

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

**YEAR ENDED**

**DECEMBER 31, 2015**

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

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**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

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**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
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**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS**

**FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**

# *Oliwa & Company*

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of the Borough Council  
Borough of South Toms River  
County of Ocean  
South Toms River, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and the account group of the Borough of South Toms River, County of Ocean, State of New Jersey (the "Borough") as of December 31, 2015, the related statement of operations and change in fund balance - regulatory basis for the year then ended, the related statement of fund balance - regulatory basis for the year then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements listed as financial statement exhibits 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 financial reporting provisions of 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 misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1, the Borough prepares its financial statements in accordance with the financial reporting provisions of 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. 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 Borough as of December 31, 2015, or changes in its financial position for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheets - regulatory basis of the various funds and the account group of the Borough as of December 31, 2015, the statements of operations and change in fund balance - regulatory basis for the year then ended, the statement of fund balance - regulatory basis for the year then ended, the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the individual funds for the year ended December 31, 2015 in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### **Other Matters**

The Borough's financial statements - regulatory basis as of December 31, 2014, and for the year then ended, were audited by other auditors whose report, dated July 15, 2015, expressed an unmodified opinion on those financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and an adverse opinion as to the conformity of the financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.


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

### **Other Matters (continued)**

The supplementary schedules and comments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion in all material respects in relation to the basic financial statements as a whole, based on the accounting principles and practices of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2016 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough's internal control over financial reporting and compliance.



Robert S. Oliwa  
Certified Public Accountant  
Registered Municipal Accountant #414

*Oliwa & Company*

Freehold, New Jersey  
November 30, 2016



# *Oliwa & Company*

Certified Public Accountants

**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**

To the Honorable Mayor and  
Members of the Borough Council  
Borough of South Toms River  
County of Ocean  
South Toms River, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory basis financial statements of the Borough of South Toms River, County of Ocean, State of New Jersey (the "Borough") as of and for the year ended December 31, 2015, and the related notes to the regulatory basis financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated November 30, 2016, in which we expressed an adverse opinion on the conformity of the regulatory basis financial statements with accounting principles generally accepted in the United States of America, due to the differences between those principles and the financial reporting provisions of the Division. We expressed an unmodified opinion on the regulatory basis financial statements as to conformity with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## **Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



Robert S. Oliwa  
Certified Public Accountant  
Registered Municipal Accountant #414

*Oliwa & Company*

Freehold, New Jersey  
November 30, 2016

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2015 and 2014**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$1,233,689.24	\$1,085,843.36
Change Funds		450.00	450.00
Due from State of New Jersey (P.L. 1971, Chap. 20)	A-10	1,811.82	1,957.71
		<u>1,235,951.06</u>	<u>1,088,251.07</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	210,643.21	315,687.63
Property Acquired for Taxes at Assessed Valuation		603,100.00	603,100.00
Revenue Accounts Receivable	A-12	5,833.21	2,147.94
Prepaid Regional School Tax	A-14	14,307.95	14,454.99
Tax Title Liens Receivable		510.18	422.86
Overpayment of Lien Receivable		2,299.47	2,299.47
Due from Other Trust Fund		9,073.83	8,857.18
Due from General Capital Fund			28.50
Due from Animal Control Fund		2,136.60	0.99
Due from Public Assistance Trust Fund			0.31
Due from South Toms River Sewerage Authority		2,706.82	
		<u>850,611.27</u>	<u>946,999.87</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)	A-11	75,000.00	
		<u>2,161,562.33</u>	<u>2,035,250.94</u>
Federal and State Grant Fund:			
Due from Current Fund		67,962.76	65,232.67
Grants Receivable	A-18	32,912.61	49,387.16
		<u>100,875.37</u>	<u>114,619.83</u>
		<u>\$2,262,437.70</u>	<u>\$2,149,870.77</u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2015 and 2014**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3:A-13	\$375,514.79	\$272,144.65
Prepaid Taxes	A-9	37,008.33	62,189.03
Tax Overpayments	A-8	7,170.02	13,628.11
Due to State of New Jersey - Marriage Licenses	A-16	350.00	175.00
Due to South Toms River Sewerage Authority			15.79
County Taxes Payable	A-15	2,215.32	755.67
Due to Federal and State Grant Fund		67,962.76	65,232.67
Accounts Payable	A-17	13,321.45	14,444.73
Prepaid Licenses, Fees and Permits		13,900.00	1,500.00
Reserve for:			
Revaluation		24,139.83	
Recreation Building Rent Deposits		150.00	150.00
Sale of Municipal Assets		11,553.86	3,318.90
Tax Appeals		10,928.00	10,928.00
Recreation Building Repairs		9,472.17	9,472.17
Bid Deposits		9,223.00	9,223.00
Encumbrances	A-7	52,167.75	64,204.56
		<u>635,077.28</u>	<u>527,382.28</u>
Reserve for Receivables and Other Assets		850,611.27	946,999.87
Fund Balance	A-1	675,873.78	560,868.79
		<u>2,161,562.33</u>	<u>2,035,250.94</u>
<b>Federal and State Grant Fund:</b>			
Reserve for Encumbrances	A-19		6,907.95
Appropriated Reserves	A-19	91,455.12	96,188.37
Unappropriated Reserves	A-20	9,420.25	11,523.51
		<u>100,875.37</u>	<u>114,619.83</u>
		<u><u>\$2,262,437.70</u></u>	<u><u>\$2,149,870.77</u></u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2015 and 2014**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$425,000.00	\$425,000.00
Miscellaneous Revenue Anticipated	A-2	590,757.06	607,273.01
Receipts from Delinquent Taxes	A-2	315,860.47	223,120.26
Receipts from Current Taxes	A-2	5,674,370.68	5,413,165.10
Non-Budget Revenues	A-2	38,616.71	45,754.07
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	198,182.20	239,163.44
Accounts Payable Cancelled			3,547.34
Statutory Excess in Animal Control Fund	A-4	7,139.00	
Interfunds Returned		29.80	
Prepaid School Taxes Returned		147.04	
Total Income		<u>7,250,102.96</u>	<u>6,957,023.22</u>
<b><u>Expenditures</u></b>			
Budget and Emergency Appropriations:			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	1,508,783.00	1,475,614.00
Other Expenses	A-3	1,467,661.00	1,355,832.49
Statutory Expenditures	A-3	337,703.00	320,525.00
Budget Appropriations Excluded From "CAPS"			
Operations:			
Salaries and Wages	A-3	106,474.00	100,647.02
Other Expenses	A-3	81,993.67	114,165.89
Capital Improvements	A-3	40,000.00	37,000.00
Municipal Debt Service	A-3	263,979.00	229,667.62
Deferred Charges			8,000.00
Reserve for Overpayment of Lien Receivable			2,299.47
Reserve for Prepaid School Taxes			2,536.70
Reserve for Due from South Toms River			
Sewerage Authority		2,706.82	
Refund of Prior Year Revenue	A-4	90.00	
Prior Year Senior Citizen Deductions Disallowed	A-10	2,795.90	2,750.00
Regional School Tax	A-14	2,039,934.00	1,949,912.00
County Taxes	A-15	932,760.93	930,450.53
Interfunds Advanced		216.65	1,861.38
Total Expenditures		<u>6,785,097.97</u>	<u>6,531,262.10</u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS**  
**AND CHANGE IN FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2015 and 2014**

	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Excess in Revenue		\$465,004.99	\$425,761.12
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year(s)		75,000.00	
Statutory Excess to Fund Balance		540,004.99	425,761.12
Fund Balance January 1	A	560,868.79	560,107.67
		<u>1,100,873.78</u>	<u>985,868.79</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	425,000.00	425,000.00
Fund Balance December 31	A	<u>\$675,873.78</u>	<u>\$560,868.79</u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Fund Balance Anticipated	A-1	\$425,000.00		\$425,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-12	4,988.00		4,979.00	(\$9.00)
Other	A-12	26,053.00		14,602.00	(11,451.00)
Fees and Permits	A-12	15,085.00		28,618.00	13,533.00
Fines and Costs:					
Municipal Court	A-12	41,819.00		57,586.47	15,767.47
Other	A-12	250.00		200.00	(50.00)
Interest and Costs on Taxes	A-12	51,186.00		77,333.03	26,147.03
Interest on Investments and Deposits	A-12	724.00		655.05	(68.95)
Consolidated Municipal Property Tax Relief Act	A-12	32,853.00		32,853.00	
Energy Receipts Tax	A-12	298,142.00		298,142.00	
Impound Yard Fees	A-12	5,065.00		8,935.00	3,870.00
Recycling Tonnage Grant	A-18	5,011.29		5,011.29	
Drunk Driving Enforcement Fund	A-18	5,000.00		5,000.00	
Safe and Secure Communities Program	A-18	30,000.00		30,000.00	
Body Armor Fund	A-18	1,512.22		1,512.22	
Contribution from Sewerage Authority	A-12	25,930.00		25,330.00	
	A-1	543,618.51	-	590,757.06	47,738.55
Receipts from Delinquent Taxes	A-1:A-2	285,571.01		315,860.47	30,289.46

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
		<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Amount to be Raised by Taxes for Support of Municipal Budget: Local Tax for Municipal Purposes	A-2	\$2,957,370.82		\$3,173,241.42	\$215,870.60
Budget Totals		4,211,560.34	-	4,504,858.95	\$293,898.61
Non-Budget Revenues	A-1:A-2			38,616.71	
		<u>\$4,211,560.34</u>	<u>-</u>	<u>\$4,543,475.66</u>	
	<u>Ref.</u>	A-3			

See Accompanying Notes



**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2010**

<b><u>Analysis of Realized Revenues</u></b>	<b><u>Ref.</u></b>	
Allocation of Current Tax Collections:		
Revenue from Collections-		
By Cash	A-1:A-6	\$5,674,370.68
Allocated to School and County Taxes		<u>2,972,694.93</u>
Balance for Support of Municipal Budget Appropriations		2,701,675.75
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>471,565.67</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$3,173,241.42</u></u>
<b><u>Receipts from Delinquent Taxes:</u></b>		
Delinquent Tax Collections	A-2:A-6	<u><u>\$315,860.47</u></u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

