

**TOWNSHIP OF MONTVILLE**  
**MORRIS COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2015**

**TOWNSHIP OF MONTVILLE**

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**TOWNSHIP OF MONTVILLE**  
**MORRIS COUNTY, NEW JERSEY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Township Committee  
Township of Montville  
Whatever, New Jersey

### *Report on the Financial Statements*

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Montville, as of December 31, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements.

### *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 accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of the financial statements, the financial statements are prepared by the Township of Montville on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Montville as of December 31, 2015 and 2014, or changes in financial position, or, where applicable, cash flows for the years then ended.

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

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Montville as of December 31, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### ***Other Information***

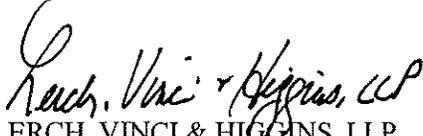
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Montville as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Montville.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated June 27, 2016 on our consideration of the Township of Montville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Montville's internal control over financial reporting and compliance.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 27, 2016

**TOWNSHIP OF MONTVILLE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash - Treasurer	A-4	\$ 8,470,833	\$ 6,421,990
Cash - Change Fund	A-5	<u>275</u>	<u>275</u>
		8,471,108	6,422,265
Grants Receivable	A-10	<u>214,254</u>	<u>121,336</u>
		<u>8,685,362</u>	<u>6,543,601</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-7	701,017	968,189
Tax Title Liens Receivable	A-8	308,264	199,720
Property Acquired for Taxes - Assessed Valuation	A-9	411,000	411,000
Revenue Accounts Receivable	A-11	<u>-</u>	<u>5,000</u>
		<u>1,420,281</u>	<u>1,583,909</u>
Deferred Charges			
Special Emergency Appropriations	A-13	-	58,020
Emergency Appropriations	A-23	<u>-</u>	<u>50,000</u>
		<u>-</u>	<u>108,020</u>
Total Assets		<u>\$ 10,105,643</u>	<u>\$ 8,235,530</u>

**TOWNSHIP OF MONTVILLE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
CURRENT FUND  
AS OF DECEMBER 31, 2015 AND 2014**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Liabilities			
Appropriation Reserves	A-3,A-12	\$ 994,435	\$ 1,119,759
Encumbrances Payable	A-14	764,423	543,502
Prepaid Taxes	A-15	711,322	454,951
Tax Overpayments	A-16	7	15
Due to Other Trust Fund	A-17	788,500	345,100
County Taxes Payable	A18	32,153	21,492
Reserve for Third Party Tax Title Liens	A-24	1,379	5,032
Due to State of New Jersey - Senior Citizens & Veterans	A-6	41,651	36,005
Due to State of New Jersey - Marriage Licenses	A-25	350	500
Special Emergency Note Payable	A-26	-	58,020
Reserve for Pending Tax Appeals	A-27	2,750,000	1,500,000
Reserve for Unappropriated Grants	A-21	3,699	62,856
Reserve for Appropriated Grants	A-22	<u>210,729</u>	<u>226,563</u>
		6,298,648	4,373,795
Reserve for Receivables and Other Assets	A	1,420,281	1,583,909
Fund Balance	A-1	<u>2,386,714</u>	<u>2,277,826</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 10,105,643</u>	 <u>\$ 8,235,530</u>

**TOWNSHIP OF MONTVILLE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,436,000	\$ 1,436,000
Miscellaneous Revenue Anticipated	A-2	7,288,140	7,198,192
Receipts from Delinquent Taxes	A-2	934,057	1,011,524
Receipts from Current Taxes	A-2	100,442,112	98,203,536
Non-Budget Revenue	A-2	40,561	171,240
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	465,151	302,686
Tax Overpayments Cancelled	A-16	15	40
Cancel Prior Year Appropriated Grant Reserve	A	-	1,401
Cancel Prior Year Reserve for Third Party Tax Title Liens	A	-	185,103
		<hr/>	<hr/>
Total Revenues		110,606,036	108,509,722
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	9,048,317	8,932,006
Other Expenses	A-3	10,469,300	9,946,015
Capital Improvements	A-3	131,000	95,000
Municipal Debt Service	A-3	4,931,904	5,293,520
Deferred Charges and Statutory Expenditures	A-3	2,031,826	2,032,240
Other Debits			
County Taxes	A-18	12,235,316	12,195,058
Special District Taxes	A-20	3,401,070	3,449,503
Local School Taxes	A-19	66,656,317	65,390,756
Prior Year Revenue Refund	A-4	332	381
Grants Receivable Cancelled	A-10	1,772	259
Prior Year Tax Sale Premiums Due to Other Trust Fund Cancelled	B		18,479
Prior Year Tax Appeals Granted	A-16	151,244	115,559
Prior Year Senior Citizen and Veteran Deduction Disallowed	A-7	2,750	1,750
		<hr/>	<hr/>
Total Expenditures		109,061,148	107,470,526
Less: Expenditures Included Above Which by Statute are			
Deferred Charges to Succeeding Year's Budget	A-23,25	-	50,000
		<hr/>	<hr/>
Total Adjusted Expenditures		109,061,148	107,420,526
Excess in Revenue		1,544,888	1,089,196
Fund Balance, January 1	A	2,277,826	2,624,630
		<hr/>	<hr/>
		3,822,714	3,713,826
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	1,436,000	1,436,000
		<hr/>	<hr/>
Fund Balance, December 31	A	\$ 2,386,714	\$ 2,277,826

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Added by N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b>Fund Balance Anticipated</b>	A-1	\$ 1,436,000	-	\$ 1,436,000	-
<b>Miscellaneous Revenues</b>					
Licenses					
Alcoholic Beverages	A-11	34,000		34,200	\$ 200
Other	A-11	9,000		14,635	5,635
Fees and Permits					
Construction Code Official	A-11	475,000		450,051	(24,949)
Other	A-2	135,000		164,414	29,414
Fines and Costs					
Municipal Court	A-11	196,000		201,338	5,338
Interest and Costs on Taxes	A-11	215,000		241,563	26,563
Energy Receipts Tax	A-11	2,144,367		2,144,367	-
Interest on Investments and Deposits	A-2	35,000		44,239	9,239
Watershed Moratorium Offset Aid	A-11	1,692		1,692	-
State and Federal Grants Offset With Appro.					
Municipal Alliance on Alcoholism and Drug Abuse	A-10	15,244		15,244	-
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental	A-10		\$ 2,000	2,000	-
Alcohol Education and Rehabilitation Fund	A-10		1,709	1,709	-
Clean Communities	A-10		50,220	50,220	-
Handicapped Recreation Opportunities Grant	A-10	20,000		20,000	-
Recreational Opportunities For Individuals with Disabilities	A-10		35,000	35,000	-
Police Body Armor Fund	A-10	3,621		3,621	-
Click it or Ticket	A-10	4,000		4,000	-
Safe Corridors	A-10	20,570		20,570	-
Recycling Tonnage Grant	A-10	59,235		59,235	-
NJ DOT Grant - Woodmont Rd.	A-10		170,000	170,000	-
Highlands Grant Amendment	A-10		25,000	25,000	-
Special Items					
Interlocal Agreements					
Board of Education Nursing Svcs.	A-11	18,211		33,925	15,714
Board of Education Solid Waste & Recycling	A-11	60,000		65,000	5,000
Boonton Township Health Clinic	A-11	500		500	-
Water Utility Operating Surplus	D-1	504,000		504,000	-
Sewer Utility Operating Surplus	E-1	504,000		504,000	-
Admin. - PD Outside Service - OT	A-11	20,000		20,000	-
Franchise Fees	A-11	313,000		335,656	22,656
Hotel Tax	A-11	16,000		16,462	462
Reimbursement for Maintenance Services - Municipal Library	A-11	64,000		64,952	952
Library Surplus Contribution	A-11	229,000		229,193	193
Reserve for Payment of Debt Service	C-13	114,000		114,000	-
Cancelled General Capital Ordinances (Capital Fund Balance)	C-1	100,000		100,000	-
Reserve for Open Space Preservation	B-13	1,597,354	-	1,597,354	-
<b>Total Miscellaneous Revenues</b>	A-1	<u>6,907,794</u>	<u>283,929</u>	<u>7,288,140</u>	<u>96,417</u>

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	<u>Anticipated Budget</u>	<u>Added by N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<b>Receipts from Delinquent Taxes</b>	A-2,A-7	\$ 950,000	-	\$ 934,057	\$ (15,943)
<b>Amount to be Raised by Taxes for Support of Municipal Budget</b>					
Local Tax for Municipal Purposes	A-2,A-7	17,844,801		18,954,742	1,109,941
Minimum Library Tax		<u>1,620,639</u>	-	<u>1,620,639</u>	-
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>19,465,440</u>	-	<u>20,575,381</u>	<u>1,109,941</u>
Total	A-3	<u>\$ 28,759,234</u>	<u>\$ 283,929</u>	30,233,578	<u>\$ 1,190,415</u>
<b>Non-Budget Revenue</b>	A-1,A-2			<u>40,561</u>	
				<u>\$ 30,274,139</u>	

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Continued)**

	<u>Reference</u>	
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 101,192,112
Less: Reserve for Pending Tax Appeals	A-27	<u>750,000</u>
		100,442,112
Less: Allocated to School, County and Special Taxes	A-18,A-19,A-20	<u>82,292,703</u>
		18,149,409
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>2,425,972</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 20,575,381</u>
Fees and Permits - Other		
Township Clerk	A-11	\$ 9,624
Tax Collector	A-11	1,358
Police Department	A-11	12,828
Zoning Board of Adjustment	A-11	64,672
Planning Board	A-11	33,995
Housing	A-11	7,817
Board of Health	A-11	11,369
Engineering	A-11	<u>22,751</u>
	A-2	<u>\$ 164,414</u>
Receipts from Delinquent Taxes		
Taxes	A-7	\$ 921,440
Tax Title Liens	A-8	<u>12,617</u>
	A-2	<u>\$ 934,057</u>
Interest on Investments		
Revenue Accounts Receivable	A-11	\$ 30,814
Due from General Capital Fund	C-10	3,365
Due from Animal Control Fund	B-3	149
Due from Other Trust Fund	B-14	<u>9,911</u>
	A-2	<u>\$ 44,239</u>
<b>ANALYSIS OF NON-BUDGET REVENUES</b>		
Miscellaneous/Reimbursements		\$ 30,025
FEMA - 2010 Storm		188
Bid Fee		300
Recyclables		3,746
Inspection Fines		3,295
2% Administrative Fee - Senior Citizens and Veterans Deductions		<u>3,007</u>
	A-2	<u>\$ 40,561</u>

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
Mayor and Township Committee					
Salaries and Wages	\$ 60,000	\$ 60,000	\$ 60,000	-	
Other Expenses	15,800	15,800	12,882	\$ 2,918	
General Administration					
Salaries and Wages	347,142	335,492	334,469	1,023	
Other Expenses	9,350	9,350	6,912	2,438	
Township Clerk					
Salaries and Wages	130,998	128,998	128,745	253	
Other Expenses	75,150	76,850	69,972	6,878	
Election					
Other Expenses	10,500	8,800	8,414	386	
Financial Administration					
Salaries and Wages	306,609	304,609	304,263	346	
Other Expenses - Miscellaneous	39,895	39,895	38,138	1,757	
Audit Services	27,500	27,500	27,500	-	
Computerized Data Processing					
Other Expenses	68,875	97,875	96,302	1,573	
Tax Assessment Administration					
Salaries and Wages	131,359	131,359	130,783	576	
Other Expenses	32,650	25,650	5,957	19,693	
Revenue Administration					
Salaries and Wages	119,555	119,555	119,554	1	
Other Expenses	19,040	19,040	16,553	2,487	
Legal Services					
Other Expenses	198,700	257,200	250,349	6,851	
Engineering Services and Costs					
Salaries and Wages	288,273	281,273	269,707	11,566	
Other Expenses	117,100	117,100	108,737	8,363	
Historical Preservation Committee					
Other Expenses	3,920	3,920	3,173	747	
Planning Board					
Salaries and Wages	140,010	125,010	121,580	3,430	
Other Expenses	27,030	27,030	24,164	2,866	
Board of Adjustment					
Salaries and Wages	71,027	59,527	56,325	3,202	
Other Expenses	14,580	14,580	13,315	1,265	
Economic Development					
Other Expenses	1,150	1,150	119	1,031	
<b>PUBLIC SAFETY</b>					
Police					
Salaries and Wages	5,093,145	4,935,645	4,850,232	85,413	
Other Expenses	416,750	416,750	386,539	30,211	
Emergency Management					
Salaries and Wages	13,000	5,500	1,492	4,008	
Other Expenses	3,100	3,100	1,835	1,265	
Aid to First Aid Squad	35,000	35,000	35,000	-	
Municipal Prosecutor					
Other Expenses	20,000	20,000	20,000	-	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Continued)**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Appropriated Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS" (Continued)</b>					
<b>STREETS AND ROADS</b>					
Street and Road Maintenance					
Salaries and Wages	\$ 890,844	\$ 877,344	\$ 742,172	\$ 135,172	
Other Expenses	365,700	365,700	315,602	50,098	
Fleet Maintenance	107,200	107,200	96,745	10,455	
Traffic Lighting	15,000	22,000	20,098	1,902	
Solid Waste Collection					
Other Expenses (Contractual)	1,757,834	1,757,834	1,720,359	37,475	
Facilities Management					
Salaries and Wages	455,207	462,707	456,289	6,418	
Other Expenses	291,000	291,000	225,469	65,531	
Community Services Act					
Other Expenses	137,000	127,000	125,269	1,731	
<b>MUNICIPAL COURT</b>					
Salaries and Wages	153,023	153,023	153,021	2	
Other Expenses	9,900	9,900	6,913	2,987	
Public Defender (P.L. 1997, C.256) Legal					
Other Expenses	7,350	7,350	7,350	-	
<b>HEALTH AND WELFARE</b>					
Public Health Services					
Salaries and Wages	339,250	339,250	296,748	42,502	
Other Expenses	92,078	92,078	85,416	6,662	
Community Medical Transportation Project					
Salaries and Wages	75,000	65,000	54,889	10,111	
Other Expenses	4,700	4,700	4,062	638	
Residents with Disabilities Committee					
Other Expenses	150	150		150	
Environmental Health Services					
Salaries and Wages	1,200	1,200	917	283	
Other Expenses	2,100	2,100	704	1,396	
Contributions to Social Services Agencies (Aid to Health Care Facilities) - Statutory					
Emergency Assistance Fund	2,000	-		-	

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Continued)**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Appropriated Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS" (Continued)</b>					
<b>RECREATION AND EDUCATION:</b>					
Recreation Commission (R.S. 409:12-1 to 8)					
Salaries and Wages	\$ 146,475	\$ 146,475	\$ 146,474	\$ 1	
Other Expenses	12,900	12,900	11,171	1,729	
Senior Citizens					
Salaries and Wages	45,745	45,745	36,414	9,331	
Other Expenses	33,600	33,600	31,873	1,727	
Youth Service Program					
Salaries and Wages	53,808	53,508	42,937	10,571	
Other Expenses	2,500	2,500	2,499	1	
<b>OTHER COMMON OPERATING FUNCTIONS</b>					
Provision for Accumulated Sick and Vacation Leave	80,000	180,000	180,000	-	
Celebration of Public Events	41,600	31,600	26,430	5,170	
Insurance					
General Liability Insurance	272,760	272,760	272,760	-	
Workers Compensation	297,410	297,410	297,410	-	
Group Insurance for Employees	2,326,159	2,228,159	2,131,903	96,256	
Health Benefit Waiver	53,153	58,153	57,228	925	
<b>UNIFORM CONSTRUCTION CODE</b>					
<b>APPROPRIATIONS OFFSET BY DEDICATED</b>					
<b>REVENUES (N.J.A.C. 5:23-4-17)</b>					
Uniform Construction Code Enforcement:					
Building Inspectors					
Salaries and Wages	306,249	301,249	295,466	5,783	
Other Expenses	3,200	3,200	2,845	355	
Other Code Enforcement Function					
Fire Protection Inspector					
Salaries and Wages	35,288	35,288	33,059	2,229	
<b>UTILITY EXPENSES &amp; BULK PURCHASES</b>					
Electricity	215,000	215,000	205,695	9,305	
Street Lighting	180,000	180,000	167,738	12,262	
Telephone	110,000	110,000	103,530	6,470	
Gas (Natural)	102,000	102,000	86,265	15,735	
Gasoline	227,000	202,000	149,488	52,512	-
<b>Total Operations Within "CAPS"</b>	<u>17,088,591</u>	<u>16,900,641</u>	<u>16,096,219</u>	<u>804,422</u>	<u>-</u>
Contingent	5,000	5,000	-	5,000	-
<b>Total Operations Including Contingent - Within "CAPS"</b>	<u>17,093,591</u>	<u>16,905,641</u>	<u>16,096,219</u>	<u>809,422</u>	<u>-</u>
<b>Detail</b>					
Salaries and Wages	9,203,207	8,967,757	8,635,536	332,221	-
Other Expenses ( Including Contingent)	7,890,384	7,937,884	7,460,683	477,201	-

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Continued)**

	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Appropriated</u> <u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>DEFERRED CHARGES AND REGULATORY EXPENDITURES- MUNICIPAL WITHIN "CAPS"</b>					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 417,656	\$ 417,656	\$ 382,000	\$ 35,656	
Unemployment/Disability Insurance	28,000	28,000	24,256	3,744	
Public Employee's Retirement System of NJ	436,881	438,531	438,530	1	
Police & Fireman's Retirement System of NJ	982,475	982,475	982,475	-	
Defined Contribution Retirement Program	8,843	9,143	9,143	-	-
<b>Total Deferred Charges &amp; Statutory Expenditures - Municipal Within "CAPS"</b>	<u>1,873,855</u>	<u>1,875,805</u>	<u>1,836,404</u>	<u>39,401</u>	<u>-</u>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<u>18,967,446</u>	<u>18,781,446</u>	<u>17,932,623</u>	<u>848,823</u>	<u>-</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Police Dispatch/911					
Salaries and Wages	67,349	67,349	64,172	3,177	
Other Expenses	22,730	22,730	22,725	5	
Maintenance of Free Public Library (P.L. 1985-Ch. 82 & 541)	1,620,639	1,620,639	1,620,639	-	
Reserve for Tax Appeals	250,000	400,000	400,000	-	-
<b>Total Other Operations Excluded from "CAPS"</b>	<u>1,960,718</u>	<u>2,110,718</u>	<u>2,107,536</u>	<u>3,182</u>	<u>-</u>
Interlocal Municipal Service Agreement					
Public Health Nursing Services					
Board of Health					
Salaries and Wages	13,211	13,211	13,211	-	
Other Expenses	5,000	5,000	3,114	1,886	
Boonton Township Health Clinic-Other Expenses	500	500	500	-	
Montville Board of Education					
Solid Waste and Recycling Services	60,000	60,000	60,000	-	-
<b>Total Interlocal Municipal Service Agreements</b>	<u>78,711</u>	<u>78,711</u>	<u>76,825</u>	<u>1,886</u>	<u>-</u>

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Continued)**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Appropriated Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
(Continued)					
<b>Public and Private Programs Offset by Revenues</b>					
State and Federal Programs Offset by Revenues					
State of N.J. - Clean Communities					
Program		\$ 50,220	\$ 21,458	\$ 28,762	
State of N.J.- Handicap Persons Grant					
State Share - 14/15	\$ 20,000	20,000	15,402	4,598	
Local Share - 14/15	4,000	4,000	2,743	1,257	
Recreational Opportunities For Individuals with Disabilities:					
State Share - 15/16		35,000	4,298	30,702	
Local Share - 15/16	7,000	7,000	4,000	3,000	
Municipal Alliance on Alcoholism and Drug Abuse					
County Share	15,244	15,244	10,849	4,283	\$ 112
Local Share	3,811	3,811	2,916	895	
Municipal Alliance on Alcoholism and Drug Abuse - Sub Grant					
County Share		2,000	2,000	-	
Local Share	1,250	1,250	1,250	-	
Police Body Armor Fund	3,621	3,621	-	3,621	
Recycling Tonnage Grant	59,235	59,235	-	59,235	
Click It or Ticket	4,000	4,000	4,000	-	
Alcohol Education & Rehab Program		1,709	353	1,356	
Highlands Grant - 2015 Amendment		25,000	25,000	-	
Department of Transportation Grant - Woodmont		170,000	170,000	-	
Safe Corridors	20,570	20,570	17,735	2,835	-
Total Public and Private Programs Offset by Revenues	<u>138,731</u>	<u>422,660</u>	<u>282,004</u>	<u>140,544</u>	<u>112</u>
Total Operations Excluded from "CAPS"	<u>2,178,160</u>	<u>2,612,089</u>	<u>2,466,365</u>	<u>145,612</u>	<u>112</u>
Detail					
Salaries and Wages	80,560	80,560	77,383	3,177	
Other Expenses	2,097,600	2,531,529	2,388,982	142,435	112
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	<u>95,000</u>	<u>131,000</u>	<u>131,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>95,000</u>	<u>131,000</u>	<u>131,000</u>	<u>-</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Continued)**

