \$ <u>2,930,721.53</u> |
| Decreased by: | | |
| Disbursements | B-2 | <u>2,916,819.41</u> |
| Balance, December 31, 2015 | B | \$ <u><u>13,902.12</u></u> |

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2014 | B | \$ | 145,569.95 |
| Increased by: | | | |
| Reserve for: | | | |
| Recreation Deposits | B-20 | \$ | 74,044.82 |
| Various Trust Deposits | B-11 | | 92,623.20 |
| COAH Deposits | B-14 | | <u>7,086.25</u> |
| | | | 173,754.27 |
| | | \$ | <u>319,324.22</u> |
| Decreased by: | | | |
| Reserve for: | | | |
| Recreation Deposits | B-20 | \$ | 74,201.40 |
| Various Trust Deposits | B-11 | | 64,118.55 |
| COAH Deposits | B-14 | | <u>7,250.00</u> |
| | | | 145,569.95 |
| Balance, December 31, 2015 | B | \$ | <u><u>173,754.27</u></u> |

Analysis of Balance:

| | | |
|------------------------|----|--------------------------|
| Recreation Deposits | \$ | 74,044.82 |
| Various Trust Deposits | | 92,623.20 |
| COAH | | <u>7,086.25</u> |
| | \$ | <u><u>173,754.27</u></u> |

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR RECREATION DEPOSITS

| | <u>REF.</u> | | |
|--------------------------------|-------------|------------------|----------------------------|
| Balance, December 31, 2014 | B | | \$ 123,351.83 |
| Increased by: | | | |
| Receipts | B-2 | \$ 270,091.41 | |
| Transfer from Accounts Payable | B-19 | <u>74,201.40</u> | |
| | | | <u>344,292.81</u> |
| | | | \$ 467,644.64 |
| Decreased by: | | | |
| Disbursements | B-2 | \$ 343,284.17 | |
| Accounts Payable | B-19 | <u>74,044.82</u> | |
| | | | <u>417,328.99</u> |
| Balance, December 31, 2015 | B | | \$ <u><u>50,315.65</u></u> |

"B-21"

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR REDEMPTION OF OUTSIDE LIENS

| | <u>REF.</u> | |
|---------------|-------------|-----------------------------|
| Increased by: | | |
| Receipts | B-2 | \$ <u>338,429.98</u> |
| Decreased by: | | |
| Disbursements | B-2 | \$ <u><u>338,429.98</u></u> |

"B-22"

SCHEDULE OF ACCOUNTS PAYABLE - ANIMAL CONTROL FUND

| | | |
|----------------------------|------|-----------------------|
| Increased by: | | |
| Due State of New Jersey | B-13 | \$ <u>1.20</u> |
| Balance, December 31, 2015 | B | \$ <u><u>1.20</u></u> |

"B-23"

TOWNSHIP OF CLINTON

TRUST FUND

SCHEDULE OF RESERVE FOR MUNICIPAL ALLIANCE

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2014 | B | \$ 12,609.67 |
| Increased by: | | |
| Receipts | B-2 | <u>37,153.14</u> |
| | | \$ 49,762.81 |
| Decreased by: | | |
| Disbursements | B-2 | <u>33,970.19</u> |
| Balance, December 31, 2015 | B | <u>\$ 15,792.62</u> |

"B-24"

ASSESSMENT TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENT OVERPAYMENTS

| | | |
|---|---|-----------------|
| Balance, December 31, 2014 and December 31, 2015 | B | \$ <u>29.96</u> |
|---|---|-----------------|

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | | |
|--|-------------|-------------------|-------------------------------|
| Balance, December 31, 2014 | C | | \$ 204.45 |
| Increased by Receipts: | | | |
| Capital Improvement Fund | C-8 | \$ 38,300.00 | |
| Fund Balance | C-1 | 48,094.20 | |
| Bond Anticipation Note | C-10 | 6,930,000.00 | |
| Due Current Fund | C-6 | 2,334,618.71 | |
| Deferred Charges To Future Taxation-Unfunded | C-7 | <u>494,000.00</u> | |
| | | | <u>9,845,012.91</u> |
| | | | \$ <u>9,845,217.36</u> |
| Decreased by Disbursements: | | | |
| Contracts Payable | C-12 | \$ 1,094,675.67 | |
| Bond Anticipation Note | C-10 | 7,149,000.00 | |
| Due Current Fund | C-6 | 108,582.77 | |
| Fund Balance | C-1 | <u>30,000.00</u> | |
| | | | <u>8,382,258.44</u> |
| Balance, December 31, 2015 | C | | \$ <u><u>1,462,958.92</u></u> |