**Analysis of Non-Budget Revenue**

Cable Franchise Fees	\$8,692.14
JIF Dividends	6,945.52
Interlocal Agreement	6,004.81
Insurance Reimbursements	3,260.14
Police Outside Service Fees	2,880.00
Containers for Robo Truck	2,870.00
Municipal Court Restitution	2,000.00
Recycling	1,888.32
Mathis Plaza Rental Fees	1,500.00
Police Reports	893.47
Senior Citizens & Veterans Administrative Aid	569.08
Duplicate Copy Tax Bill	375.00
Yard Sale Permits	360.00
Planning Board - Meeting Advertisements	154.40
Planning Board - Administration Fees	50.00
Mathis Plaza Vendor Fees	50.00
Death Certificates	50.00
Copies	42.65
Property Lists	20.00
Municipal Court	9.00
Prior Year Refunds	2.18
	<u>\$38,616.71</u>

	<b><u>Ref.</u></b>	
Treasurer	A-4	\$38,241.71
Tax Collector	A-5	<u>375.00</u>
	A-2	<u>\$38,616.71</u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After</u></b>	<b><u>Paid or</u></b>	<b><u>Reserved</u></b>	<b><u>Balance</u></b>
		<b><u>Modification</u></b>	<b><u>Charged</u></b>		<b><u>Canceled</u></b>
<u>Operations Within "CAPS"</u>					
GENERAL GOVERNMENT:					
Mayor and Council					
Salaries and Wages	\$11,000.00	\$11,000.00	\$11,000.00		
Other Expenses	5,000.00	5,050.00	4,602.86	\$447.14	
Borough Clerk					
Salaries and Wages	98,200.00	100,700.00	100,649.63	50.37	
Other Expenses	20,000.00	17,500.00	14,163.70	3,336.30	
Financial Administration					
Salaries and Wages	50,150.00	50,150.00	50,126.78	23.22	
Other Expenses	9,000.00	10,000.00	9,294.61	705.39	
Audit	20,000.00	20,000.00	2,500.00	17,500.00	
Collection of Taxes					
Salaries and Wages	37,600.00	37,800.00	37,775.03	24.97	
Other Expenses	7,000.00	7,000.00	5,957.66	1,042.34	
Assessment of Taxes					
Salaries and Wages	9,950.00	9,950.00	9,945.88	4.12	
Other Expenses	1,500.00	1,500.00	1,360.38	139.62	
Revaluation (Emergency (\$75,000.00))		75,000.00	75,000.00	0.00	
Foreclosure of Tax Title Liens					
Other Expenses	500.00	500.00		500.00	
Data Processing					
Other Expenses	25,000.00	28,500.00	26,337.88	2,162.12	
Legal Services and Costs					
Other Expenses	30,000.00	31,000.00	29,135.88	1,864.12	
Engineering Services and Costs					
Other Expenses	15,000.00	27,000.00	23,097.53	3,902.47	
See Accompanying Notes					

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After</u></b>	<b><u>Paid or</u></b>	<b><u>Reserved</u></b>	<b><u>Balance</u></b>
		<b><u>Modification</u></b>	<b><u>Charged</u></b>		<b><u>Canceled</u></b>
<b><u>Operations Within "CAPS"</u></b>					
GENERAL GOVERNMENT (Continued):					
Planning Board					
Salaries and Wages	\$2,500.00	\$2,500.00	\$2,486.86	\$13.14	
Other Expenses	6,000.00	6,000.00	2,617.50	3,382.50	
Insurance					
General Liability	62,222.00	62,222.00	60,631.00	1,591.00	
Workers' Compensation	72,506.00	72,506.00	72,505.30	0.70	
Employee Group Health	477,608.00	477,608.00	326,638.98	150,969.02	
Surety Bond Premiums	1,000.00	1,000.00		1,000.00	
Other Insurance Premiums	10,800.00	10,800.00	8,272.64	2,527.36	
PUBLIC SAFETY:					
Police Department					
Salaries and Wages	1,033,873.00	1,013,873.00	982,126.89	31,746.11	
Other Expenses	63,665.00	63,665.00	58,018.51	5,646.49	
Emergency Management Services					
Salaries and Wages	3,000.00	1,000.00	1,000.00		
Other Expenses	3,200.00	4,400.00	3,964.85	435.15	
Aid to Municipal or Volunteer Fire Companies					
in Adjoining Municipalities	26,500.00	26,500.00	26,500.00		
First Aid Contribution	11,000.00	11,000.00	11,000.00		
Fire Hydrant Service	14,000.00	14,000.00	12,250.23	1,749.77	
Municipal Prosecutor					
Other Expenses	6,000.00	6,000.00	6,000.00		

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After</u></b>	<b><u>Paid or</u></b>	<b><u>Reserved</u></b>	<b><u>Balance</u></b>
		<b><u>Modification</u></b>	<b><u>Charged</u></b>		<b><u>Canceled</u></b>
<b><u>Operations Within "CAPS"</u></b>					
<b>PUBLIC WORKS FUNCTIONS:</b>					
Road Repairs and Maintenance					
Other Expenses	\$7,500.00	\$5,000.00	\$1,286.95	\$3,713.05	
Snow Removal					
Salaries and Wages	10,000.00	5,000.00	3,667.19	1,332.81	
Other Expenses	10,000.00	7,000.00	4,705.00	2,295.00	
Solid Waste Collection					
Garbage and Trash Removal					
Salaries and Wages	187,000.00	187,000.00	159,855.94	27,144.06	
Other Expenses	137,000.00	131,000.00	112,979.10	18,020.90	
Recycling Program					
Other Expenses	1,000.00	1,000.00		1,000.00	
Sanitary Landfill					
Other Expenses	8,500.00	8,500.00	2,775.00	5,725.00	
Public Buildings and Grounds					
Other Expenses	20,000.00	18,750.00	15,680.62	3,069.38	
Vehicle Maintenance					
Other Expenses	52,500.00	72,500.00	62,352.94	10,147.06	
<b>HEALTH AND HUMAN SERVICES:</b>					
Animal Control Officer					
Salaries and Wages	500.00	500.00		500.00	
Other Expenses	14,000.00	13,000.00	11,129.50	1,870.50	
Registrar					
Salaries and Wages	10.00	10.00		10.00	

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After</u></b>	<b><u>Paid or</u></b>	<b><u>Reserved</u></b>	<b><u>Balance</u></b>
		<b><u>Modification</u></b>	<b><u>Charged</u></b>		<b><u>Canceled</u></b>
<b><u>Operations Within "CAPS"</u></b>					
<b>HEALTH AND HUMAN SERVICES</b>					
(Continued):					
Administration of Public Assistance					
Other Expenses	\$10.00	\$10.00		\$10.00	
Demolition or Securing Health Hazard Sites					
Other Expenses	1,000.00	1,000.00		1,000.00	
<b>PARKS AND RECREATION FUNCTIONS:</b>					
Parks and Recreation					
Other Expenses	2,000.00	2,000.00	\$500.00	1,500.00	
Celebration of Public Events or Holidays					
Other Expenses	7,000.00	7,000.00	5,749.37	1,250.63	
<b>OTHER FUNCTIONS:</b>					
Municipal Court					
Salaries and Wages	71,000.00	71,000.00	69,032.41	1,967.59	
Other Expenses	8,000.00	8,000.00	7,939.55	60.45	
Public Defender					
Other Expenses	4,500.00	4,500.00	500.00	4,000.00	
Environmental Commission					
Other Expenses	1,500.00	1,500.00		1,500.00	
State Uniform Construction Code Officials					
Salaries and Wages	15,800.00	18,300.00	18,256.96	43.04	
Other Expenses	1,000.00	1,000.00	722.62	277.38	
See Accompanying Notes					

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After</u></b>	<b><u>Paid or</u></b>	<b><u>Reserved</u></b>	<b><u>Balance</u></b>
		<b><u>Modification</u></b>	<b><u>Charged</u></b>		<b><u>Canceled</u></b>
<b><u>Operations Within "CAPS"</u></b>					
UTILITIES:					
Electricity	\$23,000.00	\$23,000.00	\$18,581.14	\$4,418.86	
Street Lighting	60,000.00	57,000.00	46,757.60	10,242.40	
Telephone	26,000.00	26,500.00	26,427.54	72.46	
Water	4,000.00	6,000.00	5,187.36	812.64	
Natural Gas and Propane	24,000.00	24,000.00	16,545.19	7,454.81	
Heating Oil	1,000.00	1,000.00		1,000.00	
Gasoline	45,000.00	44,000.00	25,937.46	18,062.54	
Diesel Fuel	20,000.00	19,000.00	11,900.94	7,099.06	
Cable Service	5,000.00	6,500.00	5,816.34	683.66	
Total Operations - Within "CAPS"	2,901,594.00	2,976,294.00	2,609,247.30	367,046.70	
Contingent	150.00	150.00		150.00	
Total Operations Including Contingent Within "CAPS"	2,901,744.00	2,976,444.00	2,609,247.30	367,196.70	
Detail:					
Salaries and Wages	1,530,583.00	1,508,783.00	1,445,923.57	62,859.43	
Other Expenses (including Contingent)	1,371,161.00	1,467,661.00	1,163,323.73	304,337.27	

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Balance Canceled</u></b>
<b><u>STATUTORY EXPENDITURES</u></b>					
<b><u>WITHIN "CAPS"</u></b>					
Contribution to:					
Public Employees' Retirement System	\$50,769.00	\$50,769.00	\$50,769.00		
Social Security System (O.A.S.I.)	110,500.00	110,800.00	110,759.94	\$40.06	
Police and Firemen's Retirement System	172,404.00	172,404.00	172,404.00		
Unemployment Insurance	2,730.00	2,730.00	2,730.00		
Defined Contribution Retirement Program	1,000.00	1,000.00	566.07	433.93	
Total Statutory Expenditures within "CAPS"	<u>337,403.00</u>	<u>337,703.00</u>	<u>337,229.01</u>	<u>473.99</u>	
Total Appropriations within "CAPS"	<u>3,239,147.00</u>	<u>3,314,147.00</u>	<u>2,946,476.31</u>	<u>367,670.69</u>	
<b><u>OPERATIONS EXCLUDED FROM "CAPS"</u></b>					
Group Insurance Plan for Employees	14,400.00	14,400.00	14,400.00		
Municipal Court:					
Other Expenses	11,700.00	11,700.00	3,855.90	7,844.10	
Recycling Tax	<u>6,000.00</u>	<u>6,000.00</u>	<u>6,000.00</u>		
Total Other Operations Excluded from "CAPS"	<u>32,100.00</u>	<u>32,100.00</u>	<u>24,255.90</u>	<u>7,844.10</u>	