	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Appropriated</u> <u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>MUNICIPAL DEBT SERVICE -</b>					
<b>EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	\$ 3,610,000	\$ 3,610,000	\$ 3,610,000		
Payment of Bond Anticipation Notes	201,980	201,980	201,980		
Interest on Bonds	939,093	939,093	939,093		
Interest on Notes	9,000	9,000	9,000		
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	37,124	37,124	37,123		\$ 1
Environmental Infrastructure Trust:					
Loan Repayments for Principal and Interest	139,439	139,439	134,708	-	4,731
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<u>4,936,636</u>	<u>4,936,636</u>	<u>4,931,904</u>	-	<u>4,732</u>
<b>Deferred Charges Municipal- Excluded from "CAPS"</b>					
Emergency Authorizations	50,000	50,000	50,000		
Special Emergency Authorizations	58,020	58,020	58,020		
Deferred charges to Future Taxation - Unfunded:					
Ordinance # 1199	48,000	48,000	48,000	-	-
<b>Total Deferred Charges- Municipal Excluded from "CAPS"</b>	<u>156,020</u>	<u>156,020</u>	<u>156,020</u>	-	-
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<u>7,365,816</u>	<u>7,835,745</u>	<u>7,685,289</u>	\$ 145,612	4,844
Subtotal General Appropriations	26,333,262	26,617,191	25,617,912	994,435	4,844
Reserve for Uncollected Taxes	2,425,972	2,425,972	2,425,972	-	-
<b>Total General Appropriations</b>	<u>\$ 28,759,234</u>	<u>\$ 29,043,163</u>	<u>\$ 28,043,884</u>	<u>\$ 994,435</u>	<u>\$ 4,844</u>
Reference	A-2			A	

**TOWNSHIP OF MONTVILLE  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	Budget After <u>Modification</u>	Expended Paid or <u>Charged</u>
Adopted Budget	A-2	\$ 28,759,234	
Added by N.J.S.A. 40A:4-87	A-2	<u>283,929</u>	
		<u>\$ 29,043,163</u>	
Cash Disbursed	A-4		\$ 24,354,909
Deferred Charges - Special Emergency	A-13		58,020
Deferred Charges - Emergency Authorization	A-23		50,000
Encumbrances Payable	A-14		754,983
Reserve for Pending Tax Appeals	A-27		400,000
Reserve for Uncollected Taxes	A-2		<u>2,425,972</u>
			 <u>\$ 28,043,884</u>

**TOWNSHIP OF MONTVILLE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-3	\$ 46,946	\$ 34,282
Cash - Change Fund	B	<u>25</u>	<u>25</u>
		<u>46,971</u>	<u>34,307</u>
<b>OTHER TRUST FUND</b>			
Cash	B-3	5,531,114	4,738,697
Due from Current Fund	B-14	<u>788,500</u>	<u>345,100</u>
		<u>6,319,614</u>	<u>5,083,797</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-3	78,388	57,775
Due from the State of New Jersey	B-12	<u>270</u>	<u>-</u>
		<u>78,658</u>	<u>57,775</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Cash	B-3	<u>671,760</u>	<u>737,935</u>
		<u>671,760</u>	<u>737,935</u>
Total Assets		<u>\$ 7,117,003</u>	<u>\$ 5,913,814</u>

**TOWNSHIP OF MONTVILLE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES AND RESERVES</b>			
<b>ANIMAL CONTROL FUND</b>			
Due State of New Jersey	B-5	\$ 1	29
Reserve for Animal Control Expenditures	B-4	23,623	\$ 11,931
Reserve for Restricted Donation - Homeless Cats/Kittens	B-6	<u>23,347</u>	<u>22,347</u>
		<u>46,971</u>	<u>34,307</u>
<b>OTHER TRUST FUND</b>			
Reserve for Escrow Deposits	B-7	2,917,155	2,826,551
Reserve for Recreation Commission	B-8	607,302	484,144
Miscellaneous Reserves	B-9	1,887,161	1,345,670
Payroll Deductions Payable	B-11	119,496	82,332
Reserve for Tax Sale Premiums	B-15	<u>788,500</u>	<u>345,100</u>
		<u>6,319,614</u>	<u>5,083,797</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Reserve for Unemployment Insurance Claims	B-10	78,658	57,730
Due to State of New Jersey	B-12	<u>-</u>	<u>45</u>
		<u>78,658</u>	<u>57,775</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Reserve for Open Space Preservation	B-13	<u>671,760</u>	<u>737,935</u>
		<u>671,760</u>	<u>737,935</u>
<b>Total Liabilities and Reserves</b>		<u>\$ 7,117,003</u>	<u>\$ 5,913,814</u>

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	<u>2015 Anticipated</u>	<u>2015 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-13	\$ 1,665,686	\$ 1,670,084	\$ 4,398
		<u>\$ 1,665,686</u>	1,670,084	<u>\$ 4,398</u>
Non-Budget Revenue	B-13		<u>2,095</u>	
			<u>\$ 1,672,179</u>	
<u>Analysis of Non-Budget Revenue</u>				
Improvement Authorizations Cancelled			\$ 47	
Interest on Investments and Deposits			<u>2,048</u>	
			<u>\$ 2,095</u>	

EXHIBIT B-2

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Debt Service	B-13	\$ 1,665,686	\$ 1,597,354	\$ 68,332
Down Payments on Improvements	B-13	<u>-</u>	<u>141,000</u>	<u>(141,000)</u>
		<u>\$ 1,665,686</u>	<u>\$ 1,738,354</u>	<u>\$ (72,668)</u>
	<u>Reference</u>		B-13	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	C-2, C-3	\$ 1,571,890	\$ 1,503,309
Deferred Charges to Future Taxation			
Funded	C-4	23,199,912	26,956,704
Unfunded	C-5	5,772,763	4,057,067
Unfunded - Cancelled Grants	C-17	300,000	348,000
Grants Receivable	C-6	<u>                  -</u>	<u>          200,000</u>
 Total Assets		 <u>\$ 30,844,565</u>	 <u>\$ 33,065,080</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Improvement Authorizations			
Funded	C-7	\$ 862,817	\$ 950,331
Unfunded	C-7	2,611,908	2,396,006
Contracts Payable	C-15	754,046	1,270,143
General Serial Bonds	C-8	22,013,000	25,623,000
Environmental Infrastructure Loans Payable	C-16	961,689	1,076,345
Green Acres Loans Payable	C-9	225,223	257,359
Bond Anticipation Notes	C-18	2,915,000	841,980
Capital Improvement Fund	C-12	77,368	50,151
Reserve for Payment of Debt Service	C-13	204,627	318,627
Miscellaneous Reserves	C-14	35,030	35,030
Fund Balance	C-1	<u>          183,857</u>	<u>          246,108</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 30,844,565</u>	 <u>\$ 33,065,080</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$2,857,763 and \$3,215,087, respectively, (Exhibit C-19).

**TOWNSHIP OF MONTVILLE**  
**COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$ 246,108	\$ 336,424
Increased by:			
Premium on Sale of Bonds and Notes	C-2	24,953	4,016
Contribution on Fully Funded Ordinance - No Debt Outstanding	C		9,850
Funded Improvement Authorizations Cancelled	C-7	<u>12,796</u>	<u>45,818</u>
		283,857	396,108
Decreased by:			
Revenue Anticipated in Current Fund Budget	A-2	<u>100,000</u>	<u>150,000</u>
		<u>100,000</u>	<u>150,000</u>
Balance, December 31	C	<u>\$ 183,857</u>	<u>\$ 246,108</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - WATER UTILITY FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	D-5	<u>2,326,657</u>	<u>\$ 1,897,916</u>
Receivables with Full Reserves			
Consumer Accounts Receivable	D-7	<u>214,705</u>	<u>221,206</u>
		<u>214,705</u>	<u>221,206</u>
		<u>2,541,362</u>	<u>2,119,122</u>
<b>ASSESSMENT TRUST FUND</b>			
Cash	D-5	269,900	
Assessment Receivable	D-27	<u>286,600</u>	<u>-</u>
		<u>556,500</u>	<u>-</u>
<b>CAPITAL FUND</b>			
Cash	D-5,D-6	1,472,636	1,371,905
Fixed Capital	D-13	18,718,998	18,129,390
Fixed Capital Authorized and Uncompleted	D-16	716,289	1,122,345
Prospective Assessments Raised by Water Utility Revenue	D-24	<u>-</u>	<u>150,000</u>
		<u>20,907,923</u>	<u>20,773,640</u>
Total Assets		<u>\$ 24,005,785</u>	<u>\$ 22,892,762</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - WATER UTILITY FUND  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
<b>OPERATING FUND</b>			
Liabilities			
Appropriation Reserves	D-3, D-10	\$ 211,464	\$ 54,786
Encumbrances Payable	D-11	130,625	159,513
Accrued Interest on Bonds and Notes	D-9	<u>35,278</u>	<u>39,619</u>
		377,367	253,918
Reserve for Receivables	D	214,705	221,206
Fund Balance	D-1	<u>1,949,290</u>	<u>1,643,998</u>
		<u>2,541,362</u>	<u>2,119,122</u>
<b>ASSESSMENT TRUST FUND</b>			
Bond Anticipation Notes Payable	D-26	440,000	
Reserve for Assessments and Liens	D-28	<u>116,500</u>	-
		<u>556,500</u>	-
<b>CAPITAL FUND</b>			
Serial Bonds	D-19	2,730,000	3,100,000
Bond Anticipation Notes Payable	D-25	-	550,000
Reserve for Deferred Amortization	D-17	466,289	873,500
Reserve for Amortization	D-14	15,985,899	14,719,261
Miscellaneous Reserves	D-21	379,331	379,331
Improvement Authorizations			
Funded	D-18	315,983	490,208
Unfunded	D-18	250,000	5,876
Contracts Payable	D-15	80,086	8,469
Reserve for Payment of Bonds	D-22	427,706	353,227
Capital Improvement Fund	D-20	56,751	104,751
Fund Balance	D-4	215,878	39,017
Reserve for Prospective Assessments Raised by Water Utility	D-24		
Revenue		<u>-</u>	<u>150,000</u>
		<u>20,907,923</u>	<u>20,773,640</u>
<b>Total Liabilities, Reserves and Fund Balances</b>		<u>\$ 24,005,785</u>	<u>\$ 22,892,762</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$253,099 and \$8,974 respectively (Exhibit D-23).

**TOWNSHIP OF MONTVILLE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - WATER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	D-2		\$ 249,000
Rents	D-2	\$ 3,211,452	2,918,180
Connection Fees	D-2	38,612	63,311
Miscellaneous	D-2	36,280	30,980
Other Credits to Income:			
Unexpended - Balance of Appropriation Reserves	D-10	<u>82,861</u>	<u>107,658</u>
 Total Income		<u>3,369,205</u>	<u>3,369,129</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operating	D-3	1,747,783	1,710,729
Capital Improvements	D-3	139,000	350,000
Debt Service	D-3	591,502	863,914
Deferred Charges and Statutory Expenditures	D-3	81,628	82,485
Judgements	D-3		50,000
Refund of Prior Year Revenue	D		<u>30</u>
 Total Expenditures		<u>2,559,913</u>	<u>3,057,158</u>
 Excess in Revenue		809,292	311,971
 Fund Balance, January 1	D	<u>1,643,998</u>	<u>2,017,627</u>
		2,453,290	2,329,598
Decreased by:			
Utilization as Anticipated Revenue	D-1	-	249,000
Utilization by Current Fund Budget	A-2	<u>504,000</u>	<u>436,600</u>
 Fund Balance, December 31	D	<u>\$ 1,949,290</u>	<u>\$ 1,643,998</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	D-7	\$ 2,537,103	\$ 3,211,452	\$ 674,349
Miscellaneous	D-2	30,000	36,280	6,280
Connection Fees	D-8	-	38,612	38,612
	D-3, D-2	<u>\$ 2,567,103</u>	<u>\$ 3,286,344</u>	<u>\$ 719,241</u>

Analysis of Rents

	<u>Ref.</u>	
Cash Receipts	D-5	\$ 3,211,651
Refunds	D-5	(199)
		<u>\$ 3,211,452</u>

Analysis of Miscellaneous Revenue

	<u>Ref.</u>	
Cash Receipts	D-5	\$ 18,835
Interest Earnings	D-5	6,508
Interest Earnings - Water Capital Fund	D-12	4,047
Interest on Assessments	D-5	6,890
		<u>\$ 36,280</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<b>OPERATING</b>					
Salaries and Wages	\$ 472,611	\$ 472,611	\$ 434,748	\$ 37,863	
Other Expenses	1,260,172	1,260,172	1,091,999	168,173	
Retirement Terminal Leave	15,000	15,000	15,000		
<b>CAPITAL IMPROVEMENTS</b>					
Capital Improvement Fund	7,000	7,000	7,000		
Capital Outlay	132,000	132,000	132,000		
<b>DEBT SERVICE</b>					
Payment on Bond Principal	370,000	370,000	370,000		
Interest on Bonds	110,343	110,343	105,736		\$ 4,607
Principal on Notes	110,000	110,000	110,000		
Interest on Notes	8,349	8,349	5,766		2,583
<b>REGULATORY EXPENDITURES</b>					
Contribution to					
Public Employees Retirement System	46,628	46,628	46,628		
Social Security System (O.A.S.I.)	35,000	35,000	29,572	5,428	-
	<u>\$2,567,103</u>	<u>\$ 2,567,103</u>	<u>\$ 2,348,449</u>	<u>\$ 211,464</u>	<u>\$ 7,190</u>

Reference      D-2                  D-2    D

Cash Disbursements	D-5	\$ 2,132,543
Budget Offsets	D-5	(24,971)
Accrued Interest on Bonds and Notes	D-9	111,502
Encumbrances Payable	D-11	129,375
		<u>\$ 2,348,449</u>

**TOWNSHIP OF MONTVILLE**  
**COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS**  
**WATER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	D	\$ 39,017	\$ 36,393
Increased by:			
Premium on Sale of Notes	D-5	3,766	2,624
Improvement Authorizations Cancelled	D-18	<u>173,095</u>	<u>-</u>
Balance, December 31	D	<u>\$ 215,878</u>	<u>\$ 39,017</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - SEWER UTILITY FUND  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>OPERATING FUND</b>			
Cash	E-5	\$ 2,617,264	\$ 2,356,203
		<u>2,617,264</u>	<u>2,356,203</u>
Receivables with Full Reserves			
Consumer Accounts Receivable	E-7	459,908	455,232
Connection Charges & Financial Agreements Receivable	E-8	<u>16,118</u>	<u>16,865</u>
		<u>476,026</u>	<u>472,097</u>
		<u>3,093,290</u>	<u>2,828,300</u>
<b>CAPITAL FUND</b>			
Cash	E-5,6	1,703,288	1,683,247
Fixed Capital	E-12	56,030,780	55,844,020
Fixed Capital Authorized and Uncompleted	E-13	1,729,050	1,514,000
EIT Loans Receivable	E-25	<u>-</u>	<u>123,423</u>
		<u>59,463,118</u>	<u>59,164,690</u>
Total Assets		<u>\$ 62,556,408</u>	<u>\$ 61,992,990</u>

**TOWNSHIP OF MONTVILLE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - SEWER UTILITY FUND  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCES</b>			
<b>OPERATING FUND</b>			
Liabilities			
Appropriation Reserves	E-3, E-9	\$ 205,226	\$ 227,034
Encumbrances Payable	E-11	60,957	159,922
Accrued Interest on Bonds, Notes and Loans	E-10	<u>39,357</u>	<u>44,407</u>
		305,540	431,363
Reserve for Receivables	E	476,026	472,097
Fund Balance	E-1	<u>2,311,724</u>	<u>1,924,840</u>
		<u>3,093,290</u>	<u>2,828,300</u>
<b>CAPITAL FUND</b>			
Serial Bonds Payable	E-15	5,560,000	6,210,000
Wastewater Loans Payable	E-16	1,380,558	1,563,103
Bond Anticipation Notes Payable	E-23	245,000	300,000
Reserve for Amortization	E-14	49,089,044	48,246,036
Reserve for Deferred Amortization	E-21	514,500	386,500
Improvement Authorization			
Funded	E-22	14,656	148,592
Unfunded	E-22	1,220,808	897,570
Contracts Payable	E-20	153,581	23,630
Capital Improvement Fund	E-19	100,500	93,000
Reserve for Payment of Debt Service	E-17	750,388	863,212
Miscellaneous Reserves	E-18	10,259	10,259
Fund Balance	E-4	<u>423,824</u>	<u>422,788</u>
		<u>59,463,118</u>	<u>59,164,690</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 62,556,408</u>	<u>\$ 61,992,990</u>

There were bonds and notes authorized but not issued on December 31, 2015 and 2014 of \$970,728 and \$652,381 respectively (Exhibit E-24).

**TOWNSHIP OF MONTVILLE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - SEWER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>REVENUES AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized			\$ 100,000
Rents	E-2	\$ 4,604,004	4,803,068
Connection Fees	E-2	69,013	122,030
Miscellaneous	E-2	20,345	13,285
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-9	<u>337,648</u>	<u>174,902</u>
 Total Income		 <u>5,031,010</u>	 <u>5,213,285</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operating	E-3	2,949,063	2,905,134
Capital Improvements	E-3	100,500	100,500
Debt Service	E-3	1,036,815	1,218,002
Deferred Charges and Statutory Expenditures	E-3	53,126	77,765
Refund of Prior Year Revenue	E-5	<u>622</u>	<u>-</u>
 Total Expenditures		 <u>4,140,126</u>	 <u>4,301,401</u>
 Excess in Revenue		 890,884	 911,884
 Fund Balance, January 1	 E	 <u>1,924,840</u>	 <u>1,549,556</u>
		2,815,724	2,461,440
Decreased by:			
Utilization as Anticipated Revenue	E-1		100,000
Utilized by Current Fund Budget	A-2	<u>504,000</u>	<u>436,600</u>
 Fund Balance, December 31	 E	 <u>\$ 2,311,724</u>	 <u>\$ 1,924,840</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE  
STATEMENT OF REVENUES - REGULATORY BASIS  
SEWER UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Rents	E-7	\$ 4,105,720	\$ 4,604,004	\$ 498,284
Connection Fees	E-8	30,000	69,013	39,013
Miscellaneous	E-2	<u>10,000</u>	<u>20,345</u>	<u>10,345</u>
	E-2, E-3	<u>\$ 4,145,720</u>	<u>\$ 4,693,362</u>	<u>\$ 547,642</u>
 Analysis of Rents:				
Rents Received	E-5		\$ 4,604,444	
Refunds	E-5		<u>(440)</u>	
			<u>\$ 4,604,004</u>	

Analysis of Miscellaneous Revenue:

	<u>Reference</u>		
Other Miscellaneous	E-5	\$ 8,397	
Interest on Investments - Sewer Capital Fund	E-5	4,748	
Interest on Investments	E-5	<u>7,200</u>	
		<u>\$ 20,345</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - SEWER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriated		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<b>OPERATING</b>					
Salaries and Wages	\$ 302,722	\$ 302,722	\$ 268,106	\$ 34,616	
Other Expenses	2,621,591	2,621,341	2,450,743	170,598	
Retirement Terminal Leave	25,000	25,000	25,000		
<b>CAPITAL IMPROVEMENTS</b>					
Capital Improvement Fund	7,500	7,500	7,500		
Capital Outlay	93,000	93,000	93,000		
<b>DEBT SERVICE</b>					
Payment of Bond Principal	650,000	650,000	650,000		
Payment of Bond Anticipation Notes	55,000	55,000	55,000		
Interest on Bonds	220,025	220,025	215,229		\$ 4,796
Interest on Notes	4,165	4,165	3,162		1,003
Payment of Wastewater Loans	113,841	113,841	113,424		417
<b>REGULATORY EXPENDITURES</b>					
Statutory Expenditures					
Contribution to					
Public Employees Retirement System	29,876	29,876	29,876	-	
Social Security System (O.A.S.I.)	23,000	23,250	23,238	12	-
	<u>\$ 4,145,720</u>	<u>\$ 4,145,720</u>	<u>\$ 3,934,278</u>	<u>\$ 205,226</u>	<u>\$ 6,216</u>
	<u>Reference</u>	E-2	E-2	E	
Cash Disbursements	E-5			\$ 3,663,018	
Less: Appropriation Refunds	E-5			(24,972)	
Accrued Interest	E-10			235,275	
Encumbrances Payable	E-11			<u>60,957</u>	
				<u>\$ 3,934,278</u>	

**TOWNSHIP OF MONTVILLE  
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS  
SEWER UTILITY CAPITAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	E	\$ 422,788	\$ 421,357
Increased by:			
Improvement Authorizations Cancelled	E-22	53,939	
Premium on Sale of Bonds and Notes	E-5	<u>2,097</u>	<u>1,431</u>
		478,824	
Decreased by:			
Appropriated to Finance Improvement Authorizations	E-22	<u>55,000</u>	<u>-</u>
Balance, December 31	E	<u>\$ 423,824</u>	<u>\$ 422,788</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF MONTVILLE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2015 AND 2014**

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
Land	\$ 67,691,681	\$ 67,007,465
Buildings and Building Improvements	14,894,529	14,858,331
Machinery and Equipment	<u>8,113,016</u>	<u>7,957,007</u>
	<u>\$ 90,699,226</u>	<u>\$ 89,822,803</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 90,699,226</u>	<u>\$ 89,822,803</u>

**NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of Montville (the "Township") was incorporated in 1867 and operates under a special charter form of government granted by legislature. The Township is governed by a Township Committee, which has both legislative and executive powers, and is comprised of five members, elected at large, for three-year terms. The Mayor is chosen annually by ballot and majority vote of all governing body members. The executive powers are implemented through a professional staff comprised of a Township Administrator, Township Clerk, and various Department Heads. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the municipal library, fire districts or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

The financial statements of the Township of Montville have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Township as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Open Space Preservation Fund - This fund is used to account for the receipts and disbursements which have accumulated from a dedicated tax to be used for the preservation of open space, recreation and farmland property.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's water utility and the assets and liabilities relative to such activities. Special benefit assessments levied against properties for specific purposes are accounted for in the assessment trust section of the fund. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Township's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Township, other than those accounted for in the water and sewer utility funds. The Township's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications – Certain reclassifications may have been made to the December 31, 2014 balances to confirm to the December 31, 2015 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Township of Montville follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues/Receivables** - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

**Utility Revenues/Receivables** - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's water and sewer utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant and Similar Award Revenues/Receivables** - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

**Property Acquired for Taxes** - Property acquired for taxes 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 as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

**Deferred Charges** - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

**Appropriation Reserves** - Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, 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.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation 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 unmaturing interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

**Encumbrances** - Contractual orders outstanding at December 31 are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

**Compensated Absences** - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**Tax Appeals and Other Contingent Losses** - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Montville has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

Machinery and equipment are stated at cost, land and buildings are stated at assessed values.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

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

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Other Trust Fund (Except Open Space Preservation Trust Fund)  
General Capital Fund  
Water Utility Capital Fund  
Sewer Utility Capital Fund

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015 and 2014 the Township Committee increased the original budget by \$283,929 and \$137,355. The increases were funded by additional aid allotted to the Township and also in 2014 an emergency resolution for \$50,000 for engineering expenses. In addition, the governing body approved several budget transfers during 2015 and 2014.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

The Township considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

**A. Cash Deposits**

The Township's deposits are insured through the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Township's deposits were \$24,760,976 and \$20,803,559 and bank and brokerage firm balances of the Township's deposits amounted to \$24,550,466 and \$21,069,029, respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2015</u>	<u>2014</u>
Insured	\$ 24,550,466	\$ 21,069,029

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2015 and 2014, none of the Township's bank balances were exposed to custodial credit risk.