"C-3"

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

| | BALANCE DECEMBER 31, 2015 |
|--|---------------------------------|
| Capital Improvement Fund | \$ 97,331.98 |
| Unfunded Improvement Authorizations Expended | (831,411.79) |
| Due Current Fund | (105,000.00) |
| Unexpended Proceeds of Bond Anticipation Notes | 2,451.39 |
| Reserve for Contracts Payable | 1,662,685.96 |
| Fund Balance | 79,003.68 |
| Improvement Authorizations Funded | <u>557,897.70</u> |
| | <u>\$ 1,462,958.92</u> |

REF.

C

"C-4"

SCHEDULE OF LOANS PAYABLE

| | | |
|----------------------------|-----|----------------------|
| Balance, December 31, 2014 | C | \$ 753,829.61 |
| Decreased by: | | |
| Loan Payments | C-5 | <u>195,818.47</u> |
| Balance, December 31, 2015 | C | <u>\$ 558,011.14</u> |

Analysis of Balance:

| | |
|-----------------------|----------------------|
| Green Acres Loan 2002 | \$ 330,770.80 |
| Green Acres Loan 2012 | <u>227,240.34</u> |
| | <u>\$ 558,011.14</u> |

"C-5"

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

| | <u>REF.</u> | | |
|----------------------------|-------------|-------------------|-------------------------|
| Balance, December 31, 2014 | C | | \$ 12,528,829.61 |
| Decreased by: | | | |
| Bonds Paid | C-11 | \$ 1,405,000.00 | |
| Loan Payments | C-4 | <u>195,818.47</u> | |
| | | | <u>1,600,818.47</u> |
| Balance, December 31, 2015 | C | | \$ <u>10,928,011.14</u> |

"C-6"

SCHEDULE OF DUE CURRENT FUND

| | | | |
|---------------------------------------|-----|--|------------------------|
| Balance, December 31, 2014 (Due From) | C | | \$ 2,331,035.94 |
| Increased by: | | | |
| Disbursements | C-2 | | <u>108,582.77</u> |
| | | | \$ <u>2,439,618.71</u> |
| Decreased by: | | | |
| Receipts | C-2 | | <u>2,334,618.71</u> |
| Balance, December 31, 2015 (Due From) | C | | \$ <u>105,000.00</u> |

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | BALANCE DECEMBER 31, 2014 | RECEIPTS | BUDGETED PAYDOWN | BALANCE DECEMBER 31, 2015 | ANALYSIS OF BALANCE, DECEMBER 31, 2015 | | |
|--|---------------------------------|---------------------------------|----------------------|----------------------|---------------------------------|---|-------------------------------|---|
| | | | | | | EXPENDITURES | BOND ANTICIPATION NOTES | UNEXPENDED IMPROVEMENT AUTHORIZATIONS |
| 715-00 | Acquisition of Property | \$ 1,500,000.00 | \$ | \$ 105,000.00 | \$ 1,395,000.00 | \$ 261,706.17 | \$ | \$ 1,133,293.83 |
| 821-03 | General Improvements | 74,335.83 | | 4,235.83 | 70,100.00 | | 70,100.00 | |
| 949-07/976-08 | Acquisition of Property | 1,240,000.00 | | | 1,240,000.00 | | | 1,240,000.00 |
| 971-08 | Various Improvements | 3,356,697.02 | | 179,429.99 | 3,177,267.03 | 233,090.26 | 2,858,500.00 | 85,676.77 |
| 977-08 | Acquisition of Property | 722,734.18 | | 9,534.18 | 713,200.00 | | 713,200.00 | |
| 1025-11 | Reconstruction of Various Roads | 4,761,000.00 | 170,000.00 | 25,800.00 | 4,565,200.00 | 336,615.36 | 1,974,200.00 | 2,254,384.64 |
| 1052-13 | Various Improvements | 1,314,000.00 | | | 1,314,000.00 | | 1,314,000.00 | |
| | | <u>\$ 12,968,767.03</u> | <u>\$ 170,000.00</u> | <u>\$ 324,000.00</u> | <u>\$ 12,474,767.03</u> | <u>\$ 831,411.79</u> | <u>\$ 6,930,000.00</u> | <u>\$ 4,713,355.24</u> |
| | | REF. C | C-2 | C-2 | C | C-3 | C-10 | |
| Improvement Authorizations Unfunded | | | | | | | | \$ 4,715,806.63 |
| Less: Unexpended Proceeds of Bond Anticipation Notes | | | | | | | | <u>2,451.39</u> |
| | | | | | | | | <u>\$ 4,713,355.24</u> |