See Accompanying Notes



**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	<b><u>Balance Canceled</u></b>
Public and Private Programs Offset by Revenues:					
Safe and Secure Communities					
State Aid					
Salaries and Wages	\$30,000.00	\$30,000.00	\$30,000.00		
Local Match:					
Salaries and Wages	76,474.00	76,474.00	76,474.00		
Other Expenses	38,370.16	38,370.16	38,370.16		
Recycling Tonnage Grant	5,011.29	5,011.29	5,011.29		
Drunk Driving Enforcement Fund	5,000.00	5,000.00	5,000.00		
Body Armor Grant	1,512.22	1,512.22	1,512.22		
Total Public and Private Programs Offset by Revenues	<u>156,367.67</u>	<u>156,367.67</u>	<u>156,367.67</u>		
Total Operations Excluded from "CAPS"	<u>188,467.67</u>	<u>188,467.67</u>	<u>180,623.57</u>	<u>\$7,844.10</u>	
Detail:					
Salaries and Wages	106,474.00	106,474.00	106,474.00		
Other Expenses	<u>81,993.67</u>	<u>81,993.67</u>	<u>74,149.57</u>	<u>7,844.10</u>	
<b><u>CAPITAL IMPROVEMENTS EXCLUDED</u></b>					
<b><u>FROM "CAPS"</u></b>					
Capital Improvement Fund	<u>40,000.00</u>	<u>40,000.00</u>	<u>40,000.00</u>		

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>APPROPRIATIONS</u></b>		<b><u>EXPENDED</u></b>		<b><u>Unexpended</u></b>
	<b><u>Budget</u></b>	<b><u>Budget After</u></b>	<b><u>Paid or</u></b>	<b><u>Reserved</u></b>	<b><u>Balance</u></b>
		<b><u>Modification</u></b>	<b><u>Charged</u></b>		<b><u>Canceled</u></b>
<b><u>MUNICIPAL DEBT SERVICE EXCLUDED</u></b>					
<b><u>FROM "CAPS"</u></b>					
Payment of Bond Anticipation Notes and Capital Notes	\$246,630.00	\$246,630.00	\$246,630.00		
Interest on Notes	25,750.00	25,750.00	17,349.00		\$8,401.00
Total Municipal Debt Service					
Excluded from "CAPS"	272,380.00	272,380.00	263,979.00		8,401.00
Total General Appropriations					
Excluded from "CAPS"	500,847.67	500,847.67	484,602.57	\$7,844.10	8,401.00
Sub-total General Appropriations	3,739,994.67	3,814,994.67	3,431,078.88	375,514.79	8,401.00
Reserve for Uncollected Taxes	471,565.67	471,565.67	471,565.67		
Total General Appropriations	<u>\$4,211,560.34</u>	<u>\$4,286,560.34</u>	<u>\$3,902,644.55</u>	<u>\$375,514.79</u>	<u>\$8,401.00</u>
	A-2		A-1	A:A-1	
Budget		\$4,211,560.34			
Emergency Appropriation 40A:4-53		75,000.00			
		<u>\$4,286,560.34</u>			

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES**  
**REGULATORY BASIS**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	<b><u>Paid or Charged</u></b>
Reserve for Uncollected Taxes	A-2	\$471,565.67
Cash Disbursements	A-4	3,147,543.46
Reserve for Revaluation		75,000.00
Reserve for Encumbrances	A-7	52,167.75
Appropriated Reserves for Federal and State Grants	A-19	156,367.67
		<u>\$3,902,644.55</u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2015 and 2014**

	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>Assets</u></b>			
Animal Control Trust Fund:			
Cash and Cash Equivalents	B-1	\$9,837.00	\$11,774.59
Other Trust Fund:			
Cash and Cash Equivalents	B-1	291,087.40	240,542.91
		<u>\$300,924.40</u>	<u>\$252,317.50</u>
<b><u>Liabilities and Reserves</u></b>			
Animal Control Trust Fund:			
Due to State of New Jersey	B-2		\$24.60
Due to Current Fund		\$2,136.60	0.99
Reserve for Animal Control Fund			
Expenditures	B-3	7,700.40	11,749.00
		<u>9,837.00</u>	<u>11,774.59</u>
Other Trust Fund:			
Due to Current Fund		9,073.83	8,857.18
Miscellaneous Reserves	B-4	282,013.57	231,685.73
		<u>291,087.40</u>	<u>240,542.91</u>
		<u>\$300,924.40</u>	<u>\$252,317.50</u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2015 and 2014**

	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	C-2	\$649,971.22	\$765,869.51
Grants Receivable	C-4	1,133,259.83	293,206.48
Deferred Charges to Future Taxation:			
Unfunded	C-5	<u>3,107,918.94</u>	<u>2,909,853.64</u>
		<u><u>\$4,891,149.99</u></u>	<u><u>\$3,968,929.63</u></u>
<b><u>Liabilities, Reserves, and Fund Balance</u></b>			
Improvement Authorizations:			
Funded	C-6	\$483,481.09	\$10,958.89
Unfunded	C-6	2,173,582.43	1,786,857.54
Bond Anticipation Notes	C-7	1,999,923.00	1,870,680.00
Capital Improvement Fund	C-8	12,582.00	862.00
Due to Current Fund			28.50
Reserve for:			
Landfill Closure		100,000.00	100,000.00
Encumbrances	C-10	119,073.40	197,034.63
Center Homes Park Improvements		1,500.00	1,500.00
Fund Balance	C-1	<u>1,008.07</u>	<u>1,008.07</u>
		<u><u>\$4,891,149.99</u></u>	<u><u>\$3,968,929.63</u></u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$1,144,995.30 and \$1,039,173.64 on December 31, 2014 (Schedule C-9).

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**COMPARATIVE STATEMENT OF FUND BALANCE**  
**REGULATORY BASIS**  
**Years Ended December 31, 2015 and 2014**

	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Balance, January 1	C	\$1,008.07	\$1,008.07
Increased/(Decreased) by:		-	-
Balance, December 31	C	<u>\$1,008.07</u>	<u>\$1,008.07</u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PUBLIC ASSISTANCE TRUST FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2015 and 2014**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	D-1	<u>\$673.71</u>	<u>\$674.02</u>
<b><u>Reserves</u></b>			
Due to Current Fund			\$0.31
Reserve for Expenditures	D-2	<u>\$673.71</u>	<u>673.71</u>
		<u>\$673.71</u>	<u>\$674.02</u>

See Accompanying Notes

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**  
**December 31, 2015 and 2014**

	<b><u>Ref.</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>Assets</u></b>			
General Fixed Assets:			
Land		\$1,373,000.00	\$1,373,000.00
Buildings		1,628,566.38	1,628,566.38
Machinery and Equipment		<u>1,896,121.31</u>	<u>1,757,534.27</u>
Total General Fixed Assets		<u><u>\$4,897,687.69</u></u>	<u><u>\$4,759,100.65</u></u>
<b><u>Reserves</u></b>			
Investment in General Fixed Assets	F-1	<u><u>\$4,897,687.69</u></u>	<u><u>\$4,759,100.65</u></u>

See Accompanying Notes



**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The financial statements of the Borough of South Toms River, County of Ocean, State of New Jersey (the "Borough"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the South Toms River Sewerage Authority (a component unit of the Borough), regional school district, first aid squad or volunteer fire department, which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") established criteria to be used to determine if component units should be included in the financial statements of the oversight entity. These criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of a local governmental entity, by statute or other directive, report separately on their financial statements.

**B. Description of Funds**

The GASB is the recognized standard-setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America. The GASB codification establishes certain fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The accounting policies of the Borough conform to the accounting principles and practices prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds and an account group which differ from the fund structure required by GAAP.

**Current Fund** - used to record revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Animal Control Fund** - used to record animal license revenues and expenditures.

**Other Trust Fund** - used to record assets held by the Borough in a trustee capacity or as an agent for individuals and other governmental agencies.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **B. Description of Funds (continued)**

**General Capital Fund** - used to record resources, including federal and state grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

**Public Assistance Fund** - used to record receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

**General Fixed Assets Account Group** - used to record fixed assets used in general government operations.

### **C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

**Property Taxes and Other Revenues** - Property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant Revenues** - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**Expenditures** - Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Encumbrances** - Contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **C. Basis of Accounting (continued)**

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

**Deferred Charges** - The regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

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

**Property Acquired for Taxes** - 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** - Cash proceeds from the sale of Borough owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period when the terms of the sales contract become legally enforceable.

**Interfunds** - Advances in the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **C. Basis of Accounting (continued)**

**General Fixed Assets** - In accordance with N.J.A.C. 5:30-5.6, issued by the Local Finance Board, Department of Community Affairs, State of New Jersey, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 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. For fixed assets acquired through December 31, 1985, valuation is required at historical cost or estimated historical cost if actual historical cost is not available. For assets acquired beginning on January 1, 1986, the required basis for valuation is historical cost. Depreciation is not required. GAAP requires fixed assets to be valued at cost and be depreciated.

### **D. Financial Statements**

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

### **E. Budgets and Budgetary Accounting**

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

### **F. Reclassification**

Certain prior year amounts have been reclassified to conform to the current year financial statements presentation.

## **2. TAXES COLLECTED IN ADVANCE**

Taxes collected in advance and set forth as cash liabilities in the financial statements were as follows:

	Balance December 31,	
	2015	2014
Prepaid Taxes	\$37,008.33	\$62,189.03

### **3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include cash on hand, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

#### **Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The Governmental Unit Deposit Protection Act ("GUDPA") is a supplemental insurance program set forth by the New Jersey Legislature to protect deposits of municipalities and local government agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. GUDPA requires public depositories to pledge collateral for deposit of public funds that exceed insurance limits. GUDPA requires that the market value of the collateral must equal five percent of the average daily balance of public funds; or if the public funds deposited exceed seventy five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy five percent. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board 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.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. Although the Borough does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2015, the Borough's bank balances were exposed to custodial credit risk as follows:

	<u>December 31, 2015</u>
Uninsured and Collateralized	-
GUDPA Insured and Collateralized	
with Securities Held by Pledging	
Financial Institutions	<u>\$1,967,839.58</u>
	<u><u>\$1,967,839.58</u></u>

### **3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

#### **Investments**

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A: 5-14, the Borough may use available funds for the purchase of the following types of securities, which, if suitable for registry, may be registered, in the name of the Borough:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (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 Borough, or bonds or other obligations of school districts of which the Borough 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 the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Local Government investment pools, subject to certain requirements.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P. L. 1977, c. 281; or
- (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 section;
  - (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 GUDPA bank;
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

### **3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

#### **Investments (continued)**

**Custodial Credit Risk** - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Borough does not have a formal investment policy for custodial credit risk for investments.

**Credit Risk** - State law limits investments as described in prior sections of this note to the financial statements. As of December 31, 2015 and 2014 no such investments were held by the Borough.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy for interest rate risk.

