

TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2015

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF LOPATCONG

COUNTY OF WARREN

REPORT OF AUDIT

2015

TOWNSHIP OF LOPATCONG
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TOWNSHIP OF LOPATCONG

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2015



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Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Lopatcong, NJ

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Township of Lopatcong in the County of Warren (the "Township") as of and for the years ended December 31, 2015 and 2014, and the related notes to the 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 accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township'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.

The Honorable Mayor and Members
of the Township Committee
Township of Lopatcong
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion

The Township's general fixed asset account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed asset of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their accrual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2015 and 2014 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Lopatcong as of December 31, 2015 and 2014, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

The Honorable Mayor and Members
of the Township Committee
Township of Lopatcong
Page 3

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state 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*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

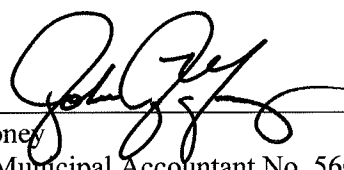
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016 on our consideration of the Township of Lopatcong's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lopatcong's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 15, 2016

Nisivoccia LLP

NISIVOCCIA LLP



John J. Mooney
Registered Municipal Accountant No. 560
Certified Public Accountant

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
CURRENT FUND

TOWNSHIP OF LOPATCONG
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 3,047,382.54	\$ 1,914,934.16
Change Fund - Collector		700.00	700.00
Due from State of New Jersey:			
Veterans and Senior Citizens Deductions		6,676.21	5,197.45
		<u>3,054,758.75</u>	<u>1,920,831.61</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-6	685,638.15	870,254.42
Tax Title Liens Receivable	A-7	172,826.48	147,871.55
Revenue Accounts Receivable	A-8	2,402.92	2,156.76
Property Acquired for Taxes - Assessed Valuation		577,800.00	577,800.00
Due from:			
Federal and State Grant Fund	A	21,038.67	86,009.42
Other Trust Fund	B	64,604.85	5,462.23
Payroll		186,418.89	
Total Receivables and Other Assets		<u>1,710,729.96</u>	<u>1,689,554.38</u>
With Full Reserves			
Deferred Charges:			
Overexpenditure of Appropriations		25,703.45	6,752.79
Special Emergency Authorization		65,794.40	131,588.80
Emergency Authorization			16,631.66
		<u>91,497.85</u>	<u>154,973.25</u>
Total Regular Fund		<u>4,856,986.56</u>	<u>3,765,359.24</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-4a	33,608.13	65,214.36
Federal and State Grants Receivable	A-11	192,366.33	192,366.33
Deferred Charge - Expenditure without Reserve	A-12	1,787.78	
Total Federal and State Grant Fund		<u>227,762.24</u>	<u>257,580.69</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,084,748.80</u>	<u>\$ 4,022,939.93</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 91,366.66	\$ 151,886.83
Encumbered	A-3;A-9	93,470.31	32,292.89
Total Appropriation Reserves		184,836.97	184,179.72
Prepaid Taxes		132,185.66	75,227.52
Accounts Payable - Vendors			114.02
Due to County for Added Taxes		45,956.60	128,255.23
Due State of New Jersey - Marriage Licenses		1,440.00	1,440.00
Local School District Taxes Payable	A-10	17,676.28	1,090,591.30
Tax Overpayments		25,136.57	6,359.98
Due to:			
Tax Sale Premium Fund	B	225,800.00	38,900.00
Open Space Trust Fund	B	7,696.00	5,223.00
General Capital Fund	C	82,841.63	170,393.78
Sewer Operating Fund	E	302,345.50	
Sewer Capital Fund	E	1,692,022.00	
Reserve for Update of Master Plan		7,208.71	7,208.71
Reserve for Sale of Municipal Assets		24.60	24.60
Reserve for Third Party Liens			429.17
		2,725,170.52	1,708,347.03
Reserve for Receivables and Other Assets		1,710,729.96	1,689,554.38
Fund Balance	A-1	421,086.08	367,457.83
Total Regular Fund		4,856,986.56	3,765,359.24
Federal and State Grant Fund:			
Appropriated Reserves	A-12	154,733.10	162,844.85
Unappropriated Reserves	A-13	51,990.47	8,726.42
Due Current Fund	A	21,038.67	86,009.42
Total Federal and State Grant Fund		227,762.24	257,580.69
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,084,748.80</u>	<u>\$ 4,022,939.93</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 150,000.00	\$ 290,000.00
Miscellaneous Revenue Anticipated		2,025,209.22	2,133,167.28
Receipts from:			
Delinquent Taxes		845,551.58	557,021.59
Current Taxes		23,341,166.27	23,032,875.24
Nonbudget Revenue		22,952.61	51,347.84
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		56,259.99	12,366.29
Increase in Deferred School Tax		150,000.00	284,854.00
Cancel County Taxes Payable			394.55
Tax Sale Premiums Lapsed			9,660.00
Prior Year Accounts Payable Cancelled		114.02	
Interfunds and Other Receivables Returned			103,351.30
Total Income		<u>26,591,253.69</u>	<u>26,475,038.09</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		6,496,672.89	6,479,309.36
County Taxes		5,948,375.07	6,402,108.43
Amount Due County for Added and Omitted Taxes		45,956.60	128,255.23
Local School District Taxes		13,422,164.00	13,086,852.00
Municipal Open Space Tax		258,473.00	259,813.00
Senior Citizens Deductions Disallowed		352.74	780.14
Refund of Prior Year Revenue		18,991.04	
Interfunds and Other Receivables Advanced		215,590.76	
Total Expenditures		<u>26,406,576.10</u>	<u>26,357,118.16</u>
Excess in Revenue		184,677.59	117,919.93
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Overexpenditure of Appropriations		18,950.66	6,752.79
Emergency Appropriation			16,631.66
Statutory Excess to Fund Balance		203,628.25	141,304.38
<u>Fund Balance</u>			
Balance January 1		<u>367,457.83</u>	<u>516,153.45</u>
		571,086.08	657,457.83
Decreased by:			
Utilized as Anticipated Revenue		<u>150,000.00</u>	<u>290,000.00</u>
Balance December 31	A	<u>\$ 421,086.08</u>	<u>\$ 367,457.83</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 150,000.00	\$ 150,000.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	8,000.00	8,000.00	
Fees and Permits	18,000.00	11,545.66	\$ 6,454.34 *
Fines and Costs:			
Municipal Court	38,000.00	56,112.17	18,112.17
Interest and Costs on Taxes	100,000.00	101,561.77	1,561.77
Interest on Investments and Deposits	4,000.00	1,984.72	2,015.28 *
Anticipated Utility Operating Surplus	250,000.00	250,000.00	
Parks and Playgrounds Fees	8,000.00	7,480.00	520.00 *
Swimming Pool User Fees	127,000.00	143,507.78	16,507.78
Energy Receipts Taxes	948,271.00	948,271.00	
Uniform Construction Code Fees	100,000.00	113,123.00	13,123.00
Municipal Court - Harmony Shared Service Agreement	40,000.00	40,000.00	
Recycling Tonnage Grant	8,726.42	8,726.42	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue:			
Utility Operating Surplus of Prior Year	\$ 125,000.00	\$ 125,000.00	
Uniform Fire Safety Act	31,000.00	21,848.63	\$ 9,151.37 *
Reserve to Pay Debt Service	47,170.00	47,170.12	0.12
Due from Federal and State Grant Fund	65,000.00	35,000.00	30,000.00 *
Sale of SRECS	15,000.00	23,715.00	8,715.00
Payment in Lieu of Taxes	45,000.00	48,970.95	3,970.95
Cable TV Franchise Fee	33,192.00	33,192.00	
Total Miscellaneous Revenue	<u>2,011,359.42</u>	<u>2,025,209.22</u>	<u>13,849.80</u>
Receipts from Delinquent Taxes	<u>800,000.00</u>	<u>845,551.58</u>	<u>45,551.58</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	4,243,466.99	4,390,403.58	146,936.59
Budget Totals	<u>7,204,826.41</u>	<u>7,411,164.38</u>	<u>206,337.97</u>
Nonbudget Revenue		<u>22,952.61</u>	<u>22,952.61</u>
	<u>\$7,204,826.41</u>	<u>\$ 7,434,116.99</u>	<u>\$ 229,290.58</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 23,341,166.27
Allocated to County, School, and Local Open Space Taxes	19,674,968.67
Balance for Support of Municipal Budget	3,666,197.60
Add: Appropriation - Reserve for Uncollected Taxes	724,205.98
Realized for Support of Municipal Budget	\$ 4,390,403.58

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Licenses - Other	\$ 1,379.50	
DPW Sale of Scrap	312.07	
Community Day/Easter/150th Anniversary Donations	4,093.00	
Senior Citizen and Veteran Administration Fees	1,873.37	
Tax Collector Miscellaneous	5,374.36	
Other Miscellaneous Revenue	9,920.31	
		\$ 22,952.61

Analysis of Interest Earned

Interest Earned in Current Fund	\$ 1,667.13
Interest Due from Federal and State Grant Fund	85.63
Interest Due from General Capital Fund	35.16
Interest Due from Other Trust Funds	196.80
	\$ 1,984.72

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

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS"						
GENERAL GOVERNMENT:						
Administrative and Executive:						
Other Expenses:						
Postage	\$ 8,250.00	\$ 8,809.00	\$ 8,808.40	\$ 0.60		
Computer Services	12,000.00	17,454.00	17,453.59	0.41		
Code Book Update	4,000.00	4,000.00	1,195.00	2,805.00		
Human Resource Education	2,500.00	1,000.00	778.53	221.47		
Mayor and Council:						
Salaries & Wages	19,090.00	17,089.16	17,089.16			
Administration (Municipal Clerk):						
Salaries & Wages	187,158.00	182,188.16	182,188.16			
Other Expenses	30,150.00	38,418.00	38,417.34	0.66		
Financial Administration:						
Salaries & Wages	77,500.00	73,350.71	73,350.71			
Other Expenses	13,950.00	15,266.00	15,265.49	0.51		
Annual Audit	33,000.00	33,000.00	29,578.00	3,422.00		
Tax Assessment Administration:						
Salaries & Wages	84,200.00	70,800.00	70,715.20	84.80		
Other Expenses	10,600.00	6,600.00	6,450.36	149.64		
Revenue Administration (Tax Collection):						
Salaries & Wages	46,100.00	46,100.00	46,100.00			
Other Expenses	7,650.00	7,654.00	26,604.66		\$ 18,950.66	
Legal Services and Costs:						
Other Expenses	108,500.00	167,479.00	167,478.21	0.79		

