

REPORT OF AUDIT

BOROUGH OF POMPTON LAKES

COUNTY OF PASSAIC

DECEMBER 31, 2015

BOROUGH OF POMPTON LAKES

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BOROUGH OF POMPTON LAKES

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

June 13, 2016

The Honorable Mayor and
Members of the Borough Council
Borough of Pompton Lakes
Pompton Lakes, New Jersey 07442

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Pompton Lakes in the County of Passaic, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

The Borough did not maintain a fixed asset accounting system as promulgated by the Division of Local Government Services and N.J.A.C. 5:30-5.6 and we were unable to satisfy ourselves as to the carrying value of the general fixed assets by other auditing procedures.



Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Pompton Lakes’s basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



The Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016 on our consideration of the Borough of Pompton Lakes'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 Borough of Pompton Lakes's internal control over financial reporting and compliance.

Charles J. Ferraioli, Jr.

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Registered Municipal Accountant
No. 388

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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Certified Public Accountants
Pompton Lakes, New Jersey

June 13, 2016



Borough of Pompton Lakes , N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 4,254,875.30	6,121,932.75
Change Fund	A-6	465.00	465.00
		<u>4,255,340.30</u>	<u>6,122,397.75</u>
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	59,511.14	59,140.59
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	469,841.88	458,700.28
Tax Title Liens Receivable	A-9	245,212.57	235,553.74
Property Acquired for Taxes - Assessed Valuation	A-10	318,075.00	318,075.00
Revenue Accounts Receivable	A-11	10,092.36	11,794.51
Prepaid County Taxes	A-19	834.48	
Interfund Receivables:			
Dog License Fund	A-12	36,732.28	43,951.51
General Capital Fund	A-12	354,614.24	
Public Assistance Fund	A-12	4,027.18	4,016.95
Interfund - Other Trust (Unemployment)	A-12	92.39	92.39
Interfund - Business Improvement District	A-12	2,029.46	3,026.40
Interfund - Other Trust (Payroll)	A-12	1,143.22	747.43
		<u>1,442,695.06</u>	<u>1,075,958.21</u>
Deferred Charges:			
Special Emergency Authorization	A-13	245,020.00	514,040.00
		<u>245,020.00</u>	<u>514,040.00</u>
		<u>6,002,566.50</u>	<u>7,771,536.55</u>
Federal and State Grant Fund:			
Grants Receivable	A-14	223,700.49	138,259.95
Interfund - Current Fund	A-25	322,958.82	207,035.19
		<u>546,659.31</u>	<u>345,295.14</u>
Total Assets		<u>\$ 6,549,225.81</u>	<u>8,116,831.69</u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-15	\$ 402,323.95	523,058.14
Encumbrances Payable	A-16	369,222.46	301,060.14
Prepaid Taxes	A-17	95,746.62	109,319.42
Interfund - Federal and State Grant Fund	A-12	322,958.82	207,035.19
Interfund - Other Trust (Other)	A-12	528,404.93	365,228.52
Interfund - Other Trust (Municipal Open Space)	A-12	374,668.98	328,710.65
Interfund Recreation Trust	A-12	738.61	738.61
Interfund - General Capital	A-12		955,086.10
Local School District Taxes Payable	A-18	1.14	
Tax Anticipation Note Payable	A-21		1,525,000.00
Accounts Payable	A-22	15,874.72	30,764.92
Taxi Button Deposits Payable	A-22	66.00	66.00
Due to State of N.J. - Marriage Surcharge Fees	A-22	225.00	400.00
Due to State of N.J. - Building Surcharge Fees	A-22	2,017.00	2,104.00
Reserve for:			
Flood Damage	A-22	226,223.84	226,223.84
Insurance Flood Damage	A-22	51,114.36	51,114.36
Maintenance of Free Public Library	A-22	983.91	983.91
Preparation of Tax Map	A-22		
Master Plan Update	A-22	12,230.76	12,230.76
Redemption of Outside Liens	A-22		36,528.75
Parking Offense Adjudication Act	A-22	4,690.50	3,768.29
Public Defender Fees	A-22	24,323.61	21,902.69
		<u>2,431,815.21</u>	<u>4,701,324.29</u>
Reserve for Receivables	Contra	1,442,695.06	1,075,958.21
Fund Balance	A-1	2,128,056.23	1,994,254.05
		<u>6,002,566.50</u>	<u>7,771,536.55</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	455,555.47	236,602.40
Unappropriated Reserve for Grants	A-24	23,904.53	37,533.23
Interfund - General Capital Fund	A-26	67,199.31	71,159.51
		<u>546,659.31</u>	<u>345,295.14</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,549,225.81</u>	<u>8,116,831.69</u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.

Comparative Statement of Operations and
Changes in Fund Balance - Regulatory Basis

Current Fund

Years Ended December 31, 2015

	Ref.	2015	2014
Revenues and Other Income:			
Fund Balance Utilized	A-2	\$ 710,000.00	641,500.00
Miscellaneous Revenue Anticipated	A-2	2,116,539.28	1,838,189.91
Receipts from Delinquent Taxes	A-2	400,916.75	403,529.12
Receipts from Current Taxes	A-2	41,551,849.48	40,551,944.71
Non-Budget Revenue	A-2	127,470.98	96,102.73
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-15	459,336.35	517,740.07
Interfunds Returned	A-12	51,834.68	61,605.35
		<u>45,417,947.52</u>	<u>44,110,611.89</u>
Total Revenues and Other Income			
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,685,041.48	4,445,580.60
Other Expenses	A-3	5,013,032.14	4,905,813.52
Capital Improvement Fund	A-3	390,000.00	130,000.00
Municipal Debt Service	A-3	916,288.33	807,523.45
Deferred Charges and Regulatory Expenditures -			
Municipal	A-3	1,226,205.00	1,203,572.00
Local District School Tax	A-18	23,328,615.00	23,071,202.00
County Taxes including Added Taxes	A-19	8,553,851.46	7,969,633.43
Municipal Open Space Tax	A-20	61,638.68	61,881.55
Refund of Prior Years Revenue			3,078.33
Prepaid County Taxes	A-19	834.48	
Interfund Advances	A-12	398,638.77	51,834.68
		<u>44,574,145.34</u>	<u>42,650,119.56</u>
Total Expenditures			
Excess (Deficit) Revenue Over Expenditures		843,802.18	1,460,492.33
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year			
		<u>843,802.18</u>	<u>1,460,492.33</u>
Regulatory Excess to Fund Balance		843,802.18	1,460,492.33
Fund Balance, January 1,		A <u>1,994,254.05</u>	<u>1,175,261.72</u>
		2,838,056.23	2,635,754.05
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>710,000.00</u>	<u>641,500.00</u>
Fund Balance, December 31,		A <u>\$ 2,128,056.23</u>	<u>1,994,254.05</u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 710,000.00	710,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	11,000.00	11,120.00	120.00
Other	A-2	18,000.00	18,800.00	800.00
Fees and Permits:				
Other	A-2	39,000.00	36,216.35	(2,783.65)
Fines and Costs:				
Municipal Court	A-11	135,000.00	146,701.73	11,701.73
Interest and Costs on Taxes	A-5	90,000.00	90,127.56	127.56
Parking Meters	A-11	40,000.00	44,094.78	4,094.78
Interest on Investments	A-11	5,000.39	5,928.83	928.44
Payment in Lieu of Taxes on Senior Citizen Property	A-11	115,000.00	118,273.00	3,273.00
Uniform Fire Safety Act (Local Fees)	A-11	32,000.00	33,579.00	1,579.00
Energy Receipts Tax	A-11	921,265.00	921,265.00	
Consolidated Municipal Property Tax Relief Aid	A-11	102,545.00	102,545.00	
Garden State Trust PILOT	A-11	22,681.00	22,681.00	
Uniform Construction Code Fees	A-11	125,000.00	187,767.00	62,767.00
Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services				
Interlocal Municipal Service Agreements:				
Participation of Other Municipalities in Police Radio Call System	A-11	15,757.00	24,480.00	8,723.00
Participation of Other Municipalities in "911" System	A-11	17,417.00	18,351.00	934.00
Public and Private Revenues:				
N.J. Transportation Trust Fund	A-14	190,000.00	190,000.00	
Recycling Tonnage Grant	A-14	18,352.61	18,352.61	
Clean Communities Program	A-14	16,843.67	16,843.67	
Alcohol Education and Rehabilitation Fund	A-14	402.98	402.98	
Municipal Alliance on Alcoholism and Drug Abuse	A-14	22,440.00	22,440.00	
Body Armor Replacement Grant	A-14	1,933.97	1,933.97	
Passaic County CDBG	A-14	45,245.00	45,245.00	
Passaic County Open Space Grant	A-14	27,273.00	27,273.00	
Other Special Items:				
Uniform Fire Safety Act	A-11	11,000.00	12,117.80	1,117.80
Total Miscellaneous Revenues	A-1	2,023,156.62	2,116,539.28	93,382.66
Receipts from Delinquent Taxes	A-1/A-2	445,100.00	400,916.75	(44,183.25)
Subtotal General Revenues		<u>3,178,256.62</u>	<u>3,227,456.03</u>	<u>49,199.41</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Minimum Library Tax		9,773,129.00 374,096.00	9,956,648.34 374,096.00	183,519.34
Total Amount to be Raised by Taxes for Support of Budget	A-2	<u>10,147,225.00</u>	<u>10,330,744.34</u>	<u>183,519.34</u>
Budget Totals		13,325,481.62	13,558,200.37	232,718.75
Non-Budget Revenue	A-1/A-2		127,470.98	127,470.98
		<u>\$ 13,325,481.62</u>	<u>13,685,671.35</u>	<u>360,189.73</u>
		A-3		

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2015

Analysis of Realized Revenues

	<u>Ref.</u>		
Revenue from Collections	A-1/A-8		41,551,849.48
Allocated to School, County, and Municipal Open Space Taxes	A-8		<u>31,944,105.14</u>
Balance for Support of Municipal Budget Appropriations			9,607,744.34
Add : Appropriation - Reserve for Uncollected Taxes	A-3		<u>723,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>10,330,744.34</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes	A-8		<u>400,916.75</u>
	A-2		<u><u>400,916.75</u></u>
Licenses - Other:			
Clerk	A-11	6,985.00	
Board of Health / Registrar	A-11	<u>11,815.00</u>	
	A-2		<u><u>18,800.00</u></u>
Fees and Permits - Other:			
Planning Board / Board of Adjustment	A-11	7,716.00	
Property Listing Fees	A-11	140.00	
Housing Inspection Fees	A-11	23,935.00	
Garage Sale Permits	A-11	635.00	
Gun Permits	A-11	407.00	
Pond Hole Parking Permits	A-11	<u>3,383.35</u>	
	A-2		<u><u>36,216.35</u></u>

Analysis of Non-Budget Revenues

	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
CATV Franchise Fee	A-11	55,156.00	
Police	A-11	979.30	
Tax and Assessment Searches	A-11	<u>760.00</u>	
			56,895.30
Recycling - Paper , Metal , Glass Etc.		37,569.73	
Unclaimed Bail		303.00	
Senior Citizens & Vets Administration Fee		1,901.95	
Miscellaneous , Copies, Phone Commissions, etc.		286.93	
Other Miscellaneous		29,118.40	
Returned Check Charge		300.00	
Disolve Lakeland Solid Waste			
DMV Inspection Fees		1,095.67	
Premium on Tax Anticipation Note			
Reimbursement of Prior Year FEMA Expenditures			
Void Stale Dated PR Checks			
	A-4		<u>70,575.68</u>
	A-2		<u><u>127,470.98</u></u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - within "CAPS"						
GENERAL GOVERNMENT:						
Administrative and Executive						
Salaries and Wages	\$	141,521.00	141,521.00	140,177.83	1,343.17	
Other Expenses		118,600.00	118,600.00	116,128.71	2,471.29	
Mayor and Council						
Salaries and Wages		51,558.00	51,558.00	51,558.00		
Other Expenses		21,000.00	21,000.00	20,873.38	126.62	
Borough Clerk						
Salaries and Wages		188,573.00	188,573.00	184,162.91	4,410.09	
Other Expenses		16,500.00	16,500.00	6,577.26	2,422.74	7,500.00
Elections						
Salaries and Wages		6,500.00	6,500.00	6,500.00		
Other Expenses		6,300.00	6,300.00	4,862.09	1,437.91	
Financial Administration						
Salaries and Wages		83,577.00	83,577.00	83,289.54	287.46	
Other Expenses						
Annual Audit		40,000.00	40,000.00	40,000.00		
Miscellaneous Other Expenses		33,000.00	33,000.00	25,112.31	7,887.69	
Collection of Taxes						
Salaries and Wages		98,495.00	99,495.00	99,495.00		
Other Expenses		8,075.00	8,075.00	8,036.73	38.27	
Assessment of Taxes						
Salaries and Wages		37,178.00	37,178.00	33,623.65	3,554.35	
Other Expenses		17,200.00	17,200.00	1,507.14	5,692.86	10,000.00
Legal Services						
Other Expenses		123,600.00	123,600.00	101,236.03	12,363.97	10,000.00
Engineering Services and Costs						
Other Expenses		20,000.00	20,000.00	18,324.10	1,675.90	
Redevelopment Agency						
Salaries & Wages		5,100.00	5,100.00	550.00	4,550.00	
Other Expenses		5,000.00	5,000.00	5,000.00		
Historical Commission						
Salaries and Wages		500.00	500.00	500.00		
Other Expenses		1,000.00	1,600.00	1,455.67	144.33	