### **4. DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes (the "notes") are issued to temporarily finance capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All 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. No 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 the 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. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

#### **Long-Term Debt**

The Borough had no outstanding long-term debt at December 31, 2015 and 2014.

#### **Short-Term Debt**

At December 31, 2015 and 2014, the Borough's outstanding bond anticipation notes were as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>
Various Capital Improvements	5/26/15	5/26/16	0.80%	\$1,999,923.00

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2014</u>
Various Capital Improvements	5/28/14	5/27/15	0.93%	\$1,870,680.00

#### **4. DEBT (continued)**

##### **Short-Term Debt (continued)**

Short-term debt transactions for the years ended December 31, 2015 and 2014 are summarized as follows:

	Balance Dec. 31, 2014	Additions	Deductions	Balance Dec. 31, 2015
General Capital Fund	\$1,870,680.00	\$1,999,923.00	\$1,870,680.00	\$1,999,923.00

	Balance Dec. 31, 2013	Additions	Deductions	Balance Dec. 31, 2014
General Capital Fund	\$1,404,675.00	\$1,870,680.00	\$1,404,675.00	\$1,870,680.00

##### **Bonds and Notes Authorized but not Issued**

At December 31, 2015 and 2014 the Borough had authorized but not issued bonds and notes as follows:

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
General Capital Fund	\$1,144,995.30	\$1,039,173.64

##### **Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3.500% of the equalized valuation basis. The Borough's net debt expressed as a percentage of the equalized valuation basis was 1.368% at December 31, 2015. The net debt of the Borough at December 31, 2015 was \$3,107,918.94 and the Borough's remaining borrowing power at December 31, 2015 was \$4,841,002.71.

A summary of the Borough's debt for the last three years and a summary of statutory net debt is presented in the accompanying comments section.

#### **5. FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2015 and 2014, which were appropriated and included as anticipated revenue in the current fund budget for the years ended December 31, 2016 and 2015 were as follows:

For the year ended December 31, 2016,	
Current Fund	\$460,000.00
For the year ended December 31, 2015,	
Current Fund	\$425,000.00



## **6. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, School Districts and County the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough tax collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

The Borough is responsible for remitting one hundred percent of school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the Borough and not the school districts or county.

## **7. REGIONAL SCHOOL TAXES**

Since regional school taxes have been raised on a calendar year basis, there is no deferral of regional school taxes.

## **8. UNEMPLOYMENT COMPENSATION INSURANCE**

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Borough has elected to fund a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserve for unemployment compensation insurance at December 31, 2015, 2014 and 2013 was \$27,248.51, \$22,102.09 and \$17,158.38, respectively.

## **9. ACCRUED UNPAID VACATION AND SICK PAY BENEFITS - UNAUDITED**

As discussed in Note 1 and in accordance with accounting principles prescribed by the Division, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. The Borough permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date, at an agreed upon rate. The estimated current costs of such unpaid compensation at December 31, 2015 and 2014 were \$127,653.36 and \$130,800.06, respectively. In accordance with accounting principles and practices prescribed by the Division, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Borough has not accumulated any funds for this purpose in the other trust fund and will budget funds to provide for these liabilities as they arise.

## **NOTE 10. PENSION PLANS**

### **Description of Systems**

The Borough contributes to the Public Employees' Retirement System ("PERS"), and the Police and Firemen's Retirement System ("PFRS"), cost-sharing multiple employer defined benefit pension plans administered by the Division of Pensions and Benefits in the Department of the Treasury, State of New Jersey. The plans provide retirement, death, disability benefits and medical benefits to certain qualifying members and beneficiaries. PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. PFRS was established on July 1, 1944, under the provisions of N.J.S.A. 43:16A. PERS and PFRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

### **Funding Policy**

PERS employee contributions were 6.92% of base wages through June 30, 2015. Effective July 1, 2015 PERS employee contributions were 7.06% of base wages. PERS prosecutor employee contributions were 10.00% of base wages. PFRS employee contributions were 10.00% of base wages. The Division of Pensions actuarially determines employer's contributions annually.

### **Defined Contribution Retirement Program**

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage.

Employee contributions to DCRP are five and one-half percent (5.50%) of base wages. Member contributions are matched by a three percent (3.00%) employer contribution.

### **Unfunded Pension Liability**

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. As of the date of this report, the State of New Jersey has not allocated any unfunded net pension liability to the municipality and the amount to disclose in the notes to the financial statements is not presently known, but is probably material.

## **NOTE 10. PENSION PLANS (continued)**

### **Public Employees Retirement System (PERS)**

At June 30, 2015, the State reported a net pension liability of \$1,155,205.00 for the Borough'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 Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2015, the Borough's proportion was 0.00514613970 percent, which was a decrease of 0.0007364232 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 \$44,243.00 for the Borough's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$50,769.00.

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

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

The actuarial assumptions used 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.

**NOTE 10. PENSION PLANS (continued)****Public Employees Retirement System (PERS) (Continued)****Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 and June 30, 2014 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 10. PENSION PLANS (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 7.90%, and a municipal bond rate of 3.80% 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 (3.90%) or 1 percentage point higher (5.90%) 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>
Borough's proportionate share of the pension liability	\$1,435,779.00	\$1,155,205.00	\$919,974.00

#### **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 10. PENSION PLANS (continued)**

### **Police and Firemen's Retirement System (PFRS)**

At June 30, 2015, the State reported a net pension liability of \$3,447,568.00 for the Borough'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 Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Borough's proportion was 0.02069801630 percent, which was a decrease of 0.00081593430 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 \$168,244.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2015 billing was \$172,404.00.

### **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:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases (based on age)		
2012-2021	2.60% - 9.48%	3.95% - 8.62%
Thereafter (based on age)	3.60% - 10.48%	4.95% - 9.62%
Investment Rate of Return	7.90%	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

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.

**NOTE 10. PENSION PLANS (continued)****Police and Firemen's Retirement System (PFRS) (Continued)****Long Term Expected Rate of Return**

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 and June 30, 2014 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 10. PENSION PLANS (continued)**

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

#### **Discount Rate**

The discount rate used to measure the total pension liability was 5.79% and 6.32% 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 7.90%, and a municipal bond rate of 3.80% 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 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 (4.79) or 1 percentage point higher (6.79%) than the current rate:

	June 30, 2015		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough's proportionate share of the pension liability	\$4,544,989.00	\$3,447,568.00	\$2,552,719.00

#### **Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System.



## **11. POSTEMPLOYMENT RETIREMENT BENEFITS**

In addition to the pension benefits described in Note 10, the Borough provides postemployment benefits to certain employees, in accordance with the terms of their respective labor agreements, that have retired from the Borough after twenty-five years of service. These benefits include health and prescription coverage. During the years ended December 31, 2015 and 2014, there were five and four employees, respectively, who received benefits under the plan.

### **Plan Description**

The Borough contributes to the State Health Benefits Program ("SHBP"), a cost sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey, Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et. seq., to provide health benefits to employees of the State of New Jersey, retirees, and their dependents. Rules governing the operation and administration of the SHBP are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey, Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. The financial report of the SHBP may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits.

### **Funding Policy**

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

Contributions to pay health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough's postemployment retirement health benefits contributions to the SHBP for the years ended December 31, 2015, 2014, and 2013 were \$68,244.06, \$53,776.91 and \$18,124.85 respectively, which equaled the required contributions for each year.

## **12. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to torts, theft and damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough is a member of the Ocean Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation, and is sustained through member premiums. In addition, the Fund participates in the Municipal Excess Liability Joint Insurance Fund which has a contract for excess liability insurance.

### **13. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. In accordance with New Jersey Statutes the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

### **14. INTERFUND BALANCES**

The balances of interfund receivables and payables at December 31, 2015 and 2014 are presented below:

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<b><u>Receivables</u></b>		
Current Fund	\$11,210.43	\$8,886.98
Federal and State Grant Fund	<u>67,962.76</u>	<u>65,232.67</u>
	<u>\$79,173.19</u>	<u>\$74,119.65</u>
<b><u>Payables</u></b>		
Current Fund	\$67,962.76	\$65,232.67
Other Trust Fund	9,073.83	8,857.18
General Capital Fund		28.50
Animal Control Fund	2,136.60	0.99
Public Assistance Trust Fund		0.31
	<u>\$79,173.19</u>	<u>\$74,119.65</u>

All balances resulted from the time lag between the dates that payments between funds are made.

### **15. FIXED ASSETS**

Fixed assets at December 31, 2015 were as follows:

	<u>Balance</u> <u>Dec. 31,</u> <u>2014</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>Dec. 31,</u> <u>2015</u>
Land	\$1,373,000.00			\$1,373,000.00
Buildings	1,628,566.38			1,628,566.38
Machinery and Equipment	<u>1,757,534.27</u>	<u>\$284,839.04</u>	<u>\$146,252.00</u>	<u>1,896,121.31</u>
	<u>\$4,759,100.65</u>	<u>\$284,839.04</u>	<u>\$146,252.00</u>	<u>\$4,897,687.69</u>

## **16. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

At December 31, 2015, the following deferred charge was reflected on the balance sheet of the current fund:

	Balance Dec. 31, 2015	2016 Budget Appropriation	Balance to Succeeding Budgets
Special Emergency Authorization Revaluation Program (40A:4-53)	<u>\$75,000.00</u>	<u>\$15,000.00</u>	<u>\$60,000.00</u>

The appropriation in the 2016 budget was not less than required by statute.

## **17. DEFERRED COMPENSATION**

The Borough has adopted a Deferred Compensation Plan (the "Plan") in accordance with Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the statutes of the State of New Jersey.

The Plan, available to all Borough employees, enables them to voluntarily authorize a portion of their salary to be deferred and invested in certain investments permitted under applicable regulations. All amounts of compensation deferred under the Plan are held for the exclusive benefit of Plan participants. All assets of the Plan are held by an independent administrator.

The Borough's financial statements do not include the financial activity of the Plan.

## **18. CONTINGENCIES**

### **Grant Financial Assistance**

The Borough receives certain financial assistance in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. The Borough's administration anticipates that no material liabilities will result from such audits.

## **19. LITIGATION**

The Borough is party to certain legal proceedings, the resolution and impact of which, individually or in the aggregate, in the opinion of the Borough's administration, are not likely to have a material adverse impact on the Borough's financial position or adversely affect the Borough's ability to levy, collect, and enforce the collection of taxes or other revenue for the repayment of its bonds or other obligations.

## **20. SUBSEQUENT EVENTS**

On April 11, 2016, the Borough adopted an ordinance authorizing the issuance of general improvement bonds or notes of \$2,778,750.00 for various capital improvements and related expenses.