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
GENERAL GOVERNMENT (continued):						
Engineering Services and Costs:						
Other Expenses	\$ 51,000.00	\$ 51,000.00	\$ 44,330.17	\$ 6,669.83		
Public Buildings and Grounds:						
Salaries & Wages	13,400.00	13,400.00	12,901.70	498.30		
Other Expenses	52,700.00	63,115.00	63,114.30	0.70		
Garbage and Trash Removal:						
Other Expenses	5,500.00	6,313.00	6,312.22	0.78		
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board:						
Salaries & Wages	12,075.00	10,083.90	10,083.90			
Planner	10,000.00	10,000.00	10,000.00			
Other Expenses	29,600.00	31,143.00	31,142.51	0.49		
Board of Adjustment:						
Salaries & Wages	5,850.00	7,961.36	7,961.36			
Other Expenses	2,300.00	2,300.00	1,785.71	514.29		
Rent Board:						
Salaries & Wages	4,275.00	4,275.00	4,274.40	0.60		
Other Expenses	1,250.00	2,148.00	2,147.50	0.50		
Shade Tree Commission:						
Other Expenses	5,000.00	2,500.00	1,741.44	758.56		
Municipal Court:						
Salaries & Wages	96,865.00	106,867.03	106,867.03			

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
PUBLIC SAFETY:						
Fire:						
Miscellaneous Other Expenses:						
Fire Companies	\$ 28,500.00	\$ 35,782.00	\$ 35,781.05	\$ 0.95		
Police:						
Salaries & Wages	1,728,545.00	1,730,629.65	1,730,629.65			
Other Expenses	106,300.00	106,300.00	106,277.38	22.62		
Prosecutor's Office:						
Salaries & Wages:						
Lopatcong	19,760.00	20,193.26	20,193.26			
First Aid Organization - Contribution	6,000.00	6,000.00	4,198.88	1,801.12		
Zoning Officer:						
Salaries & Wages	9,925.00	10,316.91	10,316.91			
Other Expenses	1,900.00	100.00		100.00		
Emergency Management Services:						
Salaries & Wages	3,300.00	3,300.00	3,279.96	20.04		
Other Expenses	400.00	400.00		400.00		

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
STREETS AND ROADS:						
Road Repairs and Maintenance:						
Salaries & Wages	\$ 321,242.61	\$ 347,036.44	\$ 347,036.44			
Other Expenses	160,000.00	144,612.68	123,335.91	\$ 21,276.77		
Other Expenses - Salt and Grit	90,000.00	72,000.00	70,445.65	1,554.35		
HEALTH AND WELFARE:						
Senior Citizens:						
Other Expenses	5,000.00					
Animal Control Fund:						
Salaries & Wages	5,404.00	5,404.00	5,404.00			
Other Expenses	800.00	800.00	354.25	445.75		
Environmental Board:						
Other Expenses	5,000.00	1,500.00	158.98	1,341.02		
RECREATION AND EDUCATION:						
Parks and Playgrounds:						
Salaries & Wages	10,800.00	6,083.25	6,083.25			
Other Expenses	16,300.00	16,554.00	16,553.93	0.07		
Swimming Pool:						
Salaries & Wages	87,200.00	72,000.00	71,985.32	14.68		
Other Expenses	103,200.00	75,400.00	74,912.41	487.59		
Insurance:						
General Liability	153,000.00	153,000.00	153,000.00			
Workers Compensation	106,000.00	109,392.00	109,391.15	0.85		
Employee Group Health	350,000.00	374,820.00	374,819.79	0.21		
Health Benefit Waiver	30,000.00	30,000.00	30,000.00			
Eye Care Reimbursement	3,000.00	3,000.00	3,000.00			

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations - Within "CAPS" (continued)						
UNIFORM CONSTRUCTION CODE: (continued)						
Building Sub Code Official:						
Salaries & Wages	\$ 123,810.00	\$ 112,181.10	\$ 112,181.10			
Other Expenses	11,600.00	5,100.00	4,354.08	\$ 745.92		
UNCLASSIFIED:						
Electricity	60,000.00	77,170.00	77,168.30	1.70		
Street Lighting	3,500.00	3,500.00	2,451.29	1,048.71		
Telephone	51,000.00	48,900.00	48,892.83	7.17		
Natural Gas	25,000.00	19,760.00	19,758.81	1.19		
Gasoline	105,000.00	78,000.00	74,395.37	3,604.63		
Fire Hydrant Service	145,000.00	142,500.00	141,682.56	817.44		
Water	10,500.00	8,000.00	7,882.92	117.08		
Total Operations Including Contingent within "CAPS"	<u>4,821,449.61</u>	<u>4,820,049.61</u>	<u>4,790,060.48</u>	<u>48,939.79</u>	<u>18,950.66</u>	
Detail:						
Salaries & Wages	2,856,499.61	2,767,259.93	2,838,641.51	618.42		
Other Expenses (Including Contingent)	<u>1,964,950.00</u>	<u>2,052,789.68</u>	<u>1,951,418.97</u>	<u>48,321.37</u>	<u>18,950.66</u>	

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Overexpenditures	Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
DEFERRED CHARGES:						
Emergency Authorizations	\$ 16,632.00	\$ 16,632.00	\$ 16,631.66			\$ 0.34
Deficit in Public Defender Trust Fund	13.00	13.00	12.73			0.27
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security (O.A.S.I)	210,000.00	203,000.00	201,183.13	\$ 1,816.87		
Unemployment Compensation	10,000.00	18,400.00	17,310.19	1,089.81		
Public Employees Retirement System	142,475.00	142,475.00	142,475.00			
Police and Firemen's' Retirement System	321,305.00	321,305.00	321,305.00			
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	700,425.00	701,825.00	698,917.71	2,906.68		0.61
Total General Appropriations for Municipal Purposes Within "CAPS"	5,521,874.61	5,521,874.61	5,488,978.19	51,846.47	\$ 18,950.66	0.61
Shared Service Agreements:						
Harmony Court	40,000.00	40,000.00	26,265.80	13,734.20		
Total Shared Service Agreements	40,000.00	40,000.00	26,265.80	13,734.20		

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Excluded from "CAPS" (continued):					
Public and Private Programs Offset by Revenue:					
Recycling Tonnage Grant	\$ 8,726.42	\$ 8,726.42	\$ 8,726.42		
Total Public and Private Programs Offset by Revenues	8,726.42	8,726.42	8,726.42		
Total Operations - Excluded from "CAPS"	48,726.42	48,726.42	34,992.22	\$ 13,734.20	
Detail:					
Other Expenses	48,726.42	48,726.42	34,992.22	13,734.20	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Construction Various Roads	100,000.00	100,000.00	92,261.16	7,738.84	
Police Sport Utility Vehicles	50,000.00	50,000.00	38,972.75	11,027.25	
Dump Truck	55,000.00	55,000.00	47,980.10	7,019.90	
Total Capital Improvements Excluded from "CAPS"	255,000.00	255,000.00	229,214.01	25,785.99	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	145,000.00	145,000.00	145,000.00		
Payment of Bond Anticipation Notes	251,125.00	251,125.00	251,125.00		
Interest on Bonds	172,020.00	172,020.00	172,020.00		
Interest on Notes	21,080.00	21,080.00	18,182.41		\$ 2,897.59
Total Municipal Debt Service - Excluded from "CAPS"	589,225.00	589,225.00	586,327.41		2,897.59

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	Overexpenditures	
DEFERRED CHARGES:						
Special Emergency Authorizations - 5 Years	\$ 65,794.40	\$ 65,794.40	\$ 65,794.40			
Total Deferred Charges - Municipal - Excluded from "CAPS"	65,794.40	65,794.40	65,794.40			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	958,745.82	958,745.82	916,328.04	\$ 39,520.19		\$ 2,897.59
Total General Appropriations - Excluded from "CAPS"	958,745.82	958,745.82	916,328.04	39,520.19		2,897.59
Subtotal General Appropriations	6,480,620.43	6,480,620.43	6,405,306.23	91,366.66	\$ 18,950.66	2,898.20
Reserve for Uncollected Taxes	724,205.98	724,205.98	724,205.98			
Total General Appropriations	\$ 7,204,826.41	\$ 7,204,826.41	\$ 7,129,512.21	\$ 91,366.66	\$ 18,950.66	\$ 2,898.20

Ref.

A

TOWNSHIP OF LOPATCONG
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 7,204,826.41</u>	
		<u>\$ 7,204,826.41</u>	
Reserve for Uncollected Taxes			\$ 724,205.98
Cash Disbursed			6,377,092.52
Deferred Charges - Special Emergency Authorization			65,794.40
Deferred Charges - Emergency Authorization			16,631.66
Deferred Charges - Deficit in Public Defender Trust Fund			12.73
Due to Federal and State Grant Fund			8,726.42
Encumbrances	A		93,470.31
			<u>7,285,934.02</u>
Less: Refunds			<u>156,421.81</u>
			<u>\$ 7,129,512.21</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
TRUST FUNDS

TOWNSHIP OF LOPATCONG
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 1,538.32	\$ 3,185.57
		<u>1,538.32</u>	<u>3,185.57</u>
Unemployment Compensation Insurance Fund:			
Cash and Cash Equivalents	B-4	2,416.36	1,831.38
Due from State of New Jersey		972.49	972.49
		<u>3,388.85</u>	<u>2,803.87</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,469,000.30	1,478,717.85
Due from Current Fund - Tax Sale Premium Fund	A	225,800.00	38,900.00
Due from Current Fund - Open Space Trust Fund	A	7,696.00	5,223.00
Deferred Charges - Deficit in Reserve for:			
Public Defender Trust Fund		2,800.00	12.73
		<u>1,705,296.30</u>	<u>1,522,853.58</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,710,223.47</u>	<u>\$ 1,528,843.02</u>