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | |
|----------------------------|-------------|----------------------------|
| Balance, December 31, 2014 | C | \$ 59,031.98 |
| Increased by: | | |
| 2015 Budget Appropriation | C-2 | <u>38,300.00</u> |
| Balance, December 31, 2015 | C | <u><u>\$ 97,331.98</u></u> |

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORDINANCE NUMBER | GENERAL IMPROVEMENTS: | ORDINANCE | | BALANCE DECEMBER 31, 2014 | | EXPENDED | BALANCE DECEMBER 31, 2015 | |
|---------------------|---|-------------|-----------------|------------------------------|-----------------|-----------------|------------------------------|-----------------|
| | | DATE | AMOUNT | FUNDED | UNFUNDED | | FUNDED | UNFUNDED |
| 715-00 | Acquisition of Property | 04/12/00 | \$ 2,000,000.00 | \$ | \$ 1,133,293.83 | \$ | \$ | \$ 1,133,293.83 |
| 744-01 | RCA Agreement | 04/11/01 | 2,514,500.00 | 159,049.86 | | | 159,049.86 | |
| 896-05 | Various Improvements | 11/22/05 | 4,725,000.00 | 79,479.44 | | 12,375.37 | 67,104.07 | |
| 949-07 / 976-08 | Acquisition of Property | 12/17/07 | 5,223,750.00 | 306,320.67 | 1,240,000.00 | | 306,320.67 | 1,240,000.00 |
| 971-08 | Various Capital Improvements | 10/08/08 | 4,532,850.00 | | 110,916.46 | 25,239.69 | | 85,676.77 |
| 1025-11 | Reconstruction of Various Roads | 08/10/11 | 5,000,000.00 | | 3,807,162.30 | 1,552,777.66 | | 2,254,384.64 |
| 1026-11 | Canopy-Firehouse & Driveway-Safety Build. | 08/10/11 | 45,000.00 | 31,516.62 | | 13,459.52 | 18,057.10 | |
| 1029-11 | Purchase of Self-Contained Leaf Collector | 11/09/11 | 40,000.00 | 10,500.00 | | 3,134.00 | 7,366.00 | |
| 1052-13 | Various Capital Improvements | 11/11/13 | 1,384,000.00 | | 665,010.08 | 662,558.69 | | 2,451.39 |
| | | | | \$ 586,866.59 | \$ 6,956,382.67 | \$ 2,269,544.93 | \$ 557,897.70 | \$ 4,715,806.63 |
| | | <u>REF.</u> | | C | C | C-12 | C:C-3 | C:C-7 |