On May 25, 2016, the Borough issued a bond anticipation note of \$5,186,622.00 at an interest rate of 1.39% per annum in order to provide funding for various capital improvements and acquisition of various capital equipment. All bond anticipation note principal with interest thereon is due on May 25, 2017.

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART II**

**SUPPLEMENTARY SCHEDULES**  
**YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CASH - TREASURER**  
**Year Ended December 31, 2015**

Balance, December 31, 2014	<u>Ref.</u> A		\$1,085,843.36
Increased by Receipts:			
Tax Collector	A-5	\$6,006,308.95	
Revenue Accounts Receivable	A-12	469,500.52	
Non-Budget Revenues	A-2	38,241.71	
Grants Receivable	A-18	46,474.55	
Unappropriated Reserves	A-20	9,420.25	
Due from State of New Jersey (P.L. 1971, Chap. 20)	A-10	28,454.10	
Prepaid Licenses, Fees and Permits		14,800.00	
Statutory Excess Due from Animal Control Fund	A-1	7,139.00	
Due from General Capital Fund		28.50	
Due from Public Assistance Trust fund		0.31	
Due from Animal Control Fund		0.99	
Due South Toms River Sewerage Authority		4,358.75	
Sale of Municipal Assets		8,234.96	
Due to State of New Jersey - Marriage Licenses	A-16	600.00	
			<u>6,633,562.59</u>
			7,719,405.95
Decreased by Disbursements:			
Budget Appropriations	A-3	3,147,543.46	
Refund of Tax Overpayments	A-8	1,112.67	
Appropriation Reserves	A-13	138,167.01	
Regional School Taxes Payable	A-14	2,039,786.96	
County Taxes Payable	A-15	931,301.28	
Due to State of New Jersey - Marriage Licenses	A-16	425.00	
Accounts Payable	A-17	1,123.28	
Appropriated Reserves	A-19	168,008.87	
Reserve for Revaluation		50,860.17	
Due South Toms River Sewerage Authority		7,081.36	
Refund of Prior Year Revenue	A-1	90.00	
Due from Other Trust Fund		216.65	
			<u>6,485,716.71</u>
Balance, December 31, 2015	A		<u><u>\$1,233,689.24</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF CURRENT FUND CASH - COLLECTOR**  
**Year Ended December 31, 2015**

	<u>Ref.</u>		
Increased by Receipts:			
Non-Budget Revenue	A-2	\$375.00	
Taxes Receivable	A-6	5,883,309.90	
Tax Overpayments	A-8	8,282.69	
Prepaid Taxes	A-9	37,008.33	
Interest and Costs on Taxes	A-12	<u>77,333.03</u>	
			<u><u>\$6,006,308.95</u></u>
Decreased by Disbursements:			
Payment to Treasurer - Current Fund	A-4		<u><u>\$6,006,308.95</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**  
**Year Ended December 31, 2015**

Year	Balance Dec. 31, 2014	2015 Levy	Added Taxes	Collections by Cash		Senior Citizens and Veterans Deductions	Trans- ferred to Tax Title Liens	Cancelled	Tax Over- payments Applied	Balance Dec. 31, 2015
				2014	2015					
Arrears	\$16,154.41		\$4,057.14		\$16,154.41					\$4,057.14
2013	7,664.73				5,291.67					
2014	291,868.49		2,795.90		294,414.39					250.00
	315,687.63		6,853.04		315,860.47					4,307.14
2015		\$5,943,841.18		\$62,189.03	5,567,449.43	\$31,104.11	\$87.32	\$63,047.11	\$13,628.11	206,336.07
	<u>\$315,687.63</u>	<u>\$5,943,841.18</u>	<u>\$6,853.04</u>	<u>\$62,189.03</u>	<u>\$5,883,309.90</u>	<u>\$31,104.11</u>	<u>\$87.32</u>	<u>\$63,047.11</u>	<u>\$13,628.11</u>	<u>\$210,643.21</u>
<b>Ref.</b>	<b>A</b>			<b>A-9</b>	<b>A-5</b>	<b>A-10</b>			<b>A-8</b>	<b>A</b>

**Analysis of Property Tax Levy**

**Tax Yield:**

General Purpose Tax	\$5,929,750.70	
Added Taxes (54:4-63.1 Et. Seq)	<u>14,090.48</u>	
		<u><u>\$5,943,841.18</u></u>

<b><u>Tax Levy:</u></b>	<b><u>Ref.</u></b>	
Regional School Taxes	A-14	\$2,039,934.00
County Taxes:		
County Tax	A-15	\$787,634.40
County Library Tax	A-15	85,266.00
County Local Health Service Taxes	A-15	30,685.62
County Open Space Tax	A-15	26,959.59
Due County for Added Taxes	A-15	<u>2,215.32</u>
Total County Taxes		932,760.93
Local Tax for Municipal Purposes	A-2	2,957,370.82
Add: Additional Tax Levied		<u>13,775.43</u>
Local Tax for Municipal Purposes Levied		<u>2,971,146.25</u>
		<u><u>\$5,943,841.18</u></u>



**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF RESERVE FOR ENCUMBRANCES**  
**Year Ended December 31, 2015**

Balance, December 31, 2014	<b><u>Ref.</u></b> A	\$64,204.56
Increased by:		
Transferred from Budget Appropriations	A-3	<u>52,167.75</u>
		116,372.31
Decreased by:		
Transferred to Appropriation Reserves	A-13	<u>64,204.56</u>
Balance, December 31, 2015	A	<u><u>\$52,167.75</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF TAX OVERPAYMENTS**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014	A	\$13,628.11
Increased by:		
Cash Receipts	A-5	8,282.69
		<u>21,910.80</u>
Decreased by:		
Applied to Taxes Receivable	A-6	\$13,628.11
Refunded	A-4	1,112.67
		<u>14,740.78</u>
Balance, December 31, 2015	A	<u><u>\$7,170.02</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF PREPAID TAXES**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014	A	\$62,189.03
Increased by:		
Cash Receipts	A-5	37,008.33
		<u>99,197.36</u>
Decreased by:		
Applied to Taxes Receivable	A-6	<u>62,189.03</u>
Balance, December 31, 2015	A	<u><u>\$37,008.33</u></u>

**SCHEDULE OF DUE FROM STATE OF NEW JERSEY (P.L. 1971, Chap. 20)**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014	A	\$1,957.71
Increased by:		
Senior Citizens and Veterans Deductions per Duplicate		\$33,250.00
Deductions Allowed by Collector		750.00
		<u>34,000.00</u>
Less, Deductions Disallowed by Collector - 2015		2,895.89
	A-6	<u>31,104.11</u>
Less, Deductions Disallowed by Collector - 2014	A-1	<u>2,795.90</u>
		28,308.21
		<u>30,265.92</u>
Decreased by:		
Cash Receipts	A-4	<u>28,454.10</u>
Balance, December 31, 2015	A	<u><u>\$1,811.82</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF DEFERRED CHARGES**  
**N.J.S. 40A:4-53 SPECIAL EMERGENCY**  
**Year Ended December 31, 2015**

<b><u>Purpose</u></b>	<b><u>Date Authorized</u></b>	<b><u>Net Amount Authorized</u></b>	<b><u>1/5 of Net Amount Authorized</u></b>	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Reduced in 2015</u></b>	<b><u>Balance Dec. 31, 2015</u></b>
Revaluation Program	6/22/2015	<u>\$75,000.00</u>	<u>\$15,000.00</u>	<u>-</u>	<u>-</u>	<u>\$75,000.00</u>
	<b><u>Ref.</u></b>					A

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Accrued in 2015</u></b>	<b><u>Collected By</u></b>		<b><u>Balance Dec. 31, 2015</u></b>
				<b><u>Treasurer</u></b>	<b><u>Collector</u></b>	
Licenses:						
Alcoholic Beverages	A-2		\$4,979.00	\$4,979.00		
Other	A-2		14,602.00	14,602.00		
Fees and Permits	A-2		28,618.00	28,618.00		
Municipal Court Fines and Costs	A-2	\$2,147.94	61,271.74	57,586.47		\$5,833.21
Municipal Court Other Fines	A-2		200.00	200.00		
Interest and Costs on Taxes	A-2		77,333.03		\$77,333.03	
Interest on Investments and Deposits	A-2		655.05	655.05		
Consolidated Municipal Property Tax Relief Act	A-2		32,853.00	32,853.00		
Energy Receipts Tax	A-2		298,142.00	298,142.00		
Impound Yard Fees	A-2		8,935.00	8,935.00		
Sewerage Authority Contribution	A-2		25,330.00	25,330.00		
		<u>\$2,147.94</u>	<u>\$552,918.82</u>	<u>\$471,900.52</u>	<u>\$77,333.03</u>	<u>\$5,833.21</u>
<b><u>Ref.</u></b>		A			A-5	A

	<b><u>Ref.</u></b>	
Prepaid Revenue Realized		\$2,400.00
Cash Receipts	A-4	<u>469,500.52</u>
		<u><u>\$471,900.52</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2015**

	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Reserve for Encumbrances</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Balance Lapsed</u></b>
Mayor and Council					
Salaries and Wages	\$360.00		\$360.00		\$360.00
Other Expenses	64.71	\$503.78	568.49	\$398.78	169.71
Borough Clerk					
Salaries and Wages	4.93		4.93		4.93
Other Expenses	2,582.78	584.19	3,166.97	2,998.24	168.73
Financial Administration					
Salaries and Wages	2.00		2.00		2.00
Other Expenses	106.74	469.00	575.74		575.74
Audit Services					
Other Expenses	20,000.00		20,000.00	18,250.00	1,750.00
Collection of Taxes					
Salaries and Wages	20.22		20.22		20.22
Other Expenses	677.99	17.49	695.48	454.49	240.99
Assessment of Taxes					
Salaries and Wages	2.82		2.82		2.82
Other Expenses	13.42		13.42		13.42
Foreclosure of Tax Title Liens					
Other Expenses	500.00		500.00		500.00
Data Processing					
Other Expenses	1,290.18	1,593.69	2,883.87	2,112.34	771.53
Legal Services and Costs					
Other Expenses	4,241.66		4,241.66	3,324.87	916.79
Engineering Services and Costs					
Other Expenses	3,318.02		3,318.02	2,771.23	546.79
Planning Board					
Salaries and Wages	516.18		516.18		516.18
Other Expenses	828.22		828.22	172.00	656.22