TOWNSHIP OF LOPATCONG
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Encumbrances Payable		\$ 982.13	\$ 544.00
Reserve for Animal Control Fund Expenditures	B-6	556.19	2,641.57
		<u>1,538.32</u>	<u>3,185.57</u>
Unemployment Compensation Insurance Fund:			
Reserve for Unemployment Compensation Insurance	B-5	3,388.85	2,803.87
		<u>3,388.85</u>	<u>2,803.87</u>
Other Trust Funds:			
Due to Current Fund	A	64,604.85	5,462.23
Reserve for:			
Encumbrances			1,005.00
Sub-Division Fees		818,592.43	825,625.58
Tax Sale Premiums		255,800.00	127,300.00
Open Space Trust		13,768.13	11,147.62
Parking Offenses Adjudication Act		614.60	612.60
Recreation Trust		38,612.07	45,785.64
Outside Employment of Police Officers		10,615.59	10,615.59
Council on Affordable Housing		184,285.98	177,172.95
Community Hope		230,367.79	230,091.51
Detention Basin/Sidewalk Construction		81,068.18	81,068.18
Snow Removal		6,966.68	6,966.68
		<u>1,705,296.30</u>	<u>1,522,853.58</u>
Total Other Trust Funds		<u>1,705,296.30</u>	<u>1,522,853.58</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 1,710,223.47</u>	<u>\$ 1,528,843.02</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
GENERAL CAPITAL FUND

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 20,847.37	\$ 86,309.36
Due from:			
Current Fund	A	82,841.63	170,393.78
New Jersey Department of Transportation - Grant Receivable		138,175.00	214,771.75
Deferred Charges to Future Taxation:			
Funded		5,377,000.00	5,722,000.00
Unfunded	C-4	2,227,475.00	2,478,600.00
<u>TOTAL ASSETS</u>		<u>\$ 7,846,339.00</u>	<u>\$ 8,672,074.89</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 5,377,000.00	\$ 5,722,000.00
Bond Anticipation Notes Payable	C-7	2,226,975.00	2,478,100.00
Improvement Authorizations:			
Funded	C-5	86,170.32	229,480.36
Unfunded	C-5	5,409.56	5,409.56
Capital Improvement Fund	C-6	68,424.24	18,424.24
Reserve for:			
Encumbrances			89,130.73
Payment of Debt Service			47,170.12
South Third Street Improvements		70,000.00	70,000.00
Fund Balance	C-1	12,359.88	12,359.88
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,846,339.00</u>	<u>\$ 8,672,074.89</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	C	<u>\$ 12,359.88</u>
Balance December 31, 2015	C	<u><u>\$ 12,359.88</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	E-4	\$ 66,692.00	\$ 367,833.20
Change Fund		50.00	50.00
Due from Current Fund	A	302,345.50	
Due From Sewer Utility Capital Fund	E	63,925.51	103,835.54
Due From Sewer Utility Assessment Fund	E	5.34	5.34
		<u>433,018.35</u>	<u>471,724.08</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	E-6	230,565.18	181,682.29
Sewer Liens Receivable		2,970.86	2,970.86
		<u>233,536.04</u>	<u>184,653.15</u>
Deferred Charges - Overexpenditure of Appropriations	E-1	539.11	
		<u>539.11</u>	
Total Operating Fund		<u>667,093.50</u>	<u>656,377.23</u>
Assessment Trust Fund:			
Cash -Treasurer	E-4	46.23	46.23
Assessment Liens		1,530.00	1,530.00
Assessment Lien Interest and Costs		1,211.02	1,211.02
Total Assessment Trust Fund		<u>2,787.25</u>	<u>2,787.25</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	163,527.97	2,184,013.15
Due from Current Fund	A	1,692,022.00	
Fixed Capital	E-7	3,900,626.98	3,900,626.98
Fixed Capital Authorized and Uncompleted	E-8	3,595,000.00	3,595,000.00
Total Capital Fund		<u>9,351,176.95</u>	<u>9,679,640.13</u>
<u>TOTAL ASSETS</u>		<u>\$ 10,021,057.70</u>	<u>\$ 10,338,804.61</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Unencumbered	E-3;E-9	\$ 4,040.00	\$ 179,779.54
Encumbered	E-9	4,069.00	
		<u>8,109.00</u>	<u>179,779.54</u>
Accounts Payable - Vendors		27,359.00	27,359.00
Sewer Rents Overpayments			9,206.09
Sewer Hook-up Overpayments		8,000.00	8,000.00
Third Party Liens		287.06	287.06
Accrued Interest on Notes		33,813.89	13,166.67
		<u>77,568.95</u>	<u>237,798.36</u>
Reserve for Receivables		233,536.04	184,653.15
Fund Balance	E-1	355,988.51	233,925.72
		<u>667,093.50</u>	<u>656,377.23</u>
Total Operating Fund			
Assessment Trust Fund:			
Due to Sewer Utility Operating Fund	E	5.34	5.34
Reserve for Assessments and Liens		2,741.02	2,741.02
Fund Balance	E-1a	40.89	40.89
		<u>2,787.25</u>	<u>2,787.25</u>
Total Assessment Trust Fund			
Capital Fund:			
Bond Anticipation Note Payable	E-13	2,960,000.00	3,000,000.00
Improvement Authorizations - Funded	E-10	12,247.72	12,247.72
Improvement Authorizations - Unfunded	E-10	1,410,365.13	1,915,940.28
Due Sewer Utility Operating Fund	E	63,925.51	103,835.54
Capital Improvement Fund	E-11	633,117.22	433,117.22
Reserve for Amortization		3,901,170.68	3,861,170.68
Reserve for Deferred Amortization	E-12	330,000.00	330,000.00
Fund Balance	E-1b	40,350.69	23,328.69
		<u>9,351,176.95</u>	<u>9,679,640.13</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 10,021,057.70</u>	<u>\$ 10,338,804.61</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	<u>Year Ended December 31,</u>	
		<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income Realized</u>			
Operating Fund Balance Anticipated			\$ 100,000.00
Rents		\$ 1,788,066.07	1,795,600.88
Miscellaneous Revenue		26,784.00	69,906.63
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		178,356.05	4,641.45
 Total Income		<u>1,993,206.12</u>	<u>1,970,148.96</u>
 <u>Expenditures</u>			
Budget Expenditures:			
Operating		1,240,099.11	1,401,372.00
Capital Improvement Fund		200,000.00	200,000.00
Debt Service		54,083.33	34,104.17
Deferred Charges and Statutory Expenditures		2,500.00	63,543.14
Prior Year Surplus Due Current Fund		125,000.00	200,000.00
 Total Expenditures		<u>1,621,682.44</u>	<u>1,899,019.31</u>
 Excess in Revenue		<u>371,523.68</u>	<u>71,129.65</u>
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		539.11	
 Statutory Excess to Fund Balance		372,062.79	71,129.65
 <u>Fund Balance</u>			
Balance January 1		<u>233,925.72</u>	<u>512,796.07</u>
		605,988.51	583,925.72
Decreased by:			
Utilized as Anticipated Revenue			100,000.00
Surplus General Budget		250,000.00	250,000.00
 Balance December 31	E	<u>\$ 355,988.51</u>	<u>\$ 233,925.72</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
SEWER ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 40.89
Balance December 31, 2015	E	\$ 40.89

SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 23,328.69
Increased By:		
Bond Anticipation Note Premium		17,022.00
Balance December 31, 2015	E	\$ 40,350.69

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit*</u>
Sewer Rents	\$ 1,767,560.00	\$ 1,788,066.07	\$ 20,506.07
Miscellaneous Revenue Not Anticipated		26,784.00	26,784.00
	<u>\$ 1,767,560.00</u>	<u>\$ 1,814,850.07</u>	<u>\$ 47,290.07</u>

Analysis of Realized Revenue

Miscellaneous Revenue Not Anticipated:

Interest on Investments:

Sewer Utility Operating Fund	\$ 510.50
Sewer Utility Capital Fund	1,236.37
Interest and Costs on Rents	16,179.04
Other Miscellaneous Revenue	3,858.09
Hook-up Fees	5,000.00
	<u>\$ 26,784.00</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended by		Unexpended Balance Cancelled	Overexpenditure
	Budget	Budget After Modi- fication	Paid or Charged	Reserved		
Operating:						
Operations:						
Salaries and Wages	\$ 28,580.00	\$ 28,580.00	\$ 27,040.00	\$ 1,540.00		
Other Expenses	1,210,980.00	1,210,980.00	1,211,519.11			\$ 539.11
Capital Improvements:						
Capital Improvement Fund	200,000.00	200,000.00	200,000.00			
Debt Service:						
Payment of Bond Anticipation Notes	38,000.00	38,000.00	38,000.00			
Interest on Notes	37,500.00	37,500.00	16,083.33		\$ 21,416.67	
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	2,500.00	2,500.00		2,500.00		
Surplus General Budget	250,000.00	250,000.00	250,000.00			
	<u>\$ 1,767,560.00</u>	<u>\$ 1,767,560.00</u>	<u>\$ 1,742,642.44</u>	<u>\$ 4,040.00</u>	<u>\$ 21,416.67</u>	<u>\$ 539.11</u>

Ref.