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2015 and 2014, the Township had no outstanding investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds and Utility Assessment Trust Fund are assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE**

Receivables at December 31, 2015 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility Sewer</u>	<u>Total</u>
<b><u>2015</u></b>				
Property Taxes	\$ 701,017			\$ 701,017
Tax Title Liens	308,264			308,264
Utility Charges and Fees		\$ 214,705	\$ 459,908	674,613
Connection and Other Charges	<u>-</u>	<u>-</u>	<u>16,118</u>	<u>16,118</u>
	<u>\$ 1,009,281</u>	<u>\$ 214,705</u>	<u>\$ 476,026</u>	<u>\$ 1,700,012</u>

In 2015, the Township collected \$934,057, \$221,206 and \$472,097 from delinquent taxes and water and sewer utility charges and fees, which represented 80%, 100% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2014.

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)**

Receivables at December 31, 2014 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility Sewer</u>	<u>Total</u>
<b><u>2014</u></b>				
Property Taxes	\$ 968,189			\$ 968,189
Tax Title Liens	199,720			199,720
Utility Charges and Fees		\$ 221,206	\$ 455,232	676,438
Connection and Other Charges	-	-	16,865	16,865
	<u>\$ 1,167,909</u>	<u>\$ 221,206</u>	<u>\$ 472,097</u>	<u>\$ 1,861,212</u>

In 2014, the Township collected \$1,011,524, \$200,543 and \$515,835 from delinquent taxes and water and sewer utility charges and fees, which represented 85%, 100% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2013.

**NOTE 5 DUE TO/FROM OTHER FUNDS**

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund		\$ 788,500		\$ 345,100
Other Trust Fund	\$ 788,500	-	\$ 345,100	-
Total	<u>\$ 788,500</u>	<u>\$ 788,500</u>	<u>\$ 345,100</u>	<u>\$ 345,100</u>

The above balances are the result of receipts being received and payments being made by one fund on behalf of another.

The Township expects all interfund balances to be liquidated within one year.

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance	Subsequent Year	
	<u>December 31,</u>	Budget	<u>Balance</u>
		<u>Appropriation</u>	
<b><u>2015</u></b>			
General Capital Fund			
Cancelled Grants Receivables	\$ 300,000	\$ 50,000	\$ 250,000
<b><u>2014</u></b>			
Current Fund			
Special Emergency Authorization	58,020	58,020	
Emergency Authorization	50,000	50,000	
General Capital Fund			
Cancelled Grants Receivables	348,000	48,000	300,000

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 7 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2015		2014	
	Fund Balance <u>December 31</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31</u>	Utilized in Subsequent Year's Budget
<b>Current Fund</b>				
Cash Surplus	\$ 2,172,460	\$ 1,544,000	\$ 2,106,490	\$ 1,436,000
Non-Cash Surplus	<u>214,254</u>	<u>-</u>	<u>171,336</u>	<u>-</u>
	<u>\$ 2,386,714</u>	<u>\$ 1,544,000</u>	<u>\$ 2,277,826</u>	<u>\$ 1,436,000</u>
<b>Water Utility Operating Fund</b>				
Cash Surplus	\$ 1,949,290	\$ 504,000 *	\$ 1,643,998	\$ 504,000 *
	<u>\$ 1,949,290</u>	<u>\$ 504,000</u>	<u>\$ 1,643,998</u>	<u>\$ 504,000</u>
<b>Sewer Utility Operating Fund</b>				
Cash Surplus	\$ 2,311,724	\$ 504,000 *	\$ 1,924,840	\$ 504,000 *
	<u>\$ 2,311,724</u>	<u>\$ 504,000</u>	<u>\$ 1,924,840</u>	<u>\$ 504,000</u>

\* Fund balance amounts are anticipated as revenue in the Current Fund budget of the subsequent year.

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2015 and 2014.

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Land	\$ 67,007,465	\$ 684,216		\$ 67,691,681
Buildings and Building Improvements	14,858,331	36,198		14,894,529
Machinery and Equipment	<u>7,957,007</u>	<u>156,009</u>	\$ -	<u>8,113,016</u>
	<u>\$ 89,822,803</u>	<u>\$ 876,423</u>	<u>\$ -</u>	<u>\$ 90,699,226</u>

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>				
Land	\$ 67,007,465			\$ 67,007,465
Buildings and Building Improvements	14,792,356	\$ 65,975		14,858,331
Machinery and Equipment	<u>7,993,098</u>	<u>392,687</u>	\$ 428,778	<u>7,957,007</u>
	<u>\$ 89,792,919</u>	<u>\$ 458,662</u>	<u>\$ 428,778</u>	<u>\$ 89,822,803</u>

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8 FIXED ASSETS (Continued)**

**B. Water and Sewer Utility Funds Fixed Assets**

The following is a summary of changes in the utility funds fixed assets for the years ended December 31, 2015 and 2014.

<u>Water Utility Fund</u>	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	\$ 18,129,390	\$ 589,693	\$ 85	\$ 18,718,998
	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	\$ 16,612,813	\$ 1,516,577	\$ -	\$ 18,129,390
	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<b><u>Sewer Utility Fund</u></b>				
<b><u>2015</u></b>				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	\$ 55,844,020	\$ 198,561	\$ 11,801	\$ 56,030,780
	Balance December 31, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	\$ 55,844,020	\$ -	\$ -	\$ 55,844,020

**TOWNSHIP OF MONTVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

	<u>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes and Loans	\$ 26,114,912	\$ 27,798,684
Water Utility		
Bonds and Notes	2,730,000	3,650,000
Water Utility Assessment		
Notes	440,000	
Sewer Utility		
Bond, Notes and Loans	<u>7,185,558</u>	<u>8,073,103</u>
	36,470,470	39,521,787
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,382,721</u>	<u>1,535,066</u>
Net Debt Issued	35,087,749	37,986,721
Authorized But Not Issued		
General		
Bonds and Notes	2,857,763	3,215,087
Water Utility		
Bonds and Notes	253,099	8,974
Sewer Utility		
Bond and Notes	<u>970,728</u>	<u>652,381</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 39,169,339</u>	<u>\$ 41,863,163</u>

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of .445% and .459% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	\$ 28,972,675	\$ 7,519,177	\$ 21,453,498
School Debt	12,450,000	12,450,000	
Utility Debt	<u>11,579,385</u>	<u>11,579,385</u>	<u>-</u>
Total	<u>\$ 53,002,060</u>	<u>\$ 31,548,562</u>	<u>\$ 21,453,498</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2014</u></b>			
General Debt	\$ 31,013,771	\$ 8,882,833	\$ 22,130,938
School Debt	14,370,000	14,370,000	
Utility Debt	<u>12,384,458</u>	<u>12,384,458</u>	<u>-</u>
Total	<u>\$ 57,768,229</u>	<u>\$ 35,637,291</u>	<u>\$ 22,130,938</u>

**Statutory Borrowing Power**

The Township's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 168,571,363	\$ 168,824,544
Less: Net Debt	<u>21,453,498</u>	<u>22,130,938</u>
Remaining Borrowing Power	<u>\$ 147,117,865</u>	<u>\$ 146,693,606</u>

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

The Township's long-term debt consisted of the following at December 31:

**General Obligation Bonds**

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
\$6,020,000, 2006 General Bonds, due in annual installments of \$700,000 through August 15, 2016, interest at 4.00%	\$ 700,000	\$ 1,100,000
\$2,112,000, 2008 General Bonds, due in annual installments of \$247,000 to \$250,000 through May 15, 2018, interest at 3.50 to 5.00%	747,000	997,000
\$1,621,000, 2008 Open Space Bonds, due in annual installments of \$136,000 to \$140,000 through May 15, 2023, interest at 3.50 to 5.00%	1,116,000	1,201,000
\$10,215,000, 2009 General Improvement Refunding Bonds, due in an annual installment of \$560,000 through July 15, 2015, interest at 4.00%	-	560,000
\$1,825,000, 2009 Open Space Refunding Bonds, due in an annual installment of \$375,000 through July 15, 2015, interest at 4.00%	-	375,000
\$2,180,000, 2010 General Improvement Refunding Bonds, due in annual installments of \$415,000 to \$425,000 through February 15, 2017, interest at 3.25 to 3.5%	840,000	1,270,000
\$5,070,000, 2010 Open Space Refunding Bonds, due in annual installments of \$420,000 to \$485,000 through February 15, 2022, interest at 3.25 to 5.00%	3,275,000	3,735,000
\$4,350,000, 2012 General Improvement Refunding Bonds, due in annual installments of \$430,000 to \$440,000 through November 1, 2024, interest at 2.50 to 5.00%	3,905,000	4,340,000

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Obligation Bonds (Continued)**

	<u>2015</u>	<u>2014</u>
\$2,175,000, 2012 Open Space Refunding Bonds, due in annual installments of \$210,000 to \$225,000 through November 1, 2024, interest at 2.50 to 5.00%	\$ 1,955,000	\$ 2,170,000
\$6,530,000, 2013 General Improvement Bonds, due in annual installments of \$700,000 to \$780,000 through October 15, 2023, interest at 3.00 to 4.00%	5,730,000	6,130,000
\$3,745,000, 2014 General Refunding Bonds, due in annual installments of \$735,000 to \$775,000 through August 15, 2021, interest at 1.50 to 4.00%	<u>3,745,000</u>	<u>3,745,000</u>
Total General Obligation Bonds	<u>\$ 22,013,000</u>	<u>\$ 25,623,000</u>

**General Intergovernmental Loans Payable**

The Township has entered into a loan agreements with the State of New Jersey for the financing relating to the acquisition and condemnation of land in the Township for public recreation conservation and park purposes. The land parcels are known as "Pyramid Mountain". The Township levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
\$903,000, 1994 Loans, "Pyramid Mountain", due in semi- annual installments of \$15,673 to \$18,378 through May, 2022, interest at 2.0%	<u>\$ 225,223</u>	<u>\$ 257,359</u>
Total Green Acres Loan	<u>\$ 225,223</u>	<u>\$ 257,359</u>

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable (Continued)**

The Township has entered into loan agreements with the Department of Environmental Protection to finance the acquisition of land within the Township.

	<u>2015</u>	<u>2014</u>
\$115,000, 2001 Trust Loan, due in annual installments of \$5,000 to \$10,000 through August 1, 2021	\$ 50,000	\$ 55,000
\$117,993, 2001 Fund Loan, due in semi-annual installments of \$4,587 to \$7,614 through August 1, 2021	37,893	42,798
\$630,000, 2002 Trust Loan, due in annual installments of \$35,000 to \$50,000 through August 1, 2022	300,000	335,000
\$654,238, 2002 Fund Loan, due in annual installments of \$32,271 to \$35,020 through August 1, 2022	234,306	267,708
\$210,000, 2002 Trust Loan, due in annual installments of \$10,000 to \$15,000 through August 1, 2023	110,000	120,000
\$560,088, 2002 Fund Loan, due in semi-annual installments of \$24,983 to \$32,790 through August 1, 2023	<u>229,490</u>	<u>255,839</u>
Total Environmental Infrastructure Loans	<u>\$ 961,689</u>	<u>\$ 1,076,345</u>

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Utility Bonds**

The Township pledges revenue from operations to pay debt service on utility bonds issued. The water and sewer utility bonds outstanding at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
<b>Water Utility</b>		
\$3,516,000, 2006 Bonds, due in annual installments of \$320,000 through August 15, 2016, at 4.00%	\$ 320,000	\$ 625,000
\$585,000, 2010 Refunding Bonds, due in annual installments of \$20,000 through February 15, 2016, at 3.250%	20,000	40,000
\$550,000, 2013 General Bonds, due in annual installments of \$45,000 to \$90,000 through October 15, 2023, at 3.00% to 4.00%	460,000	505,000
\$1,930,000, 2014 Refunding Bonds, due in annual installments of \$360,000 to \$415,000 through August 15, 2021, at 1.50% to 4.00%	<u>1,930,000</u>	<u>1,930,000</u>
Total Water Utility Bonds	<u>\$ 2,730,000</u>	<u>\$ 3,100,000</u>
\$5,970,000, 2008 Bonds, due in annual installments of \$410,000 to \$420,000 through May, 2023, interest at 3.50% to 5.00%	\$ 3,350,000	\$ 3,760,000
\$2,245,000, 2010 Refunding Bonds, due in annual installments of \$85,000 through February 15, 2016, at 3.250%	85,000	165,000
\$2,370,000, 2013 General Bonds, due in annual installments of \$160,000 to \$170,000 through October 15, 2028, at 3.00% to 4.00%	<u>2,125,000</u>	<u>2,285,000</u>
Total Sewer Utility Bonds	<u>\$ 5,560,000</u>	<u>\$ 6,210,000</u>

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Sewer Utility Intergovernmental Loans Payable**

The Township has entered into a loan agreements with the State of New Jersey for the financing relating to the wastewater of the Township. The Township pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the sewer utility at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
\$485,000, 2010 Trust Loan, due in annual installments of \$20,000 to \$35,000 through August 1, 2029	\$ 395,000	\$ 415,000
\$1,428,750, 2010 Fund Loan, due in semi-annual installments of \$25,513 to \$51,027 through August 1, 2029	<u>985,558</u>	<u>1,148,103</u>
Total Wastewater Loans	<u>\$ 1,380,558</u>	<u>\$ 1,563,103</u>

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar Year	General Serial Bonds and Loans		Water Utility Serial Bonds		Sewer Utility Bonds and Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 3,490,465	\$ 825,611	\$ 385,000	\$ 96,475	\$ 751,540	\$ 206,844	\$ 5,755,935
2017	3,527,385	690,802	405,000	81,550	676,541	177,313	5,558,591
2018	3,109,596	581,988	415,000	74,350	681,541	152,063	5,014,538
2019	2,878,817	468,130	430,000	57,750	681,540	129,713	4,645,950
2020	2,891,464	363,730	450,000	41,000	681,540	109,213	4,536,947
2021-2025	7,302,185	459,009	645,000	31,600	2,602,700	265,050	11,305,544
2026-2029	-	-	-	-	865,156	45,948	911,104
Total	<u>\$ 23,199,912</u>	<u>\$ 3,389,270</u>	<u>\$ 2,730,000</u>	<u>\$ 382,725</u>	<u>\$ 6,940,558</u>	<u>\$ 1,086,144</u>	<u>\$ 37,728,609</u>

**Prior Year Defeasance of Debt**

In prior years, the Borough defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Borough's financial statements. On December 31, 2015 and 2014, \$5,675,000 and \$5,675,000, respectively, of bonds outstanding are considered defeased. These bonds have a call date of August 15, 2016.

TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
General Capital Fund					
Bonds Payable	\$ 25,623,000		\$ 3,610,000	\$ 22,013,000	\$ 3,345,000
Intergovernmental Loans Payable					
Green Acres	257,359		32,136	225,223	32,782
Environmental Infrastructure	<u>1,076,345</u>	<u>-</u>	<u>114,656</u>	<u>961,689</u>	<u>112,683</u>
General Capital Fund Long-Term Liabilities	<u>\$ 30,785,063</u>	<u>\$ -</u>	<u>\$ 3,756,792</u>	<u>\$ 23,199,912</u>	<u>\$ 3,490,465</u>
Water Utility Capital Fund					
Bonds Payable	<u>\$ 3,100,000</u>	<u>-</u>	<u>\$ 370,000</u>	<u>\$ 2,730,000</u>	<u>\$ 385,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 3,506,000</u>	<u>\$ -</u>	<u>\$ 370,000</u>	<u>\$ 2,730,000</u>	<u>\$ 385,000</u>
Sewer Utility Capital Fund					
Bonds Payable	\$ 6,210,000	-	\$ 650,000	\$ 5,560,000	\$ 655,000
Intergovernmental Loans Wastewater Loans	<u>1,563,103</u>	<u>-</u>	<u>182,545</u>	<u>1,380,558</u>	<u>96,540</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 8,729,643</u>	<u>\$ -</u>	<u>\$ 832,545</u>	<u>\$ 6,940,558</u>	<u>\$ 751,540</u>

TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>					
General Capital Fund					
Bonds Payable	\$ 29,303,000	\$ 3,745,000	\$ 7,425,000	\$ 25,623,000	\$ 3,610,000
Intergovernmental Loans Payable					
Green Acres	288,862		31,503	257,359	32,136
Environmental Infrastructure	<u>1,193,201</u>	<u>-</u>	<u>116,856</u>	<u>1,076,345</u>	<u>114,656</u>
General Capital Fund Long-Term Liabilities	<u>\$ 30,785,063</u>	<u>\$ 3,745,000</u>	<u>\$ 7,573,359</u>	<u>\$ 26,956,704</u>	<u>\$ 3,756,792</u>
Water Utility Capital Fund					
Bonds Payable	<u>\$ 3,506,000</u>	<u>1,930,000</u>	<u>\$ 2,336,000</u>	<u>\$ 3,100,000</u>	<u>\$ 370,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 3,506,000</u>	<u>\$ 1,930,000</u>	<u>\$ 2,336,000</u>	<u>\$ 3,100,000</u>	<u>\$ 370,000</u>
Sewer Utility Capital Fund					
Bonds Payable	\$ 7,070,000	-	\$ 860,000	\$ 6,210,000	\$ 650,000
Intergovernmental Loans Wastewater Loans	<u>1,659,643</u>	<u>-</u>	<u>96,540</u>	<u>1,563,103</u>	<u>96,540</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 8,729,643</u>	<u>\$ -</u>	<u>\$ 956,540</u>	<u>\$ 7,773,103</u>	<u>\$ 746,540</u>

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Township's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

**Bond Anticipation Notes**

<u>2015</u>			Balance, December 31, <u>2014</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2015</u>
<u>Purpose</u>	<u>Rate</u> <u>(%)</u>	<u>Maturity</u> <u>Date</u>				
<b><u>General Capital Fund</u></b>						
Various Improvements	1.00%	10/9/2015	\$ 53,960		\$ 53,960	
Various Improvements	1.50%	10/7/2016	251,040	\$ 200,000	251,040	\$ 200,000
Various Improvements	1.50%	10/7/2016		1,070,000		1,070,000
Various Capital Improvements	1.50%	10/7/2016	420,000	340,000	420,000	340,000
Various Capital Improvements	1.50%	10/7/2016	116,980	100,000	116,980	100,000
Various Capital Improvements	1.50%	10/7/2016	-	359,000		359,000
Various Capital Improvements	1.50%	10/7/2016	-	846,000	-	846,000
Total General Capital Fund			<u>\$ 841,980</u>	<u>\$ 2,915,000</u>	<u>\$ 841,980</u>	<u>\$ 2,915,000</u>
<b><u>Water Utility Capital Fund</u></b>						
Plausha Water Expansion	1.00%	10/9/2015	\$ 550,000	\$ -	550,000	\$ -
Total Water Utility Capital Fund			<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ -</u>
<b><u>Water Utility Assessment Trust Fund</u></b>						
Plausha Water Expansion	1.50%	10/7/2016	\$ -	\$ 440,000	\$ -	\$ 440,000
Total Water Utility Assessment Trust Fund			<u>\$ -</u>	<u>\$ 440,000</u>	<u>\$ -</u>	<u>\$ 440,000</u>
<b><u>Sewer Utility Capital Fund</u></b>						
Various Sewer Improvements	1.50%	10/7/2016	\$ 250,000	\$ 200,000	\$ 250,000	\$ 200,000
Various Sewer Improvements	1.50%	10/7/2016	50,000	45,000	50,000	45,000
Total Sewer Utility Capital Fund			<u>\$ 300,000</u>	<u>\$ 245,000</u>	<u>\$ 300,000</u>	<u>\$ 245,000</u>

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>2014</u>			Balance, December 31, <u>2013</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2014</u>
<u>Purpose</u>	<u>Rate</u> (%)	<u>Maturity</u> <u>Date</u>				
<b><u>General Capital Fund</u></b>						
Various Improvements	1.00%	10/9/2015	\$ 53,960	\$ 53,960	\$ 53,960	\$ 53,960
Various Improvements	1.00%	10/9/2015		251,040		251,040
Various Capital Improvements	1.00%	10/9/2015		420,000		420,000
Various Capital Improvements	1.00%	10/9/2015		116,980		116,980
Providing for Payments of Amounts Owing to Others for Taxes Levied	1.25%	10/10/2014	415,000	-	415,000	-
Total General Capital Fund			<u>\$ 468,960</u>	<u>\$ 841,980</u>	<u>\$ 468,960</u>	<u>\$ 841,980</u>
<b><u>Water Utility Capital Fund</u></b>						
Various Water Improvements	1.25%	10/10/2014	\$ 365,000		\$ 365,000	
Plausha Water Expansion	1.00%	10/9/2015	550,000	550,000	550,000	550,000
Total Water Utility Capital Fund			<u>\$ 915,000</u>	<u>\$ 550,000</u>	<u>\$ 915,000</u>	<u>\$ 550,000</u>
<b><u>Sewer Utility Capital Fund</u></b>						
Various Sewer Improvements	1.25%	10/10/2014	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Various Sewer Improvements	1.00%	10/9/2015	-	50,000	-	50,000
Total Sewer Utility Capital Fund			<u>\$ 250,000</u>	<u>\$ 300,000</u>	<u>\$ 250,000</u>	<u>\$ 300,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the water and sewer utility activities are accounted for in the Water and Sewer Utility Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation 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 following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Township's statutory debt limit calculation is reported in the Current Fund for the years 2015 and 2014 as follows:

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Special Emergency Notes**

Following the adoption of an ordinance or resolution for special emergency appropriations, the Township may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

**2015**

<u>Special Emergency Notes</u>			Balance,			Balance,
<u>Purpose</u>	Rate (%)	Maturity Date	December 31, 2014	Renewed/ Issued	Retired/ Redeemed	December 31, 2015
Revaluation of Real Property	1.00%	10/9/2015	\$ 58,020	\$ -	\$ 58,020	\$ -
Total Special Emergency Notes			\$ 58,020	\$ -	\$ 58,020	\$ -

**2014**

<u>Special Emergency Notes</u>			Balance,			Balance,
<u>Purpose</u>	Rate (%)	Maturity Date	December 31, 2013	Renewed/ Issued	Retired/ Redeemed	December 31, 2014
Revaluation of Real Property	1.25%	10/10/2014	\$ 116,040	-	\$ 116,040	
Revaluation of Real Property	1.00%	10/9/2015	-	\$ 58,020	-	\$ 58,020
Total Special Emergency Notes			\$ 116,040	\$ 58,020	\$ 116,040	\$ 58,020

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Township had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2015</u></b>		
Douglas Drive Improvement	\$354,777	2016
<b><u>2014</u></b>		
Rathbun Road Culvert Replacement Project	\$125,856	2015
Paving and Milling of Church Lane and Stiles Lane	153,095	2015
Church Lane and Stiles Lane Improvements	124,302	2015
Camp Dawson Turf Field Replacement Project	713,650	2015

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)**

As of December 31, the Township has other significant commitments as follows:

<u>2015</u>	<u>Purpose</u>	<u>Remaining Commitment</u>
	Acquisition of a Dump Truck	\$116,669

**2014**

There were none.