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2015**

	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Reserve for Encumbrances</u></b>	<b><u>Balance After Transfers</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Balance Lapsed</u></b>
Insurance:					
Liability Insurance	\$0.50		\$0.50		\$0.50
Worker Compensation Insurance	0.38		0.38		0.38
Group Insurance Plan	121,392.24	\$31,425.06	152,817.30	\$62,850.12	89,967.18
Surety Bond Premiums	1,000.00		1,000.00		1,000.00
Other Insurance Premiums	2,984.54	146.14	3,130.68	146.14	2,984.54
Police					
Salaries and Wages	21,536.26		21,536.26		21,536.26
Other Expenses	84.77	8,394.08	8,478.85	8,382.08	96.77
Emergency Management Services					
Salaries and Wages	550.00		550.00		550.00
Other Expenses	933.97	239.00	1,172.97	239.00	933.97
First Aid Organization Contribution					
Annual Donation	400.00		400.00		400.00
Fire					
Other Expenses:					
Fire Hydrant Service	1,818.27		1,818.27	1,107.43	710.84
Municipal Prosecutor					
Other Expenses			0.00		
Road Repairs and Maintenance					
Other Expenses	5,834.84		5,834.84	1,074.72	4,760.12
Snow Removal					
Salaries and Wages	802.16		802.16		802.16
Other Expenses	1,690.02		1,690.02		1,690.02
Garbage and Trash Removal					
Salaries and Wages	4,790.36		4,790.36		4,790.36
Other Expenses	13,798.11	2.00	13,800.11	79.96	13,720.15

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
  
**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2015**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2014</u></b>	<b><u>Reserve for</u></b> <b><u>Encumbrances</u></b>	<b><u>Balance</u></b> <b><u>After Transfers</u></b>	<b><u>Paid or</u></b> <b><u>Charged</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
Recycling Program					
Other Expenses	\$895.78		\$895.78		\$895.78
Sanitary Landfill					
Other Expenses	0.77	\$643.00	643.77	\$643.00	0.77
Public Buildings and Grounds					
Other Expenses	3,784.95	\$506.79	4,291.74	668.00	3,623.74
Vehicle Maintenance					
Other Expenses	10,964.50	3,754.13	14,718.63	9,498.82	5,219.81
Animal Control Officer					
Salaries and Wages	180.00		180.00		180.00
Other Expenses	2,176.35	5,105.00	7,281.35	5,105.00	2,176.35
Registrar					
Salaries and Wages	10.00		10.00		10.00
Administration of Public Assistance					
Other Expenses	10.00		10.00		10.00
Demolition					
Other Expenses	10.00		10.00		10.00
Parks and Recreation					
Other Expenses	891.50		891.50		891.50
Celebration of Public Events or Holidays					
Other Expenses	532.18		532.18		532.18
Municipal Court					
Salaries and Wages	2,795.37		2,795.37		2,795.37
Other Expenses	530.43	177.73	708.16	177.51	530.65
Public Defender					
Other Expenses	4,500.00		4,500.00		4,500.00
Environmental Commission					
Other Expenses	110.76		110.76		110.76



**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF APPROPRIATION RESERVES**  
**Year Ended December 31, 2015**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2014</u></b>	<b><u>Reserve for</u></b> <b><u>Encumbrances</u></b>	<b><u>Balance</u></b> <b><u>After Transfers</u></b>	<b><u>Paid or</u></b> <b><u>Charged</u></b>	<b><u>Balance</u></b> <b><u>Lapsed</u></b>
State Uniform Construction Code					
Salaries and Wages	\$225.06		\$225.06		\$225.06
Other Expenses	755.00		755.00		755.00
Electricity	12.29	\$2,095.14	2,107.43	\$2,095.14	12.29
Street Lighting	782.45	3,964.77	4,747.22	3,964.77	782.45
Telephone	2,045.09	92.97	2,138.06	706.25	1,431.81
Water	372.73	76.64	449.37	255.40	193.97
Natural Gas and Propane	4,687.05		4,687.05	3,067.50	1,619.55
Heating Oil	10.00		10.00		10.00
Gasoline	945.85	2,590.31	3,536.16	2,590.31	945.85
Diesel Fuel	3,041.88	521.19	3,563.07	521.19	3,041.88
Cable Service	79.67		79.67		79.67
Contingent	150.00		150.00		150.00
Public Employees Retirement System	30.75		30.75		30.75
Social Security System (O.A.S.I.)	12,951.65		12,951.65	4,103.70	8,847.95
Municipal Court					
Other Expenses	6,516.30	1,302.46	7,818.76	409.02	7,409.74
	<u>\$272,144.65</u>	<u>\$64,204.56</u>	<u>\$336,349.21</u>	<u>\$138,167.01</u>	<u>\$198,182.20</u>
<b><u>Ref.</u></b>	A	A-7		A-4	A-1

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF REGIONAL SCHOOL TAX**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	
Prepaid School Tax December 31, 2014	A	(\$14,454.99)
Increased by:		
Levy - School Year July 1, 2015 to June 30, 2016	A-1:A-6	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">2,039,934.00</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		2,025,479.01
Decreased by:		
Payments	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">2,039,786.96</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Prepaid School Tax December 31, 2015	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">(\$14,307.95)</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px;"></div> </div>
2015 Liability for Regional School Tax:		
Tax Paid	A-14	\$2,039,786.96
Prepaid Tax December 31, 2014	A-14	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">14,454.99</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		2,054,241.95
Less: Prepaid Tax December 31, 2015	A-14	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">14,307.95</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Amount Charged to 2015 Operations	A-1	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">\$2,039,934.00</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px;"></div> </div>

**SCHEDULE OF COUNTY TAXES PAYABLE**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$755.67
Increased by:		
2015 Tax Levy:		
County Tax	A-6	\$787,634.40
County Library Tax	A-6	85,266.00
County Local Health Service Taxes	A-6	30,685.62
County Open Space Tax	A-6	26,959.59
Due County for Added Taxes	A-6	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">2,215.32</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
	A-1	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">932,760.93</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
		933,516.60
Decreased by:		
Payments	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">931,301.28</div> <div style="border-top: 1px solid black; width: 50px;"></div> </div>
Balance, December 31, 2015	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">\$2,215.32</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px;"></div> </div>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**CURRENT FUND**  
**SCHEDULE OF DUE TO STATE OF NEW JERSEY -**  
**MARRIAGE LICENSES**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014	A	\$175.00
Increased by:		
Cash Receipts	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;">600.00</div> <div>775.00</div> </div>
Decreased by:		
Cash Disbursements	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;">425.00</div> <div></div> </div>
Balance, December 31, 2015	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; margin-right: 10px;">\$350.00</div> <div></div> </div>

**SCHEDULE OF ACCOUNTS PAYABLE**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014	A	\$14,444.73
Decreased by:		
Cash Disbursements	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; margin-right: 10px;">1,123.28</div> <div></div> </div>
Balance, December 31, 2015	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; margin-right: 10px;">\$13,321.45</div> <div></div> </div>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2015**

<b>Grant</b>	<b>Ref.</b>	<b>Balance Dec. 31, 2014</b>	<b>2015 Budget Revenue Realized</b>	<b>Received</b>	<b>Unappropriated Reserves Realized</b>	<b>Balance Dec. 31, 2015</b>
Municipal Alliance on Alcoholism and Drug Abuse		\$28,898.56		\$8,734.05		\$20,164.51
NJ State OEM Computer Grant		1,600.00				1,600.00
966 Reimbursement Program		22.80				22.80
966 Reimbursement Program		8,481.25		7,740.50		740.75
Drunk Driving Enforcement	A-2		\$5,000.00		\$5,000.00	
Recycling Tonnage	A-2		5,011.29		5,011.29	
Body Armor Replacement	A-2		1,512.22		1,512.22	
Safe and Secure Communities Program	A-2	10,384.55	30,000.00	30,000.00		10,384.55
		<u>\$49,387.16</u>	<u>\$41,523.51</u>	<u>\$46,474.55</u>	<u>\$11,523.51</u>	<u>\$32,912.61</u>
<b><u>Ref.</u></b>		A		A-4	A-20	A

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES**  
**Year Ended December 31, 2015**

<b>Grant</b>	<b>Balance Dec. 31, 2014</b>	<b>2015 Budget Appropriations</b>	<b>Paid or Charged</b>	<b>Balance Dec. 31, 2015</b>
Alcohol Education Rehabilitation Fund	\$32.82			\$32.82
Beautification Grant	3,000.00			3,000.00
Body Armor Replacement	7,903.29	\$1,512.22	\$2,680.50	6,735.01
Clean Communities	7,832.32		5,387.69	2,444.63
Drunk Driving Enforcement	1,759.21	5,000.00	5,769.17	990.04
Municipal Alliance on Alcoholism and Drug Abuse	22,168.03		11,244.36	10,923.67
Recycling Tonnage	6,616.85	5,011.29	3,615.68	8,012.46
Safe and Secure Communities	45,536.88	144,844.16	131,372.68	59,008.36
NJ Site Remediation Program	240.00			240.00
966 Reimbursement Program	22.80			22.80
966 Reimbursement Program	7,984.12		7,938.79	45.33
	<u>\$103,096.32</u>	<u>\$156,367.67</u>	<u>\$168,008.87</u>	<u>\$91,455.12</u>
<b><u>Ref.</u></b>		<b>A-3</b>	<b>A-4</b>	<b>A</b>
Appropriated Reserves	A	\$96,188.37		
Encumbrances Payable	A	6,907.95		
		<u>\$103,096.32</u>		

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF UNAPPROPRIATED RESERVES**  
**Year Ended December 31, 2015**

<b><u>Grant</u></b>	<b><u>Balance Dec. 31, 2014</u></b>	<b><u>Cash Receipts</u></b>	<b><u>Appropriated</u></b>	<b><u>Balance Dec. 31, 2015</u></b>
Body Armor Replacement	\$1,512.22	\$1,426.14	\$1,512.22	\$1,426.14
Drunk Driving Enforcement	5,000.00		5,000.00	
Clean Communities		6,140.03		6,140.03
Recycling Tonnage	5,011.29	1,854.08	5,011.29	1,854.08
	<u>\$11,523.51</u>	<u>\$9,420.25</u>	<u>\$11,523.51</u>	<u>\$9,420.25</u>
<b><u>Ref.</u></b>	A	A-4	A-18	A