E

Cash Disbursed	\$ 1,484,490.11
Encumbrances Payable	4,069.00
Due Sewer Utility Capital Fund - Capital Im	200,000.00
Paid in Current Fund	54,083.33
	<u>\$ 1,742,642.44</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

TOWNSHIP OF LOPATCONG
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
 (UNAUDITED)

	December 31,	
	2015	2014
<u>ASSETS</u>		
Land	\$ 3,260,699.62	\$ 3,260,699.62
Buildings	1,145,900.00	1,145,900.00
Machinery and Equipment	4,302,259.33	4,154,394.33
<u>TOTAL ASSETS</u>	<u>\$ 8,708,858.95</u>	<u>\$ 8,560,993.95</u>
 <u>RESERVES</u>		
Reserve for General Fixed Assets	\$ 8,708,858.95	\$ 8,560,993.95
<u>TOTAL RESERVES</u>	<u>\$ 8,708,858.95</u>	<u>\$ 8,560,993.95</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of the Township of Lopatcong include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Lopatcong, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Lopatcong do not include the operations of the volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") *Codification of Government Accounting and Financial Reporting Standards*, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Lopatcong conform to the accounting practices applicable to municipalities, which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Lopatcong accounts for its financial transactions through the following separate funds:

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

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Sewer Utility Operating, Assessment, and Capital Funds - Account for the operations, resources and expenditures for the payment of assessment debt, and acquisition of capital facilities of the municipally owned Sewer Utility.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is recognized in the Current Fund when it is budgeted. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township of Lopatcong's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase and fixed assets purchased by the Sewer Utility Capital Fund would be depreciated, and the Township's net pension liability and related deferred inflows and outflows would be recorded.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or by collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by capital leases.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid, where applicable.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

Grants Receivable - Grants receivable represent the total grant award less amounts collected to date. Because the amount of grant funds to be collected is dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies (Cont'd)

General Fixed Assets (Unaudited) – In accordance with New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current Fund, General Capital Fund and Sewer Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital and Sewer Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Fund are recorded in the Sewer Utility Capital account at cost and are not adjusted for dispositions and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility Fund does not record depreciation on fixed assets.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current operating, Sewer Utility and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance the general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2015	2014	2013
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 7,603,975.00	\$ 8,200,100.00	\$ 7,072,350.00
Sewer Utility Fund:			
Bonds and Notes	2,960,000.00	3,000,000.00	3,000,000.00
Total Issued	<u>10,563,975.00</u>	<u>11,200,100.00</u>	<u>10,072,350.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	500.00	500.00	500.00
Sewer Utility:			
Bonds and Notes	304,456.30	304,456.30	304,456.30
Total Authorized but not Issued	<u>304,956.30</u>	<u>304,956.30</u>	<u>304,956.30</u>
Less: Reserve to Pay Debt Service -			
General Capital Fund		47,170.12	47,170.12
Net Bonds and Notes Issued and			
Authorized but not Issued	<u>\$ 10,868,931.30</u>	<u>\$ 11,457,886.18</u>	<u>\$ 10,330,136.18</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance			Balance
	12/31/2013			Additions
General Capital Fund:				
Serial Bond	\$ 6,047,000.00		\$ 325,000.00	\$ 5,722,000.00
Bond Anticipation Notes	1,025,350.00	\$ 2,478,100.00	1,025,350.00	2,478,100.00
Sewer Utility Fund:				
Bond Anticipation Notes	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Total	<u>\$ 10,072,350.00</u>	<u>\$ 5,478,100.00</u>	<u>\$ 4,350,350.00</u>	<u>\$ 11,200,100.00</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2: Long-Term Debt (Cont'd)

<u>Summary of Municipal Debt Issued and Outstanding – Current Year</u>				
	<u>Balance</u>			<u>Balance</u>
	<u>12/31/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2015</u>
General Capital Fund:				
Serial Bonds	\$ 5,722,000.00		\$ 345,000.00	\$ 5,377,000.00
Bond Anticipation Notes	2,478,100.00	\$ 2,226,975.00	2,478,100.00	2,226,975.00
Sewer Utility Fund:				
Bond Anticipation Notes	<u>3,000,000.00</u>	<u>2,960,000.00</u>	<u>3,000,000.00</u>	<u>2,960,000.00</u>
Total	<u>\$ 11,200,100.00</u>	<u>\$ 5,186,975.00</u>	<u>\$ 5,823,100.00</u>	<u>\$ 10,563,975.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .916%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 12,685,000.00	\$ 12,685,000.00	
Sewer Utility Debt	3,264,456.30	3,264,456.30	
General Debt	<u>7,604,475.00</u>		<u>\$ 7,604,475.00</u>
	<u>\$ 23,553,931.30</u>	<u>\$ 15,949,456.30</u>	<u>\$ 7,604,475.00</u>

Net Debt \$7,604,475.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$836,030,130.00= .916%.

Borrowing Power Under N.J.S. 40A:2-5 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 29,056,997.47
Net Debt	<u>7,604,475.00</u>
Remaining Borrowing Power	<u>\$ 21,452,522.47</u>

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 1,814,850.07
Deductions:	
Operating and Maintenance Costs	<u>1,296,682.44</u>
Excess in Revenue	<u>\$ 518,167.63</u>

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing information is in agreement with the annual debt statement as filed by the Chief Financial Officer.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2015, the Township had capital debt issued and outstanding described as follows:

<u>General Capital Serial Bonds</u>				
<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>		
9/1/2016	4.00%	\$	360,000.00	
9/1/2017	4.00%		375,000.00	
9/1/2018	4.00%		385,000.00	
9/1/2019	4.00%		410,000.00	
9/1/2020	4.00%		425,000.00	
9/1/2021	4.00%		445,000.00	
9/1/2022	4.00%		460,000.00	
9/1/2023	4.00%		470,000.00	
9/1/2024	4.00%		495,000.00	
9/1/2025	4.00%		515,000.00	
9/1/2026	4.00%		520,000.00	
9/1/2027	4.00%		517,000.00	
		<u>\$</u>	<u>5,377,000.00</u>	

<u>General Capital Bond Anticipation Notes</u>				
<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>
	<u>Outstanding Dec. 31, 2015</u>			
	<u>Date</u>	<u>Amount</u>		
Installation of Solar Panels and Related Equipment	4/5/2016	\$ 955,225.00	0.69%	\$ 955,225.00
Payments of Amounts Owing to Others for Taxes Levied	4/5/2016	868,000.00	0.69%	868,000.00
Acquisition of Fire Truck	12/14/2016	403,750.00	0.99%	403,750.00
				<u>\$ 2,226,975.00</u>

<u>Sewer Utility Fund Bond Anticipation Notes</u>				
Improvements to Sanitary Sewer System	1/28/2016	\$ 2,960,000.00	1.25%	\$ 2,960,000.00
				<u>\$ 2,960,000.00</u>

Total Debt Issued and Outstanding				<u>\$ 10,563,975.00</u>
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TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2: Long-Term Debt (Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds Issued and Outstanding

Calendar Year	General Capital		Total
	Principal	Interest	
2016	\$ 360,000.00	\$ 215,080.00	\$ 575,080.00
2017	375,000.00	200,680.00	575,680.00
2018	385,000.00	185,680.00	570,680.00
2019	410,000.00	170,280.00	580,280.00
2020	425,000.00	153,880.00	578,880.00
2021-2025	2,385,000.00	500,600.00	2,885,600.00
2026-2027	1,037,000.00	62,160.00	1,099,160.00
	<u>\$ 5,377,000.00</u>	<u>\$ 1,488,360.00</u>	<u>\$ 6,865,360.00</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$3,083,515 at December 31, 2015. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$6,438,586 at December 31, 2015. See Note 6 for further information on the PERS and PFRS.

Note 3: Fund Balance Appropriated

As of the date of this report, the budget for 2016 has not been introduced. Thus, the amount of fund balance at December 31, 2015, which will be included in the Current Fund and Sewer Utility Operating Fund budgets for the year ending December 31, 2016, is not known at this time.

Note 4: 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.

Local District School Tax has been raised and liabilities deferred by statutes (under provisions of C.63, P.L. 1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance 12/31/2015	Balance 12/31/2014
Balance of Tax	\$ 6,711,102.28	\$ 7,634,017.30
Deferred	6,693,426.00	6,543,426.00
Tax Payable	<u>\$ 17,676.28</u>	<u>\$ 1,090,591.30</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

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 following funds:

	Balance Dec. 31, 2015	2016 Budget Appropriation	Future Budget Appropriations
<u>Current Fund:</u>			
Overexpenditure of Appropriations	\$ 25,703.45	\$ 6,752.79	\$ 18,950.66
Expenditure without Appropriation - Federal and State Grant Fund	1,787.78	1,787.78	
Special Emergency	65,794.40	65,794.40	
Public Defender Trust Fund	2,600.00	2,600.00	
	\$ 95,885.63	\$ 76,934.97	\$ 18,950.66

The 2016 Budget Appropriation will not be less than required by statute.

Note 6: Pension Plans

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee’s Retirement System (PERS) or the State of New Jersey Police and Firemen’s Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$142,475 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2015, the Township's liability was \$3,083,515 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Township's proportion was 0.013%, which was an decrease of 0.001% from its proportion measured as of June 30, 2014.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

For the year ended December 31, 2015, the Township recognized actual pension expense in the amount of \$142,475.

Actuarial Assumptions

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

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

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

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

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<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 Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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% as of June 30, 2015 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 upon the average of the last five years of contributions made in relation to the last five years of actuarially determined 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.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were 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 (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Township's proportionate share of the Net Pension Liability	\$ 3,832,432	\$ 3,083,515	\$ 2,455,629

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amount is the accumulated

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
 (Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Township contributions to PFRS amounted to \$321,305 for the year ended December 31, 2015. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$29,393 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$70,431.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2015, the Township's liability for its proportionate share of the net pension liability was \$6,438,586. 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 July 1, 2014 which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Township's proportion was 0.039%, which was a decrease of 0.003% from its proportion measured as of June 30, 2014.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$564,605 as of June 30, 2015. 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 July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.039%, which was a decrease of 0.003% from its proportion measured as of June 30, 2014 which is the same proportion as the Township's.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expenses (Cont'd)

Township's Proportionate Share of the Net Pension Liability	\$ 6,438,586
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>564,642</u>
Total Net Pension Liability	<u>\$ 7,003,228</u>

For the year ended December 31, 2015, the Township recognized total pension expense of \$321,305.