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

| <u>ORDINANCE</u> | <u>ORIGINAL DATE OF ISSUE</u> | <u>DATE OF ISSUE</u> | <u>DATE OF MATURITY</u> | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2014</u> | <u>INCREASED</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2015</u> |
|--------------------------------------|---------------------------------------|--------------------------|-----------------------------|--------------------------|--|------------------------|------------------------|--|
| 821-03 Various Capital Improvements | 2/2/11 | 1/28/15 | 1/27/16 | 1.25% | \$ | \$ 70,100.00 | \$ | \$ 70,100.00 |
| 821-03 Various Capital Improvements | 2/2/11 | 1/31/14 | 1/29/15 | 1.25% | 74,335.83 | | 74,335.83 | |
| 971-08 Various Capital Improvements | 2/2/11 | 1/28/15 | 1/27/16 | 1.25% | | 2,858,500.00 | | 2,858,500.00 |
| 971-08 Various Capital Improvements | 2/2/11 | 1/31/14 | 1/29/15 | 1.25% | 3,037,929.99 | | 3,037,929.99 | |
| 977-08 Acquisition of Land | 2/2/11 | 1/28/15 | 1/27/16 | 1.25% | | 713,200.00 | | 713,200.00 |
| 977-08 Acquisition of Land | 2/2/11 | 1/31/14 | 1/29/15 | 1.25% | 722,734.18 | | 722,734.18 | |
| 1025-11 Reconstruction of Roads | 2/1/12 | 1/28/15 | 1/27/16 | 1.25% | | 1,974,200.00 | | 1,974,200.00 |
| 1025-11 Reconstruction of Roads | 2/1/12 | 1/31/14 | 1/29/15 | 1.25% | 2,000,000.00 | | 2,000,000.00 | |
| 1052-13 Various Capital Improvements | 1/31/14 | 1/28/15 | 1/27/16 | 1.25% | | 1,314,000.00 | | 1,314,000.00 |
| 1052-13 Various Capital Improvements | 1/31/14 | 1/31/14 | 1/29/15 | 1.25% | 1,314,000.00 | | 1,314,000.00 | |
| | | | | | <u>\$ 7,149,000.00</u> | <u>\$ 6,930,000.00</u> | <u>\$ 7,149,000.00</u> | <u>\$ 6,930,000.00</u> |
| | | | | <u>REF.</u> | C | C-2 | C-2 | C:C-7 |

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS

| <u>PURPOSE</u> | <u>DATE OF ISSUE</u> | <u>AMOUNT OF ORIGINAL ISSUE</u> | <u>OUTSTANDING DECEMBER 31, 2015</u> | | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2014</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2015</u> |
|------------------------------------|----------------------|---------------------------------|--------------------------------------|---------------|----------------------|----------------------------------|------------------------|----------------------------------|
| | | | <u>DATE</u> | <u>AMOUNT</u> | | | | |
| General Obligation Bonds | 1/1/09 | \$ 8,000,000.00 | 1/1/16 | \$ 625,000.00 | 3.00% | \$ 5,600,000.00 | \$ 575,000.00 | \$ 5,025,000.00 |
| | | | 1/1/17 | 650,000.00 | 3.10% | | | |
| | | | 1/1/18 | 700,000.00 | 3.375% | | | |
| | | | 1/1/19 | 725,000.00 | 3.50% | | | |
| | | | 1/1/20 | 750,000.00 | 3.625% | | | |
| | | | 1/1/21 | 775,000.00 | 3.75% | | | |
| | | | 1/1/22 | 800,000.00 | 3.75% | | | |
| General Obligation Refunding Bonds | 5/4/11 | 5,295,000.00 | 7/1/16 | 490,000.00 | 4.00% | 4,270,000.00 | 475,000.00 | 3,795,000.00 |
| | | | 7/1/17 | 500,000.00 | 4.00% | | | |
| | | | 7/1/18 | 525,000.00 | 3.00% | | | |
| | | | 7/1/19 | 535,000.00 | 5.00% | | | |
| | | | 7/1/20 | 565,000.00 | 3.00% | | | |
| | | | 7/1/21 | 585,000.00 | 3.125% | | | |
| | | | 7/1/22 | 595,000.00 | 3.25% | | | |
| General Obligation Refunding Bonds | 7/10/13 | 2,245,000.00 | 7/1/16 | 365,000.00 | 3.00% | 1,905,000.00 | 355,000.00 | 1,550,000.00 |
| | | | 7/1/17 | 380,000.00 | 3.00% | | | |
| | | | 7/1/18 | 395,000.00 | 3.00% | | | |
| | | | 7/1/19 | 410,000.00 | 3.00% | | | |
| | | | | | | | | |
| | | | | | | <u>\$ 11,775,000.00</u> | <u>\$ 1,405,000.00</u> | <u>\$ 10,370,000.00</u> |
| <u>REF.</u> | | | | | | C | C-5 | C |

"C-12"