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

The maximum benefit an employee is entitled to at retirement varies upon union agreement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$2,004,948 and \$1,945,530 at December 31, 2015 and 2014, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2015 and 2014, the Township has reserved in the Other Trust Fund \$962,400 and \$634,734, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the footnotes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**B. Deferred Pension Obligation (Continued)**

**Changes in Other Long-Term Liabilities (Continued)**

The Township's changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Compensated Absences	\$ 1,945,530	\$ 59,418		\$ 2,004,948
Net Pension Liability - PERS	12,953,934	3,398,122	\$ 603,164	15,748,892
Net Pension Liability - PFRS	<u>16,090,512</u>	<u>5,416,761</u>	<u>1,000,735</u>	<u>20,506,538</u>
 Total Other Long-Term Liabilities	 <u>\$ 30,989,976</u>	 <u>\$ 8,874,301</u>	 <u>\$ 1,603,899</u>	 <u>\$ 38,260,378</u>

	Balance, December 31, <u>2013</u>	Prior Period <u>Adjustment</u> (A)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>					
Compensated Absences	\$ 1,942,640		\$ 2,890		\$ 1,945,530
Net Pension Liability - PERS		\$ 13,351,258	117,710	\$ 515,034	12,953,934
Net Pension Liability - PFRS	<u>-</u>	<u>18,698,566</u>	<u>-</u>	<u>2,608,054</u>	<u>16,090,512</u>
 Total Other Long-Term Liabilities	 <u>\$ 1,942,640</u>	 <u>\$ 32,049,824</u>	 <u>\$ 120,600</u>	 <u>\$ 3,123,088</u>	 <u>\$ 30,989,976</u>

(A) Represents the proportionate share of the Township's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Township employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS 5.50% for DCRP and 6.92 for fiscal year 2015 for PERS of employee's annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2015, 2014 and 2013, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$ 982,475	\$ 570,378	\$ 9,143
2014	1,039,523	550,148	8,666
2013	1,087,647	561,640	7,358

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

**Public Employees Retirement System (PERS)**

At December 31, 2015 and 2014, the Township had a liability of \$15,748,892 and \$12,953,934, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Township's proportionate share was .07016 percent, which was an increase of .00097 percent from its proportionate share measured as of June 30, 2014 of .06919 percent.

**TOWNSHIP OF MONTVILLE  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

For the year ended December 31, 2015 and 2014, the pension system has determined the Township's pension expense to be \$1,047,507 and \$682,873, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Township's financial statements of \$570,378 and \$550,148, respectively. At December 31, 2015 and 2014, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	2015		2014	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 375,713			
Changes of Assumptions	1,691,305		\$ 407,341	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 253,212		\$ 771,984
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	153,916	88,254	-	108,131
Total	\$ 2,220,934	\$ 341,466	\$ 407,341	\$ 880,115

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending December 31,	<u>Total</u>
2016	\$ 343,550
2017	343,550
2018	343,550
2019	536,546
2020	312,272
	\$ 1,879,468

**TOWNSHIP OF MONTVILLE  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	Based on Age	Based on Age
Thereafter	3.15-5.40%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

*Actuarial Assumptions*

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**TOWNSHIP OF MONTVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

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

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**TOWNSHIP OF MONTVILLE  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is 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.

***Sensitivity of Net Pension Liability***

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 4.90%, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (5.90%)</b>
Township's Proportionate Share of the PERS Net Pension Liability	<u>\$ 19,573,946</u>	<u>\$ 15,748,892</u>	<u>\$ 12,541,995</u>

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2015. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**TOWNSHIP OF MONTVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

At December 31, 2015 and 2014, the Township had a liability of \$20,506,538 and \$16,090,512, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, respectively. The Township's proportionate share of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Township's proportionate share was .12311 percent, which was a decrease of .00480 percent from its proportionate share measured as of June 30, 2014 of .12791 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Township pension expense to be \$1,378,757 and \$845,149, respectively, for PFRS based on the actuarial valuation which is more/less than the actual contributions reported in the Township's financial statements of \$982,475 and \$1,026,174, respectively. At December 31, 2015 and 2014, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 176,875		
Changes of Assumptions	\$ 3,786,016		\$ 604,092	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		356,898		\$ 1,641,983
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	-	1,671,100	-	1,418,968
<b>Total</b>	<u>\$ 3,786,016</u>	<u>\$ 2,204,873</u>	<u>\$ 604,092</u>	<u>\$ 3,060,951</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2016	\$ 223,449
2017	223,449
2018	223,449
2019	633,945
2020	276,851
	<u>\$ 1,581,143</u>

**TOWNSHIP OF MONTVILLE  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using 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. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

TOWNSHIP OF MONTVILLE  
 NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

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

*Discount Rate*

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**TOWNSHIP OF MONTVILLE  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Discount Rate (Continued)*

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, respectively. The source is 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.

*Sensitivity of Net Pension Liability*

The following presents the Township’s proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, as well as what the Township’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	<b>1% Decrease (4.79%)</b>	<b>Current Discount Rate (5.79%)</b>	<b>1% Increase (6.79%)</b>
Township's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 27,034,127</u>	<u>\$ 20,506,538</u>	<u>\$ 15,183,872</u>

The sensitivity analysis was based on the proportionate share of the Township’s net pension liability at December 31, 2015. A sensitivity analysis specific to the Township’s net pension liability was not provided by the pension system.

**TOWNSHIP OF MONTVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

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

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,798,355 and \$1,732,678, respectively. For the years ended December 31, 2015 and 2014, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$224,319 and \$219,538, respectively, which is less than the actual contributions the State made on behalf of the Township of \$93,614 and \$71,946, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

***Pension Plan Fiduciary Net Position***

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

**Plan Description**

Effective January 1, 2013 the Township provides a post-employment healthcare plan for its eligible retirees and their dependents. The plan is a single-employer defined benefit healthcare plan administered by the Township through participation in the North Jersey Municipal Employee Benefits Fund (NJMEBF), which is a cost-sharing plan providing benefits to participating entities. In accordance with Township employment, contracts and personnel policies, the Township provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at the same cost to the retiree as there would be, if any, if they remained an employee. The premiums paid by the Township are limited to premiums for medical insurance coverage only and shall include spousal coverage while the employee is alive. It shall terminate for the employee and the employee's spouse when the employee reaches the age of eligibility for Medicare. Coverage for a retiree's spouse and/or dependents ends upon the death of the retiree.

**TOWNSHIP OF MONTVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Funding Policy**

The Township funds its post-retirement medical benefits on a pay-as-you-go basis. For the year 2015 the Township paid \$586,129 for post-retirement health coverage premiums for eligible retirees and their dependents. The Township's contributions to the North Jersey Municipal Employees Benefits Fund for post-retirement benefits for the years ended December 31, 2014 and 2013 were \$469,888 and \$473,953, respectively, which equaled the required contributions for each year.

**NOTE 14 RISK MANAGEMENT**

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Montville is a member of the Morris County Municipal Joint Insurance Fund (MJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are 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 worker's compensation. The Funds are risk-sharing public entity pools. The MJIF and MEL coverage amounts are on file with the Township.

The relationship between the Township and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Township is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

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

<u>Year Ended</u> <u>December 31</u>	<u>Employer/ Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 32,939	\$ 12,204	\$ 78,658
2014	32,968	18,846	57,730
2013	32,274	23,953	43,461

**TOWNSHIP OF MONTVILLE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 15 CONTINGENT LIABILITIES**

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2015 and 2014. Amounts claimed have not yet been determined. The Township is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. As of December 31, 2015 and 2014, the Township reserved \$2,750,000 and \$1,500,000, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2015 and 2014, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2015 and 2014, the Township has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 SUBSEQUENT EVENTS**

**Debt Authorized**

On February 23, 2016 the Township adopted a Bond Ordinance authorizing the issuance \$1,028,000 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

**Refunding Bonds**

On March 22, 2016, the Township adopted a Refunding Bond Ordinance for the Advance Refunding of all or a portion of certain Sewer Utility Bonds and all or a portion of certain Open Space Bonds, authorizing the issuance of General Obligation Refunding bonds not exceeding \$8,225,000. On May 4, 2016 the Township awarded the sale of \$805,000 in Open Space Refunding Bonds and \$2,420,000 of Sewer Utility Refunding Bonds at an interest rate of 2.00-4.00%. These bonds dated June 1, 2016 will mature over six years with the first maturity due May 15, 2018.

**CURRENT FUND**

**TOWNSHIP OF MONTVILLE  
STATEMENT OF CURRENT CASH - TREASURER**

Balance, December 31, 2014		\$ 6,421,990
Increased by Receipts:		
Tax Collector	\$ 101,511,126	
Non-Budget Revenue	40,561	
Due to/from State of New Jersey -		
Senior Citizens' and Veterans' Deductions	150,371	
Marriage Licenses	1,500	
Prepaid Taxes	711,322	
Grants Receivable	248,711	
Municipal Liens	12,617	
Reserve for Third Party Tax Title Liens	452,360	
Revenue Accounts Receivable	4,048,762	
Tax Overpayments	46,486	
Unappropriated Grant Reserves	3,699	
Due to Other Trust Funds - Tax Sale Premiums	622,000	
Receipts from Other Trust Fund - Open Space-Budget Revenue	1,597,354	
Receipts from Other Trust Fund - Interest Earned	9,911	
Receipts from Animal Control Fund - Interest Earned	149	
Receipts from General Capital - Interest Earned	3,365	
Receipts from General Capital Fund-Budget Revenue	214,000	
Receipts from Water Operating Fund-Budget Revenue	504,000	
Receipts from Sewer Operating Fund-Budget Revenue	504,000	
	<u>110,682,294</u>	
		117,104,284
Decreased by Disbursements:		
2015 Budget Appropriations	24,354,909	
2014 Appropriation Reserves	1,055,901	
Due to State of New Jersey -		
Marriage License Fees	1,650	
Accounts Payable	10,903	
County Taxes Payable	12,224,655	
Local School Taxes Payable	66,656,317	
Special District Taxes Payable	3,401,070	
Appropriated Grant Reserves	37,358	
Due to Other Trust Funds - Tax Sale Premiums	178,600	
Special Emergency Note Payable	58,020	
Tax Overpayments Refunded	197,723	
Prior Year Revenue Refunded	332	
Redemption of Third Party Tax Title Liens	456,013	
	<u>108,633,451</u>	
Balance, December 31, 2015		<u>\$ 8,470,833</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2015</u>	Balance, December 31, <u>2014</u>
Municipal Court	\$ 100	\$ 100
Tax Collector	100	100
Police	25	25
Recreation	10	10
Health Department	20	20
Animal Shelter/Control	<u>20</u>	<u>20</u>
	<u>\$ 275</u>	<u>\$ 275</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY  
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2014		\$ 36,005
Increased by:		
Received in Cash from State	\$ 150,371	
Veterans' Deductions Disallowed Per Tax Collector	2,000	
Senior Citizens' Deductions Disallowed by Tax Collector	2,525	
Senior Citizens' Deductions Disallowed by Tax Collector - Prior Years	<u>2,750</u>	
		<u>157,646</u>
Decreased by:		193,651
Senior Citizens' Deductions Per Tax Billings	22,500	
Senior Citizens' Deductions Allowed Per Tax Collector	1,000	
Veterans' Deductions Per Tax Billings	127,500	
Veterans' Deductions Allowed Per Tax Collector	<u>1,000</u>	
		<u>152,000</u>
Balance, December 31, 2015		<u>\$ 41,651</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2014	2015 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transfer to Tax Title Liens	Balance, December 31, 2015
					2014	2015				
2014	\$ 968,189	-	-	\$ 2,750	-	\$ 921,440	-	\$ 4,742	\$ 41,177	\$ 3,580
	968,189	-	-	2,750	-	921,440	-	4,742	41,177	3,580
2015	-	\$ 101,762,111	\$ 279,624	4,525	\$ 454,951	100,589,686	\$ 152,000	81,287	70,899	697,437
	\$ 968,189	\$ 101,762,111	\$ 279,624	\$ 7,275	\$ 454,951	\$ 101,511,126	\$ 152,000	\$ 86,029	\$ 112,076	\$ 701,017

Analysis of 2015 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 100,031,125
Special District Taxes	1,730,986
Added Taxes (54:4-63.1 et seq.)	279,624
	<u>\$102,041,735</u>

TAX LEVY

Local School Tax	\$ 66,656,317
Special District Taxes	1,730,986
County Taxes	
County Tax	\$ 11,714,360
County Open Space Preservation	488,803
Due County for Added and Omitted Taxes (54:4-63.1 et seq.)	32,153
	12,235,316
Local Tax for Municipal Purposes	17,844,801
Minimum Library Tax	1,620,639
Municipal Open Space Preservation	1,670,084
Add Additional Tax Levied	283,592
	<u>21,419,116</u>
	<u>\$102,041,735</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2014		\$ 199,720
Increased by:		
Transferred from Taxes Receivable- 2015	\$ 70,899	
New Liens - Tax Sale:		
Transferred from Taxes Receivable - 2014	41,177	
Costs on Sale	<u>9,085</u>	
		<u>121,161</u>
		199,720
Decreased by:		
Receipts		<u>12,617</u>
Balance, December 31, 2015		<u><u>\$ 308,264</u></u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)**

Balance, December 31, 2014		<u>\$ 411,000</u>
Balance, December 31, 2015		<u><u>\$ 411,000</u></u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF GRANTS RECEIVABLE**

	Balance	Revenue	Appropriated			Balance
	December 31, 2014		Realized	from Unappropriated Reserve	Cancelled	Received
Municipal Alliance on Alcoholism & Drug Abuse - 2015		\$ 15,244		\$ 113	\$ 10,374	\$ 4,757
Municipal Alliance on Alcoholism & Drug Abuse - Supplemental - 2015		2,000				2,000
Municipal Alliance on Alcoholism & Drug Abuse - 2014	\$ 7,622			71	7,551	-
Municipal Alliance on Alcoholism & Drug Abuse - Supplemental - 2014	2,000			13	1,987	-
Alcohol Education & Rehabilitation	-	1,709			1,709	-
Recycling Tonnage Grant	-	59,235	\$ 59,235			-
Body Armor Fund	-	3,621	3,621			-
Click it or Ticket	-	4,000			4,000	-
Garden State Trust	3,215					3,215
Clean Communities	-	50,220			50,220	-
NJ Highlands Council - Plan Conformance Grant	70,177					70,177
NJ Highlands Council - Plan Conformance Grant-2015 Supplemental		25,000				25,000
Hendrick Doremus House Project	9,999					9,999
Handicapped Recreation Opportunity - old	3,885					3,885
Handicapped Recreation Opportunity -2015 (2014/2015)		20,000			20,000	-
Handicapped Recreation Opportunity - Match from Other Trust Fund Reserve	4,800				4,800	-
Recreation Opportunities for Individuals with Disabilities (2015/2016)		35,000				35,000
Bullet Proof Vest Partner - Old	1,917			1,917		-
Bullet Proof Vest Partner - 2014	9,221					9,221
Morris County Bd of Taxation-Assessor Equip	500					500
Safe Corridors	-	20,570			20,570	-
Sustainable Jersey Grant	5,000					5,000
Green Communities	3,000					3,000
NJ DOT Grant - Woodmont Rd.	-	170,000	-	-	127,500	42,500
	<u>\$ 121,336</u>	<u>\$ 406,599</u>	<u>\$ 62,856</u>	<u>\$ 2,114</u>	<u>\$ 248,711</u>	<u>\$ 214,254</u>

	Cash Receipts	\$ 248,711
Cancelled against Current Year Appropriations- To Operations	\$ 113	
Cancelled (Against Appropriated Grants)	258	
Cancelled (Against 2014 Appropriation Reserves)	84	
Cancelled to Operations	1,659	-
	<u>\$ 2,114</u>	<u>\$ 248,711</u>

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	Accrued in <u>2015</u>	Collected by <u>Treasurer</u>	Balance, December 31, <u>2015</u>
Township Clerk				
Licenses				
Alcoholic Beverages		\$ 34,200	\$ 34,200	
Fees and Permits		9,624	9,624	
Tax Collector				
Fees and Permits		1,358	1,358	
Police Department				
Fees and Permits		12,828	12,828	
Planning Board				
Fees and Permits		33,995	33,995	
Housing				
Fees and Permits		7,817	7,817	
Zoning Board of Adjustment				
Fees and Permits		64,672	64,672	
Construction Code Official				
Fees and Permits		450,051	450,051	
Engineering Department				
Fees and Permits		22,751	22,751	
Board of Health				
Licenses		14,635	14,635	
Fees and Permits		11,369	11,369	
Municipal Court				
Fines and Costs		201,338	187,764	
Interest and Cost on Taxes		241,563	241,563	
Energy Receipts Tax		2,144,367	2,144,367	
Watershed Moratorium Aid		1,692	1,692	
Interest on Investments and Deposits		30,814	30,814	
Library Surplus Contribution		229,193	229,193	
Admin. - PD Outside Service - OT		20,000	20,000	
Franchise Fees		335,656	335,656	
Maintenance- Municipal Library		64,952	64,952	
Hotel Tax		16,462	16,462	
Interlocal Agreements				
Boonton Township Health Clinic		500	500	
Board of Education Nursing Services		33,925	33,925	
Board of Education - Solid Waste	\$ 5,000	60,000	65,000	-
	<u>\$ 5,000</u>	<u>4,043,762</u>	<u>4,035,188</u>	<u>\$ -</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance December 31, 2014	Transfers	Encumbrances Payable Restored	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed	Cancelled
<b>Salaries and Wages</b>							
General Administration	\$ 3,046	\$ (200)		\$ 2,846		\$ 2,846	
Township Clerk	1			1		1	
Tax Assessment Administration	1			1		1	
Revenue Administration	1			1		1	
Engineering Services and Costs	16,503	(15,000)		1,503		1,503	
Planning Board	0			0		0	
Board of Adjustment	1			1		1	
Police	148,368	(120,000)		28,368	\$ 1,107	27,260	
Emergency Management	10,037	(5,000)		5,037		5,037	
Streets and Roads Maintenance	73,386	(50,000)		23,386		23,386	
Facilities Management	13,341	(5,000)		8,341		8,341	
Municipal Court	1			1		1	
Public Health Services	80,968	(60,000)		20,968	10,377	10,591	
Community Medical Transportation Project	11,274	(5,000)		6,274		6,274	
Environmental Health Services	167			167	83	83	
Recreation Commission	801			801	781	20	
Senior Citizens	5,061			5,061		5,061	
Youth Service Program	10,390	(5,000)		5,390		5,390	
Provision for Accumulated Sick and Vacation	1	225,000		225,001	225,000	1	
Building Inspector	13,056	(10,000)		3,056		3,056	
Fire Protection Inspection	17			17		17	
Police Dispatch/911	2			2		2	
<b>Other Expenses</b>							
Mayor and Township Committee	2,519		\$ 256	2,774	481	2,293	
General Administration	1,473		1,429	2,903	1,407	1,495	
Township Clerk	3,044		3,137	6,180	1,103	5,077	
Election	1,549			1,549		1,549	
Financial Administration							
Miscellaneous	3,631		3,036	6,667	3,866	2,801	
Audit Services	93		26,000	26,093	26,000	93	
Computerized Data Processing	3,561	200	1,963	5,724	4,802	922	
Tax Assessment Administration	1,105		16,542	17,648	16,627	1,020	
Revenue Administration	1,360		1,443	2,803	1,459	1,344	
Legal Services	5,771		27,071	32,843	20,968	11,875	
Engineering Services and Costs	25,088	(20,000)	45,396	50,484	45,547	4,937	
Historical Preservation Committee	404		2,185	2,589	185	2,404	
Planning Board	941		7,187	8,128	4,757	3,371	
Board of Adjustment	429		7,990	8,419	527	7,892	
Economic Development	370			370		370	
Police	48,634		39,960	88,594	56,726	31,869	
Emergency Management	2,343			2,343		2,343	
Municipal Prosecutor	-		1,667	1,667	1,667	0	
Aid to First Aid Squad	4,789			4,789		4,789	
Street and Road Maintenance	1,167	275,000	6,311	282,478	280,106	2,372	
Fleet Maintenance	2,628		5,461	8,089	3,097	4,992	
Traffic Lighting	773		4,586	5,359	2,600	2,759	
Solid Waste Collection	3,696		186,264	189,960	177,609	12,351	
Facilities Management	8,007		27,697	35,704	28,548	7,156	
Community Services Act	13,154			13,154		13,154	
Municipal Court	3		1,471	1,474	1,093	381	
Public Defender	-		613	613	613	-	
Public Health Services	8,976		6,580	15,556	2,536	13,021	
Community Medical Transportation	54		108	162	108	54	
Residents with Disabilities Committee	150			150		150	