Actuarial Assumptions

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

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

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.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' 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 Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 and the nonemployer contributing entity will be made based on the average of the last five years of contributions. Based on those assumptions, the pension 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 pension 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.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PERS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were 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 (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 9,232,478	\$ 7,003,228	\$ 5,185,474

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

Note 7: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of 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 \$708,705.37 at December 31, 2015. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Comparative Schedule of Tax Rate Information

	2015	2014	2013
<u>Tax Rate</u>	\$ 2.771	\$ 2.760	\$ 2.686
<u>Apportionment of Tax Rate:</u>			
County	0.603	0.644	0.647
County Library	0.051	0.053	0.053
Open Space - County	0.037	0.044	0.048
Open Space - Municipal	0.029	0.029	0.029
Local District School	1.558	1.511	1.479
Municipal	0.493	0.479	0.430
<u>Assessed Valuations:</u>			
2015	\$ 861,758,309.00		
2014		\$ 866,043,745.00	
2013			\$ 859,544,139.00

Comparison of Tax Levies and Collection Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$ 24,059,722.00	\$ 23,341,166.27	97.01%
2014	24,376,494.91	23,032,875.24	94.48%
2013	23,270,821.76	22,644,623.57	97.30%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 9: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, Governmental Accounting Standards Deposit and Investment Risk Disclosures, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2015, cash and cash equivalents of the Township of Lopatcong consisted of the following:

Fund	Cash On Hand	Checking Accounts	Certificate of Deposit	Total
Current	\$ 700.00	\$ 3,047,382.54		\$ 3,048,082.54
Federal and State Grant		33,608.13		33,608.13
Animal Control		1,538.32		1,538.32
Unemployment				
Compensation Insurance		2,416.36		2,416.36
Other Trust		1,384,858.18	\$ 84,142.12	1,469,000.30
General Capital		20,847.37		20,847.37
Sewer Utility Operating	50.00	66,692.00		66,742.00
Sewer Utility Capital		163,527.97		163,527.97
Sewer Utility Assessment		46.23		46.23
	<u>\$ 750.00</u>	<u>\$ 4,720,917.10</u>	<u>\$ 84,142.12</u>	<u>\$ 4,805,809.22</u>

During the year ended December 31, 2015, the Township did not hold any investments other than certificates of deposits. The carrying amount of the Township's cash and cash equivalents at December 31, 2015, was \$4,805,809.22 and the bank balance was \$5,479,163.81.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 10: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Health benefits are provided to employees through AmeriHealth.

The Township is a member of the Statewide Insurance Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

The following coverage are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicles
- e.) Environmental

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The December 31, 2015 audit report for the Fund is not available as of the date of this audit. Selected, summarized financial information for the Fund for the year ended December 31, 2014 is as follows:

	Statewide Insurance Fund Dec. 31, 2014
Total Assets	\$ 37,339,955
Net Position	\$ 5,177,252
Total Revenue	\$ 25,202,318
Total Expenses	\$ 27,035,844
Change in Net Position	\$ (1,833,526)
Members Dividends	\$ -0-

Financial statements for the Fund are available at the office of the Fund's Executive Director:

Statewide Insurance Fund
C/O HRH of Northern New Jersey, Inc.
100 Passaic Avenue CN 40003
Fairfield, New Jersey 07004

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of the interest earned, employees contributions, amount reimbursed and the ending balance of the Township's expendable trust fund for the current year and previous two years:

Year	State of New Jersey Refund	Township Contribution	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2015	\$ -0-	\$ -0-	\$ 1,221.00	\$ 2.74	\$ 638.76	\$ 3,388.85
2014	-0-	9,300.00	972.49	8.45	10,614.27	2,803.87
2013	5,290.82	-0-	3,648.59	5.13	6,255.13	3,137.20

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 85,643.52	\$ 2,310,705.13
Federal and State Grant Fund		21,038.67
Other Trust Fund	233,496.00	64,604.85
General Capital Fund	82,841.63	
Sewer Utility Operating Fund	366,276.35	
Sewer Utility Capital Fund	1,692,022.00	63,925.51
Sewer Utility Assessment Trust Fund		5.34
	<u>\$ 2,460,279.50</u>	<u>\$ 2,460,279.50</u>

A majority of the interfund activity throughout the year between the funds consisted of interest earned. There is an interfund due from the Current Fund to the Federal and State Grant Fund for funds collected and disbursed in the Current Fund. The interfund which exists between the Current Fund and the General Capital Fund is made up of a New Jersey Department of Transportation Grant receipt and premium on notes. The interfund between the Current Fund and the Other Trust Funds consists of tax sale premiums collected in the Current Fund and not turned over by year end. The interfund in the Other Trust Funds was also due to amounts paid by Current Fund on behalf of the Escrow Funds and deposits made in error to the Other Trust Fund which should have been deposited into the Current Fund. The interfund between the Sewer Utility Operating and Sewer Utility Capital Funds with the Current Fund are primarily due to payments being made on sewer capital projects. The majority of interfund activity between the Sewer Utility Funds is due to improvements authorizations being paid out of the operating fund, and not reimbursed by the Sewer Utility Capital Fund by the end of the year.

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 12: Commitments and Contingencies

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township is vigorously contesting these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 13: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 14: Open Space Trust Fund

The Township established an Open Space Trust Fund in 2000. The Township has levied a tax equal to three (.03) cents per \$100 of total Township equalized real property valuation. The intention of the municipality is to use this funding to offset the debt issued to acquire open space property in the Township. The funds are being held in the Open Space Trust Reserve on the Other Trust Funds balance sheet. The balance in the Open Space reserve at December 31, 2015 is \$13,768.13 and at December 31, 2014 was \$11,147.62.

Note 15: Fixed Assets (Unaudited)

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015
Land	\$ 3,260,700			\$ 3,260,700
Buildings	1,145,900			1,145,900
Machinery and Equipment	4,154,394	\$ 540,134	\$ (392,269)	4,302,259
	<u>\$ 8,560,994</u>	<u>\$ 540,134</u>	<u>\$ (392,269)</u>	<u>\$ 8,708,859</u>
	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Land	\$ 3,260,700			\$ 3,260,700
Buildings	1,145,900			1,145,900
Machinery and Equipment	4,154,394			4,154,394
	<u>\$ 8,560,994</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,560,994</u>

TOWNSHIP OF LOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 16: Contingent Liability

The Township is periodically involved in lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

In 2012, the Township received notification from the State of New Jersey that it had been exceeding the allowable twenty percent of administrative expenditures in the Council on Affordable Housing ("COAH") Trust account from fiscal 2007 through June 17, 2012. Upon investigation it was noted that there was \$252,160.99 expended in excess of the allowable twenty percent. In lieu of repayment of those funds to COAH, there was a proposal to utilize Township owned properties to satisfy the administrative overage. The status of this proposal is currently unknown. The Township may be required to re-pay the \$252,160.99, if the proposal is ultimately not accepted.

TOWNSHIP OF LOPATCONG

SUPPLEMENTARY DATA

TOWNSHIP OF LOPATCONG
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2015

Name	Title	Amount of Bond	Name of Corporate Surety
Thomas M. McKay	Mayor		
Lori Ciesla	Council President		
Maureen McCabe	Councilwoman		
Lou Belcaro	Councilman		
Donna Schneider	Councilwoman		
Margaret B. Dilts	Municipal Clerk/Administrator/Planning Board Secretary/ Registrar of Vital Statistics, Qualified Purchasing Agent	\$1,000,000.00	* Statewide Insurance Fund
Lorraine Rossetti	Chief Financial Officer/Treasurer (From 1/1/15 to 10/2/15)	1,000,000.00	* Statewide Insurance Fund
Christine Rolef	Acting Chief Financial Officer (Starting 10/7/15)	1,000,000.00	* Statewide Insurance Fund
Phyllis Coleman	Deputy Municipal Clerk/Deputy Registrar	1,000,000.00	* Statewide Insurance Fund
Rachelynn Edinger	Tax Collector	1,000,000.00	* Statewide Insurance Fund
Rachelynn Edinger	Sewer Rent Collector	1,000,000.00	* Statewide Insurance Fund
Kathy Degan	Tax Assessor (Until 10/2/15)	1,000,000.00	* Statewide Insurance Fund
Richard Motyka	Interim Tax Assessor (Starting 10/7/15)	1,000,000.00	* Statewide Insurance Fund
Paul M. Sterbenz	Engineer		
John Fritts	Building Inspector	1,000,000.00	* Statewide Insurance Fund
Gary Woolf	Emergency Management Coordinator	1,000,000.00	* Statewide Insurance Fund
Wayne Degan	Zoning Officer (Until 10/2/15)	1,000,000.00	* Statewide Insurance Fund
John Fritts	Zoning Officer (Starting 10/7/15)	1,000,000.00	* Statewide Insurance Fund
Kevin Maguire	Fire Official	1,000,000.00	* Statewide Insurance Fund
Katrina L Campbell	Municipal Attorney		
Vincent Catalli	Animal Control Officer	1,000,000.00	* Statewide Insurance Fund
William Mennen	Magistrate	1,000,000.00	* Statewide Insurance Fund
Irene Brownell	Court Administrator/Violations Clerk	1,000,000.00	* Statewide Insurance Fund
Christopher M. Troxell	Municipal Prosecutor		

All bonds were examined and were properly executed.

* A Public Employee Faithful Performance Blanket Position Bond is in force for \$1,000,000 with Statewide Insurance Fund. This bond covers all employees.

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
CURRENT FUND

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 1,914,934.16
Increased by Receipts:		
Current Year Taxes	\$ 23,138,048.13	
Delinquent Taxes	845,551.58	
Prepaid Taxes	132,185.66	
Interest and Costs on Taxes	101,561.77	
Revenue Accounts Receivable	1,832,433.32	
Miscellaneous Revenue Not Anticipated	22,952.61	
Appropriation Refunds	156,421.81	
Third Party Liens	195,412.18	
Tax Sale Premiums	238,700.00	
Tax Overpayments	38,896.14	
Due to Federal and State Grant Fund:		
Safe and Secure Communities Grant	30,000.00	
Prior Year Interfund	35,056.38	
Due from State of New Jersey:		
Veterans' and Senior Citizens' Deductions	93,668.50	
Due State of New Jersey - Marriage License Fees	1,125.00	
Due State of New Jersey - Construction Code Fees	11,178.00	
Due General Capital Fund:		
Interfund Returned	56.38	
Infrastructure Grant Received	76,596.75	
Due from Other Trust Fund:		
Interfund Returned	200.00	
Due Sewer Operating Fund:		
Sewer Rents Collected in Current Fund	13,819.45	
Interfund Advanced	375,000.00	
Due Sewer Capital Fund:		
Bond Anticipation Note Premium	17,022.00	
Interfund Advanced	1,675,000.00	
	<u>1,675,000.00</u>	<u>29,030,885.66</u>
		30,945,819.82
Decreased by Disbursements:		
2015 Appropriation Expenditures	6,377,092.52	
2014 Appropriation Reserve Expenditures	127,919.73	
Serial Bond Payable - Open Space Portion	256,000.00	
Local School District Taxes	14,345,079.02	
County Taxes	6,076,630.30	
Third Party Liens Redeemed	195,841.35	
Tax Sale Premium Returned	1,800.00	
Tax Overpayments Refunded	20,119.55	
Refund of Prior Year Revenue	18,991.04	
Due to State of New Jersey:		
Marriage License Fees	1,125.00	
Construction Code Fees	11,178.00	
Due Other Trust Fund:		
Deposit in Error Due to Current Fund	1,621.75	
Escrow Expenditures	57,336.80	
Prior Year Interfund Returned	200.00	
Due Other Trust Fund - Tax Sale Premium:		
Prior Year Interfund Returned	50,000.00	
Due General Capital Fund:		
Prior Year Interfund Returned	117,000.00	
Due Sewer Operating Fund:		
Expenditures Paid in Current Fund	54,083.33	
Due Payroll Account:		
Interfund Advanced	186,418.89	
	<u>186,418.89</u>	<u>27,898,437.28</u>
		<u>3,047,382.54</u>
Balance December 31, 2015	A	\$ 3,047,382.54