TOWNSHIP OF CLINTON

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

| | <u>REF.</u> | |
|----------------------------|-------------|-------------------------------|
| Balance, December 31, 2014 | C | \$ 487,816.70 |
| Increased by: | | |
| Improvement Authorizations | C-9 | <u>2,269,544.93</u> |
| | | \$ <u>2,757,361.63</u> |
| Decreased by: | | |
| Disbursements | C-2 | <u>1,094,675.67</u> |
| Balance, December 31, 2015 | C | \$ <u><u>1,662,685.96</u></u> |

"C-13"

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

| <u>ORDINANCE</u> <u>NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u> |
|-----------------------------------|--------------------------------|--|
| 715-00 | Acquisition of Property | \$ 1,395,000.00 |
| 949-07/976-08 | Acquisition of Property | 1,240,000.00 |
| 971-08 | Various Improvements | 318,767.03 |
| 1025-11 | Acquisition of Property | <u>2,591,000.00</u> |
| | | \$ <u><u>5,544,767.03</u></u> |

TOWNSHIP OF CLINTON

PART II

REPORTS 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

SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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E-mail info@scnco.com

**INDEPENDENT AUDITOR'S 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**

The Honorable Mayor and Members
of the Township Council
Township of Clinton
County of Hunterdon
Lebanon, New Jersey 08833

We have audited, in accordance with the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Clinton, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated May 6, 2016. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Clinton prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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 Township of Clinton's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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*. However, there were immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of the audit report.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Clinton'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 Township of Clinton's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 6, 2016

TOWNSHIP OF CLINTON

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

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE | FEDERAL C.F.D.A. NUMBER | GRANT AWARD AMOUNT | GRANT PERIOD | | 2015 RECEIPTS | 2015 EXPENDITURES | CUMULATIVE EXPENDITURES DECEMBER 31, 2015 |
|---|-------------------------------|--------------------------|--------------|----------|------------------|----------------------|--|
| | | | FROM | TO | | | |
| HUD Special Programs | 14.251 | \$ 250,000.00 | 1/1/11 | 12/31/11 | \$ | \$ | \$ 58,216.32 |
| Disaster Assistance - FEMA | 97.036 | 144,115.30 | 10/31/12 | 4/30/13 | 49,161.00 | | 144,115.30 |
| EMAA Grant | 97.042 | 5,000.00 | 1/1/11 | 12/31/11 | | | |
| EMAA Grant | 97.042 | 5,000.00 | 1/1/12 | 12/31/12 | | | |
| EMAA Grant | 97.042 | 5,000.00 | 1/1/15 | 12/31/15 | | | |
| <u>GRAND TOTAL</u> | | | | | \$ 49,161.00 | \$ 0.00 | \$ 202,331.62 |