Borough of Pompton Lakes, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
MUNICIPAL LAND USE LAW: (N.J.S. 40:55D-11)						
Planning Board						
Salaries and Wages		9,500.00	9,500.00	5,766.90	3,733.10	
Other Expenses		11,175.00	11,175.00	3,520.53	7,654.47	
Board of Adjustment						
Salaries and Wages		9,500.00	9,500.00	4,647.26	4,852.74	
Other Expenses		7,000.00	7,000.00	1,875.28	5,124.72	
INSURANCE:						
Other Insurance Premiums		540,000.00	540,000.00	525,408.80	591.20	14,000.00
Group Insurance Plan for Employees		1,469,864.00	1,487,364.00	1,487,012.60	351.40	
Health Benefit Waiver		55,136.00	54,636.00	53,166.57	1,469.43	
Disability Insurance		5,000.00	5,000.00	2,986.80	2,013.20	
Unemployment Insurance		40,000.00	40,000.00	38,768.63	1,231.37	
PUBLIC SAFETY:						
Police						
Salaries and Wages - Regular		2,600,000.00	2,565,300.00	2,269,375.69	15,924.31	280,000.00
Salaries and Wages - Overtime		190,000.00	190,000.00	177,316.97	12,683.03	
Other Expenses		157,753.99	157,753.99	155,361.10	2,392.89	
Purchase of Police Cars		36,000.00	36,000.00	34,997.91	1,002.09	
Emergency Management Services						
Salaries and Wages		3,931.00	3,931.00	3,931.00		
Other Expenses		26,350.00	26,350.00	22,668.81	3,681.19	
Search and Rescue						
Other Expenses		2,000.00	2,000.00	1,996.06	3.94	
Police Reserve						
Other Expenses		10,600.00	10,600.00	10,507.80	92.20	
Fire						
Salaries and Wages		8,866.00	8,866.00	8,866.00		
Other Expenses - Clothing Allowance		31,065.00	28,065.00	20,928.01	7,136.99	
Miscellaneous Other Expenses		25,863.00	28,863.00	28,533.68	329.32	
Other Expenses - Volunteer Service Award Program		60,000.00	60,000.00	56,845.00	3,155.00	
First Aid Organization Contribution		30,000.00	30,000.00	30,000.00		

Borough of Pompton Lakes, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
First Aid Organization Contribution		45,000.00	45,000.00	33,059.50	1,940.50	10,000.00
Other Expenses - Volunteer Service Award Program						
Uniform Fire Safety Act		54,108.00	54,108.00	45,984.28	8,123.72	
Salaries and Wages		8,000.00	8,000.00		8,000.00	
Other Expenses						
Fire Alarm		4,364.00	4,364.00	4,097.38	266.62	
Salaries and Wages		2,700.00	2,700.00		2,700.00	
Other Expenses						
Borough Prosecutor		13,085.00	13,385.00	13,335.02	49.98	
Salaries and Wages						
PUBLIC WORKS FUNCTIONS:						
Streets and Roads:						
Road Repairs and Maintenance		919,309.00	919,309.00	914,748.56	4,560.44	
Salaries and Wages		43,700.00	43,700.00	43,699.41	0.59	
Other Expenses						
Snow Removal		40,600.00	40,600.00	24,557.66	16,042.34	
Salaries and Wages		57,600.00	57,600.00	55,890.24	1,709.76	
Other Expenses						
Sanitation:						
Garbage and Trash Removal		164,100.00	164,100.00	146,560.86	17,539.14	
Salaries and Wages		30,000.00	30,000.00	30,000.00		
Other Expenses		370,000.00	370,000.00	325,000.00	45,000.00	
Solid Waste Disposal Costs						
Recycling						
Salaries and Wages		50,704.00	50,704.00	26,289.98	4,414.02	20,000.00
Other Expenses		14,850.00	14,850.00	14,845.00	5.00	
Public Buildings and Grounds						
Other Expenses		50,300.00	50,300.00	49,547.78	752.22	
Shade Trees						
Salaries and Wages		500.00	500.00	500.00		
Other Expenses		32,500.00	32,500.00	32,500.00		
Flood Advisory Board						
Salaries and Wages		500.00	500.00	500.00		
Other Expenses		13,800.00	13,800.00	13,800.00		
Lake Management - Other Expenses		15,000.00	15,000.00	15,000.00		

Borough of Pompton Lakes, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Vehicle Maintenance		144,500.00	144,500.00	133,572.40	10,927.60	
Other Expenses						
Municipal Services Act		80,000.00	80,000.00	61,156.25	8,843.75	10,000.00
Other Expenses						
Municipal Court:						
Salaries and Wages		87,535.00	91,535.00	88,281.12	3,253.88	
Other Expenses		11,800.00	11,800.00	9,028.93	2,771.07	
Public Defender						
Salaries and Wages		2,928.00	3,128.00		3,128.00	
HEALTH AND WELFARE:						
Board of Health						
Salaries and Wages		500.00	500.00	500.00		
Other Expenses		106,381.00	106,381.00	86,280.41	20,100.59	
Environmental Control Committee						
Salaries and Wages		500.00	2,500.00	2,500.00		
Other Expenses		500.00	500.00	500.00		
Animal Control						
Other Expenses		2,500.00	2,500.00		2,500.00	
Open Space / Recreation Committee						
Salaries and Wages		500.00	500.00	500.00		
Other Expenses		600.00	600.00	600.00		
PARKS AND RECREATION:						
Youth and Adult Recreation Programs						
Salaries and Wages		60,000.00	60,000.00	60,000.00		
Other Expenses		15,000.00	14,340.00	14,334.70	5.30	
Other Expenses - Teen Center Lease		15,000.00	15,660.00	15,657.20	2.80	
Senior Citizen Recreation Programs						
Other Expenses		16,000.00	16,000.00	13,375.00	2,625.00	
Parks and Playgrounds						
Other Expenses		24,000.00	24,000.00	23,433.65	566.35	

Borough of Pompton Lakes, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
UNIFORM CONSTRUCTION CODE:						
Building Inspector		144,372.00	144,372.00	144,372.00		
Salaries and Wages		38,650.00	38,650.00	26,714.02	11,935.98	
Other Expenses						
UNCLASSIFIED:						
Celebration of Public Events, Anniversary or Holiday		10,100.00	10,100.00	7,082.05	3,017.95	
Other Expenses						
Utility Expenses / Bulk Purchases						
Electricity		70,000.00	70,000.00	40,400.31	29,599.69	
Street Lighting		75,000.00	75,000.00	60,871.96	14,128.04	
Telephone		51,400.00	51,400.00	43,651.55	7,748.45	
Water & Sewer		34,000.00	36,000.00	35,016.82	983.18	
Natural Gas		26,000.00	26,000.00	11,709.68	14,290.32	
Fuel for Vehicles		120,000.00	120,000.00	119,271.10	728.90	
Total Operations including Contingent within "CAPS"		<u>9,421,366.99</u>	<u>9,413,766.99</u>	<u>8,682,176.57</u>	<u>370,090.42</u>	<u>361,500.00</u>
Detail:						
Salaries and Wages	A-1	4,978,404.00	4,951,204.00	4,542,487.61	108,716.39	300,000.00
Other Expenses	A-1	4,442,962.99	4,462,562.99	4,139,688.96	261,374.03	61,500.00
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Deferred Charges:						
Deficit in Dog License fund		24,254.00	24,254.00	24,254.00		
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System		260,555.00	261,155.00	261,150.00	5.00	
Social Security System (O.A.S.I.)		225,000.00	225,000.00	224,164.51	835.49	
Police and Firemen's Retirement System		446,776.00	446,776.00	446,776.00		
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>956,585.00</u>	<u>957,185.00</u>	<u>956,344.51</u>	<u>840.49</u>	
Total General Appropriations for Municipal Purposes within "CAPS"		<u>10,377,951.99</u>	<u>10,370,951.99</u>	<u>9,638,521.08</u>	<u>370,930.91</u>	<u>361,500.00</u>

Borough of Pompton Lakes, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library		374,096.00	374,096.00	368,260.18	5,835.82	
Other Expenses		2,074.00	2,074.00		2,074.00	
Tax Appeals		30,000.00	30,000.00	7,435.78	22,564.22	
Recycling Tax (PL 2007, c.311)		10,919.00	10,919.00		919.00	10,000.00
Interlocal Government Services						
Police - Dispatch						
Salaries and Wages		16,072.14	16,072.14	16,072.14		
"911" Communication Service						
Police						
Salaries and Wages		17,765.34	17,765.34	17,765.34		
Street Sweeping						
Other Expense		42,978.92	42,978.92	42,978.92		
Vegetative Waste Disposal						
Other Expense		23,800.00	23,800.00	23,800.00		
Public and Private Programs Offset by Revenues						
N.J. Division of Criminal Justice - Body Armor Grant		1,933.97	1,933.97	1,933.97		
Clean Communities Program		16,843.67	16,843.67	16,843.67		
Recycling Tonnage Grant		18,352.61	18,352.61	18,352.61		
County of Passaic - Municipal Alliance Grant Program						
State Share		22,440.00	22,440.00	22,440.00		
Municipal Share		5,610.00	5,610.00	5,610.00		
Passaic County Open Space Grant		27,273.00	27,273.00	27,273.00		
Passaic County CDBG - ADA Curb Cuts		45,245.00	45,245.00	45,245.00		
Alcohol Education and Rehab. Fund - Municipal Court		402.98	402.98	402.98		
Total Operations - Excluded from "CAPS"		655,806.63	655,806.63	614,413.59	31,393.04	10,000.00
Detail:						
Salaries and Wages	A-1	33,837.48	33,837.48	33,837.48		
Other Expenses	A-1	621,969.15	621,969.15	580,576.11	31,393.04	10,000.00

Borough of Pompton Lakes, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Capital Improvements:						
Capital Improvement Fund		140,000.00	140,000.00	140,000.00		
Various Capital Improvements		60,000.00	60,000.00	60,000.00		
N.J. Transportation Trust Fund Authority Act		190,000.00	190,000.00	190,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	<u>390,000.00</u>	<u>390,000.00</u>	<u>390,000.00</u>		
Municipal Debt Service:						
Payment of Bond Principal		500,000.00	500,000.00	500,000.00		
Payment of Bond Anticipation Notes		300,000.00	300,000.00	300,000.00		
Interest on Bonds		81,303.00	81,303.00	81,302.50		0.50
Interest on Notes		28,400.00	35,400.00	34,985.83		414.17
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>909,703.00</u>	<u>916,703.00</u>	<u>916,288.33</u>		<u>414.67</u>
Deferred Charges:						
Special Emergency Authorizations - 5 Years (40A:4-55)		269,020.00	269,020.00	269,020.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	<u>269,020.00</u>	<u>269,020.00</u>	<u>269,020.00</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>2,224,529.63</u>	<u>2,231,529.63</u>	<u>2,189,721.92</u>	<u>31,393.04</u>	<u>10,414.67</u>
Subtotal General Appropriations		<u>12,602,481.62</u>	<u>12,602,481.62</u>	<u>11,828,243.00</u>	<u>402,323.95</u>	<u>371,914.67</u>
Reserve for Uncollected Taxes		723,000.00	723,000.00	723,000.00		
Total General Appropriations		<u>\$ 13,325,481.62</u>	<u>13,325,481.62</u>	<u>12,551,243.00</u>	<u>402,323.95</u>	<u>371,914.67</u>
Adopted Budget	A-2	<u>13,325,481.62</u>	<u>13,325,481.62</u>		<u>A</u>	

Borough of Pompton Lakes, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Reserve for Uncollected Taxes	A-2			723,000.00		
Deferred Charges:						
Special Emergencies Authorizations	A-13			269,020.00		
Encumbrances Payable	A-16			369,222.46		
Reserve for State Grants	A-23			322,491.23		
Matching Funds for Grants Disbursed	A-4/A-23 A-4			5,610.00		
				<u>10,861,899.31</u>		
				<u>12,551,243.00</u>		