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND

	<u>Ref.</u>		
Balance December 31, 2014	A	\$	65,214.36
Increased by Receipts:			
Federal and State Grant Receipts		\$	21,990.47
Due Current Fund:			
Interest on Investments			85.63
			<u>22,076.10</u>
			<u>87,290.46</u>
Decreased by:			
Federal and State Grant Expenditures			18,625.95
Due Current Fund:			
Interfund Returned			35,056.38
			<u>53,682.33</u>
Balance December 31, 2015	A	\$	<u><u>33,608.13</u></u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2015 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Collected in Sewer Operating Fund	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2014		2014	2015					Dec. 31, 2015
2013	\$ 5,183.02			\$ 1,822.31			\$ 3,360.71		
2014	865,071.40			843,729.27	\$ (352.74)			\$ 21,694.87	
	870,254.42			845,551.58	(352.74)		3,360.71	21,694.87	
2015		\$ 24,059,722.00	\$ 75,227.52	23,138,048.13	95,500.00	\$ 32,390.62	33,793.91	\$ 20,818.54	663,943.28
	\$ 870,254.42	\$ 24,059,722.00	\$ 75,227.52	\$ 23,983,599.71	\$ 95,147.26	\$ 32,390.62	\$ 37,154.62	\$ 20,818.54	\$ 685,638.15
Ref.	A								A

Analysis of 2015 Property Tax Levy

General Purpose Tax	\$ 23,879,324.51
Added Taxes (54:4-63.1 et seq.)	180,397.49
	<u>\$ 24,059,722.00</u>
Tax Levy:	
Local School District Taxes	\$ 13,422,164.00
County Taxes:	
County Taxes	\$ 5,948,375.07
Due County for Added and Omitted Taxes	45,956.60
Municipal Open Space Tax	258,473.00
	<u>6,252,804.67</u>
	19,674,968.67
Local Tax for Municipal Purposes Only	4,243,466.99
Add: Additional Tax Levied	141,286.34
	<u>4,384,753.33</u>
	<u>\$ 24,059,722.00</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 147,871.55
Increased by:		
Transferred From Taxes Receivable - 2015		20,818.54
Interests and Costs		<u>4,136.39</u>
Balance December 31, 2015	A	<u>\$ 172,826.48</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Accrued</u> <u>in 2015</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Clerk:				
ABC Licenses		\$ 8,000.00	\$ 8,000.00	
Municipal Court:				
Fines and Costs	\$ 2,156.76	56,358.33	56,112.17	\$ 2,402.92
Fees and Permits		11,545.66	11,545.66	
Interest on Investments and Deposits		1,667.13	1,667.13	
Anticipated Utility Operating Surplus		250,000.00	250,000.00	
Parks and Playgrounds Fees		7,480.00	7,480.00	
Swimming Pool User Fees		143,507.78	143,507.78	
Energy Receipts Taxes		948,271.00	948,271.00	
Uniform Construction Code Fees		113,123.00	113,123.00	
Municipal Court - Harmony Agreement		40,000.00	40,000.00	
Sale of SRECS		23,715.00	23,715.00	
Uniform Fire Safety Act		21,848.63	21,848.63	
Payment in Lieu of Taxes		48,970.95	48,970.95	
Cable TV Franchise Fee		33,192.00	33,192.00	
Utility Operating Surplus Prior Year		125,000.00	125,000.00	
	<u>\$ 2,156.76</u>	<u>\$ 1,832,679.48</u>	<u>\$ 1,832,433.32</u>	<u>\$ 2,402.92</u>

Ref.

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TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Postage	\$ 361.44	\$ 361.44	\$ 360.00	\$ 1.44
Computer Service	71.96	71.96	71.96	
Code Book Update	1,758.40	1,758.40	1,756.28	2.12
Human Resource Education	384.00	384.00		384.00
Mayor and Council:				
Salaries and Wages	0.88	0.88		0.88
Financial Administration (Treasury):				
Salaries and Wages	149.75	149.75		149.75
Other Expenses	13.19	13.19		13.19
Assessment of Taxes:				
Salaries and Wages	227.96	227.96		227.96
Other Expenses	18,696.37	18,696.37	6,999.64	11,696.73
Revenue Administration (Tax Collection):				
Salaries and Wages	935.02	935.02		935.02
Other Expenses	159.70	159.70	159.70	
Engineering Services and Costs:				
Other Expenses	10,932.75	10,932.75	10,932.75	
Public Buildings and Grounds:				
Salaries and Wages	36.36	36.36		36.36
Other Expenses	3,998.51	3,998.51	3,972.73	25.78
Garbage and Trash Removal:				
Other Expenses	1,588.75	1,588.75	1,551.25	37.50
Planning Board:				
Salaries and Wages	35.32	35.32		35.32
Planner	2,113.27	2,113.27	2,113.27	
Other Expenses	1,831.64	1,831.64	1,831.64	
Board of Adjustment:				
Salaries and Wages	0.82	0.82		0.82
Other Expenses	608.60	608.60	583.62	24.98
Rent Board:				
Salaries and Wages	0.60	0.60		0.60

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modi- fication	Paid or Charged	Balance Lapsed
Shade Tree Commission:				
Other Expenses	\$ 130.82	\$ 130.82		\$ 130.82
Fire:				
Fire Companies	4,429.66	4,429.66	\$ 4,199.39	230.27
Police:				
Salaries and Wages	5,147.71	5,147.71	5,147.71	
Other Expenses	8,618.07	8,618.07	8,349.28	268.79
Prosecutor:				
Salaries and Wages	0.08	0.08		0.08
First Aid Organization:				
Other Expenses	6,591.98	6,591.98	255.19	6,336.79
Fire Inspector:				
Salaries and Wages	134.23	134.23		134.23
Zoning Officer:				
Salaries and Wages	0.18	0.18		0.18
Emergency Management Services:				
Salaries and Wages	902.04	902.04		902.04
Road Repairs and Maintenance:				
Salaries and Wages	500.96	500.96		500.96
Other Expenses	16,825.94	16,825.94	16,627.30	198.64
Recreation and Education:				
Other Expenses	12,035.10	12,035.10	8,001.76	4,033.34
Building Inspector:				
Salaries and Wages	10,907.60	10,907.60		10,907.60
Other Expenses	3,264.87	3,264.87	3,200.25	64.62
Electricity	1,103.60	1,103.60	1,103.60	
Street Lighting	71.36	71.36		71.36
Gasoline	8,222.94	8,222.94	4,110.64	4,112.30
Fire Hydrant Service	17.44	17.44		17.44
Water	1,827.01	1,827.01	418.76	1,408.25
Contingent	374.61	374.61	86.67	287.94
Statutory Expenditures:				
Social Security System (O.A.S.I.)	8,885.16	8,885.16	8,873.24	11.92
Unemployment Compensation	5,504.54	5,504.54	5,504.54	
Municipal Court:				
Salaries and Wages	13,069.97	13,069.97		13,069.97
Insurance:				
Workmen's Compensation	1,584.60	1,584.60	1,584.60	
Employee Group Health	30,123.96	30,123.96	30,123.96	
	<u>\$ 184,179.72</u>	<u>\$ 184,179.72</u>	<u>\$ 127,919.73</u>	<u>\$ 56,259.99</u>

Analysis of Balance at December 31, 2014:

	<u>Ref:</u>	
Unencumbered	A	\$ 151,886.83
Encumbered	A	<u>32,292.89</u>
		<u>\$ 184,179.72</u>

TOWNSHIP OF LOPATCONG
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2014		
Local School District Tax Deferred		\$ 6,543,426.00
Local School District Tax Payable	A	1,090,591.30
		7,634,017.30
Increased by:		
Levy - School Year July 1, 2015 through June 30, 2016		13,422,164.00
		21,056,181.30
Decreased by:		
Payments to Local School District		14,345,079.02
		\$ 6,711,102.28
Balance December 31, 2015		
Local School District Tax Payable	A	17,676.28
Local School District Tax Deferred		6,693,426.00
		\$ 6,711,102.28
 <u>Analysis of Increase - Deferred School Tax:</u>		
Balance December 31, 2015		\$ 6,693,426.00
Balance December 31, 2014		6,543,426.00
Net Increase Credited to Operations		\$ 150,000.00

TOWNSHIP OF LOPATCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance Dec. 31, 2014	Budget Revenue Realized	Transfer From Unappropriated Reserves	Balance Dec. 31, 2015
Municipal Alliance:				
2003	\$ 2,455.28			\$ 2,455.28
2004	378.96			378.96
Domestic Violence Training Program - 2003	2,082.06			2,082.06
Recycling Tonnage Grant:				
2007	321.91			321.91
2014		\$ 8,726.42	\$ 8,726.42	
Stormwater Management Grant:				
2007	2,117.00			2,117.00
Fire Company Grant	3,590.00			3,590.00
U Drink, U Drive, U Lose Grant:				
2006	1,087.12			1,087.12
2007	2,913.00			2,913.00
New Jersey Department of Transportation Grant	40,000.00			40,000.00
Safe and Secure Communities Program:				
2008	30,770.00			30,770.00
2009	22,025.00			22,025.00
2010	1,821.00			1,821.00
Community Forestry Grant	119.00			119.00
Assistance to Firefighters Grant	28,342.00			28,342.00
Regional Master Plan Highlands Grant:				
2010	17,933.50			17,933.50
Obey the Signs or Pay the Fines Grant	175.00			175.00
NJBPU Clean Energy Program	36,235.50			36,235.50
	<u>\$ 192,366.33</u>	<u>\$ 8,726.42</u>	<u>\$ 8,726.42</u>	<u>\$ 192,366.33</u>

Ref.