TOWNSHIP OF MONTVILLE  
STATEMENT OF 2014 APPROPRIATION RESERVES

	Balance December 31, 2014	Transfers	Encumbrances Payable Restored	Budget After Transfer on Modification	Paid or Charged	Balance Lapsed	Cancelled
Other Expenses (Cont.)							
Environmental Health Services	\$ 66		\$ 1,500	\$ 1,566	\$ 1,500	\$ 66	
Aid to Health Care Facilities (N.J.S.A. 44:5-2)	1,250	\$ (1,250)		-		-	
Recreation Commission	651		327	979	422	556	
Senior Citizens	1,343		998	2,341	1,073	1,267	
Youth Service Program	888			888		888	
Celebration of Public Events	15,050	(15,000)		50		50	
Building Inspector	406		140	545	140	406	
Utilities:							
Electricity	10,000	(5,000)	39,659	44,659	30,787	13,873	
Street Lighting	15,792	(5,000)	25,166	35,958	14,268	21,689	
Telephone	13,148		1,655	14,803	836	13,967	
Gas (Natural)	6,292		11,843	18,135	429	17,706	
Gasoline	66,954	(43,750)	13,619	36,824	14,615	22,209	
PFRS	51			51		51	
Social Security System (O.A.S.I.)	30,903	(5,000)		25,903		25,903	
Unemployment/Disability Insurance	3,895			3,895		3,895	
Insurance							
General Liability	250			250		250	
Workers Compensation	1			1		1	
Group Insurance for Employees	321,826	(230,000)		91,826	61	91,766	
Health Benefit Waiver	166			166	-	166	
Defined Contribution Retirement Program	177		208	385	208	177	
Police Dispatch/911	1,300			1,300		1,300	
Reserve for Tax Appeals		100,000		100,000	100,000	-	
Interlocal Agreement:							
Board of Health-Public Health Nurse	2,258		60	2,318	60	2,258	
Solid Waste and Recycling			10,000	10,000	10,000	-	
Contingent	5,000			5,000		5,000	
Clean Communities	39,864			39,864	39,864	-	
State of NJ - Handicapped Persons Grant							
State Share	10,510			10,510	10,510	-	
Municipal Alliance on Alcohol and Drug Abuse							
County Share	3,374		71	3,445	3,375	-	\$ 70
Local Share	58			58	58	-	
Municipal Alliance Sub Grant							
County Share	13			13		-	13
Police Body Armor Fund	4,610			4,610	4,610	-	
Bullet Proof Vest - Federal	9,221			9,221	9,221	-	
Safe Corridors	18,504			18,504	18,504	-	
Boys Scouts - Camp Dawson Barn	207			207	207	-	
Alcohol Education and Rehab Program	1,595			1,595	1,595	-	
Green Communities			3,000	3,000	3,000	-	
Sustainable New Jersey - Local Share	2,000	-	-	2,000	2,000	-	-
	<u>\$ 1,119,758</u>	<u>\$ -</u>	<u>\$ 532,599</u>	<u>\$ 1,652,357</u>	<u>\$ 1,187,123</u>	<u>\$ 465,151</u>	<u>\$ 83</u>

Cash Disbursements	\$ 1,055,901
Transferred to Reserve for Pending Tax Appeals	100,000
Transferred to Reserve for Encumbrances	9,440
Transferred to Appropriated Grant Reserves	<u>21,782</u>
	<u>\$ 1,187,123</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY**

<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 Of Amount Authorized</u>	<u>Balance December 31, 2014</u>	<u>Raised in 2015 Budget</u>	<u>Balance December 31, 2015</u>
Revaluation of Real Property (9/14/10)	\$ 500,000	\$ 100,000	<u>\$ 58,020</u>	<u>\$ 58,020</u>	<u>-</u>
			<u>\$ 58,020</u>	<u>\$ 58,020</u>	<u>\$ -</u>

**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2014	\$ 543,502
Increased by:	
Charges to 2014 Appropriation Reserves	\$ 9,440
Charges to 2015 Budget Appropriations	<u>754,983</u>
	<u>764,423</u>
	1,307,925
Decreased by:	
Cash Disbursed	10,903
Restored to Appropriation Reserves	<u>532,599</u>
	<u>543,502</u>
Balance, December 31, 2015	<u>\$ 764,423</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2014		\$ 454,951
Increased by:		
2016 Prepaid Taxes Received		<u>711,322</u>
		1,166,273
Decreased by:		
Application to 2015 Taxes		<u>454,951</u>
Balance, December 31, 2015		<u>\$ 711,322</u>

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2014		\$ 15
Increased by:		
Prior Year Appeals Granted - Charged to Operations	\$ 151,244	
Overpayments Received	<u>46,486</u>	
		<u>197,730</u>
		197,745
Decreased by:		
Cancelled to Operations	15	
Refunds	<u>197,723</u>	
		<u>197,738</u>
Balance, December 31, 2015		<u>\$ 7</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF DUE TO OTHER TRUST FUND  
CURRENT FUND**

Balance, December 31, 2014		\$ 345,100
Increased by:		
Tax Sale Premiums Received in Current on Behalf of Other Trust Fund		<u>622,000</u>
		967,100
Decreased by:		
Other Trust Fund Expenditures Paid by Current Fund		<u>178,600</u>
Balance, December 31, 2015		<u><u>\$ 788,500</u></u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2014		\$ 21,492
Increased by:		
2015 Levy		
County Tax	\$ 11,714,360	
County Open Space Preservation	488,803	
County Tax for Added Taxes (54:4-63.1)	<u>32,153</u>	
		<u>12,235,316</u>
		12,256,808
Decreased by:		
Payments		<u>12,224,655</u>
Balance, December 31, 2015		<u><u>\$ 32,153</u></u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF LOCAL SCHOOL TAXES PAYABLE**

Increased by:		
2015 Levy		\$ 66,656,317
Decreased by:		
Payments		<u>66,656,317</u>
Balance, December 31, 2015		<u>\$ -</u>

**STATEMENT OF SPECIAL DISTRICT TAXES PAYABLE**

Increased by:		
2015 Levy		
Fire Districts	\$ 1,730,986	
Municipal Open Space Preservation	1,665,686	
Municipal Open Space Preservation - Added Taxes	<u>4,398</u>	
		<u>\$ 3,401,070</u>
		3,401,070
Decreased by:		
Payments		
Municipal Open Space Preservation Trust Fund	1,670,084	
Fire Districts	<u>1,730,986</u>	
		<u>3,401,070</u>
Balance, December 31, 2015		<u>\$ -</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS**

	Balance December 31, <u>2014</u>	Appropriated in <u>2015 Budget</u>	<u>Received</u>	Balance December 31, <u>2015</u>
Recycling Tonnage Grant	\$ 59,235	\$ 59,235		
Body Armor Fund	<u>3,621</u>	<u>3,621</u>	\$ 3,699	<u>\$ 3,699</u>
	<u>\$ 62,856</u>	<u>\$ 62,856</u>	<u>\$ 3,699</u>	<u>\$ 3,699</u>

EXHIBIT A-22

**STATEMENT OF RESERVES FOR APPROPRIATED GRANTS**

	Balance December 31, <u>2014</u>	Transfer from Appropriation <u>Reserves</u>	<u>Cancelled</u>	<u>Disbursed</u>	Balance December 31, <u>2015</u>
Clean Communities	\$ 15,175			\$ 14,666	\$ 509
Recycling Tonnage Grant - Old	5,672				5,672
Recycling Tonnage Grant - 2012	1,000			1,000	-
Recycling Tonnage Grant - 2013	45,883			16,915	28,968
Handicapped Recreation Opportunity	-	\$ 5,744			5,744
Drunk Driving Enforcement Fund	4,735				4,735
Prevention of Smoking Program	3,670				3,670
Historic Preservation Education	11				11
Smart Growth	6,909				6,909
Alcohol Education and Rehabilitation	1,327			1,327	-
Ballistic Shield - Walmart Police Contribution	2,260				2,260
Bullet Proof Vests	258	9,221	\$ 258		9,221
Body Armor Fund	6,244	4,610		2,625	8,229
Camp Dawson Barn - Boy Scout Troop 777		207			207
Sustainable New Jersey		2,000			2,000
M.T. School House Museum #10	767				767
Highlands Council/RMP Grant Compliance	625				625
Highlands Council/RMP Grant Compliance - 2012	71,896				71,896
Bayer Grant - Economic Development	5,356				5,356
Safe Corridors	224				224
Public Health Priority	2,192				2,192
NJ Department of Health - Influenza Planning	<u>52,359</u>	<u>-</u>	<u>-</u>	<u>825</u>	<u>51,534</u>
	<u>\$ 226,563</u>	<u>\$ 21,782</u>	<u>\$ 258</u>	<u>\$ 37,358</u>	<u>\$ 210,729</u>
Cash Disbursements				\$ 37,358	
Cancelled (Against Receivable)			<u>\$ 258</u>	<u>-</u>	
			<u>\$ 258</u>	<u>\$ 37,358</u>	

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF DEFERRED CHARGES - EMERGENCY AUTHORIZATIONS**

Balance, December 31, 2014	\$ 50,000
Decreased by:	
Raised in 2015 Budget	<u>50,000</u>
Balance, December 31, 2015	<u>\$ -</u>

**STATEMENT OF RESERVE FOR THIRD PARTY TAX TITLE LIENS**

Balance, December 31, 2014	\$ 5,032
Increased by:	
Cash Receipts	<u>452,360</u>
	457,392
Decreased by:	
Redemptions	<u>456,013</u>
Balance, December 31, 2015	<u>\$ 1,379</u>

**STATEMENT OF DUE TO STATE - MARRIAGE LICENSES**

Balance, December 31, 2014	\$ 500
Increased by:	
Cash Receipts	<u>1,500</u>
	2,000
Decreased by:	
Cash Disbursements	<u>1,650</u>
Balance, December 31, 2015	<u>\$ 350</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF SPECIAL EMERGENCY NOTES PAYABLE**

Balance, December 31, 2014	\$ 58,020
Decreased by:	
Cash Disbursements	<u>58,020</u>
Balance, December 31, 2015	<u>\$ -</u>

**STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2014	\$ 1,500,000
Increased by:	
Transferred from 2015 Tax Collections	\$ 750,000
Transferred from 2015 Budget Appropriations	400,000
Transferred from 2014 Appropriation Reserves	<u>100,000</u>
	<u>1,250,000</u>
Balance, December 31, 2015	<u>\$ 2,750,000</u>

**TRUST FUNDS**

**TOWNSHIP OF MONTVILLE  
STATEMENT OF TRUST CASH - TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>	<u>Open Space Preservation Trust</u>
Balance, December 31, 2014	\$ 34,282	\$ 4,738,697	\$ 57,775	\$ 737,935
Increased by Receipts:				
Dog Licenses Issued	\$ 30,998			
Cat Licenses Issued	1,588			
Interlocal Agreements/Animal Shelters	75,914			
Escrow Deposits		\$ 1,035,416		
Recreation Commission		820,772		
Miscellaneous Reserves		1,227,796		
Receipts from Current Fund				\$ 1,670,084
Receipts from General Capital Fund				47
Donations - Animal Shelter	9,303			
Donations - Cats	1,000			
Miscellaneous/Late Replacement Fees	5,321			
Township Appropriation	30,000		\$ 20,000	
Payroll Deductions Payable		10,664,151	12,939	
Interest on Investments and Deposits	149	9,911	193	2,048
State Registration Fees	3,284	-	-	-
	<u>157,557</u>	<u>13,758,046</u>	<u>33,132</u>	<u>1,672,179</u>
	191,839	18,496,743	90,907	2,410,114
Decreased by:				
Expenditures Under R.S. 4:19-15.1	141,432			
Due to State of New Jersey				
Animal License Fees	3,312			
Unemployment Claims			12,519	
Escrow Disbursements		944,812		
Recreation Commission		697,614		
Payroll Deductions Payable		10,660,136		
Payments to Current Fund	149	9,911		1,597,354
Payments to General Capital Fund				141,000
Miscellaneous Reserves	-	653,156	-	-
	<u>144,893</u>	<u>12,965,629</u>	<u>12,519</u>	<u>1,738,354</u>
Balance, December 31, 2015	<u>\$ 46,946</u>	<u>\$ 5,531,114</u>	<u>\$ 78,388</u>	<u>\$ 671,760</u>

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2014		\$ 11,931
Increased by:		
Dog Licenses Issued	\$ 30,998	
Late/Replacement/Miscellaneous Fees	5,321	
Cat Licenses Issued	1,588	
Interlocal Agreements/Animal Shelters	75,914	
Township Appropriation	30,000	
Donations	<u>9,303</u>	
		<u>153,124</u>
		165,055
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>141,432</u>
Balance, December 31, 2015		<u>\$ 23,623</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL FUND**

Balance, December 31, 2014		\$ 29
Increased by:		
State Registration Fees		<u>3,284</u>
		3,313
Decreased by:		
Payments		<u>3,312</u>
Balance, December 31, 2015		<u>\$ 1</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF RESERVE FOR RESTRICTED DONATION - HOMELESS  
CATS/KITTENS - ANIMAL CONTROL FUND**

Balance, December 31, 2014	\$ 22,347
Increased by:	
Cash Receipts	<u>1,000</u>
Balance, December 31, 2015	<u>\$ 23,347</u>

**STATEMENT OF RESERVE FOR ESCROW DEPOSITS**

Balance, December 31, 2014	\$ 2,826,551
Increased by:	
Escrow Deposits/Interest	<u>1,035,416</u>
	3,861,967
Decreased by:	
Disbursements	<u>944,812</u>
Balance, December 31, 2015	<u>\$ 2,917,155</u>
<u>Analysis of Balance:</u>	
Developer's Deposits	\$ 711,210
Construction Guarantee Deposits	1,741,097
Engineering Services Deposits	<u>464,848</u>
	<u>\$ 2,917,155</u>

**STATEMENT OF RESERVE FOR RECREATION COMMISSION**

Balance, December 31, 2014	\$ 484,144
Increased by:	
Recreation Fees	<u>820,772</u>
	1,304,916
Decreased by:	
Recreation Expenditures	<u>697,614</u>
Balance, December 31, 2015	<u>\$ 607,302</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance December 31, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2015</u>
Municipal Court - Parking Offenses	\$ 1,263	\$ 42		\$ 1,305
Municipal Court - Public Defender	1,949	5,116	\$ 525	6,540
Police Special Services	6,364	270	2,180	4,454
Police Outside Overtime Escrow	125,547	479,862	423,023	182,386
Affordable Housing	978	1,004	209	1,773
Project Graduation	342	19,050	12,174	7,218
Drug Awareness Council	52,722	1,202	1,185	52,739
Snow Removal	236,468	275,000	95,436	416,032
Accumulated Absences	634,734	445,000	117,334	962,400
Farmers Market Donations	-	1,250	1,090	160
Community Development	6,197	-	-	6,197
Tree Donations - Vegetation Remediation	<u>245,957</u>	<u>-</u>	<u>-</u>	<u>245,957</u>
	<u>\$ 1,312,521</u>	<u>\$ 1,227,796</u>	<u>\$ 653,156</u>	<u>\$ 1,887,161</u>

EXHIBIT B-10

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS**

Balance, December 31, 2014	\$ 57,730
Increased by:	
Township Appropriation	\$ 20,000
Receipts-Interest Earnings	193
Payroll Withholdings	<u>12,939</u>
	<u>33,132</u>
	90,862
Decreased by:	
State of New Jersey Assessment	1,833
Unemployment Insurance Claims	<u>10,371</u>
	<u>12,204</u>
Balance, December 31, 2015	<u>\$ 78,658</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2014	\$ 115,481
Increased by:	
Cash Receipts	<u>10,664,151</u>
	10,779,632
Decreased by:	
Cash Disbursements	<u>10,660,136</u>
Balance, December 31, 2015	<u>\$ 119,496</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF DUE TO/(FROM) STATE OF NEW JERSEY  
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, December 31, 2014 (Due to)		\$ 45
Increased by:		
Unemployment Insurance Claims		<u>12,204</u>
		12,249
Decreased by:		
Paid to State of New Jersey		<u>12,519</u>
Balance, December 31, 2015 (Due from)		<u>\$ (270)</u>

**STATEMENT OF RESERVE FOR OPEN SPACE PRESERVATION  
OPEN SPACE PRESERVATION TRUST FUND**

Balance, December 31, 2014		\$ 737,935
Increased by:		
2015 Tax Levy	\$ 1,665,686	
2015 Added Tax Levy	<u>4,398</u>	
		\$ 1,670,084
Improvement Authorization Balances Cancelled		47
Interest on Investments		<u>2,048</u>
		<u>1,672,179</u>
		2,410,114
Decreased by:		
Payment to Current Fund as Anticipated Revenue-Debt Service		1,597,354
Appropriated to Finance Improvement Authorizations - General Capital Fund		<u>141,000</u>
		<u>1,738,354</u>
Balance, December 31, 2015		<u>\$ 671,760</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF DUE FROM CURRENT FUND  
OTHER TRUST FUND**

Balance, December 31, 2014		\$ 345,100
Increased by:		
Interest on Investments Paid to Current	\$ 9,911	
Other Trust Fund Receipts Deposited in Current Fund	<u>622,000</u>	
		<u>631,911</u>
		977,011
Decreased by:		
Other Trust Fund Expenditures Paid by Current Fund	178,600	
Interest on Investments	<u>9,911</u>	
		<u>188,511</u>
Balance, December 31, 2015		<u><u>\$ 788,500</u></u>

**STATEMENT OF RESERVE FOR TAX SALE PREMIUMS  
OTHER TRUST FUND**

Balance, December 31, 2014		\$ 345,100
Increase by:		
Cash Receipts Received in Current Fund		<u>622,000</u>
		967,100
Decreased by:		
Premiums Returned Paid by Current Fund		<u>178,600</u>
Balance, December 31, 2015		<u><u>\$ 788,500</u></u>

**GENERAL CAPITAL FUND**

**TOWNSHIP OF MONTVILLE  
STATEMENT OF GENERAL CAPITAL CASH - TREASURER**

Balance, December 31, 2014		\$ 1,503,309
Increased by:		
Interest Earned	\$ 3,365	
Premium on Sale of Notes	24,953	
Capital Improvement Fund- Budget Appropriation	131,000	
Deferred Charges - Cancelled Grants - Budget Appropriations	48,000	
Grants Receivable - DOT	200,000	
Deferred Charges to Future Taxation - Unfunded - Contribution on Project	6,552	
Miscellaneous Reserve - Contribution from Towaco Fire Department	35,000	
Receipts from Open Space Trust Fund	141,000	
Bond Anticipation Notes	<u>2,915,000</u>	
		<u>3,504,870</u>
		5,008,179
Decreased by Disbursements:		
Improvement Authorizations	2,577,602	
Revenue Anticipated in Current Fund - Cancelled Improvement Authorizations	100,000	
Payments to Current Fund - Revenue Anticipated - Reserve for Debt Service	114,000	
Miscellaneous Reserve - Contribution from Towaco Fire Department Returned	1,275	
Payments to Current Fund - Interest	3,365	
Bond Anticipation Note Redemption	640,000	
Payments to Open Space - Cancelled Improvement Authorizations	<u>47</u>	
		<u>3,436,289</u>
Balance, December 31, 2015		<u>\$ 1,571,890</u>

**TOWNSHIP OF MONTVILLE  
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2015</u>
Fund Balance	\$ 183,857
Capital Improvement Fund	77,368
Contracts Payable	754,046
Reserve for Payment of Debt Service	204,627
Miscellaneous Reserves	35,030
Deferred Charge - Cancelled Grants	(300,000)