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Dog License Fund:			
Cash	B-1	\$ 42,278.97	19,722.42
Deficit	B-5	11,488.72	24,253.69
		<u>53,767.69</u>	<u>43,976.11</u>
Other Trust Funds:			
Cash - Other	B-1	172,149.00	162,105.08
Cash - Unemployment Insurance	B-1	4,128.42	4,128.42
Interfund - Current Fund (Other)	B-2	528,404.93	365,228.52
Interfund - Current Fund (Open Space)	B-2	374,668.98	328,710.65
		<u>1,079,351.33</u>	<u>860,172.67</u>
Business Improvement District Trust:			
BID Assessment Receivable	B-4	11,914.33	16,337.10
		<u>11,914.33</u>	<u>16,337.10</u>
Payroll Agency Fund:			
Cash	B-1	36,145.20	33,933.53
		<u>36,145.20</u>	<u>33,933.53</u>
Recreation Commission:			
Cash	B-1	53,112.43	34,916.47
Interfund - Current Fund	B-2	738.61	738.61
Interfund - Other Trust Fund	B-14	185.01	185.01
		<u>54,036.05</u>	<u>35,840.09</u>
Total Assets		<u>\$ 1,235,214.60</u>	<u>990,259.50</u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Dog License Fund:			
Interfund - Current Fund	B-2	\$ 36,732.28	43,951.51
Accounts Payable	B-6	16,997.61	
Due to State Department of Health	B-7	37.80	24.60
		<u>53,767.69</u>	<u>43,976.11</u>
Other Trust Fund:			
Interfund - Current Fund (Unemployment)	B-2	92.39	92.39
Interfund - General Capital Fund (Other)	B-3	2,427.25	2,427.25
Interfund - Recreation Trust	B-3	185.01	185.01
Reserve for:			
Escrow / Performance Deposits	B-8	84,851.57	68,224.29
Board of Health Clinics	B-8	3,985.89	7,672.17
Tax Sale Premiums	B-8	598,700.00	435,200.00
Police Drug Education	B-8	6,410.99	4,410.99
Donations for National Night Out	B-8	271.00	
Donations for Domestic Violence Awareness	B-8	1,071.94	1,071.94
Donations for Flood Relief	B-8	899.19	899.19
Donations for Crosswalk Signs	B-8	1,112.50	1,112.50
Donations for River Clean Up	B-8	275.00	275.00
Streetscape Donations	B-8	1,000.00	1,000.00
Unemployment Disability	B-9	2,611.07	4,036.03
Municipal Open Space	B-10	375,457.53	333,565.91
		<u>1,079,351.33</u>	<u>860,172.67</u>
Business Improvement District Trust:			
Interfund - Current Fund	B-2	2,029.46	3,026.40
Due to Pompton Lakes Community Partnership	B-11	9,884.87	13,310.70
		<u>11,914.33</u>	<u>16,337.10</u>
Payroll Agency Fund:			
Interfund - Current Fund	B-12	1,143.22	747.43
Payroll Deductions Payable	B-12	35,001.98	33,186.10
		<u>36,145.20</u>	<u>33,933.53</u>
Recreation Commission:			
Reserve for Recreation Expenditures	B-13	54,036.05	35,840.09
		<u>54,036.05</u>	<u>35,840.09</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>1,235,214.60</u>	<u>990,259.50</u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	C-2/C-3	\$ 759,637.91	648,677.89
Various Receivables	C-4	2,639,450.39	1,415,258.13
Deferred Charges to Future Taxation:			
Funded	C-5	7,530,000.00	4,287,000.00
Unfunded	C-6	469,886.77	4,037,886.77
Due from Current Fund	C-7		955,086.10
Due from Other Trust Fund	C-8	2,427.25	2,427.25
Due to Federal and State Grant Fund	C-9	67,199.31	71,159.51
		<u>11,468,601.63</u>	<u>11,417,495.65</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Due from Current Fund	C-7	354,614.24	
General Serial Bonds	C-10	7,530,000.00	4,287,000.00
Bond Anticipation Notes	C-11		2,377,000.00
Improvement Authorizations:			
Funded	C-12	1,643,681.94	539,820.26
Unfunded	C-12	277,465.60	1,853,344.06
Capital Improvement Fund	C-13	156,350.69	41,350.69
Reserve for:			
Debt Service	C-14	150,000.00	
Bid Deposits	C-14	149,720.00	
Grants Receivable	C-14	704,786.77	854,786.77
Various Improvements	C-14	20,694.74	20,694.74
Flood Mitigation Project	C-14	420,490.69	1,419,560.57
Fund Balance	C-1	60,796.96	23,938.56
		<u>\$ 11,468,601.63</u>	<u>11,417,495.65</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2015 and 2014 of \$469,886.77 and \$1,810,886.77 respectively per Exhibit C-15.

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - December 31, 2014	C	\$ 23,938.56	11,697.01
Increased by:			
Premium on Sale of Bonds & Notes	C-2	<u>36,858.40</u>	<u>12,241.55</u>
Balance - December 31, 2015	C/C-3	<u>\$ 60,796.96</u>	<u>23,938.56</u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.
Comparative Balance Sheet - Regulatory Basis
Public Assistance Fund
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	E-1	\$ <u>10,205.55</u>	<u>10,195.32</u>
		<u>10,205.55</u>	<u>10,195.32</u>
<u>Liabilities</u>			
Reserve for Public Assistance	E-4	6,178.37	6,178.37
Interfund - Current Fund	E-5	<u>4,027.18</u>	<u>4,016.95</u>
		\$ <u>10,205.55</u>	<u>10,195.32</u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.
Comparative Balance Sheet - Regulatory Basis
Free Public Library
December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	F-2	\$ <u>91,035.83</u>	<u>177,369.85</u>
Total Assets		<u><u>91,035.83</u></u>	<u><u>177,369.85</u></u>
<u>Liabilities, Reserves and Fund Balance</u>			
Accounts Payable	F-3	3,067.90	2,414.74
Reserve for Mandle Trust	F-4	21,043.92	21,062.01
Reserve for Cozzens Trust	F-5	10,577.05	10,577.05
Reserve for Patton Trust	F-6	<u>35,762.57</u>	<u>35,562.51</u>
Total Liabilities and Reserves		<u>70,451.44</u>	<u>69,616.31</u>
Fund Balance:			
Restricted for Capital Projects	F-1	19,935.91	113,708.26
Unrestricted/(Deficit)	F-1	<u>648.48</u>	<u>(5,954.72)</u>
Total Fund Balance		<u>20,584.39</u>	<u>107,753.54</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ <u>91,035.83</u></u>	<u><u>177,369.85</u></u>

See Accompanying Notes to Financial Statements.

Borough of Pompton Lakes , N.J.
Statement of Operations and Changes in Fund Balance
Free Public Library
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	\$ <u>107,753.54</u>
Increased by:		
Interest Earned		\$ 138.50
State Aid		4,853.00
Municipal Budget Appropriation		376,170.00
Miscellaneous Other Receipts		<u>10,935.37</u>
	F-2	<u>392,096.87</u>
		499,850.41
Decreased by:		
Expenditures from Borough & Other Funds:		
Salaries and Wages		276,509.55
Employee Benefits /Chargebacks		122,430.81
Water and Sewer		1,554.14
Electric		6,510.48
Gas Heat		3,057.10
Dues & Memberships		537.00
Travel, Meetings and Courses		55.61
Office Supplies		4,482.17
Postage		706.22
Computer Service and Repair		19,857.70
Materials & Supplies		952.92
Equipment and Maintenance		1,946.45
Books , DVD and Audio Visual		28,833.79
Periodicals		3,544.45
Outside Contractors		<u>5,664.92</u>
Subtotal		<u>476,643.31</u>
Expenditures for Capital Purposes		<u>2,622.71</u>
	F-3	<u>479,266.02</u>
Balance - December 31, 2015	F	<u><u>20,584.39</u></u>
Analysis of Balance		
Restricted for Capital Purposes	F	19,935.91
Unrestricted/(Deficit)	F	648.48
		<u><u>\$ 20,584.39</u></u>

See Accompanying Notes to Financial Statements.

BOROUGH OF POMPTON LAKES, N. J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Pompton Lakes have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Pompton Lakes (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. The financial statements contained herein include only those boards, bodies, officers or commissions as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough do not include the Municipal Utilities Authority, Volunteer Fire Department and the First Aid Squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough 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 Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Business Improvement District - This fund deals with the handling of assessment levies against business property in the area of the Borough designated as the Business Improvement District for the cost of improvements in the Business Improvement District.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Dog License - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by N.J.S. 4:19-15.11.

Recreation Commission - Account for the operations of the recreation programs administered by the Recreation Commission.

Payroll Agency Fund - Receipts and disbursements of payroll withholdings that the Borough collects on behalf of various agencies as their agents.

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective January 1, 1998, the Borough transferred administration of the General Assistance Program to the Passaic County Board of Social Services. The funds remaining in the Public Assistance Fund are to be used to assist certain residents who do not qualify for the general assistance program.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Free Public Library - Receipts and disbursements of funds for operations and reserves of the Free Public Library.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Pompton Lakes. 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 for municipalities by the Division 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:

Property Tax Revenues - 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. 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 June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the fiscal year levied, the collector in the municipality shall be subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes 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, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - 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 Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

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

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 for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

- General Capital Fund
- Trust Funds
- Public Assistance Fund
- Payroll Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. 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, several budget transfers were approved by the governing body.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Expenditures - Are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with 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 canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

Appropriation Reserves - 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.

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

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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.

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.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value which approximates cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of Pompton Lakes has not developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

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

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

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

The Borough does not maintain a fixed asset accounting system. Therefore, a statement of general fixed assets is not presented.

Use of Estimates - The preparation of financial statements requires management of the Borough 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough'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.

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Recent Accounting Pronouncements, (continued)

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

C. Basic Financial Statements

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

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015, \$-0- of the Borough's bank balance of \$5,324,621.40 was exposed to custodial credit risk and \$-0- of the Borough's bank balance of \$7,043,485.63 at December 31, 2014 was exposed to custodial credit risk.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

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

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of December 31, 2015, and 2014 the Borough had \$15,685.80 and \$15,683.46, respectively, on deposit with the New Jersey Cash Management Fund.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 3. MUNICIPAL DEBT

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

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$4,287,000.00	\$3,743,000.00	\$500,000.00	\$7,530,000.00	\$725,000.00
Other Liabilities - Compensated Absences Payable	<u>289,651.71</u>	<u>100,312.54</u>	<u>30,622.01</u>	<u>359,342.24</u>	<u> </u>
	<u>\$4,576,651.71</u>	<u>\$3,843,312.54</u>	<u>\$530,622.01</u>	<u>\$7,889,342.24</u>	<u>\$725,000.00</u>

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

The Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT AND OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General and Local			
Bonds and Notes	\$7,530,000.00	\$6,664,000.00	\$6,504,000.00
Total Issued	7,530,000.00	6,664,000.00	6,504,000.00
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>469,886.77</u>	<u>1,810,886.77</u>	<u>1,502,886.77</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$7,999,886.77</u>	<u>\$8,474,886.77</u>	<u>\$8,006,886.77</u>

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of .701%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$3,011,000.00	\$3,011,000.00	\$0.00
General Debt	<u>7,999,886.77</u>	<u>150,000.00</u>	<u>7,849,886.77</u>
	<u>\$11,010,886.77</u>	<u>\$3,161,000.00</u>	<u>\$7,849,886.77</u>

Net Debt \$7,849,886.77 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,119,735,517.67 = .701%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$39,190,743.11
Net Debt	<u>7,849,886.77</u>
Remaining Borrowing Power	<u>\$31,340,856.34</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

The Borough's long term debt consisted of the following at December 31, 2015:

Paid by Current Fund:

	<u>Amount Outstanding</u>
\$1,890,000.00 General Serial Bonds - Issued with variable interest rates of 3.70% to 3.875% on March 1, 2007, due through March 1, 2019	\$790,000.00
\$3,647,000.00 General Serial Bonds - Issued with variable interest rates of 1.25% to 2.00% on February 16, 2012, due through January 15, 2025	2,997,000.00
\$3,743,000.00 General Serial Bonds - Issued with variable interest rates of 2.00% to 2.50% on December 17, 2015, due December 1, 2016 through December 1, 2027	<u>3,743,000.00</u>
Total Serial Bonds	<u>\$7,530,000.00</u>

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING

Calendar			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$725,000.00	\$146,826.94	\$871,826.94
2017	725,000.00	134,552.50	859,552.50
2018	725,000.00	118,627.50	843,627.50
2019	715,000.00	102,633.75	817,633.75
2020	625,000.00	90,327.50	715,327.50
2021	625,000.00	79,515.00	704,515.00
2022	650,000.00	68,327.50	718,327.50
2023	650,000.00	56,265.00	706,265.00
2024	675,000.00	44,015.00	719,015.00
2025	672,000.00	30,920.00	702,920.00
2026	375,000.00	18,575.00	393,575.00
2027	<u>368,000.00</u>	<u>9,000.00</u>	<u>377,000.00</u>
	<u>\$7,530,000.00</u>	<u>\$899,585.69</u>	<u>\$8,429,585.69</u>

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

At December 31, 2015, the Borough had authorized but not issued debt of \$469,886.77.

NOTE 4. BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2015, the Borough had \$0.00 in outstanding general capital bond anticipation notes.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2015.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies, LLC	<u>\$2,377,000.00</u>	<u>\$</u>	<u>\$2,377,000.00</u>	<u>\$0.00</u>

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance Dec. 31, 2015</u>	<u>2016 Budget Appropriation</u>	<u>Balance to Succeeding Budget</u>
Current Fund:			
Special Emergency Authorization	<u>\$245,020.00</u>	<u>\$226,820.00</u>	<u>\$18,200.00</u>
Dog License Fund:			
Deficit in Operations	<u>\$11,488.72</u>	<u>\$11,488.72</u>	<u>\$0.00</u>

NOTE 6. LOCAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Pompton Lakes has not elected to defer school taxes.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

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

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waiver participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

Defined Contribution Retirement Program, (continued)

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Pompton Lakes did not opt for this deferral.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2015	\$260,550.00	\$446,776.00	\$0.00
2014	235,549.00	454,554.00	0.00
2013	262,566.00	551,506.00	0.00

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (continued)

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, the Borough had a liability of \$6,951,572.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0309674481 percent, which was an increase/(decrease) of (0.0006379083) percent from its proportion measured as of June 30, 2014.

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2015, the Borough recognized pension expense of \$260,550.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$165,840.00	\$
Changes of assumptions	746,543.00	
Net difference between projected and actual earnings on pension plan investments		111,768.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	45,310.00	101,328.00
Borough contributions subsequent to the measurement date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$957,693.00</u>	<u>\$213,096.00</u>

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$145,752.00
2017	145,752.00
2018	145,752.00
2019	232,134.00
2020	131,225.00

Additional Information

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough's Proportion	0.0309674481%	0.0316053564%

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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 rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

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

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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 Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

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

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
Borough's proportionate share of the pension liability	\$8,639,953.00	\$6,951,572.00	\$5,536,045.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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)

At December 31, 2015, the Borough had a liability of \$9,092,458.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0545879977 percent, which was an increase/(decrease) of (0.0035807295) percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$446,776.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$	\$78,425.00
Changes of assumptions	1,678,694.00	
Net difference between projected and actual earnings on pension plan investments		158,246.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	0.00	764,293.00
Borough contributions subsequent to the measurement date	<u>0.00</u>	<u>0.00</u>
Total	<u>\$1,678,694.00</u>	<u>\$1,000,964.00</u>

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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, (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$273,866.00
2017	273,866.00
2018	273,866.00
2019	449,046.00
2020	171,377.00

Additional Information

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,512,729,953	\$750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	16,656,514,197	13,933,627,178
Borough's Proportion	0.0545879977%	0.0581687272%

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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, (continued)

Actuarial Assumptions

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

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.60-9.48 Percent (based on age)
Thereafter	3.60-10.48 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

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

Long-Term Rate of Return

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

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 7. PENSION PLANS, (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, (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

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

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>4.79%</u>	<u>5.79%</u>	<u>6.79%</u>
Borough's proportionate share of the pension liability	\$7,322,835.00	\$9,092,458.00	\$13,037,943.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits as follows:

Plan Description

The Borough of Pompton Lakes contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within a state administered retirement system shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the Borough. This does not include dental benefits.