A

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TOWNSHIP OF LOPATCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Transferred</u> <u>from</u> <u>2015 Budget</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Expenditure</u> <u>Without</u> <u>Reserve</u>
Recycling Tonnage Grant:					
2014	\$ 4,267.39	\$ 8,726.42		\$ 12,993.81	
New Jersey Transportation Trust Fund:					
2012	1,635.53			1,635.53	
Pothole Repair Program - 1996	0.84			0.84	
Environmental Services Grant - 1999	61.57			61.57	
Geographic Information Systems Grant - 2001	2,500.00			2,500.00	
Federal Recreation Trails Program - 2001	326.67			326.67	
State Forestry Grant	484.41			484.41	
South First Street Developers Share	2,186.76			2,186.76	
Clean Communities Program:					
2011	8,343.22		\$ 8,343.22		
2012	5,176.10		4,081.38	1,094.72	
2013	9,940.88		440.00	9,500.88	
2014	3,951.71			3,951.71	
Donations for Shade Trees - 2002	267.50			267.50	
Emergency Planning Grant - 2004	134.56			134.56	
NJ Motor Vehicle Fines	653.00			653.00	
Safe & Secure Communities Program:					
2009	5,931.05			5,931.05	
2010	1,821.00			1,821.00	
2014	83,132.00			83,132.00	
Obey the Signs or Pay the Fines	175.00			175.00	
Donations for Police Department	400.00			400.00	
Donations for Police Equipment	1,661.90			1,661.90	
Donations for Announcers Booth	561.59			561.59	
Hepatitis B Inoculation	1,140.00			1,140.00	
Assistance to Firefighters Grant	11.03			11.03	
Assistance to Firefighters Grant - Local Match	211.92			211.92	
Wastewater Management Grant	3,543.40			3,543.40	
Reserve for DOT Local Aid Grant	7,660.00			7,660.00	
Drunk Driving Enforcement Fund	8,863.97			8,863.97	
Reserve for Body Armor Grant	1,326.97		1,326.97		
Drive Sober or Get Pulled Over	3,586.20			3,586.20	
Body Armor Grant:					
2013	1,725.49		1,725.49		
2014	921.11		2,708.89		\$ 1,787.78
Warren County DARE Officers Assoc	242.08			242.08	
	<u>\$ 162,844.85</u>	<u>\$ 8,726.42</u>	<u>\$ 18,625.95</u>	<u>\$ 154,733.10</u>	<u>\$ 1,787.78</u>

Ref.

A

A

Disbursed in Federal and State Grant Fund \$ 18,625.95
\$ 18,625.95

TOWNSHIP OF LOPATCONG
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2014	Cash Receipts	Transfer to 2015 Budget Revenue	Balance Dec. 31, 2015
Clean Communities Grant		\$ 20,311.75		\$ 20,311.75
Body Armor Grant		1,678.72		1,678.72
Recycling Tonnage Grant	\$ 8,726.42		\$ 8,726.42	
Safe and Secure Communities Grant		30,000.00		30,000.00
	<u>\$ 8,726.42</u>	<u>\$ 51,990.47</u>	<u>\$ 8,726.42</u>	<u>\$ 51,990.47</u>
<u>Ref.</u>	A			A
Received in Current Fund		\$ 30,000.00		
Received in Federal and State Grant Fund		21,990.47		
		<u>\$ 51,990.47</u>		

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
TRUST FUNDS

TOWNSHIP OF LOPATCONG
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Unemployment Trust Fund</u>	<u>Other Trust Funds</u>	
Balance December 31, 2014	B	\$ 3,185.57	\$ 1,831.38	\$ 1,478,717.85
Increased by Receipts:				
Municipal Licensing Fees		\$ 10,965.00		
Due to State Board of Health		1,631.40		
Interest on Investments		7.64	\$ 2.74	
Interest Due Current Fund:				
Interest on Investments				\$ 196.80
Subdivision Receipts				248,257.62
Public Defender				400.00
COAH Trust:				
Other Receipts				8,018.30
Interest Earned				259.41
Recreation Trust				99,256.67
Tax Sale Premiums				50,000.00
Outside Employment of Police Officers:				
Other Receipts				34,055.70
Open Space Trust:				
Interest Earned				147.51
Parking Offenses Adjudication Act				2.00
Community Hope:				
Interest Earned				276.28
Unemployment Receipts - Prior Year Voided Check			1,221.00	
Due Current Fund				
Deposited in Error				1,621.75
Public Defender				200.00
		<u>12,604.04</u>	<u>1,223.74</u>	<u>442,692.04</u>
		15,789.61	3,055.12	1,921,409.89

TOWNSHIP OF LOPATCONG
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Unemployment Trust Fund</u>	<u>Other Trust Funds</u>	
Decreased by Disbursements:				
Expenditures under R.S. 4:19 - 15.11	\$ 12,619.89			
Due to State Board of Health	1,631.40			
Developer's Escrow Subdivision Disbursements			\$ 197,953.97	
Public Defender			3,200.00	
Recreation Trust			107,435.24	
Unemployment Compensation Insurance		\$ 638.76		
COAH Trust:				
Disbursements			1,164.68	
Outside Employment of Police Officers			34,055.70	
Tax Sale Premiums - Returned			108,400.00	
Due Current Fund:				
Public Defender - Interfund Returned			200.00	
	<u>\$ 14,251.29</u>	<u>\$ 638.76</u>	<u>\$ 452,409.59</u>	
Balance December 31, 2015	B <u>\$ 1,538.32</u>	<u>\$ 2,416.36</u>	<u>\$ 1,469,000.30</u>	

TOWNSHIP OF LOPATCONG
UNEMPLOYMENT TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 2,803.87
Increased by Receipts:		
Prior Year Voided Check		\$ 1,221.00
Interest Earned		2.74
		1,223.74
		4,027.61
Decreased by:		
Expenditures		638.76
		3,388.85
Balance December 31, 2015	B	\$ 3,388.85

TOWNSHIP OF LOPATCONG
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 2,641.57
Increased by:		
2015 Animal Control License Fees Collected		\$ 10,965.00
Interest Earned		7.64
		10,972.64
		13,614.21
Decreased by:		
Expenditures under R.S.4:19-15.11:		
Cash Disbursements		12,075.89
Encumbrances Payable		982.13
		13,058.02
Balance December 31, 2015	B	\$ 556.19

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 11,535.00
2014	11,159.00
	22,694.00
Maximum Allowable Reserve	\$ 22,694.00

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
GENERAL CAPITAL FUND

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 86,309.36
Increased by Receipts:		
Bond Anticipation Note Issued		\$ 2,226,975.00
Current Fund Budget Appropriations:		
Payment of Bond Anticipation Notes		251,125.00
Capital Improvement Fund		50,000.00
Due Current Fund:		
Interest Earned		35.16
Prior Year Interfund Returned		117,000.00
		2,645,135.16
		2,731,444.52
Decreased by Disbursements:		
Bond Anticipation Note Matured		2,478,100.00
Improvement Authorization Expenditures		232,440.77
Due Current Fund:		
Interfund Returned		56.38
		2,710,597.15
Balance December 31, 2015	C	\$ 20,847.37

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2014	Receipts		Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2015	
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To		
Fund Balance	\$ 12,359.88								\$ 12,359.88	
Capital Improvement Fund	18,424.24		\$ 50,000.00						68,424.24	
Due Current Fund	(170,393.78)		117,035.16			\$ 56.38	\$ 76,596.75	\$ 47,170.12	(82,841.63)	
New Jersey Department of Transportation Grant Receivable	(214,771.75)							76,596.75	(138,175.00)	
Reserve for:										
Encumbrances	89,130.73						89,130.73			
Payment of Debt Service	47,170.12						47,170.12			
South Third Street Improvements	70,000.00								70,000.00	
Ordinance										
Number	Improvement Description									
2004-07	Various Park Improvements	(500.00)							(500.00)	
2010-01	Installation of Solar Panels and Equipment	\$ 955,225.00	34,125.00		\$ 989,350.00					
2014-04	Payment of Amounts Owing to Others for Taxes Levied	868,000.00	217,000.00		1,085,000.00					
2014-06	Acquisition of Court and/or Meeting Room Equipment	207.00							207.00	
2014-07	Purchase of Various Equipment for the Department of Public Works, Fire Department and Drainage Improvements to Reservoir Road	54,789.27		\$ 123,677.48				89,130.73	20,242.52	
2014-09	Purchase of Various Equipment for the Fire Department	93.80							93.80	
2014-11	Acquisition of Fire Truck	5,409.56	403,750.00		403,750.00				5,409.56	
2014-12	South Third Street Improvements	174,390.29		108,763.29					65,627.00	
		<u>\$ 86,309.36</u>	<u>\$ 2,226,975.00</u>	<u>\$ 418,160.16</u>	<u>\$ 232,440.77</u>	<u>\$ 2,478,100.00</u>	<u>\$ 56.38</u>	<u>\$ 212,897.60</u>	<u>\$ 212,897.60</u>	<u>\$ 20,847.37</u>

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. Date	Improvement Description	Balance Dec. 31, 2014	Paid by Budget Appropriation	Balance Dec. 31, 2015	Expenditures	Analysis of Balance Dec. 31, 2015	
						Bond Anticipation Notes	Unexpended Improvement Authorizations
07/07/04	Various Park Improvements	\$ 500.00		\$ 500.00	\$ 500.00		
03/03/10	Installation of Solar Panels and Related Equipment	989,350.00	\$ 34,125.00	955,225.00		\$ 955,225.00	
06/11/14	Payment of Amounts Owing to Others for Taxes Levied	1,085,000.00	217,000.00	868,000.00		868,000.00	
11/19/14	Acquisition of Fire Truck	403,750.00		403,750.00		403,750.00	
		<u>\$ 2,478,600.00</u>	<u>\$ 251,125.00</u>	<u>\$ 2,227,475.00</u>	<u>\$ 500.00</u>	<u>\$ 2,226,975.00</u>	<u>\$ -0-</u>
<u>Ref.</u>		C		C			
			Improvement Authorizations - Unfunded				\$ 5,409.56
			Less: Unexpended Proceeds of Bond Anticipation Notes Issued: Ordinance Dated 11/19/14				5,409.56
							<u>\$ -0-</u>