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other</u>
Balance, December 31, 2014	B	<u>\$11,774.59</u>	<u>\$240,542.91</u>
Increased by Receipts:			
Dog License Fees	B-3	5,227.00	
Due to State of New Jersey - Dog License Fees	B-2	814.20	
Due to Current Fund			216.65
Miscellaneous Reserves	B-4		<u>2,045,542.87</u>
		<u>6,041.20</u>	<u>2,045,759.52</u>
		<u>17,815.79</u>	<u>2,286,302.43</u>
Decreased by Disbursements:			
Due to State of New Jersey	B-2	838.80	
Due to Current Fund		7,139.99	
Miscellaneous Reserves	B-4		<u>1,995,215.03</u>
		<u>7,978.79</u>	<u>1,995,215.03</u>
Balance, December 31, 2015	B	<u><u>\$9,837.00</u></u>	<u><u>\$291,087.40</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF DUE TO STATE OF NEW JERSEY**  
**ANIMAL CONTROL TRUST FUND**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014	B	\$24.60
Increased by:		
Dog License Fees Collected	B-1	<u>814.20</u>
		838.80
Decreased by:		
Payments to the State of New Jersey	B-1	<u>838.80</u>
Balance, December 31, 2015	B	<u><u>\$0.00</u></u>



**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND**  
**EXPENDITURES**  
**ANIMAL CONTROL TRUST FUND**  
**Year Ended December 31, 2015**

Balance, December 31, 2014	<u>Ref.</u> B	\$11,749.00
Increased By:		
Dog License Fees Collected	B-1	<u>5,227.00</u>
		16,976.00
Decreased By:		
Statutory Excess Due to Current Fund		<u>9,275.60</u>
Balance, December 31, 2015	B	<u><u>\$7,700.40</u></u>

**License Fees Collected**

<u>Year</u>	<u>Amount</u>
2014	\$2,835.00
2013	<u>4,865.40</u>
	<u><u>\$7,700.40</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**TRUST FUND**  
**SCHEDULE OF MISCELLANEOUS RESERVES**  
**OTHER TRUST FUND**  
**Year Ended December 31, 2015**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2014</u></b>	<b><u>Increased by</u></b> <b><u>Receipts</u></b>	<b><u>Decreased by</u></b> <b><u>Disbursements</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2015</u></b>
<b><u>Reserves for:</u></b>				
Developer's Escrow Fees	\$63,550.65	\$46,009.52	\$47,367.03	\$62,193.14
Landfill Escrow Fees	18,656.27	6.23		18,662.50
Law Enforcement	875.87	3,041.58	2,248.99	1,668.46
Municipal Alliance Program	1,632.52	7,218.48	8,851.00	
Outside Liens	664.72	99,030.63	87,845.62	11,849.73
Tax Sale Premiums	87,700.00	107,000.00	48,700.00	146,000.00
Public Defender	1,039.50	586.50		1,626.00
Recreation Security Deposits	2,350.00			2,350.00
Recreation	(1,018.84)	36,081.12	29,966.46	5,095.82
Parking Offense Adjudication Act	134.00	10.00		144.00
Payroll	23,853.54	1,732,138.05	1,755,991.59	
Police Off Duty	9,845.00	9,030.00	14,000.00	4,875.00
Public Celebration	100.41			100.41
Torpedo Beautification	200.00			200.00
Unemployment Compensation Insurance	22,102.09	5,390.76	244.34	27,248.51
	<b><u>\$231,685.73</u></b>	<b><u>\$2,045,542.87</u></b>	<b><u>\$1,995,215.03</u></b>	<b><u>\$282,013.57</u></b>
<b><u>Ref.</u></b>	<b><u>B</u></b>	<b><u>B-1</u></b>	<b><u>B-1</u></b>	<b><u>B</u></b>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>		
Balance, December 31, 2014	C		\$765,869.51
Increased by:			
Grants Receivable	C-4	\$30,573.65	
Capital Improvement Fund	C-8	40,000.00	
Bond Anticipation Notes Payable	C-7	1,999,923.00	
Deferred Charges to Future Taxation - Unfunded	C-5	92,624.70	
		<u>2,163,121.35</u>	
			<u>2,928,990.86</u>
Decreased by:			
Improvement Authorizations	C-6	654,941.14	
Bond Anticipation Notes Payable	C-7	1,624,050.00	
Due to Current Fund		28.50	
		<u>2,279,019.64</u>	
Balance, December 31, 2015	C		<u><u>\$649,971.22</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF ANALYSIS OF GENERAL CAPITAL FUND CASH**  
**December 31, 2015**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2015</u></b>
Capital Improvement Fund	\$12,582.00
Fund Balance	1,008.07
Grants Receivable	(1,133,259.83)
Cash on Hand to Pay Bond Anticipation Notes	36,999.36
Reserve:	
Landfill Closure	100,000.00
Encumbrances	119,073.40
Center Homes Park Improvements	1,500.00

Improvement Authorizations:

<b><u>Ordinance</u></b>		
<b><u>Number</u></b>	<b><u>Description</u></b>	
08-07	Various Capital Improvements	84,823.27
08-08	Various Capital Improvements	90,300.48
5-09	Various Capital Improvements	64,583.25
02-10	Various General Improvements	69,915.06
04-11	Various General Improvements	158,355.30
03-12	Various General Improvements	390,161.73
06-13	Various General Improvements	372,400.15
11-14	Various General Improvements	(200,340.38)
05-15	Various Capital Improvements	481,869.36
		<b><u>\$649,971.22</u></b>

**Ref.**

C

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014	C	\$293,206.48
Increased by:		
Ordinance Number 05-15 for Various Capital Improvements	C-6	870,627.00
		<u>1,163,833.48</u>
Decreased by:		
Cash Receipts - N.J.E.D.A. Ordinance Number 05-15 for Various Capital Improvements	C-2	30,573.65
		<u>30,573.65</u>
Balance, December 31, 2015	C	<u><u>\$1,133,259.83</u></u>

Detail:

<b><u>Ordinance Number</u></b>	<b><u>Description</u></b>	
04-11	N.J.D.O.T for Various General Improvements	\$5,616.33
03-12	N.J.D.O.T for Various General Improvements	200,000.00
06-13	N.J.D.O.T for Various General Improvements	87,590.15
05-15	N.J.D.O.T for Various Capital Improvements	197,500.00
05-15	N.J.D.E.P. for Various Capital Improvements	40,080.00
05-15	N.J.E.D.A. for Various Capital Improvements	569,473.35
05-15	CDBG for Various Capital Improvements	33,000.00
		<u><u>\$1,133,259.83</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**  
**Year Ended December 31, 2015**

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Funded by Grants	Notes Paid By Budget Appropriation	Balance Dec. 31, 2015	Analysis of Balance Dec. 31, 2015		
							Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
08-07	Various Capital Improvements	\$93,852.00			\$23,308.00	\$70,544.00	\$69,919.00		\$625.00
08-08	Various Capital Improvements	138,537.00			27,708.00	110,829.00	110,829.00		
5-09	Various Capital Improvements	157,326.00			26,222.00	131,104.00	131,104.00		
2-10	Various General Improvements	270,700.00			30,100.00	240,600.00	240,600.00		
04-11	Various General Improvements	488,088.64			61,011.64	427,077.00	427,077.00		
03-12	Various General Improvements	388,550.00			38,855.00	349,695.00	349,695.00		
06-13	Various General Improvements	673,125.00			39,425.36	633,699.64	633,699.64		
11-14	Various General Improvements	699,675.00		\$92,624.70		607,050.30		\$200,340.38	406,709.92
05-15	Various Capital Improvements		\$537,320.00			537,320.00			537,320.00
		<u>\$2,909,853.64</u>	<u>\$537,320.00</u>	<u>\$92,624.70</u>	<u>\$246,630.00</u>	<u>\$3,107,918.94</u>	<u>\$1,962,923.64</u>	<u>\$200,340.38</u>	<u>\$944,654.92</u>
Ref.		C	C-6	C-2	C-7	C			

## Bond Anticipation Notes

**Less: Cash on Hand to Pay Bond Anticipation Notes:**

## Ordinance

<u>Number</u>	<u>Improvement Description</u>
06-13	Various General Improvements

**Ref.**  
**C-7**

**\$1,999,923.00**

(36,999.36)

**\$1,962,923.64**

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**  
**Year Ended December 31, 2015**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Balance Dec. 31, 2015	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
08-07	Various Capital Improvements	8/20/07	\$326,000.00		\$85,448.27				\$85,448.27
08-08	Various Capital Improvements	8/18/08	441,660.00		90,300.48				90,300.48
5-09	Various Capital Improvements	8/17/09	492,015.00		64,583.25				64,583.25
02-10	Various General Improvements	7/19/10	568,000.00		72,952.56		\$3,037.50		69,915.06
04-11	Various General Improvements	8/15/11	750,000.00		166,121.70		7,766.40		158,355.30
03-12	Various General Improvements	7/16/12	559,000.00	\$10,958.89	388,550.00		9,347.16	\$1,611.73	388,550.00
06-13	Various General Improvements	6/17/13	972,500.00		452,516.24		80,116.09		372,400.15
11-14	Various General Improvements	5/19/14	736,500.00		466,385.04		59,675.12		406,709.92
05-15	Various Capital Improvements	6/8/15	1,436,227.00			\$1,436,227.00	417,037.64	481,869.36	537,320.00
				<u>\$10,958.89</u>	<u>\$1,786,857.54</u>	<u>\$1,436,227.00</u>	<u>\$576,979.91</u>	<u>\$483,481.09</u>	<u>\$2,173,582.43</u>
		<b><u>Ref.</u></b>		C	C			C	C
	Cash Disbursed		C-2				\$654,941.14		
	Less, Decrease in Reserve for								
	Encumbrances		C-10				(77,961.23)		
	Grants Receivable		C-4			\$870,627.00			
	Deferred Charges to Future Taxation -								
	Unfunded		C-5			537,320.00			
	Capital Improvement Fund		C-8			28,280.00			
						<u>\$1,436,227.00</u>	<u>\$576,979.91</u>		

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES**  
**Year Ended December 31, 2015**