Funding Policy

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

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough of Pompton Lakes on a monthly basis. The rates charges by the system for the year ended December 31, 2015 were as follows:

The Borough of Pompton Lakes contributions to SHBP for post-retirement benefits for the years ended December 31, 2015 and 2014 were \$696,388.60 and \$645,667.48, respectively, which equaled the required contribution for each year. There were 41 retired participants eligible at December 31, 2015 and 42 at December 31, 2014.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 9. FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and December 31, 2014 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016 and December 31, 2015 were as follows:

	<u>Anticipated 2016</u>	<u>Anticipated 2015</u>
Current Fund	<u>\$850,000.00</u>	<u>\$710,000.00</u>

NOTE 10. ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$359,342.24. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's Budget in the year in which it is used.

NOTE 11. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2015 consist of the following:

\$1,143.22	Due to the Current Fund from the Payroll Fund for interest earnings.
36,732.28	Due to the Current Fund from the Dog License Fund for short term loans.
354,614.24	Due to the Current Fund from the Capital Fund for short term loans.
322,958.82	Due to the Federal and State Grant Fund from the Current Fund for grant receipts deposited into the Current Fund.
67,199.31	Due to General Capital Fund from the Federal and State Grant Fund for capital receipts deposited in the Federal and State Grant.
738.61	Due to the Recreation Trust Fund from the Current Fund for Recreation Trust receipts deposited into the Current Fund.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 11. INTERFUND BALANCES AND ACTIVITY, (continued)

2,029.46	Due to the Current Fund from the Business Improvement District for short-term loans.
528,404.93	Due to the Other Trust Fund from the Current Fund for short term loans.
374,668.98	Due to the Municipal Open Space Trust Fund from the Current Fund for Municipal Open Space taxes.
92.39	Due to the Current Fund from the Unemployment Trust Fund for prior year Unemployment Trust Fund bills paid by the Current Fund.
2,427.25	Due to the General Capital Fund from Other Trust Fund for Other Trust Fund expenditures paid by General Capital Fund.
185.01	Due to the Recreation Trust from the Other Trust Fund for Recreation receipts deposited in the Other Trust Fund.
<u>4,027.18</u>	Due to the Current Fund from the Public Assistance Trust for prior year and current year interest earnings.
<u>\$1,695,221.68</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 12. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2015 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Pompton Lakes is a member of the North Jersey Intergovernmental Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability, property and workers' compensation insurance coverage for member municipalities. The Borough of Pompton Lakes pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be issued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Financial statements for the Funds are available at the office of the Funds' Administrator, GRMA Associates.

The Borough of Pompton Lakes continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Balance</u> <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$95,746.62</u>	<u>\$109,319.42</u>
Cash Liability for Taxes Collected in Advance	<u>\$95,746.62</u>	<u>\$109,319.42</u>

NOTE 14. CONTINGENT LIABILITIES

The Borough attorney has advised us of the following:

“Except as follows, I am unaware of any pending or threatened litigation, claims, unasserted claims, assessments or unasserted assessments. This information excludes any matter that emanated as a result of a tort claims notice and which was sent to the insurance carrier for the Borough for defense and indemnification.

BOROUGH OF POMPTON LAKES, N.J.
Notes to Financial Statements
Years Ended December 31, 2015 and 2014
(continued)

NOTE 14. CONTINGENT LIABILITIES, (continued)

Tax Appeals

There remain a substantial number of tax appeals which have been filed in 2015 and prior years with the State Tax Court which remain open as well as a number of new appeals. Adverse decisions by the Tax Court or settlement of these appeals based on changing property values could result in a substantial impact to the assessments and tax base in the Borough. It is not possible to estimate what this impact might be and it is unclear how the Tax Court may decide on the appeals. The Borough is vigorously defending all tax appeals.”

NOTE 15. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 13, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2015	\$2,128,056.23	\$850,000.00
	2014	1,994,254.05	710,000.00
	2013	1,175,261.72	641,500.00
	2012	765,833.79	437,875.00
	2011	1,003,956.36	649,000.00

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate:</u>	<u>6.832</u>	<u>6.634</u>	<u>6.532</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.587	1.544	1.505
Municipal Library	.061	.061	.063
Municipal Open Space	.010	.010	.010
County	1.369	1.270	1.253
County Open Space	.018	.018	.019
Local School	3.787	3.731	3.682

Assessed Valuation:

2015	\$616,051,700.00	
2014		\$618,381,000.00
2013		\$621,246,200.00

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$42,114,209.56	\$41,551,849.48	98.66%
2014	41,059,685.57	40,551,944.71	98.78
2013	40,616,092.13	40,094,365.93	98.71

DELINQUENT TAXES AND 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>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	\$245,212.57	\$469,841.88	\$715,054.45	1.69%
2014	235,553.74	458,700.28	694,254.02	1.69
2013	221,853.01	424,012.89	645,865.90	1.59

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	\$318,075.00
2014	318,075.00
2013	318,075.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	
Kathleen Cole	Mayor	
Michael Serra	Councilman/Council President	
Lloyd Kent	Councilman	
Frank Jaconetta	Councilman	
William Baig	Councilman	
Terri Reicher	Councilwoman	
Michael Simone, Jr.	Councilman	
Kevin F. Boyle	Borough Administrator, Treasurer	
Gail Bado	Tax Collector, Chief Financial Officer, Qualified Purchasing Agent	(1)
Elizabeth Brandsness	Assessment Search Officer, Borough Clerk	
Barbara Padula	Tax Search Officer	
Judith Accardi	Magistrate	(1)
Terri Anne Malone	Court Administrator	(1)
David C. Stanziale	Prosecutor	
Joseph J. Ragno, Jr.	Attorney	
Michael Barker	Assessor	
Charles J. Ferraioli, Jr.	Auditor	

(1) Coverage provided by North Jersey Intergovernmental Insurance Fund.

Borough of Pompton Lakes, N.J.
Schedule of Cash - Treasurer

		Current Fund		<u>Grant Fund</u>
		<u>Ref.</u>	<u>Current Fund</u>	<u>Grant Fund</u>
			\$	\$
Balance - December 31, 2014		A	6,121,932.75	
Increased by Receipts:				
Miscellaneous Revenue Not Anticipated	A-2	70,575.68		
Tax Collector	A-5	41,933,853.18		
Due From State - Senior Citizen and Veteran Deductions	A-7	95,097.26		
Revenue Accounts Receivable	A-11	1,760,815.79		
Interfunds	A-12	1,329,969.73		
Grants Receivable	A-14		199,517.46	
Various Cash Liabilities and Reserves	A-22	275,676.34		
Unappropriated Reserve for Grants	A-24		23,904.53	
Matching Funds for Grants	A-23		5,610.00	
Interfund - Current Fund	A-25		354,677.60	583,709.59
			<u>45,465,987.98</u>	<u>583,709.59</u>
			<u>51,587,920.73</u>	<u>583,709.59</u>
Decreased by Disbursements:				
Current Year Budget Appropriations	A-3	10,861,899.31		
Matching Funds for Grants	A-3	5,610.00		
Interfunds	A-12	2,306,801.55		
Appropriation Reserves	A-15	364,781.93		
Local District School Taxes	A-18	23,328,613.86		
County Taxes Payable	A-19	8,554,685.94		
Municipal Open Space Tax	A-20	61,638.68		
Various Cash Liabilities and Reserves	A-22	324,014.16		
Tax Anticipation Note	A-21	1,525,000.00		
Interfund - Current Fund	A-25		470,601.23	
Interfund - General Capital Fund	A-26		3,960.20	
Appropriated Reserve for Grants	A-23		109,148.16	583,709.59
			<u>47,333,045.43</u>	<u>583,709.59</u>
Balance - December 31, 2015		A	<u>4,254,875.30</u>	<u>\$</u>

Borough of Pompton Lakes , N.J.

Schedule of Cash - Collector-

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Increased by Receipts:			
Taxes Receivable	A-8	\$ 41,747,979.00	
Interest and Costs on Taxes	A-2	90,127.56	
Prepaid Taxes	A-17	95,746.62	
		<u> </u>	<u>\$ 41,933,853.18</u>
Decreased by Disbursements:			
Paid to Treasurer	A-4		<u>\$ 41,933,853.18</u>

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	A		<u>\$ 465.00</u>
Balance - December 31, 2015	A		<u>\$ 465.00</u>
<u>Analysis of Balance:</u>			
Tax Collector		250.00	
Library		15.00	
Police		150.00	
Municipal Court		50.00	
		<u> </u>	<u>465.00</u>

Borough of Pompton Lakes , N.J.

Schedule of Amount Due from State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014 (Due from)	A	\$ 59,140.59
Increased by:		
Senior Citizens' Deductions Per Tax Billing		17,500.00
Veterans' Deductions Per Tax Billing		79,500.00
Senior Citizens' and Veterans' Allowed		<u>1,858.90</u>
		98,858.90
Less:		
Senior Citizens' and Veterans' Disallowed	A-8	<u>3,391.09</u>
		<u>95,467.81</u>
		154,608.40
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>95,097.26</u>
Balance - December 31, 2015 (Due from)	A	\$ <u><u>59,511.14</u></u>

Borough of Pompton Lakes, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2015
				2014	2015				
2014	\$ 458,700.28				402,319.49	(1,402.74)		48,203.14	9,580.39
	458,700.28				402,319.49	(1,402.74)		48,203.14	9,580.39
2015		42,088,652.81	25,556.75	109,319.42	41,345,659.51	96,870.55	8,690.17	93,408.42	460,261.49
	\$ 458,700.28	42,088,652.81	25,556.75	109,319.42	41,747,979.00	95,467.81	8,690.17	141,611.56	469,841.88
	A			A-2/A-17	A-2/A-5	A-2/A-7	A-9		A

Analysis of Tax Levy

Tax Yield:	Ref.
General Property Tax	42,088,652.81
Added Tax (R.S. 54:4-63.1 et seq.)	25,556.75
	<u>42,114,209.56</u>
Tax Levy:	
Local District School Tax	
County Tax - General	A-18
County Tax - Open Space	A-19
Added County Taxes	A-19
Municipal Open Space Taxes	A-20
	8,436,114.93
	112,540.63
	5,195.90
	61,638.68
	<u>8,615,490.14</u>
	31,944,105.14
Local Tax for Municipal Purposes	
Additional Taxes	A-2
	10,147,225.00
	22,879.42
	<u>10,170,104.42</u>
	<u>42,114,209.56</u>

Borough of Pompton Lakes , N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> A		\$ 235,553.74
Increased by:			
Transfer from Taxes Receivable	A-8	8,690.17	
Prior Year Adjustment		<u>968.66</u>	
			<u>9,658.83</u>
Balance - December 31, 2015	A		\$ <u><u>245,212.57</u></u>

**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> A		\$ <u>318,075.00</u>
Balance - December 31, 2015	A		\$ <u><u>318,075.00</u></u>

Borough of Pompton Lakes , N.J.
Schedule of Revenue Accounts Receivable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2015</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	\$	11,120.00	11,120.00	
Other	A-2		6,985.00	6,985.00	
Board of Health / Registrar:					
Licenses	A-2		11,815.00	11,815.00	
Garage Sale Permits	A-2		635.00	635.00	
Gun Permits	A-2		407.00	407.00	
Fire Prevention Bureau:					
Uniform Fire Safety Act (Local Fees)	A-2		33,579.00	33,579.00	
Planning Board/Board of Adjustment:					
Fees and Permits	A-2		7,716.00	7,716.00	
Police Department:					
Miscellaneous Fees and Permits	A-2		979.30	979.30	
Parking Meters	A-2		44,094.78	44,094.78	
Municipal Court :					
Fines and Costs	A-2	11,794.51	144,999.58	146,701.73	10,092.36
Payment in Lieu of Taxes on Senior Citizen Property	A-2		118,273.00	118,273.00	
Uniform Construction Code:					
Fees and Permits	A-2		187,767.00	187,767.00	
Housing Inspection/Sheds/Misc. Fees	A-2		23,935.00	23,935.00	
Energy Receipts Tax	A-2		921,265.00	921,265.00	
Consolidated Municipal Property Tax Relief Aid	A-2		102,545.00	102,545.00	
Garden State Trust PILOT	A-2		22,681.00	22,681.00	
Cable T.V. Franchise Fee	A-2		55,156.00	55,156.00	
Interest on Investments and Deposits	A-2		5,928.83	5,928.83	
Tax and Assessment Search Fees	A-2		760.00	760.00	
Property Listing Fees	A-2		140.00	140.00	
Pond Hole Parking Permits	A-2		3,383.35	3,383.35	
Uniform Fire Safety Act	A-2		12,117.80	12,117.80	
"911" Communication System Agreements	A-2		18,351.00	18,351.00	
Participation of Other Municipalities in Police Radio Call System	A-2		24,480.00	24,480.00	
		<u>\$ 11,794.51</u>	<u>1,759,113.64</u>	<u>1,760,815.79</u>	<u>10,092.36</u>
		A		A-4	A

Borough of Pompton Lakes , N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Dog License Trust	A	\$ 43,951.51	17,034.77	24,254.00	36,732.28
Other Trust (Other)	A	(365,228.52)	320,023.59	483,200.00	(528,404.93)
Other Trust (Municipal Open Space)	A	(328,710.65)	15,680.35	61,638.68	(374,668.98)
Other Trust (Unemployment)	A	92.39			92.39
Business Improvement District	A	3,026.40	290,275.82	289,278.88	2,029.46
General Capital Fund	A	(955,086.10)		1,309,700.34	354,614.24
Public Assistance	A	4,016.95	10.23		4,027.18
Recreation Commission	A	(738.61)			(738.61)
Federal and State Grant Fund	A	(207,035.19)	470,601.23	354,677.60	(322,958.82)
Payroll Fund	A	747.43	395.79		1,143.22
		<u>\$ (1,804,964.39)</u>	<u>1,114,021.78</u>	<u>2,522,749.50</u>	<u>(828,132.57)</u>
<u>Analysis</u>					
Due From Current Fund	A/A-1	51,834.68			398,638.77
Due to Current Fund	A	<u>(1,856,799.07)</u>			<u>(1,226,771.34)</u>
		<u>(1,804,964.39)</u>			<u>(828,132.57)</u>
Disbursed	A-4		353,144.73	1,953,656.82	
Received	A-4		760,877.05	569,092.68	
			<u>1,114,021.78</u>	<u>2,522,749.50</u>	

Borough of Pompton Lakes , N.J.