TOWNSHIP OF CLINTON

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

| <u>STATE GRANTOR/PROGRAM TITLE</u> | <u>STATE ACCOUNT NUMBER</u> | <u>GRANT AWARD AMOUNT</u> | <u>2015 RECEIPTS</u> | <u>2015 EXPENDITURES</u> | <u>CUMULATIVE EXPENDITURES DECEMBER 31, 2015</u> |
|--|---------------------------------|-----------------------------------|--------------------------|------------------------------|--|
| <u>Department of Environmental Protection</u> | | | | | |
| Recycling Tonnage Grant - 2011 and 2012 | 4900-753-042-4900-001-V42Y-6020 | \$ 15,966.83 | \$ | \$ 4,788.43 | \$ 15,966.83 |
| Recycling Tonnage Grant - 2014 | 4900-753-042-4900-001-V42Y-6020 | 11,048.01 | | 10,010.82 | 10,010.40 |
| Recycling Tonnage Grant - 2015 | 4900-753-042-4900-001-V42Y-6020 | 13,272.28 | | | |
| Clean Communities - 2014 | 4900-765-042-4900-004-VCMV-6020 | 30,456.99 | | 29,451.92 | 30,456.99 |
| Clean Communities - 2015 | 4900-765-042-4900-004-VCMV-6020 | 37,002.92 | 37,002.92 | 1,001.64 | 1,001.64 |
| | | | <u>\$ 37,002.92</u> | <u>\$ 45,252.81</u> | <u>\$ 57,435.86</u> |
| <u>Department of Law and Public Safety</u> | | | | | |
| Drunk Driving Enforcement Fund - 2014 | 6400-100-078-6400-YYY | 7,740.96 | \$ | \$ 2,413.32 | \$ 5,327.64 |
| Drunk Driving Enforcement Fund - 2015 | 6400-100-078-6400-YYY | 10,256.04 | 10,256.04 | 10,256.04 | 10,256.04 |
| Alcohol Education and Rehabilitation Fund - 2014 | 9735-760-098-4900-001-XI00-6020 | 1,713.32 | | | 1,407.73 |
| Alcohol Education and Rehabilitation Fund - 2015 | 9735-760-098-4900-001-XI00-6020 | 2,651.99 | 2,651.99 | | |
| Click It or Ticket - 2015 | | 7,904.30 | 3,904.30 | 4,000.00 | 4,000.00 |
| Drive Sober or Get Pulled Over - 2014 | | 11,600.00 | 2,500.00 | 7,350.00 | 11,600.00 |
| Drive Sober or Get Pulled Over - 2015 | | 14,700.00 | 9,700.00 | 8,558.22 | 8,558.22 |
| Body Armor Replacement Fund - 2014 | 1020-718-066-1020-001-YCJS-6120 | 3,125.80 | | 118.00 | 309.45 |
| Body Armor Replacement Fund - 2015 | 1020-718-066-1020-001-YCJS-6120 | 4,876.55 | 2,436.47 | | |
| | | | <u>\$ 31,448.80</u> | <u>\$ 32,695.58</u> | <u>\$ 41,459.08</u> |
| | <u>GRAND TOTAL</u> | | <u>\$ 68,451.72</u> | <u>\$ 77,948.39</u> | |

TOWNSHIP OF CLINTON

NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2015

NOTE 1. GENERAL

The accompanying schedules of expenditures of financial assistance present the activity of all federal and state financial assistance programs of the Township of Clinton, County of Hunterdon, New Jersey. All federal and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Township's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related federal and state financial report.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. All of these amounts are reported in the Current Fund in 2015.

Receipts:

| | <u>Federal</u> | <u>State</u> | <u>Other</u> | <u>Total</u> |
|--------------|----------------------------|----------------------------|---------------------------|-----------------------------|
| Current Fund | \$ <u>49,161.00</u> | \$ <u>68,451.72</u> | \$ <u>8,000.00</u> | \$ <u>125,612.72</u> |
| | \$ <u><u>49,161.00</u></u> | \$ <u><u>68,451.72</u></u> | \$ <u><u>8,000.00</u></u> | \$ <u><u>125,612.72</u></u> |

Expenditures:

| | <u>Federal</u> | <u>State</u> | <u>Other</u> | <u>Total</u> |
|--------------|-----------------------|----------------------------|---------------------------|----------------------------|
| Current Fund | \$ <u>0.00</u> | \$ <u>77,948.39</u> | \$ <u>3,255.00</u> | \$ <u>81,203.39</u> |
| | \$ <u><u>0.00</u></u> | \$ <u><u>77,948.39</u></u> | \$ <u><u>3,255.00</u></u> | \$ <u><u>81,203.39</u></u> |

NOTE 5. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedules.