<u>Ordinance Number</u>	<u>Improvement Description</u>	
1099/1130	Acquisition and Construction of Certain Capital Projects	(25)
01-19	Acquisition of Various Parcels of Land	(433)
01-23/02-49	Acquisition of Property	(4,600)
02-18/02-68	Acquisition of Property	(1,828)
04-23	Various Capital Improvements	7,582
04-26	Impvts to Future Bldg. of DPW, Water Utility and Sewer Utility	(125)
06-14	Construction of Artificial Turf Surface	127,386
06-44	Planting Trees #15 & #20 Tara Lane	3,850
07-17	Walnut Outfield/Hatfield Creek	4,635
07-46	Beaver Brook Tributary Drainage Area Improvements	35,272
07-53	Purchase of Mobile Data Terminals	(500)
07-55	Various Capital Improvements	126,898
08-15	Various Capital Improvements	78,288
08-22	Various Capital Improvements	3,000
09-20	Various Capital Improvements	4,333
10-07	Capital Expenditure from Open Space Dedicated	2,925
10-24	Various Capital Improvements	256,160
11-13	Various Capital Improvements	99,360
11-24	Capital Expenditure from Open Space Dedicated	1,064
12-11	Various General Improvements	(26,988)
12-29	86 River Road Parking Lot Paving Phase I	39,159
13-19	Various Improvements	(31,505)
13-23	Cambray Road & Jotham Road	4,797
14-09	Various Improvements - Roads	(25,588)
14-11	Open Space - Community Park	1,981
14-17	Various Capital Improvements	(14,232)
14-26	Open Space - Camp Dawson Fields	29,434
14-32	Open Space - Due Diligence	19,750
15-04	Various Capital Improvements	151,334
15-14	Open Space - Community Park	16,943
15-15	Various Capital Improvements	(291,365)
		<u>\$ 1,571,890</u>

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2014		\$ 26,956,704
Decreased by:		
Refunded Bonds		
2015 Budget Appropriations		
Serial Bonds	\$ 3,610,000	
Green Acres Loan	32,136	
Environmental Infrastructure Loan Payable	<u>114,656</u>	
		<u>3,756,792</u>
Balance, December 31, 2015		<u>\$ 23,199,912</u>

TOWNSHIP OF MONTVILLE  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

		Analysis of Balance December 31, 2015							
Ord. No.	Improvement Description	Balance December 31, 2014	2015 Authorizations	Funded by		Improvement Authorizations Cancelled	Balance December 31, 2015	Bond Anticipation Notes	Unexpended Improvement Authorizations
				Budget Appropriation	Grant/ Contributions				
1099/1130	Acquisition and Construction of Certain Capital Projects	\$ 25					\$ 25		\$ 25
01-19	Acquisition of Various Parcels of Land (Open Space)	433					433		433
01-23/02-49	Acquisition of Property (Open Space)	4,600					4,600		4,600
02-18/02-68	Acquisition of Property (Open Space)	1,828					1,828		1,828
04-26	Impvts. To Future Bldg of DPW, Water & Sewer	125					125		125
07-53	Purchase of Mobile Data Terminals	500					500		500
09-20	Various Capital Improvements	6,700					6,700		\$ 6,700
2011-13	Various Capital Improvements	60,513				\$ 8,833	51,680		51,680
2012-11	Various Capital Improvements	313,059				29,888	283,171		26,988
2013-19	Various General Improvements	1,787,284		\$ 105,000		57,300	1,624,984	\$ 1,270,000	31,505
2014-09	Various Improvements - Roads	552,000		80,000	\$ 6,552		465,448	340,000	25,588
2014-17	Various Capital Improvements	1,330,000		16,980		48,871	1,264,149	459,000	14,232
2015-04	Various Capital Improvements		\$ 872,120				872,120	846,000	26,120
15-15	Various Capital Improvements	-	1,197,000	-	-	-	1,197,000	-	291,365
		<u>\$ 4,057,067</u>	<u>\$ 2,069,120</u>	<u>\$ 201,980</u>	<u>\$ 6,552</u>	<u>\$ 144,892</u>	<u>\$ 5,772,763</u>	<u>\$ 2,915,000</u>	<u>\$ 397,189</u>
									<u>\$ 2,460,574</u>
									Improvement Authorizations - Unfunded
									\$ 2,611,908
									Less: Unexpended Balance of Bond Anticipation Notes
									Ord. 2015-04
									<u>151,334</u>
									<u>\$ 2,460,574</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF GRANTS RECEIVABLE**

	<u>Total</u>	NJ Dept. Transportation Grant <u>Ord. No. 13-19</u>
Balance, December 31, 2014	\$ 200,000	\$ 200,000
Decreased by:		
Cash Receipts	<u>200,000</u>	<u>200,000</u>
Balance, December 31, 2015	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF MONTVILLE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2014		2015 Authorizations						Balance, December 31, 2015		
			Funded	Unfunded	Funded by Open Space	Deferred Charges to Future Taxation Unfunded	Capital Improvement Fund	Funded by Developer Contribution	Contracts Payables Restored	Authorization Cancelled	Paid or Charged	Funded	Unfunded
04-23	Various Capital Improvements	\$ 2,541,500	\$ 7,582									\$ 7,582	
06-14	Construction of Artificial Turf Surface	775,000	127,386									127,386	
06-44	Planting Trees #15 & # 20 Tara Lane	13,500	3,850									3,850	
07-17	Improvement of Walnut I Outfall/Hatfield Creek	67,863	4,635									4,635	
07-46	Beaver Brook Tributary Drainage Area Improvements	256,111	28,744					\$ 128,606		\$ 122,078		35,272	
07-55	Various Capital Improvements	162,493	126,898									126,898	
08-15	Various Capital Improvements	175,773	78,288									78,288	
08-22/09-28	Various Capital Improvements	1,791,590	11,068					1,000		9,068		3,000	
09-03	Various Capital Improvements	230,000	4,587						\$ 267	4,320		-	-
09-20	Various Capital Improvements	1,349,495	66,310	\$ 6,700						61,977		4,333	\$ 6,700
10-07	Capital Expenditure from Open Space Dedicated	30,000	2,925									2,925	
10-24	Various Capital Improvements	1,648,200	286,460						10,000	20,300		256,160	
11-13	Various Capital Improvements	1,402,600	109,041	60,513				149,022	8,833	158,703		99,360	51,680
11-24	Capital Expenditure from Open Space Dedicated	5,500	1,064									1,064	
12-03/12-10	Open Space - Bonnieview	60,000	-					28,480		28,480		-	
12-11/13-24	Various General Improvements	1,583,900	19,152	313,059				281,838	29,888	327,978		-	256,183
12-29/13-09	86 River Road Parking Lot Paving Phase 1	101,000	39,159									39,159	
13-13	Open Space - Community Park	7,000	22						22			-	
13-19	Various General Improvements	2,120,575		884,308				375,513	57,300	879,042			323,479
13-23	Cambray Road & Jotham Road	60,000	2,529					4,797	2,529			4,797	
14-09	Various Improvements - Roads	580,000		134,980				36,956		72,076			99,860
14-11	Open Space - Community Park	5,000	2,431							450		1,981	
14-13	Open Space - Land Conservancy	1,000	-									-	
14-17	Various Capital Improvements	1,397,500		996,446				84,106	48,871	240,764			790,917
14-20	Open Space - Land Conservancy	1,000	-					25	25			-	
14-26	Open Space - Camp Dawson Fields	175,000	-					175,000		145,566		29,434	
14-31	Open Space - Land Conservancy	3,000	-					3,000		3,000		-	
14-32	Open Space - Due Diligence	30,000	28,200					1,800		10,250		19,750	
15-04	Various Capital Improvements	915,870			\$ 872,120	\$ 43,750				738,416			177,454
15-09	Open Space - Land Conservancy	1,000			\$ 1,000					1,000		-	
15-14	Open Space - Community Park	140,000			140,000					123,057		16,943	
15-15	Various Capital Improvements	1,257,033				1,197,000	60,033			351,398			905,635
15-20	Towaco Fire Department Parking Lot	35,000						\$ 35,000		1,275		33,725	
			\$ 950,331	\$ 2,396,006	\$ 141,000	\$ 2,069,120	\$ 103,783	\$ 35,000	\$ 1,270,143	\$ 159,010	\$ 3,331,648	\$ 862,817	\$ 2,611,908
										Capital Fund Balance	\$ 12,796		
										Due to Open Space Trust Fund	47		
										Transfer to Miscellaneous Reserves	1,275		
										Deferred-Charges to Future Taxation - Unfunded	144,892		
											\$ 159,010		
										Cash Disbursements	\$ 2,577,602		
										Contracts Payable	754,046		
											\$ 3,331,648		

**TOWNSHIP OF MONTVILLE  
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding <u>December 31, 2015</u>		Interest Rate	Balance, December 31,		Balance, December 31, 2015
			Date	Amount		2014	Decreased	
General Bonds of 2006	8/15/2006	\$ 6,020,000	8/15/2016	\$ 700,000	4.000%	\$ 1,100,000	\$ 400,000	\$ 700,000
General Bonds of 2008	5/15/2008	2,112,000	5/15/16-17 5/15/2018	250,000 247,000	5.000% 3.500%	997,000	250,000	747,000
Open Space Bonds of 2008	5/15/2008	1,621,000	5/15/16-17 5/15/18-22 5/15/2023	140,000 140,000 136,000	5.000% 3.500% 3.625%	1,201,000	85,000	1,116,000
Refunding General Improvement Bonds of 2009	2/12/2009	10,215,000			4.000%	560,000	560,000	-
Refunding Open Space Bonds of 2009	2/12/2009	1,825,000			4.000%	375,000	375,000	-
Refunding General Improvement Bonds of 2010	2/8/2010	2,180,000	2/15/2016 2/15/2017	425,000 415,000	3.250% 3.500%	1,270,000	430,000	840,000
Refunding Open Space Bonds of 2010	2/8/2010	5,070,000	2/15/2016 2/15/2017 2/15/2018 2/15/2019 2/15/2020 2/15/2021 2/15/2022	485,000 480,000 475,000 475,000 470,000 470,000 420,000	3.250% 3.500% 3.500% 4.000% 4.000% 5.000% 5.000%	3,735,000	460,000	3,275,000
Refunding General Improvement Bonds of 2012	6/7/2012	4,350,000	11/1/16-17 11/1/18-20 11/1/2021 11/1/2022 11/1/2023 11/1/2024	435,000 430,000 435,000 440,000 440,000 430,000	4.000% 4.000% 5.000% 5.000% 2.500% 2.500%	4,340,000	435,000	3,905,000
Refunding Open Space Bonds of 2012	6/7/2012	2,175,000	11/1/16-18 11/1/19-21 11/1/2022 11/1/2023 11/1/2024	210,000 220,000 225,000 225,000 215,000	4.000% 5.000% 5.000% 2.500% 2.500%	2,170,000	215,000	1,955,000
General Improvement Bonds of 2013	10/25/2013	6,530,000	10/15/16-18 10/15/19-21 10/15/2022 10/15/2023	700,000 700,000 750,000 780,000	4.000% 3.000% 3.000% 3.000%	6,130,000	400,000	5,730,000
Refunding General Improvement Bonds of 2014	8/15/2014	3,745,000	8/15/2017 8/15/2018-19 8/15/2020 8/15/2021	745,000 735,000 755,000 775,000	1.500% 4.000% 4.000% 4.000%	3,745,000		3,745,000
						<u>\$ 25,623,000</u>	<u>\$ 3,610,000</u>	<u>\$ 22,013,000</u>
Budget Appropriation							<u>\$ 3,610,000</u>	

**TOWNSHIP OF MONTVILLE  
STATEMENT OF GREEN ACRES LOAN PAYABLE**

Balance, December 31, 2014	\$ 257,359
Decreased by:	
Budget Appropriation	<u>32,136</u>
Balance, December 31, 2015	<u>\$ 225,223</u>
 Pyramid Mtn. - Ord. 99-9	 <u>\$ 225,223</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2014		\$	-
Increased by:			
Reserve for Debt Service - Anticipated as Revenue in Current Fund	\$	114,000	
Capital Fund Balance - Anticipated as Revenue in Current Fund		100,000	
Interest Earned		<u>3,365</u>	
			<u>217,365</u>
			217,365
Decreased by:			
Payments to Current Fund - Anticipated as Revenue		214,000	
Payments to Current Fund - Interest		<u>3,365</u>	
			<u>217,365</u>
Balance, December 31, 2015		\$	<u>-</u>

**STATEMENT OF DUE FROM/(TO) OPEN SPACE PRESERVATION TRUST FUND**

Balance, December 31, 2014 (Due To)		\$	-
Increased by:			
Appropriated to Finance Improvement Authorization			141,000
Payments to Open Space Trust Fund			<u>47</u>
			141,047
Decreased by:			
Open Space Improvement Authorizations Cancelled			47
Receipts from Open Space Trust Fund			<u>141,000</u>
Balance, December 31, 2015 (Due To)		\$	<u>-</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2014	\$ 50,151
Increased by:	
2015 Budget Appropriation	<u>131,000</u>
	181,151
Decreased by:	
Appropriations to Finance Improvement Authorizations	<u>103,783</u>
Balance, December 31, 2015	<u>\$ 77,368</u>

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE**

Balance, December 31, 2014	\$ 318,627
Decreased by:	
Utilized as Current Fund Revenue	<u>114,000</u>
Balance, December 31, 2015	<u>\$ 204,627</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF MISCELLANEOUS RESERVES**

		<u>Improvements</u>
Balance, December 31, 2014	\$	35,030
Increased by:		
Cash Receipts	\$ 35,000	
Improvement Authorization Cancelled	<u>1,275</u>	
		<u>36,275</u>
		71,305
Decreased by:		
Appropriated to Finance Improvement Authorization	35,000	
Contribution Returned	<u>1,275</u>	
		<u>36,275</u>
Balance, December 31, 2015	\$	<u>35,030</u>

Analysis of Reserves - Improvements

Reserve for Improvements

Pine Brook Rd./Acker	\$	9,099
Walnut I Outfall		15,931
Off Tract Drainage - W. Beck		<u>10,000</u>
	\$	<u>35,030</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2014	\$ 1,270,143
Increased by:	
Charges to Improvement Authorizations	<u>754,046</u>
	2,024,189
Decreased by:	
Restored to Improvement Authorizations	<u>1,270,143</u>
Balance, December 31, 2015	<u>\$ 754,046</u>

EXHIBIT C-16

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE**

	<u>Total</u>	<u>Ord. 02-48 (Open Space)</u>	<u>Ord. 02-68 (Open Space)</u>	<u>Ord. 01-12 (Open Space)</u>
Balance, December 31, 2014	\$ 1,076,345	\$ 375,839	\$ 602,708	\$ 97,798
Decreased by:				
Budget Appropriation	<u>114,656</u>	<u>36,347</u>	<u>68,403</u>	<u>9,906</u>
Balance, December 31, 2015	<u>\$ 961,689</u>	<u>\$ 339,492</u>	<u>\$ 534,305</u>	<u>\$ 87,892</u>

EXHIBIT C-17

**STATEMENT OF DEFERRED CHARGES - CANCELLED GRANTS**

Balance, December 31, 2014	\$ 348,000
Decreased by:	
Received from Current Fund- Raised in 2015 Budget	<u>48,000</u>
Balance, December 31, 2015	<u>\$ 300,000</u>

TOWNSHIP OF MONTVILLE  
 SCHEDULE OF BOND ANTICIPATION NOTES  
 GENERAL CAPITAL FUND

Ord. No.	Improvement Description	Original	Date of			Interest Rate	Balance December 31, 2014	Issued	Matured	Balance December 31, 2015
			Original Issue	Issue	Maturity					
2013-19	Various Improvements	\$ 53,960	10/10/13	10/09/14	10/09/15	1.00%	\$ 53,960		\$ 53,960	
2013-19	Various Improvements	251,040	10/09/14	10/09/14 10/08/15	10/09/15 10/07/16	1.00% 1.50%	251,040	\$ 200,000	251,040	\$ 200,000
2013-19	Various Improvements	1,070,000	10/08/15	10/08/15	10/07/16	1.50%		1,070,000		1,070,000
2014-09	Various Improvements - Roads	420,000	10/09/14	10/09/14 10/08/15	10/09/15 10/07/16	1.00% 1.50%	420,000	340,000	420,000	340,000
2014-17	Various Capital Improvements	116,980	10/09/14	10/09/14 10/08/15	10/09/15 10/07/16	1.00% 1.50%	116,980	100,000	116,980	100,000
2014-17	Various Capital Improvements	359,000	10/08/15	10/08/15	10/07/16	1.50%		359,000		359,000
2015-04	Various Capital Improvements	846,000	10/08/15	10/08/15	10/07/16	1.50%		846,000		846,000
							<u>\$ 841,980</u>	<u>\$ 2,915,000</u>	<u>\$ 841,980</u>	<u>\$ 2,915,000</u>
Renewals								\$ 640,000	640,000	
New Issues								2,275,000		
Funded by Budget Appropriation									201,980	
							<u>\$ 2,915,000</u>	<u>\$ 841,980</u>		

**TOWNSHIP OF MONTVILLE  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
GENERAL CAPITAL FUND**

Ord. No.	Improvement Description	Balance December 31, 2014		2015 Authorizations	Improvement Authorizations Cancelled	Notes Issued	Contribution/ Grant Receipts	Balance December 31, 2015	
		General	Open Space					General	Open Space
1099/1130	Acquisition and Construction of Certain Capital Projects	\$ 25						\$ 25	
01-19	Acq. of Various Parcels of Land		\$ 433						\$ 433
01-23/02-49	Acquisition of Property		4,600						4,600
02-18/02-68	Acquisition of Property		1,828						1,828
04-26	Impvts. To Future Bldg. of DPW, Water and Sewer Utility	125						125	
07-53	Purchase of Mobile Data Terminals	500						500	
09-20	Various Capital Improvements	6,700						6,700	
2011-13	Various Capital Improvements	60,513			\$ 8,833			51,680	
2012-11	Various Capital Improvements	313,059			29,888			283,171	
2013-19	Various Capital Improvements	1,482,284			57,300	\$ 1,070,000		354,984	
2014-09	Various Improvements - Roads	132,000					\$ 6,552	125,448	
2014-17	Various Capital Improvements	1,213,020			48,871	359,000		805,149	
2015-04	Various Capital Improvements			\$ 872,120		846,000		26,120	
2015-15	Various Capital Improvements			1,197,000		-		1,197,000	
		<u>\$ 3,208,226</u>	<u>\$ 6,861</u>	<u>\$ 2,069,120</u>	<u>\$ 144,892</u>	<u>\$ 2,275,000</u>	<u>\$ 6,552</u>	<u>\$ 2,850,902</u>	<u>\$ 6,861</u>

**WATER UTILITY FUND**

**TOWNSHIP OF MONTVILLE  
STATEMENT OF WATER UTILITY CASH - TREASURER**

	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance, December 31, 2014	\$ 1,897,916	-	\$ 1,371,905
<b>Increased by Receipts:</b>			
Consumer Accounts Receivable	\$ 3,211,651		
Financial Agreements Receivable	38,612		
Assessment Installment - Principal		\$ 269,900	
Received from Water Capital Fund	4,047		
Received from Water Assessment	6,890		
Interest on Investments	6,508		\$ 4,047
Interest on Assessment Installments		6,696	
Delinquent Interest On Assessments		194	
Capital Outlay			132,000
Capital Improvement Fund			7,000
Premium on Sale of Notes			3,766
Budget Appropriation Refunds	24,971		
Miscellaneous Revenue	<u>18,835</u>	<u>-</u>	<u>-</u>
	<u>3,311,514</u>	<u>\$ 276,790</u>	<u>146,813</u>
	5,209,430	276,790	1,518,718
<b>Decreased by Disbursements:</b>			
2015 Budget Appropriations	2,132,543		
2014 Appropriation Reserves	130,188		
Refund of Rents	199		
Improvement Authorizations			42,035
Payments to Water Operating Fund		6,890	4,047
Payments to Current Fund - Budget Revenue	504,000		
Accrued Interest on Bonds and Notes	<u>115,843</u>	<u>-</u>	<u>-</u>
	<u>2,882,773</u>	<u>6,890</u>	<u>46,082</u>
Balance, December 31, 2015	<u>\$ 2,326,657</u>	<u>\$ 269,900</u>	<u>\$ 1,472,636</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF WATER UTILITY CAPITAL CASH  
ANALYSIS OF CASH**

	Balance, December 31, <u>2015</u>
Capital Improvement Fund	\$ 56,751
Contracts Payable	80,086
Miscellaneous Reserves	379,331
Fund Balance	215,878
Reserve for Payment of Bonds	427,706
<u>Improvement Authorizations</u>	
Ord. 2009-14 Various Water Improvements	(3,099)
Ord. 2014-16 Various Water Improvements	221,933
Ord. 2015-02 GIS Mapping of Water Mains, Hydrants, Valves	11,540
Ord. 2015-16 Various Water Improvements	<u>82,510</u>
	<u>\$ 1,472,636</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE  
WATER UTILITY OPERATING FUND**

Balance, December 31, 2014		\$ 221,206
Increased by:		
Water Rents Levied		<u>3,204,951</u>
		3,426,157
Decreased by:		
Collections	\$ 3,211,651	
Less Refunds of Current Year Revenue	<u>(199)</u>	
		<u>3,211,452</u>
Balance, December 31, 2015		<u>\$ 214,705</u>

**STATEMENT OF CONNECTION CHARGES AND  
FINANCIAL AGREEMENTS RECEIVABLE  
WATER UTILITY OPERATING FUND**

Balance, December 31, 2014		\$ -
Increased by:		
Connection Charges Billed		<u>38,612</u>
		38,612
Decreased by:		
Collections		<u>38,612</u>
Balance, December 31, 2015		<u>\$ -</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES  
WATER UTILITY OPERATING FUND**