<b>Ordinance Number</b>	<b>Improvement Description</b>	<b>Date of Issue of Original Note</b>	<b>Date of Issue</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>	<b>Balance Dec. 31, 2014</b>	<b>Increased</b>	<b>Decreased</b>	<b>Balance Dec. 31, 2015</b>
08-07	Various Capital Improvements	6/10/08	5/28/14	5/27/15	0.93%	\$93,227.00		\$93,227.00	
08-08	Various Capital Improvements	6/8/09	5/28/14	5/27/15	0.93%	138,537.00		138,537.00	
06-09	Various General Improvements	6/3/10	5/28/14	5/27/15	0.93%	157,326.00		157,326.00	
02-10	Various General Improvements	6/2/11	5/28/14	5/27/15	0.93%	210,700.00		210,700.00	
04-11	Various General Improvements	6/1/12	5/28/14	5/27/15	0.93%	488,088.64		488,088.64	
03-12	Various General Improvements	5/28/14	5/28/14	5/27/15	0.93%	388,550.00		388,550.00	
06-13	Various General Improvements	5/28/14	5/28/14	5/27/15	0.93%	394,251.36		394,251.36	
08-07	Various Capital Improvements	6/10/08	5/26/15	5/26/16	0.80%		\$69,919.00		\$69,919.00
08-08	Various Capital Improvements	6/8/09	5/26/15	5/26/16	0.80%		110,829.00		110,829.00
06-09	Various General Improvements	6/3/10	5/26/15	5/26/16	0.80%		131,104.00		131,104.00
02-10	Various General Improvements	6/2/11	5/26/15	5/26/16	0.80%		240,600.00		240,600.00
04-11	Various General Improvements	6/1/12	5/26/15	5/26/16	0.80%		427,077.00		427,077.00
03-12	Various General Improvements	5/28/14	5/26/15	5/26/16	0.80%		349,695.00		349,695.00
06-13	Various General Improvements	5/28/14	5/26/15	5/26/16	0.80%		670,699.00		670,699.00
						<u>\$1,870,680.00</u>	<u>\$1,999,923.00</u>	<u>\$1,870,680.00</u>	<u>\$1,999,923.00</u>
					<b>Ref.</b>	C			C:C-5
	Cash Receipts				C-2		\$1,999,923.00		
	Cash Disbursed				C-2			\$1,624,050.00	
	Notes Paid by Budget Appropriation				C-5			246,630.00	
							<u>\$1,999,923.00</u>	<u>\$1,870,680.00</u>	



**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**  
**Year Ended December 31, 2015**

Balance, December 31, 2014	<b><u>Ref.</u></b> C	\$862.00
Increased by:		
Budget Appropriation	C-2	40,000.00
		<u>40,862.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-6	28,280.00
		<u>28,280.00</u>
Balance, December 31, 2015	C	<u><u>\$12,582.00</u></u>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**December 31, 2015 and 2014**

<b><u>Ordinance Number</u></b>	<b><u>Improvement Description</u></b>	<b><u>December 31, 2015</u></b>	<b><u>December 31, 2014</u></b>
08-07	Various Capital Improvements	\$625.00	\$625.00
02-10	Various General Improvements		60,000.00
06-13	Various General Improvements		278,873.64
11-14	Various General Improvements	607,050.30	699,675.00
05-15	Various Capital Improvements	537,320.00	
		<u>\$1,144,995.30</u>	<u>\$1,039,173.64</u>
	<b><u>Ref.</u></b>	(Footnote C)	(Footnote C)

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR ENCUMBRANCES**  
**Year Ended December 31, 2015**

Balance, December 31, 2014	<b><u>Ref.</u></b> C	\$197,034.63
Increased by:		
Transfer from Improvement Authorizations	\$119,073.40	
Decreased by:		
Transfer to Improvement Authorizations	<u>197,034.63</u>	
Decrease in Reserve for Encumbrances	C-6	<u>77,961.23</u>
Balance, December 31, 2015	C	<u><u>\$119,073.40</u></u>

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**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PUBLIC ASSISTANCE TRUST FUND**  
**SCHEDULE OF CASH**  
**Year Ended December 31, 2015**

	<b><u>Ref.</u></b>	
Balance, December 31, 2014	D	\$674.02
Increased by:		
Interest Earned - Due to Current Fund		<div style="display: flex; justify-content: flex-end;"> <span style="margin-right: 10px;">0.24</span> <hr style="width: 100px;"/> </div>
		674.26
Decreased by:		
Due to Current Fund		<div style="display: flex; justify-content: flex-end;"> <span style="margin-right: 10px;">0.55</span> <hr style="width: 100px;"/> </div>
Balance, December 31, 2015	D	<div style="display: flex; justify-content: flex-end;"> <span style="margin-right: 10px;">\$673.71</span> <hr style="width: 100px;"/> <hr style="width: 100px;"/> </div>

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**PUBLIC ASSISTANCE TRUST FUND**  
**SCHEDULE OF RESERVE FOR EXPENDITURES**  
**December 31, 2015 and 2014**

	<b><u>Ref.</u></b>	
Balance, December 31, 2015 and 2014	D	<div style="display: flex; justify-content: flex-end;"> <span style="margin-right: 10px;">\$673.71</span> <hr style="width: 100px;"/> <hr style="width: 100px;"/> </div>

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF INVESTMENT IN GENERAL FIXED ASSETS**  
**Year Ended December 31, 2015**

	<b><u>Balance</u></b> <b><u>Dec. 31, 2014</u></b>	<b><u>Additions</u></b>	<b><u>Dispositions</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2015</u></b>
General Fixed Assets:				
Land	\$1,373,000.00			\$1,373,000.00
Buildings	1,628,566.38			1,628,566.38
Machinery and Equipment	<u>1,757,534.27</u>	<u>\$284,839.04</u>	<u>\$146,252.00</u>	<u>1,896,121.31</u>
	<u>\$4,759,100.65</u>	<u>\$284,839.04</u>	<u>\$146,252.00</u>	<u>\$4,897,687.69</u>
<b><u>Ref.</u></b>	F			F

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART III**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**COMMENTS**

**YEAR ENDED DECEMBER 31, 2015**

**Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4**

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

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

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

Borough of South Toms River Hybrid Reassessment  
Purchase of a 31 Yard Refuse Truck

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

Our audit of expenditures did not reveal any individual payments in excess of the statutory limit for the performance of any work or the furnishing of any goods 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. 40A:11-6.

**Purchases, Contracts or Agreements not Required to be Advertised by N.J.S. 40A:11-6.1**

N.J.S. 40A:11-6.1 states, "For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered."

### **Collection of Interest on Delinquent Taxes**

On January 1, 2015, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, the Borough of South Toms River is desirous of determining rates of interest charged for delinquent payment; and

WHEREAS, the taxpayer is given ten days' grace period on each quarter.

THEREFORE BE IT RESOLVED by the Mayor & Council of the Borough of South Toms River as pursuant to N.J.S.A. 54:4-78 & Chapter 75 adopted March 1991 the rates of interest to be charged for the non-payment of taxes would be eight percent (8%) per annum on the first \$1,500.00 of the delinquency & eighteen percent (18%) per annum on any amount in excess of \$1,500.00. An additional six percent (6%) will be charged on any delinquency in excess of \$10,000.00, which is in arrears beyond December 31, 2015.

Based upon our audit of the tax collector's records, interest on delinquent taxes was charged in accordance with the foregoing resolution.

### **Tax Title Liens**

The last tax sale was held on December 3, 2015 and was complete.

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

2015	1
2014	1
2013	1



**SUMMARY OF MUNICIPAL DEBT**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>Issued</u></b>			
General Bond Anticipation Notes	\$1,999,923.00	\$1,870,680.00	\$1,404,675.00
Less:			
Funds on Hand to Pay Bonds and Notes	<u>36,999.36</u>	<u>-</u>	<u>106,389.36</u>
Net Debt Issued	<u>1,962,923.64</u>	<u>1,870,680.00</u>	<u>1,298,285.64</u>
<b><u>Authorized but not Issued</u></b>			
General Bonds and Notes	<u>1,144,995.30</u>	<u>1,039,173.64</u>	<u>1,159,300.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$3,107,918.94</u>	<u>\$2,909,853.64</u>	<u>\$2,457,585.64</u>

**SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows was prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 1.368%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School	\$796,494.04	\$796,494.04	
General Debt	<u>3,144,918.30</u>	<u>36,999.36</u>	<u>\$3,107,918.94</u>
	<u>\$3,941,412.34</u>	<u>\$833,493.40</u>	<u>\$3,107,918.94</u>

Net Debt \$3,107,918.94 divided by Equalized Valuation basis per N.J.S. 40A:2-2 as amended, \$227,112,047.00 equals 1.368%.

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

3½% of Equalized Valuation Basis	\$7,948,921.65
Net Debt	<u>3,107,918.94</u>
Remaining Borrowing Power	<u>\$4,841,002.71</u>

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION AND APPORTIONMENT**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Municipal	1.089	1.050	1.009
Regional School	0.751	.710	.702
County	0.343	.341	.325
Total Tax Rate	<u>\$2.183</u>	<u>\$2.101</u>	<u>\$2.036</u>

**ASSESSED VALUATIONS**

2015	\$271,633,084.00
2014	274,255,530.00
2013	277,442,543.00

**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>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2015	\$5,943,841.18	\$5,674,370.68	95.46%
2014	5,766,765.20	5,413,165.10	93.86%
2013	5,663,234.87	5,349,728.39	94.46%

**DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens on December 31, in relation to the tax levies of the last three years.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Title Liens	\$510.18	\$422.86	\$338.82
Delinquent Taxes	<u>210,643.21</u>	<u>315,687.63</u>	<u>248,261.40</u>
Total Delinquent	<u>\$211,153.39</u>	<u>\$316,110.49</u>	<u>\$248,600.22</u>
% of Tax Levy	3.55%	5.48%	4.39%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<b><u>Year</u></b>	<b><u>Amount</u></b>
2015	\$603,100.00
2014	603,100.00
2013	603,100.00

**COMPARATIVE SCHEDULE OF FUND BALANCE AT DECEMBER 31**

<b><u>Year</u></b>	<b><u>Current Fund Balance</u></b>	<b><u>Utilized in Succeeding Budget</u></b>
2015	\$675,873.78	\$460,000.00
2014	560,868.79	425,000.00
2013	560,107.67	425,000.00

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**OFFICIALS IN OFFICE AND SURETY BONDS**  
**YEAR ENDED DECEMBER 31, 2015**

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

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Amount</u></b>
Oscar Cradle, Sr.	Mayor	*
Edward Murray	Council President	*
Sandford Ross	Councilman	*
William E. Gleason	Councilman	*
Tanya M. Mosley	Councilwoman	*
Gregory Handshy	Councilman	*
Ernest Reevey	Councilman	*
Joseph A. Kostecki	Borough Administrator/Municipal Clerk	*
Stephen O. Gallagher	Chief Financial Officer/Tax Collector	*
James J. Gluck, Esq.	Municipal Court Judge	*
Tonia Watson	Court Administrator	*

\*The Borough maintains employee dishonesty coverage for all municipal employees through the Ocean County Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000.00.

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**PART IV**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF SOUTH TOMS RIVER**  
**COUNTY OF OCEAN**  
**STATE OF NEW JERSEY**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2015**

**Current Year Recommendations**

None

**Status of Prior Year Recommendation**

The Borough has resolved the prior year recommendation relative to confirming purchase orders.