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PART III

TOWNSHIP OF CLINTON

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATION

YEAR ENDED DECEMBER 31, 2015

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

| | <u>YEAR 2015</u> | | <u>YEAR 2014</u> | |
|--|-------------------------|----------------|-------------------------|----------------|
| | <u>AMOUNT</u> | <u>%</u> | <u>AMOUNT</u> | <u>%</u> |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Fund Balance Utilized | \$ 1,264,627.72 | 2.10% | \$ 2,309,500.00 | 3.97% |
| Miscellaneous - From Other Than | | | | |
| Local Property Tax Levies | 3,848,092.52 | 6.40% | 2,658,490.77 | 4.57% |
| Collection of Delinquent Taxes | | | | |
| and Tax Title Liens | 571,043.26 | 0.95% | 543,944.91 | 0.93% |
| Collections of Current Tax Levy | <u>54,401,331.60</u> | <u>90.55%</u> | <u>52,682,663.23</u> | <u>90.53%</u> |
| <u>Total Revenue</u> | <u>\$ 60,085,095.10</u> | <u>100.00%</u> | <u>\$ 58,194,598.91</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | \$ 10,860,775.18 | 18.30% | \$ 10,392,687.81 | 18.19% |
| County Taxes | 8,323,524.59 | 14.02% | 8,030,391.59 | 14.06% |
| Local School District Taxes | 24,039,760.00 | 40.49% | 23,733,866.00 | 41.54% |
| Municipal Open Space Taxes | 430,383.01 | 0.73% | 436,693.94 | 0.76% |
| Regional District School Tax | 14,381,676.00 | 24.23% | 13,549,806.00 | 23.72% |
| Other Expenditures | <u>1,322,458.91</u> | <u>2.23%</u> | <u>988,092.77</u> | <u>1.73%</u> |
| <u>Total Expenditures</u> | <u>\$ 59,358,577.69</u> | <u>100.00%</u> | <u>\$ 57,131,538.11</u> | <u>100.00%</u> |
| Excess in Revenue | \$ 726,517.41 | | \$ 1,063,060.80 | |
| Fund Balance - January 1 | <u>1,387,331.60</u> | | <u>2,633,770.80</u> | |
| | \$ 2,113,849.01 | | \$ 3,696,831.60 | |
| Less: Utilization as Anticipated Revenue | <u>1,264,627.72</u> | | <u>2,309,500.00</u> | |
| Fund Balance, December 31 | <u>\$ 849,221.29</u> | | <u>\$ 1,387,331.60</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--------------------------|----------------|----------------|----------------|
| Tax Rate | <u>\$2.550</u> | <u>\$2.492</u> | <u>\$2.440</u> |
| Appointment of Tax Rate: | | | |
| Municipal | 0.299 | 0.279 | 0.262 |
| Municipal Open Space | 0.020 | 0.020 | 0.020 |
| County | 0.388 | 0.377 | 0.369 |
| Regional School | 0.676 | 0.659 | 0.642 |
| Local School | <u>1.167</u> | <u>1.157</u> | <u>1.147</u> |

Assessed Valuation:

| | | | |
|-----------|----------------------------|----------------------------|----------------------------|
| Year 2015 | \$ <u>2,149,136,500.00</u> | | |
| Year 2014 | | \$ <u>2,135,520,800.00</u> | |
| Year 2013 | | | \$ <u>2,146,965,852.00</u> |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>YEAR</u> | <u>TAX LEVY</u> | <u>CASH COLLECTIONS</u> | <u>PERCENTAGE OF COLLECTION</u> |
|-------------|-----------------|-------------------------|---------------------------------|
| 2015 | \$54,865,584.84 | \$54,401,331.60 | 99.15% |
| 2014 | \$53,294,157.80 | \$52,682,663.23 | 98.85% |
| 2013 | \$52,445,842.24 | \$51,806,693.84 | 98.78% |

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

| <u>DECEMBER 31, YEAR</u> | <u>AMOUNT OF TAX TITLE LIENS</u> | <u>AMOUNT OF DELINQUENT TAXES</u> | <u>TOTAL DELINQUENT</u> | <u>PERCENTAGE OF TAX LEVY</u> |
|------------------------------|--|---|-----------------------------|---------------------------------------|
| 2015 | \$ 28,110.47 | \$ 454,610.27 | \$ 482,720.74 | 0.88% |
| 2014 | 20,132.73 | 575,937.99 | 596,070.72 | 1.12% |
| 2013 | 18,512.47 | 564,354.20 | 582,866.67 | 1.11% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2015 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------|
| 2015 | \$165,000.00 |
| 2014 | \$165,000.00 |
| 2013 | \$165,000.00 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>YEAR</u> | <u>BALANCE DECEMBER 31</u> | <u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u> |
|--------------|-------------|--------------------------------|--|
| Current Fund | 2015 | \$ 849,221.29 | \$ * |
| | 2014 | 1,387,331.60 | 1,264,627.72 |
| | 2013 | 2,633,770.80 | 2,309,500.00 |
| | 2012 | 3,019,190.05 | 2,549,137.00 |
| | 2011 | 3,654,628.38 | 3,050,000.00 |