Balance, December 31, 2014	\$ 39,619
Increased by:	
Charged to 2015 Budget	<u>111,502</u>
	151,121
Decreased by:	
Cash Disbursements	<u>115,843</u>
Balance, December 31, 2015	<u>\$ 35,278</u>

EXHIBIT D-10

**STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, <u>2014</u>	Encumbrances <u>Restored</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries	\$ 16,885		\$ 16,885		\$ 16,885
Other Expenses	36,675	\$ 159,513	196,188	\$ 131,438	64,750
Statutory Expenditures					
Social Security System	<u>1,226</u>	<u>-</u>	<u>1,226</u>	<u>-</u>	<u>1,226</u>
	<u>\$ 54,786</u>	<u>\$ 159,513</u>	<u>\$ 214,299</u>	<u>\$ 131,438</u>	<u>\$ 82,861</u>
			Cash Disbursements	\$ 130,188	
			Encumbrances Payable	<u>1,250</u>	
				<u>\$ 131,438</u>	

**TOWNSHIP OF MONTVILLE  
STATEMENT OF ENCUMBRANCES PAYABLE  
WATER UTILITY OPERATING FUND**

Balance, December 31, 2014		\$ 159,513
Increased by:		
Charged to 2014 Appropriation Reserves	\$ 1,250	
Charged to 2015 Appropriations	<u>129,375</u>	
		<u>130,625</u>
		290,138
Decreased by:		
Encumbrances Restored to Appropriation Reserves		<u>159,513</u>
Balance, December 31, 2015		<u>\$ 130,625</u>

**STATEMENT OF DUE TO WATER OPERATING FUND  
WATER UTILITY CAPITAL FUND**

Increased by:		
Interest Earnings	\$ 4,047	
Decrease by:		
Cash Disbursed		<u>4,047</u>
Balance, December 31, 2015		<u>\$ -</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF FIXED CAPITAL  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2014		\$ 18,129,390
Increased By:		
Transfer from Fixed Capital Authorized and Uncompleted		<u>589,693</u>
		18,719,083
Decreased By:		
Improvement Authorizations Cancelled		<u>85</u>
Balance, December 31, 2015		<u>\$ 18,718,998</u>

EXHIBIT D-14

**STATEMENT OF RESERVE FOR AMORTIZATION  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2014		\$ 14,719,261
Increased by:		
Bond Anticipations Notes Funded by/Transferred to Assessment Fund	\$ 550,000	
Serial Bonds Paid by Operating Budget	370,000	
Transfer from Deferred Reserve for Amortization	<u>421,201</u>	
		1,341,201
Decreased by:		
Improvement Authorizations Cancelled	85	
Transferred to Reserve to Pay Debt Service	<u>74,478</u>	
		<u>74,563</u>
Balance, December 31, 2015		<u>\$ 15,985,899</u>

EXHIBIT D-15

**STATEMENT OF CONTRACTS PAYABLE  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2014		\$ 8,469
Increased by:		
Charges to Improvement Authorizations		<u>80,086</u>
		88,555
Decreased by:		
Restored to Improvement Authorizations		<u>8,469</u>
Balance, December 31, 2015		<u>\$ 80,086</u>

**TOWNSHIP OF MONTVILLE**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**  
**WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Balance December 31, 2014	2015 Authorizations		Costs to Fixed Capital	Authorizations Canceled	Balance December 31, 2015
			Deferred Reserve for Amortization	Deferred Charges to Future Revenue			
2010-25	Various Water Improvements	\$ 308,845			\$ 128,491	\$ 180,354	
2011-14	Various Water Improvements	140,000			113,356	26,644	
2012-12	Various Water Improvements	163,000			144,567	18,433	
2013-18	Various Water Improvements	221,500			203,279	18,221	
2014-16	Various Water Improvements	289,000				9,711	\$ 279,289
2015-02	GIS Mapping of Water Mains, Hydrants, Valves		\$ 55,000				55,000
2015-16	Various Water Improvements		132,000	\$ 250,000			382,000
		<u>\$ 1,122,345</u>	<u>\$ 187,000</u>	<u>\$ 250,000</u>	<u>\$ 589,693</u>	<u>\$ 253,363</u>	<u>\$ 716,289</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2014		\$ 873,500
Increased by:		
Capital Outlay/Capital Improvement Fund - 2015 Authorizations		<u>187,000</u>
		1,060,500
Decreased by:		
Improvement Authorizations Cancelled	\$ 173,010	
Transferred to Reserve for Amortization	<u>421,201</u>	
		<u>594,211</u>
Balance, December 31, 2015		<u>\$ 466,289</u>

Ord. 2014-16 Various Water Improvements		\$ 279,289
2015-02 GIS Mapping - Water Mains, Hydrants, Valves		55,000
Ord. 2015-16 Various Water Improvements		<u>132,000</u>
		<u>\$ 466,289</u>

**TOWNSHIP OF MONTVILLE  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Balance		2015 Authorizations			Contracts Payable Restored	Paid or Charged	Improvement Authorizations Canceled	Balance	
		December 31, 2014		Capital Improvement Fund	Water Utility Operating Fund 2015 Budget	Deferred Charges to Future Revenue				December 31, 2015	
		Funded	Unfunded							Funded	Unfunded
2007-22	Various Water Improvements	\$ 85							\$ 85		
2010-25	Various Water Improvements	174,478	\$ 5,876						180,354		
2011-14	Various Water Improvements	26,645							26,645		
2012-02	Plausha Water Expansion					\$ 461	\$ 461				
2012-12	Various Water Improvements	18,433							18,433		
2013-18	Various Water Improvements	15,856				8,008	5,643		18,221		
2014-16	Various Water Improvements	254,711						23,067	9,711	\$ 221,933	
2015-02	GIS Mapping of Water Mains, Hydrants, Valves			\$ 55,000				43,460		11,540	
2015-16	Various Water Improvements				\$ 132,000	\$ 250,000		49,490		82,510	
		<u>\$ 490,208</u>	<u>\$ 5,876</u>	<u>\$ 55,000</u>	<u>\$ 132,000</u>	<u>\$ 250,000</u>	<u>\$ 8,469</u>	<u>\$ 122,121</u>	<u>\$ 253,449</u>	<u>\$ 315,983</u>	
							Encumbered	\$ 80,086			
							Cash Disbursed	42,035			
								<u>\$ 122,121</u>			
							<b>By Resolution:</b>				
							Reserve for Amortization - to Fund Balance	\$ 85			
							Deferred Reserve for Amortization - to Fund Balance	173,010			
							Reserve to Pay Debt Service (Principal on Notes)	74,478			
							Authorized But Not Issued	5,875			
								<u>\$ 253,448</u>			
							Fixed Capital			85	
							Fixed Capital Authorized & Uncompleted			<u>253,363</u>	
								<u>\$ 253,448</u>			



**TOWNSHIP OF MONTVILLE  
STATEMENT OF CAPITAL IMPROVEMENT FUND  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2014	\$ 104,751
Increased by:	
Budget Appropriation	<u>7,000</u>
	111,751
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>55,000</u>
Balance, December 31, 2015	<u>\$ 56,751</u>

**STATEMENT OF MISCELLANEOUS RESERVES  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2014	<u>\$ 379,331</u>
Balance, December 31, 2015	<u>\$ 379,331</u>

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS  
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2014	\$ 353,227
Increased by:	
Improvement Authorizations Cancelled	<u>74,479</u>
Balance, December 31, 2015	<u>\$ 427,706</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
WATER UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2014</u>	2015 <u>Authorizations</u>	Authorizations <u>Cancelled</u>	Balance, December 31, <u>2015</u>
2009-14	Various Water Improvements	\$ 3,099			\$ 3,099
2010-25	Various Water Improvements	5,875		\$ 5,875	-
2015-16	Various Water Improvements	<u>                    </u>	<u>\$ 250,000</u>	<u>                    </u>	<u>250,000</u>
		<u>\$ 8,974</u>	<u>\$ 250,000</u>	<u>\$ 5,875</u>	<u>\$ 253,099</u>

**STATEMENT OF PROSPECTIVE ASSESSMENTS  
WATER UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date</u>	Total <u>Appropriated</u>	Down <u>Payment</u>	Balance, December 31, <u>2014</u>	Assessments <u>Confirmed</u>	Balance, December 31, <u>2015</u>
2012-02	Plausha Neighborhood Water Expansion	2/14/2012	\$ 1,050,000	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>
				<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>

**TOWNSHIP OF MONTVILLE  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Original Amount	Date of			Interest Rate	Balance December 31, 2014	Transferred to Assessment Trust Fund	Balance December 31, 2015
			Original Issue	Issue	Maturity				
2012-02	Plausha Water Expansion	\$ 550,000	10/10/2013	10/9/2014	10/9/2015	1.00%	\$ 550,000	\$ 550,000	\$
							<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ -</u>

**TOWNSHIP OF MONTVILLE  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
WATER UTILITY ASSESSMENT TRUST FUND**

Ord. No.	Improvement Description	Original Amount	Date of			Interest Rate	Transferred from Water Utility Capital Fund	Issued	Matured	Balance December 31, 2015
			Original Issue	Issue	Maturity					
2012-02	Plausha Water Expansion	550,000	10/10/2013	10/9/2014	10/9/2015	1.00%	\$ 550,000	\$ 550,000		
				10/8/2015	10/7/2016	1.50%	\$ 440,000	\$ 440,000	\$ 440,000	
							\$ 550,000	\$ 550,000	\$ 440,000	
								\$ 440,000	\$ 440,000	
								\$ 110,000	\$ 110,000	
							\$ 440,000	\$ 550,000		

**TOWNSHIP OF MONTVILLE  
STATEMENT OF ASSESSMENTS RECEIVABLE  
WATER UTILITY ASSESSMENT TRUST FUND**

Ord. No.	Improvement Description	Date of Confirmation	Confirmed in 2015			Balance December 31, 2015	Balance Pledged to	
			Assessment Notes	Reserve for Assessment	Collected		Assessment Notes	Reserve for Assessment
2012-02	Plausha Water Expansion	4/14/2015	\$ 550,000	\$ 6,500	\$ 269,900	\$ 286,600	\$ 280,100	\$ 6,500
			<u>\$ 550,000</u>	<u>\$ 6,500</u>	<u>\$ 269,900</u>	<u>\$ 286,600</u>	<u>\$ 280,100</u>	<u>\$ 6,500</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF RESERVE FOR ASSESSMENT AND LIENS  
WATER UTILITY ASSESSMENT TRUST FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Costs Raised Prior to Assessment</u>	<u>Balance December 31, 2015</u>
2012-02	Plausha Water Expansion	\$ 116,500	\$ 116,500
		<u>\$ 116,500</u>	<u>\$ 116,500</u>

**SEWER UTILITY FUNDS**

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF SEWER UTILITY CASH - TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2014	\$ 2,356,203	\$ 1,683,247
Increased by Receipts:		
Consumer Accounts Receivable	\$ 4,604,444	
Financial Agreements Receivable	69,013	
Miscellaneous Revenues	8,397	
Receipts from Sewer Utility Capital Fund	4,748	
Budget Appropriation Refunds	24,972	
Premium on Sale of Notes		\$ 2,097
Capital Improvement Fund		7,500
Capital Outlay		93,000
Bond Anticipation Note Proceeds		245,000
Interest on Investments	<u>7,200</u>	<u>4,748</u>
	<u>4,718,774</u>	<u>352,345</u>
	7,074,977	2,035,592
Decreased by Disbursements:		
2015 Budget Appropriations	3,663,018	
2014 Appropriation Reserves	49,308	
Refund of Current Year Revenue	440	
Refund of Prior Year Revenue	622	
Paid to Sewer Utility Operating Fund		4,748
Bond Anticipation Note Redemption		245,000
Improvement Authorizations		82,556
Payments to Current Fund - Budget Revenue	504,000	
Accrued Interest on Bonds, Notes and Loans	<u>240,325</u>	<u>-</u>
	<u>4,457,713</u>	<u>332,304</u>
Balance, December 31, 2015	<u>\$ 2,617,264</u>	<u>\$ 1,703,288</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF SEWER UTILITY CAPITAL CASH  
SEWER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2015</u>
Reserve for Payment of Debt Service	\$ 750,388
Miscellaneous Reserves	10,259
Contracts Payable	153,581
Capital Improvement Fund	100,500
Fund Balance	423,824
<u>Improvement Authorization</u>	
Ord. 2004-24 Purchase of Jet Vac Truck	(750)
Ord. 2010-26 Various Sewer Improvements	(428)
Ord. 2012-13 Various Sewer Improvements	236,895
Ord. 2013-20 Various Sewer Improvements	(4,429)
Ord. 2014-18 Various Sewer Improvements	18,792
Ord. 2015-03 GIS Mapping of Sewer Mains and Manholes	11,540
Ord. 2015-17 Various Sewer Improvements	<u>3,116</u>
	 <u>\$ 1,703,288</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2014		\$ 455,232
Increased by:		
Sewer Rents Levied		<u>4,608,680</u>
		5,063,912
Decreased by:		
Collections:		
Cash Receipts	\$ 4,604,444	
Less Refund of Current Year Revenue	<u>(440)</u>	
		<u>4,604,004</u>
Balance, December 31, 2015		<u><u>\$ 459,908</u></u>

**STATEMENT OF CONNECTION CHARGES AND  
FINANCIAL AGREEMENTS RECEIVABLE  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2014		\$ 16,865
Increased by:		
Connection Charges - Financial Agreements Billed		<u>68,266</u>
		85,131
Decreased by:		
Collections		<u>69,013</u>
Balance, December 31, 2015		<u><u>\$ 16,118</u></u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF 2014 APPROPRIATION RESERVES  
SEWER UTILITY OPERATING FUND**

	Balance, December 31, <u>2014</u>	Encumbrances <u>Restored</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 26,848		\$ 26,848		\$ 26,848
Other Expenses	196,821	\$ 159,922	356,743	\$ 49,308	307,435
Statutory Expenditures					
Contribution to Social Security System (O.A.S.I.)	<u>3,365</u>	<u>-</u>	<u>3,365</u>	<u>-</u>	<u>3,365</u>
	<u>\$ 227,034</u>	<u>\$ 159,922</u>	<u>\$ 386,956</u>	<u>\$ 49,308</u>	<u>\$ 337,648</u>
			Cash Disbursed	<u>\$ 49,308</u>	

EXHIBIT E-10

**STATEMENT OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2014	\$ 44,407
Increased by:	
Charged to 2015 Budget	<u>235,275</u>
	279,682
Decreased by:	
Cash Disbursements	<u>240,325</u>
Balance, December 31, 2015	<u>\$ 39,357</u>
	Accrued Interest on Bonds \$ 31,728
	Accrued Interest on Notes 837
	Accrued Interest on Loans <u>6,792</u>
	<u>\$ 39,357</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF ENCUMBRANCES PAYABLE  
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2014	\$ 159,922
Increased by:	
Charged to 2015 Budget	<u>60,957</u>
	220,879
Decreased by:	
Encumbrances Restored to Appropriation Reserves	<u>159,922</u>
Balance, December 31, 2015	<u>\$ 60,957</u>

**STATEMENT OF FIXED CAPITAL  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2014	\$ 55,844,020
Increased By:	
Transfer from Fixed Capital Authorized and Uncompleted	<u>198,561</u>
	56,042,581
Decreased By:	
Authorizations Cancelled	<u>11,801</u>
Balance, December 31, 2015	<u>\$ 56,030,780</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
SEWER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Balance, December 31, 2014	2015 Authorizations		Costs to Fixed Capital	Authorizations Cancelled	Balance, December 31, 2015
			Deferred Reserve for Amortization	Deferred Charges to Future Revenue			
2011-15	Various Sewer Improvements	\$ 252,500			\$ 198,561	\$ 53,939	
2012-13	Various Sewer Improvements	418,000					\$ 418,000
2013-20	Various Sewer Improvements	400,500				7,350	393,150
2014-18	Various Sewer Improvements	443,000				23,100	419,900
2015-03	GIS Mapping of Sewer Mains and Manholes		\$ 55,000				55,000
2015-17	Various Sewer Improvements		93,000	\$ 350,000			443,000
		<u>\$ 1,514,000</u>	<u>\$ 148,000</u>	<u>\$ 350,000</u>	<u>\$ 198,561</u>	<u>\$ 84,389</u>	<u>\$ 1,729,050</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF RESERVE FOR AMORTIZATION  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2014		\$	48,246,036
Increased by:			
Serial Bonds Paid by Operating Budget	\$		650,000
Wastewater Loans Paid by Operating Budget			96,540
Wastewater Loan Reduced by EIT			86,005
Transfer from Deferred Reserve for Amortization			<u>21,061</u>
			<u>853,606</u>
			49,099,642
Decreased by:			
Transferred to Reserve for Payment of Debt Service - Cancelled Improvement Authorization - Funded by Loan			<u>10,598</u>
Balance, December 31, 2015		\$	<u>49,089,044</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF SERIAL BONDS  
SEWER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
			<u>December 31, 2015 Date</u>	<u>Amount</u>				
General Bonds	5/15/2008	\$ 5,970,000	5/15/2016	\$ 410,000	5.000%	\$ 3,760,000	\$ 410,000	\$ 3,350,000
			5/15/2017	420,000	5.000%			
			5/15/18-22	420,000	3.500%			
			5/15/2023	420,000	3.625%			
Refunding Bonds	8/15/2010	2,245,000	2/15/2016	85,000	3.250%	165,000	80,000	85,000
General Bonds	10/25/2013	2,370,000	10/15/16-18	160,000	4.000%	2,285,000	160,000	2,125,000
			10/15/19-23	160,000	3.000%			
			10/15/2024	165,000	3.000%			
			10/15/25-26	170,000	3.000%			
			10/15/2027	170,000	3.125%			
			10/15/2028	170,000	3.250%			
						<u>\$ 6,210,000</u>	<u>\$ 650,000</u>	<u>\$ 5,560,000</u>
						Paid by Budget Appropriation <u>\$ 650,000</u>		

**TOWNSHIP OF MONTVILLE  
STATEMENT OF WASTEWATER LOANS PAYABLE  
SEWER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2014</u>	<u>Decreased</u>	Balance, December 31, <u>2015</u>
2010 Wastewater Loan	\$ 415,000	\$ 20,000	\$ 395,000
2010 Fund Loan	<u>1,148,103</u>	<u>162,545</u>	<u>985,558</u>
	<u>\$ 1,563,103</u>	<u>\$ 182,545</u>	<u>\$ 1,380,558</u>
Paid by Budget Appropriation		\$ 96,540	
Reduction in Loan - Cancelled by State		<u>86,005</u>	
		<u>\$ 182,545</u>	

EXHIBIT E-17

**STATEMENT OF RESERVE FOR PAYMENT OF DEBT SERVICE  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2014	\$ 863,212
Increased by:	
Fully Funded Improvement Authorizations Cancelled	<u>10,599</u>
	873,811
Decreased by:	
Cancellation of Receivable	<u>123,423</u>
Balance, December 31, 2015	<u>\$ 750,388</u>

EXHIBIT E-18

**STATEMENT OF MISCELLANEOUS RESERVES  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2014	<u>\$ 10,259</u>
Balance, December 31, 2015	<u>\$ 10,259</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF CAPITAL IMPROVEMENT FUND  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2014	\$ 93,000
Increased by:	
2015 Budget Appropriation	<u>7,500</u>
Balance, December 31, 2015	<u>\$ 100,500</u>

**STATEMENT OF CONTRACTS PAYABLE  
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2014	\$ 23,630
Increased by:	
Charges to Improvement Authorizations	<u>153,581</u>
	177,211
Decreased by:	
Restored to Improvement Authorizations	<u>23,630</u>
Balance, December 31, 2015	<u>\$ 153,581</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION  
SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2014</u>	Paid from Operating Budget: Bond Anticipation <u>Notes</u>	Authorizations Cancelled <u>To Surplus</u>	To Reserve for Amortization <u>Fixed Capital</u>	Authorized in <u>2015</u>	Balance, December 31, <u>2015</u>
2011-15	Various Sewer Improvements	\$ 75,000		\$ 53,939	\$ 21,061		
2012-13	Various Sewer Improvements	118,000	\$ 55,000				\$ 173,000
2013-20	Various Sewer Improvements	100,500					100,500
2014-18	Various Sewer Improvements	93,000					93,000
2015-03	GIS Mapping of Sewer Mains and Manholes					\$ 55,000	55,000
2015-07	Various Sewer Improvements					<u>93,000</u>	<u>93,000</u>
		<u>\$ 386,500</u>	<u>\$ 55,000</u>	<u>\$ 53,939</u>	<u>\$ 21,061</u>	<u>\$ 148,000</u>	<u>\$ 514,500</u>