Schedule of Deferred Charges N.J.S.A. 40A:4-53 - Special Emergency

Current Fund

Year Ended December 31, 2015

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2014</u>	<u>Appropriated 2015 Budget</u>	<u>Raised In 2015 Budget</u>	<u>Balance, Dec. 31, 2015</u>
6/9-11/10/2010	Flood Damage	151,100.00	30,220.00	\$ 30,240.00		30,240.00	
9/1/2010	Tax Maps	60,000.00	12,000.00	12,000.00		12,000.00	
3/23/2011	Flood Damage	143,000.00	28,600.00	57,200.00		28,580.00	28,620.00
9/21/2011	Flood Damage	900,000.00	180,000.00	360,000.00		180,000.00	180,000.00
11/2/2012	Severance Liability	91,000.00	18,200.00	54,600.00		18,200.00	36,400.00
			<u>269,020.00</u>	<u>\$ 514,040.00</u>		<u>269,020.00</u>	<u>245,020.00</u>
				<u>A</u>		<u>A-3</u>	<u>A</u>

Borough of Pompton Lakes, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	<u>Balance, Dec. 31, 2014</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Transfer From Unappropriated Reserve</u>	<u>Balance, Dec. 31, 2015</u>
N.J. Transportation Trust Fund	\$ 53,165.50	190,000.00	142,500.00		100,665.50
Recycling Tonnage Grant		18,352.61		18,352.61	
Clean Communities Program		16,843.67		16,843.67	
Alcohol Education and Rehabilitation Fund		402.98		402.98	
Municipal Alliance on Alcoholism and Drug Abuse	10,688.11	22,440.00	7,864.46		25,263.65
Passaic County Open Space Grant	710.00	27,273.00			27,983.00
Passaic County CDBG Program		45,245.00			45,245.00
Domestic Violence Response Team Grant	3,882.00				3,882.00
Municipal Stormwater Regulation Program	5,104.00				5,104.00
Green Communities Grant - 2013	3,000.00				3,000.00
Communicable Disease Hepatitis B	260.00				260.00
NJ Highlands Plan Conformance Grant	12,297.34				12,297.34
Assistance to Firefighters Grant	49,153.00		49,153.00		
N.J. Dept. of Criminal Justice - Body Armor Grant		1,933.97		1,933.97	
	<u>\$ 138,259.95</u>	<u>322,491.23</u>	<u>199,517.46</u>	<u>37,533.23</u>	<u>223,700.49</u>
	A	A-2	A-4	A-23	A

Borough of Pompton Lakes , N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after Transfers & <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$			
Mayor and Council	695.76	695.76		695.76
Financial Administration	2,338.38	2,338.38	1,741.07	597.31
Assessment of Taxes	10,090.16	90.16		90.16
Historical Commission				
Planning Board	3,579.50	3,579.50	390.88	3,188.62
Board of Adjustment	4,392.00	4,392.00		4,392.00
Police - Regular	75,852.65	75,852.65	42,848.96	33,003.69
Police - Overtime	170.31	170.31		170.31
Emergency Management Services	100.00	100.00		100.00
Fire				
Uniform Fire Safety Act	6,654.26	6,654.26	545.74	6,108.52
Fire Alarm	750.55	750.55		750.55
Borough Prosecutor	20.12	20.12		20.12
Road Repairs and Maintenance	7,401.81	7,401.81		7,401.81
Snow Removal	13,748.47	13,748.47	2,136.21	11,612.26
Garbage and Trash Removal	1,665.96	1,665.96		1,665.96
Recycling	2,189.14	3,239.15	1,690.00	1,549.15
Shade Trees				
Flood Advisory Board				
Municipal Court	13,462.74	11,462.74	1,814.16	9,648.58
Public Defender	3,570.00	3,570.00		3,570.00
Open Space / Recreation Committee	500.00	500.00		500.00
Environmental Control Committee				
Construction Code Official	794.77	794.77		794.77
Total Salaries and Wages Within "CAPS"	<u>147,976.58</u>	<u>137,026.59</u>	<u>51,167.02</u>	<u>85,859.57</u>
Other Expenses Within "CAPS":				
Administrative and Executive	660.60	9,005.91	8,385.65	620.26
Mayor and Council	2,762.36	3,812.35	1,149.99	2,662.36
Borough Clerk	10,585.28	3,325.34	240.06	3,085.28
Elections	2,169.37	0.37		0.37
Financial Administration - Miscellaneous	11,557.50	8,134.50	1,200.91	6,933.59
Financial Administration - Annual Audit	10,000.00	10,000.00		10,000.00
Collection of Taxes	929.46	1,028.46		1,028.46
Assessment of Taxes	14,808.66	15,678.22	870.11	14,808.11
Legal Services	121.86	12,254.86	12,254.44	0.42
Engineering Services	329.60	3,302.10	3,059.63	242.47
Historical Commission	782.29	782.29		782.29
Planning Board	1,816.53	2,116.03	632.00	1,484.03
Board of Adjustment	2,521.38	2,643.88	357.94	2,285.94
Other Insurance Premiums	1,641.51	1,641.51		1,641.51
Group Insurance Plan for Employees	19,728.53	19,728.53		19,728.53
Health Benefit Waiver	46.34	46.34		46.34
Disability Insurance	2,456.47	2,456.47	197.80	2,258.67
Unemployment	38,684.91	38,684.91	5,089.40	33,595.51
Police	1,067.46	57,218.70	42,723.65	14,495.05
Purchase of Police Cars	1.53	8,375.00	8,373.47	1.53
Emergency Management Services	3,961.86	5,575.93	1,315.26	4,260.67
Search and Rescue	750.00	750.00		750.00
Police Reserve		1,743.92	1,743.92	
Fire - Clothing Allowance	2,221.64	2,221.64		2,221.64
Fire - Other	585.39	12,704.85	11,738.82	966.03
Fire - Volunteer Service Award Program	4,164.00	4,164.00	1,000.00	3,164.00
First Aid - Volunteer Service Award Program	9,774.00	9,774.00	936.00	8,838.00
Uniform Fire Safety Act	868.03	868.03		868.03
Fire Alarm	1,985.00	2,700.00	715.00	1,985.00
Road Repairs and Maintenance	9,172.92	11,229.48	2,477.81	8,751.67
Snow Removal	14,609.48	20,879.52	5,737.24	15,142.28
Garbage and Trash Removal	461.32	5,403.93	2,165.26	3,238.67

Borough of Pompton Lakes , N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers & Encumbrances	Paid or Charged	Balance Lapsed
Solid Waste Disposal Costs	10,000.00	96,497.25	50,728.66	45,768.59
Recycling	161.28	161.28		161.28
Public Buildings and Grounds	143.10	7,974.18	5,922.39	2,051.79
Shade Trees	126.39	5,126.39	1,350.00	3,776.39
Flood Advisory Board	6,544.11	7,290.59	(3.52)	7,294.11
Lake Management				
Vehicle Maintenance	4,081.86	32,696.04	18,950.69	13,745.35
Municipal Services Act	46,946.74	38,261.82	31,456.62	6,805.20
Municipal Court	8.93	2,049.31	2,008.93	40.38
Public Defender				
Board of Health	7,493.54	23,808.29	20,769.50	3,038.79
Animal Controll	2,551.00	2,551.00		2,551.00
Environmental Control Committee				
Open Space / Recreation Committee	150.00	150.00		150.00
Youth and Adult Recreation Programs - Other		1,844.92	867.60	977.32
Youth and Adult Recreation Programs - Lease				
Senior Citizen Recreation Programs		1,808.00	1,633.00	175.00
Parks and Playground	2,521.12	4,564.34	178.26	4,386.08
Celebration of Public Events etc.	2,707.24	2,707.24	200.00	2,507.24
Building Inspector	30,026.19	30,026.19	3,432.42	26,593.77
Street Lighting		12,996.71		12,996.71
Telephone	12,795.87	15,679.26	10,014.69	5,664.57
Fuel for Vehicles	452.70	14,452.70	14,115.89	336.81
Water & Sewer	1,334.89	1,334.89		1,334.89
Electricity	16,291.98	31,130.88	13,272.89	17,857.99
Natural Gas	11,553.89	11,553.89	1,583.71	9,970.18
Total Other Expenses Within "CAPS"	327,116.11	622,916.24	288,846.09	334,070.15
Deferred Charges and Regulatory Expenditures Within "CAPS":				
Public Employees' Retirement System	21,899.13	21,899.13	56.90	21,842.23
Social Security System (O.A.S.I.)	6,589.76	9,589.76	9,231.90	357.86
Police and Firemen's Retirement System				
Total Deferred Charges and Regulatory Expenditures Within "CAPS"	28,488.89	31,488.89	9,288.80	22,200.09
Total Reserves Within "CAPS"	503,581.58	791,431.72	349,301.91	442,129.81
Other Expenses Excluded From "CAPS":				
Group Insurance Plan for Employees				
Recycling Tax	10,919.23	10,919.23		10,919.23
Maintenance of Free Public Library	7,495.02	7,495.02	7,495.02	
Tax Appeals	681.79	681.79		681.79
Street Sweeping	0.80	0.80		0.80
Vegetative Waste Disposal	52.43	52.43		52.43
Total Other Expenses Excluded from "CAPS"	19,149.27	19,149.27	7,495.02	11,654.25
Capital Improvements				
Various Capital Improvements	327.29	13,537.29	7,985.00	5,552.29
Total Reserves Excluded from "CAPS"	19,476.56	32,686.56	15,480.02	17,206.54
Total Reserves	\$ 523,058.14	824,118.28	364,781.93	459,336.35
	A		A-4	A-1
	<u>Ref.</u>			
Transfer from Encumbrances Payable	A-16	301,060.14		
Appropriation Reserves	Above	523,058.14		
		<u>824,118.28</u>		

Borough of Pompton Lakes , N.J.
Schedule of Encumbrances Payable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 301,060.14
Increased by:		
Transfer from Current Appropriations	A-3	<u>369,222.46</u>
		670,282.60
Decreased by:		
Transfer to Appropriation Reserves	A-15	<u>301,060.14</u>
Balance - December 31, 2015	A	<u>\$ 369,222.46</u>

Schedule of Prepaid Taxes
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014	A	\$ 109,319.42
Increased by:		
Receipts - Prepaid 2016 Taxes	A-5	<u>95,746.62</u>
		205,066.04
Decreased by:		
Applied to 2015 Taxes	A-8	<u>109,319.42</u>
Balance - December 31, 2015	A	<u>\$ 95,746.62</u>

Borough of Pompton Lakes , N.J.
Schedule of Local District School Tax
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year	A-1/A-8	\$ 23,328,615.00
Decreased by:		
Payments	A-4	<u>23,328,613.86</u>
Balance - December 31, 2015	A	<u><u>1.14</u></u>

Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy - General County	A-1/A-8	8,436,114.93
Levy - Open Space	A-1/A-8	112,540.63
Added and Omitted Taxes	A-1/A-8	<u>5,195.90</u>
		8,553,851.46
Decreased by:		
Payments	A-4	<u>8,554,685.94</u>
Balance - December 31, 2015 (Prepaid)	A	<u><u>\$ (834.48)</u></u>

Borough of Pompton Lakes , N.J.
Schedule of Municipal Open Space Tax
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Tax Levy		61,605.00
Added Tax Levy		33.68
	A-1/A-8	61,638.68
Decreased by:		
Transfer to Other to Trust Fund	A-4	\$ <u>61,638.68</u>

Schedule of Tax Anticipation Note Payable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 1,525,000.00
Decreased by:		
Payment of Note	A-4	<u>1,525,000.00</u>
Balance - December 31, 2015	A	\$ <u>0.00</u>

Borough of Pompton Lakes, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2015

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2014	Increased	Decreased	Balance, Dec. 31, 2015
<u>Liabilities:</u>				
Tax Overpayments	\$	15,548.40	15,548.40	15,874.72
Accounts Payable	30,764.92		14,890.20	66.00
Taxi Button Deposits Payable	66.00			225.00
Due to State of N.J. - Marriage Surcharge Fees	400.00	1,450.00	1,625.00	2,017.00
Due to State of N.J. - Building Surcharge Fees	2,104.00	10,800.00	10,887.00	
<u>Reserves for:</u>				
Flood Damage	226,223.84			226,223.84
Insurance Flood Dmage	51,114.36			51,114.36
Maintenance of Free Public Library	983.91			983.91
Master Plan Update	12,230.76			12,230.76
Redemption of Outside Liens	36,528.75	240,748.52	277,277.27	
Parking Offense Adjudication Act	3,768.29	1,093.00	170.79	4,690.50
Public Defender Fees	21,902.69	6,036.42	3,615.50	24,323.61
	<u>\$ 386,087.52</u>	<u>275,676.34</u>	<u>324,014.16</u>	<u>337,749.70</u>
	A			A
Receipts	Ref.	275,676.34		
Disbursed	A-4		<u>324,014.16</u>	
	A-4	<u>275,676.34</u>	<u>324,014.16</u>	