* Unavailable

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

| <u>NAME</u> | <u>TITLE</u> | <u>AMOUNT OF BOND</u> | <u>NAME OF SURETY</u> |
|----------------------|--|-----------------------|----------------------------|
| John Higgins | Mayor | | |
| Brian Mullaney | Council President | | |
| James Imbriaco | Councilman | | |
| Peter Marra | Councilman | | |
| Amy Switlyk | Councilwoman | | |
| Marvin J. Joss | Administrator, QPA | \$100,000.00 | Hartford Fire Insurance Co |
| Marie Pardo | Certified Municipal Finance Officer | \$2,000,000.00 | Hartford Fire Insurance Co |
| Kristina P. Hadinger | Township Attorney | | |
| Carla Conner | Township Clerk, Registrar | | |
| Patricia Centofanti | Certified Tax Collector | \$1,000,000.00 | Hartford Fire Insurance Co |
| Jeffrey Ward | Tax Assessor | | |
| Eric Perkins, Esq. | Municipal Court Judge | | |
| Lynn Lorenz | Court Administrator | \$100,000.00 | Western Surety Co. |
| Douglas Higgins | Officer in Charge | | |
| Denise Filardo | Planning Board Administrator/ Board of Adjustment Clerk | | |
| Michael D. Wright | Construction Code Official | | |
| Tom Silvia | Zoning Officer | | |

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 40A:11-4

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 P.L. 1971 C. 198 (C. 40A:11-3), except by contract or agreement."

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-3(a) is \$17,500.00. By resolution of the governing body, the threshold was increased to \$36,000.00 since the Township employs a qualified purchasing agent.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

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

Department of Public Works – Wash Bay
Improvements-Uptom Pine, Highfields, Hemlock, Spruce and Redwood Roads

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 audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 "for the performance of any work or the furnishing or hiring of any material, supplies or services, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A: 11-6."

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

Township Attorney
Township Engineer
Bond Counsel
Township Auditor
Township Planner
Special Tax Counsel
Labor Counsel

In addition, purchases utilizing state contracts and county co-ops were made for the following:

Road Salt

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment 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 pursuant to the provisions of R.S. 54:4-67 fixing the rate of delinquent taxes and assessments and on sanitary sewer service charges at 8% per annum on the first \$1,500.00 and a rate of 18% per annum on any amount in excess of \$1,500.00 becoming delinquent after the due date and if the delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged if payment of any installment is made within ten days after the date upon which the same becomes payable.

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 December 10, 2015 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

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

| <u>YEAR</u> | <u>NUMBER OF LIENS</u> |
|-------------|------------------------|
| 2015 | 5 |
| 2014 | 5 |
| 2013 | 5 |

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of the mailing of verification notices as follows:

| <u>TYPE</u> | |
|---------------------------------------|----|
| Information Tax Positive Confirmation | 50 |
| Delinquent Tax Positive Confirmation | 25 |

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

Finance

Our observation of the trial balances of the various funds of the Township revealed multiple instances of missing or inaccurate non-cash journal entries.

Purchasing

Our test of paid vouchers disclosed the following instances of noncompliance. We noted that numerous purchase orders are processed as confirming orders. This is where goods have been received or services have been rendered prior to the issuance of a purchase order. In effect, the controls that minimize the possibility of over-expenditures and unauthorized purchases are not in operation.

Payroll

Our analysis of the payroll agency account reviewed multiple instances of negative and unidentified sub-account balances. This occurs either when the proper amounts are not transferred into the payroll agency account, or when the proper amounts are not remitted from the payroll agency account to the various required agencies.

Police Outside Overtime

Our audit of the police outside overtime sub-account in the trust fund revealed that funds are not consistently received from vendors prior to police services being performed and that the turnover of funds from the trust fund to the current fund to cover payrolls and recognize the admin fee as revenue does not occur on a regular basis.

RECOMMENDATIONS

- * That the finance office consistently perform all appropriate non-cash journal entries.
- * That the practice of issuing confirming orders be discontinued.
- * That the sub-accounts in the payroll agency account be accurately maintained.

That fees for police outside overtime services be collected prior to services being performed and that fees be regularly turned over to cover payrolls and recognize the admin fee as revenue.

* unresolved prior year recommendation