**TOWNSHIP OF MONTVILLE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
SEWER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2014		2015 Authorization			Paid or Charged	Prior Year Contracts Payable Restored	Improvement Authorizations Cancelled	Balance, December 31, 2015	
			Funded	Unfunded	Capital Fund Balance	Capital Outlay	Deferred Charges to Future Revenue				Funded	Unfunded
2009-15	Various Sewer Improvements	\$ 2,224,800	\$ 10,599							\$ 10,599		
2010-26	Various Sewer Improvements	227,500		\$ 1,203						1,203		
2011-15	Various Sewer Improvements	252,500	53,939.00							53,939		
2012-13	Various Sewer Improvements	418,000		246,367			\$ 9,977	\$ 505			\$ 236,895	
2013-20	Various Sewer Improvements	400,500	15,262.00	300,000			22,916	3,225	7,350		288,221	
2014-18	Various Sewer Improvements	443,000	68,792	350,000			69,900	19,900	23,100		345,692	
2015-03	GIS Mapping of Sewer Mains and Manholes	55,000			\$ 55,000		43,460				\$ 11,540	
2015-17	Various Sewer Improvements	443,000				\$ 93,000	\$ 350,000	89,884			3,116	350,000
			<u>\$ 148,592</u>	<u>\$ 897,570</u>	<u>\$ 55,000</u>	<u>\$ 93,000</u>	<u>\$ 350,000</u>	<u>\$ 236,137</u>	<u>\$ 23,630</u>	<u>\$ 96,191</u>	<u>\$ 14,656</u>	<u>\$ 1,220,808</u>
								Contracts Payable	\$ 153,581			
								Cash Disbursed	<u>82,556</u>			
									<u>\$ 236,137</u>			
								Authorized But Not Issued	\$ 31,653			
								Capital Fund Balance	53,939			
								Reserve to Pay Debt Service	<u>10,599</u>			
									<u>\$ 96,191</u>			

**TOWNSHIP OF MONTVILLE  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
SEWER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Original Amount	Date of			Interest Rate	Balance December 31, 2014	Issued	Matured	Balance December 31, 2015
			Original Issue	Issue	Maturity					
2012-13	Various Sewer Improvements	\$ 250,000	10/10/13	10/9/2014 10/8/2015	10/9/2015 10/7/2016	1.00% 1.50%	\$ 250,000	\$ 200,000	\$ 250,000	\$ 200,000
2012-13	Various Sewer Improvements	50,000	10/9/2014	10/9/2014 10/8/2015	10/9/2015 10/7/2016	1.00% 1.50%	50,000	45,000	50,000	45,000
							<u>\$ 300,000</u>	<u>\$ 245,000</u>	<u>\$ 300,000</u>	<u>\$ 245,000</u>
								\$ 245,000	\$ 245,000	
									55,000	
								<u>\$ 245,000</u>	<u>\$ 300,000</u>	

Renewals  
Funded by Budget Appropriation

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**SEWER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2014</u>	Authorized in <u>2015</u>	Authorizations Cancelled	Balance, December 31, <u>2015</u>
2004-24	Purchase of Jet Vac Truck	\$ 750			\$ 750
2010-26	Various Sewer Improvements	1,631		\$ 1,203	428
2013-20	Various Sewer Improvements	300,000		7,350	292,650
2014-18	Various Sewer Improvements	350,000		23,100	326,900
2015-17	Various Sewer Improvements		\$ 350,000		350,000
		<u>\$ 652,381</u>	<u>\$ 350,000</u>	<u>\$ 31,653</u>	<u>\$ 970,728</u>

**TOWNSHIP OF MONTVILLE**  
**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS RECEIVABLE**  
**SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2014	\$ 123,423
Decreased by:	
Cancellation	<u>123,423</u>
Balance, December 31, 2015	<u>\$ -</u>

**TOWNSHIP OF MONTVILLE**  
**MORRIS COUNTY, NEW JERSEY**

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**PART II**  
**GOVERNMENT AUDITING STANDARDS**



# LERCH, VINCI & HIGGINS, LLP

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

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of Montville  
Montville, New Jersey

We have audited, in accordance with the 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Montville as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2016. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Montville'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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Montville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Montville'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 Township's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Montville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted a certain matter that is not required to be reported under Government Auditing Standards that we reported to management of the Township of Montville in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

### **Purpose of this Report**

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

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary L. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 27, 2016

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

<u>Federal Funding Department</u>	<u>Grant or State Project Number</u>	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>2015 Grant Receipts</u>	<u>Balance, December 31, 2014</u>	<u>Revenue Realized</u>	<u>Expendi- tures</u>	<u>Cancelled</u>	<u>Balance, December 31, 2015</u>	<u>Memo Cumulative Total Expenditure</u>
U.S. Department of Health and Human Services (Passed through State Div. Epidemiology Comm Dis Cont)											
Pandemic Influenza Planning		2013	93.069	\$ 360		\$ 360		\$ 360			\$ 360
Pandemic Influenza Planning		2008	93.069	7,816		744		465		\$ 279	7,537
Health Services Grant - Influenza - H1N1 Virus		2009	93.069	78,434		51,255		-		51,255	27,179
FEMA - Disaster Grants - 2010 Storm		2015	97.036		\$ 188		\$ 188	188			
Bullet Proof Vest		2014				9,221				9,221	
U.S. Department of Transportation (Passed through State Div. of Highway Traffic Safety)											
Click it Or Ticket	1160-100-113	2015	20.602	4,000	4,000	-	4,000	4,000	-	-	4,000
						<u>\$ 61,580</u>	<u>\$ 4,188</u>	<u>\$ 5,013</u>	<u>\$ -</u>	<u>\$ 60,755</u>	

Note - This schedule was not subject to single audit requirements of U.S. Uniform Guidance

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

State Grant Program	Grant Number/ Account Numbers	Grant Year	2015 Grant Receipts	Grant Award Amount	Balance, December 31, 2014	Revenue	Expended	Encumbrances Restored	Adjustment/ Cancelled	Balance, December 31, 2015	Memo Cumulative Total Expenditures
Alcohol Education and Rehabilitation Program	9735-760-001	2015	\$ 1,709	\$ 1,709		\$ 1,709	\$ 353			\$ 1,356	\$ 353
		2014			\$ 1,595		1,595			-	
		2012			647		647			-	
		2010			680		680			-	955
Alcoholism and Drug Abuse Awareness Program (Passed through County of Morris)	**	2014	2,668		3,386		3,374	\$ 71	\$ 83	-	13,972
		2015	17,244	17,244		17,244	12,849		112	4,283	14,041
										-	
Clean Communities Grant	4900-765-004	2015	50,220	50,220		50,220	21,458			28,762	21,458
		2014			39,864		39,864			-	1,375
		2013			15,175		14,666			509	43,460
		2012			-		-			-	
Recycling Tonnage Grant	4900-752-001	2015		59,235		59,235				59,235	
		2014									
		2013			45,883		16,915			28,968	28,341
		2012			1,000		1,000			-	89,987
		2008			5,672					5,672	6,072
Drunk Driving Enforcement Fund	1110-448-031020-22	2011			4,735					4,735	8,264
Prevention of Smoking	100-046-4243-130-6120	2009			720					720	
		2008			341					341	409
		2007			69					69	
		2006			493					493	
		2005			697					697	
		2004			121					121	
		2003			904					904	
		2002			242					242	
		2001			83					83	653
Recreational Opportunities For Individuals with Disabilities		2015		35,000		35,000	4,298			30,702	4,298
Handicapped Recreation Opportunity Grant	8050-100-035	2014			10,510	-	4,766			5,744	13,490
		2015	20,000	20,000		20,000	15,402			4,598	10,057
Public Health Priority Funding	4230-100-307	2010			77					77	1,509
		2009			73					73	3,614
		2008			2,042					2,042	108

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

State Grant Program	Grant Number	Grant Year	2015 Grant Receipts	Grant Award Amount	Balance, December 31, 2014	Revenue	Expended	Encumbrances Restored	Cancelled	Balance, December 31, 2015	Memo Cumulative Total Expenditures
Smart Growth	**	2001			\$ 6,909					\$ 6,909	
Police Body Armor Fund	1160-100-057	2015				\$ 3,621				3,621	
		2014			4,610		\$ 2,625			1,985	\$ 2,625
		2013			6,244					6,244	1,233
		2012								-	3,496
		2010								-	1,452
										-	
Bullet Proof Vests Partnership	**	2004			258		-		\$ 258	-	2,995
										-	
Safe Corridors	**	2015	\$ 20,570	\$ 20,570		20,570	17,735			2,835	17,735
	**	2014			18,504		18,504			-	
		2013			224					224	
New Jersey Highlands Council - Plan Conformance Grant	**	2012			71,896					71,896	30,149
		2010			625					625	54,455
		2015				25,000	25,000				
U.S. Department of Transportation (Passed through State Div. of Highway Traffic Safety) Ord. 13-19 Woodmont Grant		2013		200,000	200,000		200,000				200,000
		2015	127,500	170,000		170,000	170,000				170,000
Sustainable New Jersey		2014			-	-	-	\$ 2,000	-	2,000	10,000
					\$ 444,279	\$ 402,599	\$ 571,731	\$ 2,071	\$ 453	\$ 276,765	

\*\* Not Available

Note - This schedule was not subject to single audit requirements of NJ OMB Circular 15-08

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

**TOWNSHIP OF MONTVILLE  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
 AND STATE FINANCIAL ASSISTANCE  
 YEAR ENDED DECEMBER 31, 2015**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Montville. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Township's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 4,188	\$ 402,599	\$ 406,787
Total Financial Awards	<u>\$ 4,188</u>	<u>\$ 402,599</u>	<u>\$ 406,787</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

**TOWNSHIP OF MONTVILLE  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The Township's federal and state loans outstanding at December 31, 2015, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Amount</u>
Green Trust	1421-89-032	\$ 225,223
Environmental Infrastructure		
Trust Loan	2001A	50,000
Fund Loan	2001A	37,893
Trust Loan	2002	300,000
Fund Loan	2002	234,306
Trust Loan	2003	110,000
Fund Loan	2003	229,490
Wastewater Trust Loan	1991	395,000
Wastewater Trust Loan	1991	<u>985,558</u>
		<u>\$ 2,567,470</u>

**NOTE 6 RECLASSIFICATIONS**

Certain grant programs have been reclassified at December 31, 2014 from federal (schedule A) to state programs (schedule B) for the following:

<u>Federal/State Grant Program</u>	<u>Account Number</u>	<u>Balance, December 31, 2014</u>
U.S. Department of Transportation	20.2015	\$200,000

**TOWNSHIP OF MONTVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*Part I – Summary of Auditor's Results*

**Financial Statements**

- |   |                                     |
|---|-------------------------------------|
| A) Type of auditor's report issued on financial statements                          | <u>Unmodified- Regulatory Basis</u> |
| B) Internal control over financial reporting:                                       |                                     |
| 1) Material weakness(es) identified   | _____ yes <u>  X  </u> no           |
| 2) Significant deficiency(ies) that are not considered to be material weakness(es)? | _____ yes <u>  X  </u> none         |
| C) Noncompliance material to the financial statements noted?                        | _____ yes <u>  X  </u> no           |

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**TOWNSHIP OF MONTVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*Part 2 – Schedule of Financial Statement Findings*

This section identified significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**TOWNSHIP OF MONTVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

Not Applicable.

**TOWNSHIP OF MONTVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

**STATUS OF PRIOR YEAR FINDINGS**

There are none.

**TOWNSHIP OF MONTVILLE**  
**COUNTY OF MORRIS**  
**PART III**  
**SUPPLEMENTARY DATA**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2015**

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
CURRENT FUND**

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,436,000	1.30%	\$ 1,436,000	1.32%
Miscellaneous - From Other Than Local				
Property Tax Levies	7,328,701	6.63%	7,369,432	6.79%
Collection of Delinquent Taxes and Tax Title Liens	934,057	0.84%	1,011,524	0.93%
Collection of Current Tax Levy	100,442,112	90.81%	98,203,536	90.50%
Other Credits	<u>465,166</u>	<u>0.42%</u>	<u>489,230</u>	<u>0.45%</u>
Total Income	<u>110,606,036</u>	<u>100.00%</u>	<u>108,509,722</u>	<u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	26,612,347	24.40%	26,298,781	24.47%
County Taxes	12,235,316	11.22%	12,195,058	11.35%
Local School Taxes	66,656,317	61.12%	65,390,756	60.85%
Special District Taxes	3,401,070	3.12%	3,449,503	3.21%
Other Expenditures	<u>156,098</u>	<u>0.14%</u>	<u>136,428</u>	<u>0.13%</u>
Total Expenditures	<u>109,061,148</u>	<u>100.00%</u>	<u>107,470,526</u>	<u>100.00%</u>
Less: Expenditures Included Above Which by Statute are Deferred Charges to Succeeding Year's Budget	<u>-</u>		<u>50,000</u>	
Total Adjusted Expenditures	<u>109,061,148</u>		<u>107,520,526</u>	
Excess in Revenue	1,544,888		1,089,196	
Fund Balance, January 1	<u>2,277,826</u>		<u>2,624,630</u>	
	3,822,714		3,713,826	
Less Utilization as Anticipated Revenue	<u>1,436,000</u>		<u>1,436,000</u>	
Fund Balance, December 31	<u>\$ 2,386,714</u>		<u>\$ 2,277,826</u>	

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
WATER UTILITY OPERATING FUND**

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Surplus Utilized			\$ 249,000	7.39%
Collection of Water Fees	\$ 3,211,452	95.32%	2,918,180	86.62%
Connection Fees	38,612	1.15%	63,311	1.88%
Miscellaneous - From Other than Water Fees	36,280	1.08%	30,980	0.92%
Other Credits	<u>82,861</u>	<u>2.46%</u>	<u>107,658</u>	<u>3.20%</u>
 Total Income	 <u>3,369,205</u>	 <u>100.00%</u>	 <u>3,369,129</u>	 <u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Operating	1,747,783	68.28%	1,710,729	55.96%
Capital Improvements	139,000	5.43%	350,000	11.45%
Debt Service	591,502	23.11%	863,914	28.26%
Deferred Charges and Statutory Expenditures	81,628	3.19%	82,485	2.70%
Judgments		0.00%	50,000	1.64%
Refund of Prior Year Revenue	<u>-</u>	<u>0.00%</u>	<u>30</u>	<u>0.00%</u>
 Total Expenditures	 <u>2,559,913</u>	 <u>100.00%</u>	 <u>3,057,158</u>	 <u>100.00%</u>
 Excess in Revenue	 809,292		 311,971	
 Fund Balance, January 1	 <u>1,643,998</u>		 <u>2,017,627</u>	
	2,453,290		2,329,598	
Decreased by:				
Utilization as Anticipated Revenue			249,000	
Utilization by Current Fund Budget	<u>504,000</u>		<u>436,600</u>	
 Fund Balance, December 31	 <u>\$ 1,949,290</u>		 <u>\$ 1,643,998</u>	

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
SEWER UTILITY OPERATING FUND**

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Surplus Anticipated			\$ 100,000	1.92%
Fees	\$ 4,604,004	91.51%	4,803,068	92.13%
Connection Fees	69,013	1.37%	122,030	2.34%
Miscellaneous	20,345	0.40%	13,285	0.25%
Other Credits	<u>337,648</u>	<u>6.71%</u>	<u>174,902</u>	<u>3.35%</u>
 Total Income	 <u>5,031,010</u>	 <u>100.00%</u>	 <u>5,213,285</u>	 <u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Operating	2,949,063	71.23%	2,905,134	67.54%
Debt Service	1,036,815	25.04%	1,218,002	28.32%
Capital Improvements	100,500	2.43%	100,500	2.34%
Deferred Charges and Statutory Expenditures	53,126	1.28%	77,765	1.81%
Refund of Prior Year Revenue	<u>622</u>	<u>0.02%</u>	<u>-</u>	<u>0.00%</u>
 Total Expenditures	 <u>4,140,126</u>	 <u>100.00%</u>	 <u>4,301,401</u>	 <u>100.00%</u>
 Excess in Revenue	 890,884		 911,884	
 Fund Balance, January 1	 <u>1,924,840</u>		 <u>1,549,556</u>	
	2,815,724		2,461,440	
Decreased by:				
Utilized as Anticipated Revenue			100,000	
Utilized by Current Fund Budget	<u>504,000</u>		<u>436,600</u>	
 Fund Balance, December 31	 <u>\$ 2,311,724</u>		 <u>\$ 1,924,840</u>	

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>2.220</u>	<u>\$2.188</u>	<u>\$2.157</u>
<u>Apportionment of Tax Rate</u>			
Municipal (including Open Space)	.433	.431	.427
Municipal Library	.035	.035	.035
County (including Open Space)	.272	.271	.269
Local School District	1.480	1.451	1.426

Assessed Valuation

2015	<u>\$4,504,892,348</u>	
2014		<u>\$4,506,734,982</u>
2013		<u>\$4,503,883,855</u>

**Comparison of Tax Levies and Collection Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 102,041,735	\$ 101,192,112	99.16%
2014	100,586,982	99,371,536	98.79%
2013	99,232,360	97,993,082	98.75%

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$ 308,264	\$ 701,017	\$ 1,009,281	0.99%
2014	199,720	968,189	1,167,909	1.16%
2013	169,499	1,015,227	1,184,726	1.19%

**Property Acquired by Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2015	\$411,000
2014	411,000
2013	411,000

**Comparative Schedule of Fund Balances**

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2015	\$2,386,714	\$1,544,000
	2014	2,277,826	1,436,000
	2013	2,624,630	1,436,000
	2012	2,007,513	1,436,000
	2011	2,140,142	1,436,000
Water Utility Operating Fund	2015	\$1,949,290	\$504,000 *
	2014	1,643,998	504,000
	2013	2,017,627	658,600
	2012	2,257,625	711,600
	2011	1,918,419	436,600
Sewer Utility Operating Fund	2015	\$2,311,724	\$504,000 *
	2014	1,924,840	504,000
	2013	1,549,556	536,600
	2012	1,450,671	946,600
	2011	2,714,302	2,126,600

\* Fund balance amounts are anticipated as revenue in the Current Fund budget of the subsequent year.

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Scott Gallopo	Mayor		A
James Sandham, Jr.	Committeeman		A
Donald Kostka	Committeeman		A
Deborah Nielson	Committeewoman		A
Richard D. Conklin	Committeeman		A
Gertrude Atkinson	Township Clerk, Improvement Search Officer		A
Victor Canning	Administrator		
Katie Yanke	Director of Finance		
Thomas Lenhardt	Tax Assessor		A
Chris Corcoran	Tax Collector, Tax Search Officer	300,000	B
Brian Laird	Construction Code Official		A
Mark Mantyla	Township Engineer		
Rudy Appelmann	Chief of Police		A
Joseph Deming	Municipal Court Judge		B
Sherry Pressman	Court Administrator		B
Mark Mantyla	Director, Department of Land Use		A
William Wallace	Director, Department of Health		A
Lori Dent	Director, Department of Parks and Recreation		A

	<u>Coverage</u>	<u>Issued by</u>	<u>Position Covered</u>	<u>Period Covered</u>
A	\$1,000,000	Morris County Municipal Joint Insurance Fund	Public Officials/ Employment Liability	1/1/15 - 1/1/16
B	\$1,000,000 per loss per employee	Municipal Excess Liability Company of America	Statutory Position Bond	1/1/15 - 1/1/16

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**Current Year Comment**

Our audit of the Municipal Court revealed that bail disbursements are not being entered into the ATS/ACS system in the month in which they are disbursed. It is recommended that all bail disbursements be entered into the ATS/ACS system in a timely manner.

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$36,000 (January 2015-June 2015) and \$40,000 (July 2015-Present), except by contract or agreement."

The Purchasing Agent and the Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

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

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

- Grass Cutting Services
- Solid Waste, Recyclable Materials and Vegetative Waste Collection
- Water and Sewer GIS Services
- Community Center Parking Lot Employment Project
- Senior House Project
- Woodmont Road Improvement Project
- Douglas Drive Improvement Project
- Janitorial Services

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. The Township does maintain an accumulation of cost by vendor. Disbursements were reviewed to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal instances where expenditures were made in excess of \$40,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**Collection of Interest of Delinquent Taxes and Assessments**

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

The Township Committee on January 6, 2015 adopted the following resolutions:

BE IT RESOLVED, by the Township Committee of the Township of Montville, that the rate of interest to be charged and collected by the Tax Collector and her Department shall be as follows:

1. On all unpaid and delinquent taxes, the rate of eight (8%) percent per annum on the first \$1,500.00 of the delinquency and eighteen (18%) per cent per annum on any amount in excess of \$1,500.00
2. On all unpaid and delinquent improvement assessments, the rate of eight (8%) percent per annum on the first \$1,500.00 of the delinquency and twelve (12%) percent per annum on any amount in excess of \$1,500.00
3. No interest shall be charged on taxes if payment is made within ten (10) calendar days after the date upon which the same becomes payable.
4. That a penalty be charged to a taxpayer in the amount of six (6%) percent of a delinquency in excess of \$10,000.00 who fails to pay the delinquency prior to the end of the calendar year as authorized by N.J.S.A. 54:5-61.
5. That when the taxes, interest and costs on a Tax Sale Certificate shall exceed the sum of \$5,000.00, an additional penalty shall be equal to four (4%) percent of the amount paid; and when that sum exceeds \$10,000.00, such additional penalty shall be equal to six percent (6%) of such amount paid as authorized by N.J.S.A. 54:5-61.
6. That the provisions of this Resolution shall apply to all existing Tax Sale Certificates.

An examination of the Collector's records revealed interest was collected in accordance with the applicable resolutions.

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**Collection of Interest of Delinquent Taxes and Assessments (Continued)**

**Delinquent Assessments and Tax Title Liens**

The last tax sale was held on October 21, 2015.

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

<u>Year</u>	<u>Number of Liens</u>
2015	36
2014	31
2013	31

**Suggestions to Management**

1. Continued efforts be made to incorporate escrow balances in the internal accounting records.

**APPRECIATION**

We desire to express our appreciation to the Administrator, Chief Financial Officer and other Township staff who assisted us during the course of our audit.

**TOWNSHIP OF MONTVILLE  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

1. All bail disbursements be entered into the ATS/ACS system in a timely manner.

**Status of Prior Year's Audit Findings/Recommendations**

A review was performed on all prior year's recommendations and corrective action was taken on all.

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The recommendations noted in our review were not such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411