Borough of Pompton Lakes, N.J.
Schedule of Appropriated Reserves for Grants
Federal and State Grant Fund
Year Ended December 31, 2015

<u>Grant</u>	<u>Balance, Dec. 31, 2014</u>	<u>Transfer From 2015 Budget</u>	<u>Expended</u>	<u>Balance, Dec. 31, 2015</u>
N.J. Dept. of Criminal Justice Body Armor Grant	\$ 2,813.40	1,933.97	4,747.37	6,881.65
Drunk Driving Enforcement Fund	11,132.75		4,251.10	11,450.57
Municipal Alliance on Alcoholism and Drug Abuse State Share	14,522.28	22,440.00	25,511.71	18,340.35
Local Share	18,192.00	5,610.00	5,461.65	18,340.35
Alcohol Education and Rehabilitation Fund	1,935.00	402.98	402.98	1,935.00
Statewide Livable Communities	18,190.03	18,352.61	2,591.00	33,951.64
Recycling Tonnage Grant	65,235.70	190,000.00		255,235.70
N.J. Transportation Trust Fund Authority Act		27,273.00	10,909.20	16,363.80
Passaic County Open Space Grant		45,245.00		45,245.00
Passaic County CDBG Program	3,554.60			3,554.60
Domestic Violence Grant - State	71.72			71.72
State Police HLA HEOP Grant	3,000.00			3,000.00
State Police EMA Grant	4,751.00			4,751.00
E.I. Dupont Weed Management Donation	260.00			260.00
Communicable Diseases Hepatitis B Assistance to Firefighters Grant	49,153.00		49,153.00	
Green Communities Challenge Grant				
State Share	6,000.00			6,000.00
Local Share	4,500.00			4,500.00
Over the Limit Under Arrest	44.65		44.65	
ANJEC Grant	3,200.00			3,200.00
Clean Communities Grant	30,046.27	16,843.67	6,075.50	40,814.44
	<u>\$ 236,602.40</u>	<u>328,101.23</u>	<u>109,148.16</u>	<u>455,555.47</u>
	A	A-3	A-4	A
Grants	<u>Ref.</u>			
Matching Funds For Grants	A-3	322,491.23		
	A-3	5,610.00		
		<u>328,101.23</u>		

Borough of Pompton Lakes , N.J.
Schedule of Unappropriated Reserves for Grants
Federal and State Grant Fund
Year Ended December 31, 2015

<u>Grant</u>	Balance, Dec. 31, <u>2014</u>	Transfer To 2015 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2015</u>
Clean Communities	\$ 16,843.67	16,843.67	20,474.64	20,474.64
Alcohol Education and Rehab. Fund	402.98	402.98	1,414.40	1,414.40
Recycling Tonnage Grant	18,352.61	18,352.61		
Body Armor Replacement Grant	<u>1,933.97</u>	<u>1,933.97</u>	<u>2,015.49</u>	<u>2,015.49</u>
	<u>\$ 37,533.23</u>	<u>37,533.23</u>	<u>23,904.53</u>	<u>23,904.53</u>
	A	A-14	A-4	A

Borough of Pompton Lakes , N.J.
Schedule of Interfund - Current Fund
Federal and State Grant Fund
Year Ended December 31, 2015

Balance - December 31, 2014 - Due From	<u>Ref.</u> A		\$ 207,035.19
Increased by:			
Disbursed	A-4	<u>470,601.23</u>	<u>470,601.23</u>
			<u>677,636.42</u>
Decreased by:			
Receipts	A-4	<u>354,677.60</u>	<u>354,677.60</u>
Balance - December 31, 2015 - Due From	A		<u><u>\$ 322,958.82</u></u>

Schedule of Interfund - General Capital Fund
Federal and State Grant Fund
Year Ended December 31, 2015

Balance - December 31, 2014 - Due to	<u>Ref.</u> A		71,159.51
Decreased by:			
Disbursed	A-4	<u>3,960.20</u>	<u>3,960.20</u>
Balance - December 31, 2015 - Due to	A		<u><u>67,199.31</u></u>

Borough of Pompton Lakes, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Dog License Fund</u>	<u>Other Trust Funds</u>	<u>Payroll Agency Fund</u>	<u>Recreation Commission Fund</u>
Balance - December 31, 2014	B	\$ <u>19,722.42</u>	<u>166,233.50</u>	<u>33,933.53</u>	<u>34,916.47</u>
Increase by Receipts:					
Interfund - Current Fund	B-2	17,034.77	335,703.94		
Dog License Fees	B-5	22,806.20			
Reserve for Dog Expenditures	B-5	24,254.00			
Due to State Department of Health	B-7	2,230.80			
Other Trust Funds	B-8		526,549.81		
Unemployment Disability	B-9		44,004.78		
Municipal Open Space	B-10		61,642.32		
Payroll Deductions	B-12			9,714,080.50	
Reserve for Recreation	B-13				68,634.72
Total Receipts		<u>66,325.77</u>	<u>967,900.85</u>	<u>9,714,080.50</u>	<u>68,634.72</u>
		<u>86,048.19</u>	<u>1,134,134.35</u>	<u>9,748,014.03</u>	<u>103,551.19</u>
Decreased by Disbursements:					
Interfund - Current Fund	B-2	24,254.00	544,838.68		
Accounts Payable	B-6	17,297.62			
Due to State Department of Health	B-7	2,217.60			
Other Trust Funds	B-8		347,837.81		
Reserve for Unemployment Insurance	B-9		45,429.74		
Municipal Open Space	B-10		19,750.70		
Payroll Deductions	B-12			9,711,868.83	
Reserve for Recreation	B-13				50,438.76
Total Disbursements		<u>43,769.22</u>	<u>957,856.93</u>	<u>9,711,868.83</u>	<u>50,438.76</u>
Balance - December 31, 2015	B	\$ <u><u>42,278.97</u></u>	<u><u>176,277.42</u></u>	<u><u>36,145.20</u></u>	<u><u>53,112.43</u></u>
Analysis Other Trust Funds:					
Other			172,149.00		
Unemployment Insurance			4,128.42		
			<u><u>176,277.42</u></u>		

Borough of Pompton Lakes, N.J.

Schedule of Interfund - Current Fund

Trust Funds

Year Ended December 31, 2015

	Due to/(from) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2015</u>
Dog License Trust	\$ 43,951.51	17,034.77	24,254.00	36,732.28
Other Trust (Unemployment)	92.39			92.39
Business Improvement District	3,026.40	290,275.82	289,278.88	2,029.46
Other Trust (Municipal Open Space)	(328,710.65)	15,680.35	61,638.68	(374,668.98)
Other Trust (Other)	(365,228.52)	320,023.59	483,200.00	(528,404.93)
Recreation Commission	<u>(738.61)</u>			<u>(738.61)</u>
	\$ <u>(647,607.48)</u>	<u>643,014.53</u>	<u>858,371.56</u>	<u>(864,958.39)</u>
	B			B

	<u>Ref.</u>		
Cash Receipts - Dog Trust	B-1	17,034.77	
Cash Disbursed - Dog Trust	B-1		24,254.00
Cash Receipts - Other Trust (Other)	B-1	320,023.59	
Cash Disbursed - Other Trust (Other)	B-1		483,200.00
Cash Receipts - Other Trust (Open Space)	B-1	15,680.35	
Cash Disbursed - Other Trust (Open Space)	B-1		61,638.68
Due to Pompton Lakes Comm. Partnership	B-11		289,278.88
Business Assessments Receivable	B-4	290,275.82	
		<u>643,014.53</u>	<u>858,371.56</u>

Schedule of Interfund - Other Trust Fund

Trust Funds

Year Ended December 31, 2015

	Due to/(from) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2015</u>
Recreation Trust Fund	185.01			185.01
General Capital Fund	<u>2,427.25</u>			<u>2,427.25</u>
	<u>2,612.26</u>			<u>2,612.26</u>
	B			B

Borough of Pompton Lakes, N.J.
Schedule of Business Assessments Receivable/(Prepayment)
Business Improvement District Trust
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> B	16,337.10
Increased by:		
Assessment Fees Levied - Net	B-11	<u>285,853.05</u>
		302,190.15
Decreased by:		
Interfund - Current Fund	B-2	<u>290,275.82</u>
		<u>290,275.82</u>
Balance - December 31, 2015	B	<u><u>11,914.33</u></u>
Analysis of Balance - December 31, 2015		
Business Assessment Receivable	B	<u>11,914.33</u>
		<u><u>11,914.33</u></u>

Exhibit B-5

**Borough of Pompton Lakes, N.J.
Reserve for Dog Fund Expenditures
Trust Funds - Dog
Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance / (Deficit) - December 31, 2014	B	(24,253.69)
Increased by:		
Dog License Fees		17,806.20
Penalty/Return Check Fees		<u>5,000.00</u>
	B-1	22,806.20
Deficit Raised in Current Budget	B-1	<u>24,254.00</u>
		<u>47,060.20</u>
		22,806.51
Decreased by:		
Expenditures R.S. 4:19-1511	B-6	<u>34,295.23</u>
Balance / (Deficit) - December 31, 2015	B	<u><u>(11,488.72)</u></u>
	<u>License Fees Collected</u>	
	<u>Year</u>	
	2014	18,921.40
	2013	<u>18,571.00</u>
		<u>37,492.40</u>

Exhibit B-6

**Accounts Payable
Trust Funds - Dog
Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	B	
Increased by:		
Dog License Fund Expenditures	B-5	<u>34,295.23</u>
		34,295.23
Decreased by:		
Disbursed	B-1	<u>17,297.62</u>
Balance - December 31, 2015	B	<u><u>16,997.61</u></u>

Exhibit B-7

**Schedule of Due to State Department of Health
Trust Funds - Dog
Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	B	24.60
Increased by:		
State Fees Collected	B-1	<u>2,230.80</u>
		2,255.40
Decreased by:		
Paid to State	B-1	<u>2,217.60</u>
Balance - December 31, 2015	B	<u><u>37.80</u></u>

Borough of Pompton Lakes, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Escrow / Performance Deposits	68,224.29	35,216.81	18,589.53	84,851.57
Board of Health Clinics	7,672.17	5,833.00	9,519.28	3,985.89
Tax Sale Premiums	435,200.00	483,200.00	319,700.00	598,700.00
Police Drug Education	4,410.99	2,000.00		6,410.99
Donations for National Night Out		300.00	29.00	271.00
Donations for Domestic Violence Awareness	1,071.94			1,071.94
Donations for Flood Relief	899.19			899.19
Donations for Crosswalk Signs	1,112.50			1,112.50
Donations for River Clean Up	275.00			275.00
Donations for Streetscape/Holiday Decorations	1,000.00			1,000.00
	<u>519,866.08</u>	<u>526,549.81</u>	<u>347,837.81</u>	<u>698,578.08</u>
	B	B-1	B-1	B

Schedule of Reserve for Unemployment Insurance

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance / (Deficit) - December 31, 2014	B	4,036.03
Increased by:		
Payroll Transfer		44,000.00
Interest Earned		4.78
	B-1	<u>44,004.78</u>
		<u>48,040.81</u>
Decreased by:		
Disbursed	B-1	<u>45,429.74</u>
Balance / (Deficit) - December 31, 2015	B	<u>2,611.07</u>

Borough of Pompton Lakes, N.J.
Schedule of Reserve for Municipal Open Space
Trust Funds
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	333,565.91
Increased by:		
Tax Levy including Added Taxes		61,638.68
Interest Earned		3.64
	B-1	<u>61,642.32</u>
		395,208.23
Decreased by:		
Disbursed	B-1	<u>19,750.70</u>
Balance - December 31, 2015	B	<u><u>375,457.53</u></u>

Borough of Pompton Lakes, N.J.

Schedule of Due to Pompton Lakes Community Partnership
Business Improvement District Trust
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		13,310.70
Increased by:			
Business Assessments	B-4		<u>285,853.05</u>
			299,163.75
Decreased by:			
Interfund - Current Fund	B-2	<u>289,278.88</u>	<u>289,278.88</u>
Balance - December 31, 2015	B		<u><u>9,884.87</u></u>

Borough of Pompton Lakes, N.J.
Schedule of Payroll Receipts and Disbursements
Payroll Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	33,933.53
Increased by:		
Receipts	B-1	9,714,080.50
		9,748,014.03
Decreased by:		
Disbursed	B-1	9,711,868.83
		36,145.20
Balance - December 31, 2015	B	36,145.20

	<u>Analysis Balance Dec. 31, 2015</u>
Federal Withholding/Social Security	(2,999.55)
State Withholding	(134.65)
Unemployment Insurance	4,460.86
Garnishment	37.88
P.E.R.S. / Loans / Back Ded. Etc.	14,265.78
P.E.R.S. Contributory Insurance	874.39
P.F.R.S. / Loans Etc.	14,759.04
Valic	0.08
Union Dues	10.99
AFLAC	1,210.92
Miscellaneous	(191.15)
Interest/Open A/C	1,143.22
Dental	2,707.39
	36,145.20
	36,145.20

	<u>Ref.</u>	
Payroll Deductions Payable	B	35,001.98
Interfund - Current Fund	B	1,143.22
		36,145.20
		36,145.20

Borough of Pompton Lakes, N.J.

Schedule of Reserve for Recreation Expenditures

Recreation Commission

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	35,840.09
Increased by:		
Receipts		68,583.67
Interest Earned		<u>51.05</u>
	B-1	<u>68,634.72</u>
		104,474.81
Decreased by:		
Cash Disbursements Record	B-1	<u>50,438.76</u>
Balance - December 31, 2015	B	<u><u>54,036.05</u></u>

Schedule of Due to / (from) Other Trust Fund

Recreation Commission

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u><u>(185.01)</u></u>
Balance - December 31, 2015	B	<u><u>(185.01)</u></u>

Borough of Pompton Lakes , N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C		\$ 648,677.89
Increased by Receipts:			
Premium on Sale of Bonds & Notes	C-1	36,858.40	
Grants Receivable	C4	150,000.00	
Interfund - Current Fund	C-7	1,309,700.34	
Interfund - Federal and State Grant Fund	C-9	3,960.20	
General Serial Bonds	C-10	3,743,000.00	
Bond Anticipation Notes	C-11	3,318,000.00	
Budget Appropriations:			
Capital Improvement Fund	C-13	140,000.00	
Miscellaneous Reserves	C-14	<u>299,720.00</u>	
			<u>9,001,238.94</u>
			9,649,916.83
Decreased by Disbursements:			
Grants Receivable	C-4	1,374,192.26	
Bond Anticipation Notes	C-11	5,395,000.00	
Improvement Authorizations	C-12	972,016.78	
Miscellaneous Reserves	C-14	<u>1,149,069.88</u>	
			<u>8,890,278.92</u>
Balance - December 31, 2015	C		\$ <u><u>759,637.91</u></u>

Borough of Pompton Lakes , N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2015

Fund Balance	<u>Ref.</u> C-1	\$ 60,796.96
Interfund - Current Fund	C-7	354,614.24
Interfund - Other Trust Fund	C-8	(2,427.25)
Interfund - Federal and State Grant Fund	C-9	(67,199.31)
Various Receivables	C-4	(2,639,450.39)
Capital Improvement Fund	C-13	156,350.69
Miscellaneous Reserves	C-14	1,445,692.20

Improvement Authorizations:

Ordinance

Number

Improvement Description

01-07A	Acquisition of Various Equipment	(250.00)
05-13	Acquisition of Land	(64,750.00)
06-14B	Improvement of Various Streets	(100.00)
07-14B	Improvement of Various Streets	491.37
07-14C	Improvement of Municipal Owned Facilities	34.72
08-03	Improvement of Wanaque Avenue	(127,321.17)
08-22C	Improvement of Municipal Owned Facilities	9,245.81
09-13B	Improvement of Municipal Owned Facilities	9,813.49
09-13C	Improvement of Stormwater Drainage	1,163.83
11-10	Various Improvements & Equip. Purchases	3,733.01
11-12	Various Improvements or Purposes	327,944.30
12-08	Various Improvements or Purposes	19,459.43
12-20	Improvement of Riverdale Road	11,205.79
12-21	Flood Mitigation Project	9,134.73
13-12	Various Improvements or Purposes	17,280.79
13-13	Various Improvements or Purposes	348,064.47
14-19	Various Improvements or Purposes	278,134.97
14-31	Various Improvements or Purposes	147,457.99
15-16	Various Improvements or Purposes	460,517.24

\$ 759,637.91

C

Borough of Pompton Lakes, N.J.

Schedule of Various Receivables

Year Ended December 31, 2015

	<u>Balance,</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Cash</u> <u>Received</u>	<u>Balance,</u> <u>Dec. 31, 2015</u>
Due from State of NJ Transportation Trust Fund:				
Ord. 03:03F - Improvement Romain / Riverview Rds.	\$ 32,187.86			32,187.86
Ord. 08:3 - Improvement of Wanaque Ave	604,786.77			604,786.77
Ord. 08:22B - Improvement to Various Roads	33,200.92			33,200.92
Ord. 12:20 - Improvement to Riverdale Road	50,000.00			50,000.00
Ord. 14:31 - Improvement to Various Roads	200,000.00		150,000.00	50,000.00
	<u>920,175.55</u>		<u>150,000.00</u>	<u>770,175.55</u>
Due from New Jersey DEP/Greenacres:				
Flood Mitigation Project - (NJDEP)	495,082.58	171,770.79		666,853.37
Due from Department of Homeland Security:				
Flood Mitigation/Severe Repetitive Loss Project		1,202,421.47		1,202,421.47
	<u>\$ 1,415,258.13</u>	<u>1,374,192.26</u>	<u>150,000.00</u>	<u>2,639,450.39</u>
	<u>C</u>	<u>C-2</u>	<u>C-2/C-6</u>	<u>C/C-3</u>

**Borough of Pompton Lakes , N.J.
 Schedule of Deferred Charges to Future
 Taxation - Funded**

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 4,287,000.00
Increased by:		
Improvement Costs Funded by Serial Bonds Issued	C-6	<u>3,743,000.00</u> 8,030,000.00
Decreased by:		
Serial Bonds Paid by Current Year Budget Appropriations	C-10	<u>500,000.00</u>
Balance - December 31, 2015	C	<u><u>\$ 7,530,000.00</u></u>

Borough of Pompton Lakes, N.J.
Schedule of Deferred Charges to Future Taxation - Unfunded
General Capital Fund
Year Ended December 31, 2015

Ordinance Number	<u>Improvement Description</u>	Balance, Dec. 31, 2014	2015 Authorizations	Authorizations Funded	Balance, Dec. 31, 2015	Financed by Bond Anticipation Notes	<u>Expended</u>	<u>Unexpended Improvement Authorization</u>
	<u>General Improvements:</u>							
01-07A	Acquisition of Various Equipment	\$ 250.00			250.00		250.00	
05-13	Acquisition of Land	64,750.00			64,750.00		64,750.00	
06-14B	Improvement of Various Streets	100.00			100.00		100.00	
08-03	Improvement of Wanaque Avenue	604,786.77		200,000.00	404,786.77		127,321.17	277,465.60
12-08	Various Improvements or Purposes	309,000.00		309,000.00				
12-20	Improvement of Riverdale Road	135,000.00						
12-21	Flood Mitigation Project	950,000.00						
13-13	Various Improvements or Purposes	833,000.00						
14-19	Various Improvements or Purposes	570,000.00						
14-31	Various Improvements or Purposes	571,000.00						
15-16	Various Improvements or Purposes		475,000.00					
		<u>\$ 4,037,886.77</u>	<u>475,000.00</u>	<u>4,043,000.00</u>	<u>469,886.77</u>		<u>192,421.17</u>	<u>277,465.60</u>
		<u>C</u>	<u>C-12</u>	<u>C-14</u>	<u>C</u>			<u>C-12</u>
						Improvement Authorizations - Unfunded		<u>277,465.60</u>
								<u>C-12</u>
		<u>Ref</u>						
		<u>C-11</u>						
		<u>C-5</u>						
				300,000.00				
				<u>3,743,000.00</u>				
				<u>4,043,000.00</u>				

Notes Paid by by Budget Appropriation
Transfer to Deferred Charges to Future Taxation - Funded

Borough of Pompton Lakes , N.J.
Schedule of Interfund - Current Fund
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>			
Balance - December 31, 2014	C	Due from	\$	955,086.10
Decreased by:				
Interest Earned		625.14		
Receipts	C-2	<u>1,309,075.20</u>		<u>1,309,700.34</u>
Balance - December 31, 2015	C/C-3	Due to	\$	<u><u>354,614.24</u></u>

Exhibit C-8

Borough of Pompton Lakes , N.J.
Schedule of Interfund - Other Trust Fund
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C	Due from	\$ <u>2,427.25</u>
Balance - December 31, 2015	C/C-3	Due from	\$ <u><u>2,427.25</u></u>

Exhibit C-9

Schedule of Interfund - Federal and State Grant Fund
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C	Due from	\$ 71,159.51
Decreased by:			
Receipts	C-2		<u>3,960.20</u>
Balance - December 31, 2015	C/C-3	Due from	\$ <u><u>67,199.31</u></u>

Borough of Pompton Lakes, N.J.
Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2015</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>					
General Bonds of 2007	03-1-07	1,890,000.00	03-1-16/17	200,000.00	3.80%	\$ 990,000.00		200,000.00	790,000.00
			03-1-18	200,000.00	3.875%				
			03-1-19	190,000.00	3.875%				
General Bonds of 2012	02-16-12	3,647,000.00	01-15-16/18	300,000.00	1.25%	3,297,000.00		300,000.00	2,997,000.00
			01-15-19/20	300,000.00	1.375%				
			01-15-21	300,000.00	1.500%				
			01-15-22	300,000.00	1.625%				
			01-15-23/24	300,000.00	1.750%				
	01-15-25	297,000.00	2.000%						
General Bonds of 2015	12-17-15	3,743,000.00	12-01-16/19	225,000.00	2.000%	3,743,000.00			3,743,000.00
			12-01-20/21	325,000.00	2.000%				
			12-01-22/23	350,000.00	2.000%				
			12-01-24	375,000.00	2.000%				
			12-01-25/26	375,000.00	2.500%				
	12-01-27	368,000.00	2.500%						
						<u>\$ 4,287,000.00</u>	<u>C</u>	<u>500,000.00</u>	<u>7,530,000.00</u>
							<u>C-2</u>	<u>C-5</u>	<u>C</u>

Borough of Pompton Lakes, N.J.
Schedule of Bond Anticipation Notes Payable
General Capital Fund
Year Ended December 31, 2015

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2014	Increased	Decreased	Balance, Dec. 31, 2015
12-08	Various Improvements or Purposes	309,000.00	07/12/13	06/18/15	12/18/15	1.00%	309,000.00	294,000.00	603,000.00	
12-20	Improvement of Rivertdale Road	285,000.00	07/12/13	07/10/14	07/10/15	1.00%	285,000.00		285,000.00	
12-21	Flood Mitigation Project	950,000.00	07/12/13	06/18/15	12/18/15	1.00%	950,000.00	950,000.00	1,900,000.00	
13-13	Various Improvements or Purposes	833,000.00	07/10/14	06/18/15	12/18/15	1.00%	833,000.00	833,000.00	1,666,000.00	
08-03	Improvement of Wanaque Avenue	100,000.00	06/18/15	06/18/15	12/18/15	1.00%		100,000.00	100,000.00	
14-19	Various Improvements or Purposes	570,000.00	06/18/15	06/18/15	12/18/15	1.00%		570,000.00	570,000.00	
14-31	Various Improvements or Purposes	571,000.00	06/18/15	06/18/15	12/18/15	1.00%		571,000.00	571,000.00	
							<u>\$ 2,377,000.00</u>	<u>3,318,000.00</u>	<u>5,695,000.00</u>	<u>C</u>

Ref.	Issued for Cash Notes Renewed	1,241,000.00
C-2/C-15		2,077,000.00
C-2		2,077,000.00
C-6	Budget Appropriation	300,000.00
C-2	Paid by Bond Proceeds	3,318,000.00
		<u>3,318,000.00</u>
		<u>5,695,000.00</u>

Borough of Pompton Lakes, N.J.
Schedule of Improvement Authorizations
General Capital Fund
Year Ended December 31, 2015

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2014		2015 Authorizations	Paid or Charged	Cancelled	Balance, Dec. 31, 2015		
				Funded	Unfunded				Funded	Unfunded	
<u>General Improvements:</u>											
07-14B	Improvement of Various Streets	07-18-07	372,000.00	\$ 491.37					491.37		
07-14C	Improvement of Municipal Owned Facilities	07-18-07	480,600.00	34.72					34.72		
08-03	Improvement of Wanaque Avenue	02-27-08	1,450,000.00		289,600.30		12,134.70			277,465.60	
08-22C	Improvement of Municipal Owned Facilities	09-10-08	552,500.00	14,269.39			5,023.58				
09-13B	Improvement of Municipal Owned Facilities	06-10-09	280,000.00	9,813.49					9,813.49		
09-13C	Improvement of Stormwater Drainage	06-10-09	100,000.00	1,163.83					1,163.83		
11-10	Various Improvements & Equip. Purchases	05-25-11	64,000.00	3,733.01					3,733.01		
11-12	Various Improvements or Purposes	06-22-11	1,500,000.00	446,447.66			118,503.36		327,944.30		
12-08	Various Improvements or Purposes	07-18-12	325,000.00		33,975.35		14,515.92		19,459.43		
12-20	Improvement of Riverdale Road	11-07-12	300,000.00	35,978.77			24,772.98		11,205.79		
12-21	Flood Mitigation Project	11-07-12	1,000,000.00	9,134.73					9,134.73		
13-12	Various Improvements or Purposes	06-26-13	110,000.00	63,866.79			46,586.00		17,280.79		
13-13	Various Improvements or Purposes	06-26-13	875,000.00		454,431.19		106,366.72		348,064.47		
14-19	Various Improvements or Purposes	06-25-14	600,000.00		560,004.27		281,869.30		278,134.97		
14-31	Various Improvements or Purposes	10-22-14	600,000.00		470,219.45		322,761.46		147,457.99		
15-16	Various Improvements or Purposes	07-15-15	500,000.00			500,000.00	39,482.76		460,517.24		
				\$ 539,820.26	1,853,344.06	500,000.00	972,016.78			277,465.60	
				C	C	C	C-2			C	
				Ref.						C/C-6	
				Capital Improvement Fund		C-13					
				Deferred Charges to Future Taxation - Unfunded		C-6/C-15					
						25,000.00					
						475,000.00					
						500,000.00					

Borough of Pompton Lakes , N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 41,350.69
Increased by:		
Budget Appropriation	C-2	<u>140,000.00</u>
		181,350.69
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-12	<u>25,000.00</u>
Balance - December 31, 2015	C/C-3	<u><u>\$ 156,350.69</u></u>

Borough of Pompton Lakes , N.J.
Schedule of Miscellaneous Reserve Funds
General Capital Fund
Year Ended December 31, 2015

	<u>Balance,</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance,</u> <u>Dec. 31, 2015</u>
Various Improvements	\$ 20,694.74			20,694.74
Reserve for Debt Service		150,000.00		150,000.00
Flood Mitigation Project	1,419,560.57		999,069.88	420,490.69
Bid Deposits		149,720.00		149,720.00
Grants Receivable	854,786.77		150,000.00	704,786.77
	<u>\$ 2,295,042.08</u>	<u>299,720.00</u>	<u>1,149,069.88</u>	<u>1,445,692.20</u>
	C			C/C-3
	<u>Ref.</u>			
Disbursed	C-2		1,149,069.88	
Receipts	C-2	299,720.00		
		<u>299,720.00</u>	<u>1,149,069.88</u>	

Borough of Pompton Lakes, N.J.
Schedule of Bonds and Notes Authorized But Not Issued
General Capital Fund
Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>Reduced</u>	<u>Balance, Dec. 31, 2015</u>
	General improvements:				
01-07A	Acquisition of Various Equipment	\$ 250.00			250.00
05-13	Acquisition of Land	64,750.00			64,750.00
06-14B	Improvement of Various Streets	100.00			100.00
08-03	Improvement of Wanaque Avenue	604,786.77		200,000.00	404,786.77
14-19	Various Improvements or Purposes	570,000.00		570,000.00	
14-31	Various Improvements or Purposes	571,000.00		571,000.00	
15-16	Various Improvements or Purposes		475,000.00	475,000.00	
		<u>\$ 1,810,886.77</u>	<u>475,000.00</u>	<u>1,816,000.00</u>	<u>469,886.77</u>
		Footnote C	C-12		Footnote C
			Ref. C-11	1,241,000.00	
				<u>575,000.00</u>	
				<u>1,816,000.00</u>	

Borough of Pompton Lakes , N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2014	E	\$ 10,195.32	8,599.78	1,595.54
Increased by Receipts:				
Miscellaneous		10.23	8.61	1.62
	E-2/E-3	10.23	8.61	1.62
Balance - December 31, 2015	E	\$ 10,205.55	8,608.39	1,597.16

Borough of Pompton Lakes , N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	E	\$	10,195.32
Increased by Receipts:			
Cash Receipts Record	E-1/E-3		<u>10.23</u>
Balance - December 31, 2015	E	\$	<u><u>10,205.55</u></u>
<u>Reconciliation - December 31, 2015</u>	<u>P.A.T.F.</u>	<u>P.A.T.F.</u>	<u>TOTAL</u>
	<u>Account #1</u>	<u>Account #2</u>	
Balance on Deposit per Statement of:			
Columbia Savings Bank			
Checking	8,608.39	1,597.16	10,205.55
Less: Outstanding Checks	<u> </u>	<u> </u>	<u>0.00</u>
Balance, December 31, 2015	<u><u>8,608.39</u></u>	<u><u>1,597.16</u></u>	<u><u>10,205.55</u></u>

Borough of Pompton Lakes , N.J.
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Miscellaneous	E-1/E-2/E-5	\$ 10.23	8.61	1.62
Total Receipts	E-1	\$ <u>10.23</u>	<u>8.61</u>	<u>1.62</u>

Borough of Pompton Lakes , N.J.
Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	E	\$ <u>6,178.37</u>
Balance - December 31, 2015	E	\$ <u><u>6,178.37</u></u>

Schedule of Interfund - Current Fund

Public Assistance Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	E	\$ 4,016.95
Increased by:		
Cash Receipts	E-3	<u>10.23</u>
Balance - December 31, 2015	E	\$ <u><u>4,027.18</u></u>
<u>Analysis of Balance</u>		
Public Assistance #1		2,430.02
Public Assistance #2		<u>1,597.16</u>
		<u><u>4,027.18</u></u>

Borough of Pompton Lakes , N.J.

Schedule of Cash

Free Public Library

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	\$ 177,369.85
Increased by:		
Cash Receipts	F-1	\$ 392,096.87
Mandle Trust Receipts	F-4	231.91
Patton Trust Receipts	F-6	200.06
		<u>392,528.84</u>
		569,898.69
Decreased by:		
Cash Disbursements	F-3	478,612.86
Mandle Trust Disbursements	F-4	250.00
		<u>478,862.86</u>
Balance - December 31, 2015	F	\$ <u><u>91,035.83</u></u>
<u>Analysis of Balance</u>		
Checking		1,053.67
Savings		18,554.59
Mandle Trust		25,007.95
Cozzens Trust		10,577.05
Patton Trust		35,762.57
		<u><u>90,955.83</u></u>

Schedule of Accounts Payable

Free Public Library

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	\$ 2,414.74
Increased by:		
Charges to Current Year	F-1	479,266.02
		<u>481,680.76</u>
Decreased by:		
Cash Disbursements	F-2	478,612.86
		<u>478,612.86</u>
Balance - December 31, 2015	F	\$ <u><u>3,067.90</u></u>

Borough of Pompton Lakes , N.J.
Schedule of Reserve for Mandle Trust
Free Public Library
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	\$ 21,062.01
Increased by:		
Cash Receipts	F-2	<u>231.91</u>
		21,293.92
Decreased by:		
Cash Disbursements	F-2	<u>250.00</u>
Balance - December 31, 2015	F	<u>\$ 21,043.92</u>

Schedule of Reserve for Cozzens Trust
Free Public Library
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	<u>\$ 10,577.05</u>
Balance - December 31, 2015	F	<u>\$ 10,577.05</u>

Schedule of Reserve for Ellen Patton Trust
Free Public Library
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	F	\$ 35,562.51
Increased by:		
Cash Receipts	F-2	<u>200.06</u>
Balance - December 31, 2015	F	<u>\$ 35,762.57</u>

BOROUGH OF POMPTON LAKES

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PART II

**LETTER ON INTERNAL CONTROL AND
ON COMPLIANCE AND OTHER MATTERS
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015**

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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

The Honorable Mayor and
Members of the Borough Council
Borough of Pompton Lakes
Pompton Lakes, New Jersey 07442

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Pompton Lakes in the County of Passaic 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 13, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the omission of the fixed asset account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Pompton Lakes's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Pompton Lakes's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Pompton Lakes'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Pompton Lakes in the accompanying comments and recommendations section of this report.

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Pompton Lakes in the accompanying comments and recommendations section of this report.

Purpose of this Report

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

Charles J. Ferraioli, Jr.

Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCES AND N.J. OMB CIRCULAR 15-08

Honorable Mayor and
Members of the Borough Council
Borough of Pompton Lakes
County of Passaic, New Jersey

Report on Compliance for Each Major Program

We have audited the Borough of Pompton Lakes in the County of Passaic compliance with the types of compliance requirements described in the OMB Compliance Supplement and N.J. Office of Management and Budget (OMB) Circular 15-08 Compliance Supplement that could have a direct and material effect on each of its major state programs for the year ended December 31, 2015. The Borough of Pompton Lakes's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Pompton Lakes's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the Borough of Pompton Lakes's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination on the Borough of Pompton Lakes's compliance.

Opinion on Each Major Program

In our opinion, the Borough of Pompton Lakes complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Borough of Pompton Lakes is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Pompton Lakes's internal control over compliance with the types of requirements that could have a direct and material effect on a major program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Pompton Lakes's internal control over compliance.

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

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



Honorable Mayor and
Members of the Borough Council
Page 3.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Charles J. Ferraioli, Jr.

Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388

Ferraioli, Wielkocz, Cerullo + Cuva, P.A.

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Certified Public Accountants
Pompton Lakes, New Jersey

June 13, 2016



BOROUGH OF POMPTON LAKES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2015

Name of Federal Agency or Department	Federal Program	C.F.D.A./ Account No.	Total Grant Award Amount	Balance Jan. 1, 2015	Revenues/ Receipts	Expended	Adjustment	Balance Dec. 31, 2015	Memo Cumulative Total Expenditures
U.S. Department of Homeland Security: Federal Emergency Management Agency Pass-thru NJ State Police	State Police - HLA HEOP Grant	97.051	2,405.72	71.72				71.72	2,334.00
	Hazard Mitigation Grant	97.039	3,120,975.00	866,916.81		961,984.15		(95,067.34)	2,268,051.20
	Severe Repetitive Loss	97.110	4,592,700.00	436,234.76	82,822.80	1,568,635.36		(1,049,577.80)	4,592,700.00
U.S. Department of Homeland Security: Assistance to Firefighters Grant	Assistance to Firefighters	97.044	49,153.00		49,153.00	49,153.00			49,153.00
Community Development Block Grant Pass-thr the County of Passaic	ADA Curb Ramps	14.218	45,245.00						
US Dept. of Transportation	Over the Limit Under Arrest	20.601	6,000.00	44.65		44.65			6,000.00
Department of Environmental Protection	Municipal Stormwater Regulation	66.605	10,207.00	(2,552.00)				(2,552.00)	10,207.00
			10,207.00	(2,552.00)				(2,552.00)	10,207.00
			<u>1,298,163.94</u>		<u>131,975.80</u>	<u>2,579,817.16</u>		<u>(1,149,677.42)</u>	<u>6,938,652.20</u>

See accompanying notes to schedules of federal awards and state assistance.

**BOROUGH OF POMPTON LAKES
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Borough of Pompton Lakes. The Borough is defined in Note 1A to the Borough's financial statements. All federal and state financial assistance received directly from federal and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual 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 generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Notes 1(B) to the Borough's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Capital Fund	\$2,530,619.51	\$316,121.82	\$2,846,741.33
Current Grant Fund	<u>49,197.65</u>	<u>43,579.66</u>	<u>92,777.31</u>
Total Financial Awards	<u>\$2,579,817.16</u>	<u>\$359,701.48</u>	<u>\$2,939,518.64</u>

**BOROUGH OF POMPTON LAKES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Adverse GAAP/qualified regulatory

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

Noncompliance material to financial statements noted? yes X no

Federal Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>97.039</u>	<u>FEMA - Flood Mitigation</u>
<u>97.110</u>	<u>FEMA - Secure Repetitive Loss</u>

**BOROUGH OF POMPTON LAKES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Section I - Summary of Auditor's Results, Continued

State Awards Section

Not Applicable

BOROUGH OF POMPTON LAKES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)

Section II - Schedule of Financial Statement Findings

None

Section III - Federal Financial Assistance Findings and Questioned Costs

None

Status of Prior Year Findings

There were no prior year findings.

GENERAL COMMENTS

Contracts and Agreements

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

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010, the threshold was increased to \$36,000.00 with a qualified purchasing agent and on July 1, 2015, this amount was increased to \$40,000.00.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term ‘competitive contracting’, which is defined as “the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received.”

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. “When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations.” The Borough adopted a resolution increasing their bid threshold to \$36,000.00 and \$40,000.00 based on having a “qualified purchasing agent”.

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. “Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months.”

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

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

Home Elevations
Road Improvement Projects
Tennis Court Rehabilitation

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. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. None were disclosed.

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

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

Be it resolved by the Mayor and Council of the Borough of Pompton Lakes, a municipal corporation of the State of New Jersey, that the interest rate for delinquent taxes be eight per cent (8%) on delinquent taxes up to \$1,500.00 and eighteen per cent (18%) per annum on delinquent taxes in excess of \$1,500.00.

On January 1, 2012, the governing body adopted a resolution to charge an additional penalty of 6% on all municipal delinquencies over \$10,000.00.

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

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on April 9, 2015 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2015	10
2014	10
2013	10

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

The result of the test, which was made for the year ending December 31, 2015, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition analytical review procedures were utilized.

ACCOUNTING SYSTEMS

A fixed asset accounting system as promulgated by the Division of Local Government Services was not maintained.

There were many instances of purchases being made prior to requisition/purchase order approval.

OTHER COMMENTS

There are "Deferred Charges to Future Taxation Unfunded" balances over 5 years old where the project has been completed.

The analysis of General Capital cash include cash deficits for ordinances over 5 years old.

There are several outstanding grants receivable that should be reviewed for proper disposition.

Employee health benefit contributions were not calculated correctly in accordance with Chapter 78, P.L. 2011.

Municipal Court monthly collections were not turned over to the proper agencies by the 15th of the next month for the months of June, September and October.

Payroll tax electronic fund transfers processed by the Borough's payroll service provider are not being verified as required by Local Finance Notice 2009-18.

There were several instances that political contribution forms were not on file for vendors exceeding \$17,500.

The fee being charged by the Building Department for demolitions was not in agreement with the approved fee schedule.

RECOMMENDATIONS

- * 1. That a Fixed Asset Accounting System be implemented.
- * 2. That all "Deferred Charges to Future Taxation Unfunded" balances over 5 years old where the projects have been completed be funded.
- * 3. That all cash deficits for ordinances over 5 years old be funded.
- * 4. That outstanding grants receivable be reviewed for collection or cancellation.

RECOMMENDATIONS, (continued)

- * 5. That employee health benefit contributions be calculated correctly in accordance with Chapter 78, P.L. 2011.
- 6. That the Municipal Court disburse monthly balances to the proper agency by the 15th of the month following collection.
- * 7. That all payroll electronic fund transfers processed by the Borough's payroll provider service provider be verified.
- * 8. That political contribution forms be requested from all vendors when it is expected that costs for services will exceed \$17,500.
- * 9. That the fee being charged for demolitions be in agreement with the approved fee schedule.

STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all except those marked with an (“*”).

The problems and weaknesses noted in our audit were not of 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.

Very truly yours,

Charles J. Ferraioli, Jr.

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Registered Municipal Accountant
No. 388

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