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance December 31, 2014		Prior Year Encumbrances Returned	Paid or Charged	Balance December 31, 2015	
	Number	Amount	Funded	Unfunded			Funded	Unfunded
Acquisition of Court and/or Meeting Room Equipment	2014-06	\$ 15,000.00	\$ 207.00				\$ 207.00	
Purchase of Various Equipment for the Department of Public Works, Fire Department and Drainage Improvements to Reservoir Road	2014-07	185,000.00	54,789.27		\$ 89,130.73	\$ 123,677.48	20,242.52	
Purchase of Various Equipment for the Fire Department	2014-09	26,388.91	93.80				93.80	
Acquisition of Fire Truck	2014-11	425,000.00		\$ 5,409.56				\$ 5,409.56
South Third Street Improvements	2014-12	305,000.00	174,390.29			108,763.29	65,627.00	
			<u>\$ 229,480.36</u>	<u>\$ 5,409.56</u>	<u>\$ 89,130.73</u>	<u>\$ 232,440.77</u>	<u>\$ 86,170.32</u>	<u>\$ 5,409.56</u>
	<u>Ref.</u>		C	C			C	C

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 18,424.24
Increased By:		
Budget Appropriation		<u>50,000.00</u>
Balance December 31, 2015	C	<u><u>\$ 68,424.24</u></u>

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. Date	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2014	Issued	Matured	Balance Dec. 31, 2015
		Original Issue	Issue	Maturity					
03/03/10	Installation of Solar Panels and Related Equipment	4/14/2010	4/7/2014	4/6/2015	0.71%	\$ 989,350.00		\$ 989,350.00	
		4/14/2010	4/6/2015	4/5/2016	0.69%		\$ 955,225.00		\$ 955,225.00
06/11/14	Payment of Amounts Owing to Others for Taxes Levied	7/31/2014	7/31/2014	4/6/2015	0.71%	1,085,000.00		1,085,000.00	
		7/31/2014	4/6/2015	4/5/2016	0.69%		868,000.00		868,000.00
11/19/14	Acquisition of Fire Truck	12/17/2014	12/17/2014	12/15/2015	1.25%	403,750.00		403,750.00	
		12/17/2014	12/15/2015	12/14/2016	0.99%		403,750.00		403,750.00
						<u>\$ 2,478,100.00</u>	<u>\$ 2,226,975.00</u>	<u>\$ 2,478,100.00</u>	<u>\$ 2,226,975.00</u>
					<u>Ref.</u>	C			C
					Paid by Budget Appropriation			\$ 251,125.00	
					Renewals		\$ 2,226,975.00	2,226,975.00	
						<u>\$ 2,226,975.00</u>	<u>\$ 2,478,100.00</u>		

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2014	Matured	Balance December 31, 2015
			Outstanding December 31, 2015	Date				
Series 2007 - General Improvements Bonds	9/1/2007	\$ 7,787,000.00	9/1/2016	\$ 360,000.00	4.000%	\$ 5,722,000.00	\$ 345,000.00	\$ 5,377,000.00
			9/1/2017	375,000.00	4.000%			
			9/1/2018	385,000.00	4.000%			
			9/1/2019	410,000.00	4.000%			
			9/1/2020	425,000.00	4.000%			
			9/1/2021	445,000.00	4.000%			
			9/1/2022	460,000.00	4.000%			
			9/1/2023	470,000.00	4.000%			
			9/1/2024	495,000.00	4.000%			
			9/1/2025	515,000.00	4.000%			
			9/1/2026	520,000.00	4.000%			
			9/1/2027	517,000.00	4.000%			
						<u>\$ 5,722,000.00</u>	<u>\$ 345,000.00</u>	<u>\$ 5,377,000.00</u>
					<u>Ref.</u>	C		C

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2015</u>
2004-07	Various Park Improvements	\$ 500.00	\$ 500.00
		<u>\$ 500.00</u>	<u>\$ 500.00</u>

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
COUNTY OF WARREN
2015
SEWER UTILITY FUND

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Assessment Trust Fund</u>	<u>Capital Fund</u>
Balance December 31, 2014	E	\$ 367,833.20	\$ 46.23	\$ 2,184,013.15
Increased by Receipts:				
Consumer Accounts Receivable		\$ 1,765,040.53		
Sewer Hook-up Fees		5,000.00		
Interest and Costs on Rents		16,179.04		
Bond Anticipation Note: Proceeds				\$ 2,960,000.00
Due from Current Fund: Tax Collector Misdeposit		32,390.62		
Due from Sewer Utility Capital Fund: Interfund Returned		56.38		
Miscellaneous Revenue Not Anticipated		3,858.09		
Interest on Investments		510.50		1,236.37
		<u>1,823,035.16</u>		<u>2,961,236.37</u>
		2,190,868.36	46.23	5,145,249.52
Decreased by Disbursements:				
2015 Appropriation Expenditures		1,484,490.11		
2014 Appropriation Reserves		1,423.49		
Bond Anticipation Note Maturity				2,960,000.00
Improvement Authorization Expenditures				346,665.17
Due Sewer Utility Capital Fund: Improvement Authorizations		138,262.76		
Due Current Fund: Anticipated Revenue - Prior Year				
Excess Surplus		125,000.00		
Interfunds Advanced		375,000.00		1,675,000.00
Due Sewer Utility Operating Fund: Interest Due Sewer Utility Operating Fund				56.38
		<u>2,124,176.36</u>		<u>4,981,721.55</u>
Balance December 31, 2015	E	<u>\$ 66,692.00</u>	<u>\$ 46.23</u>	<u>\$ 163,527.97</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

	Balance (Deficit) Dec. 31, 2014	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2015
		Bond Anticipation Note Proceeds	Miscel- laneous	Bond Anticipation Note Maturity	Improvement Authorizations	Miscellaneous	From	
Fund Balance	\$ 23,328.69							\$ 40,350.69
Due Current Fund						\$1,675,000.00	\$ 17,022.00	(1,692,022.00)
Due Sewer Utility Operating Fund	103,835.54		\$ 1,236.37			56.38	200,000.00	63,925.51
Capital Improvement Fund	433,117.22						200,000.00	633,117.22
<u>Date of</u>								
<u>Ord.</u>	<u>General Improvements</u>							
03/13/00	Replacement for Baltimore Street Pumping Station							(39,456.30)
		(39,456.30)						
12/03/08	Purchase of Street Sweeper	12,247.72						12,247.72
08/05/09	Improvements to Sanitary Sewerage System	1,650,940.28	\$ 2,960,000.00	\$ 2,960,000.00	\$ 346,665.17		\$ 158,909.98	1,145,365.13
		<u>\$2,184,013.15</u>	<u>\$ 2,960,000.00</u>	<u>\$ 2,960,000.00</u>	<u>\$ 346,665.17</u>	<u>\$1,675,056.38</u>	<u>\$ 375,931.98</u>	<u>\$ 375,931.98</u>
			<u>\$ 1,236.37</u>					<u>\$ 163,527.97</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 181,682.29
Increased by:		
Sewer Rents Levied		1,836,948.96
		<u>2,018,631.25</u>
Decreased by:		
Sewer Collections		\$ 1,765,040.53
Sewer Rents Collected in Current Fund		13,819.45
Overpayments Applied		9,206.09
		<u>1,788,066.07</u>
Balance December 31, 2015	E	<u>\$ 230,565.18</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF HOOK-UP FEES RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

Ref.

Increased by:

Hook up Fees Levied

\$ 5,000.00

Decreased by:

Collections

\$ 5,000.00

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2014	Balance Dec. 31, 2015
Construction of Sewerage System	\$ 1,000,000.00	\$ 1,000,000.00
Improvements to Sanitary Sewerage System	1,773,846.00	1,773,846.00
Morris Heights Sewer Line Extension	400,000.00	400,000.00
Delaware Park Trunk Line Extension	100,000.00	100,000.00
Baltimore Street Pump Station Repairs	40,687.08	40,687.08
Park Avenue and Fourth Street Sanitary Sewer Rehabilitation Project	11,637.60	11,637.60
Replacement of Baltimore Street Pumping Station	109,456.30	109,456.30
Improvements to Sanitary Sewerage System	15,000.00	15,000.00
Extension of the Sanitary Sewer Line to Morris Heights	400,000.00	400,000.00
I & I Rehabilitation Study	50,000.00	50,000.00
	<u>\$ 3,900,626.98</u>	<u>\$ 3,900,626.98</u>
<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>
Purchase of Street Sweeper	12/29/08	\$ 165,000.00	\$ 165,000.00	\$ 165,000.00
Improvements to Sanitary Sewerage System	08/05/09	3,430,000.00	3,430,000.00	3,430,000.00
			<u>\$ 3,595,000.00</u>	<u>\$ 3,595,000.00</u>
		<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 5,898.65	\$ 5,898.65		\$ 5,898.65
Other Expenses	173,128.83	173,128.83	\$ 1,423.49	171,705.34
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Social Security System	752.06	752.06		752.06
	<u>\$ 179,779.54</u>	<u>\$ 179,779.54</u>	<u>\$ 1,423.49</u>	<u>\$ 178,356.05</u>

Analysis of Balance December 31, 2014

	<u>Ref.</u>	
Unencumbered	E	\$ 179,799.54
		<u>\$ 179,799.54</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Date	Ordinance Number	Amount	Balance Dec. 31, 2014		Paid or Charged	Balance Dec. 31, 2015	
				Funded	Unfunded		Funded	Unfunded
Purchase of Street Sweeper	12/29/2008	2008-23	\$ 165,000.00	\$ 12,247.72			\$ 12,247.72	
Improvements to Sanitary Sewerage System	08/05/2009	2009-11	3,430,000.00		\$ 1,915,940.28	\$ 505,575.15		\$ 1,410,365.13
				<u>\$ 12,247.72</u>	<u>\$ 1,915,940.28</u>	<u>\$ 505,575.15</u>	<u>\$ 12,247.72</u>	<u>\$ 1,410,365.13</u>
		<u>Ref.</u>		E	E		E	E
						Disbursed in Sewer Utility Operating Fund	\$ 138,262.76	
						Disbursed in Sewer Utility Capital Fund	346,665.17	
						Due to Sewer Utility Operating Fund - Accrued Interest on Notes	20,647.22	
							<u>\$ 505,575.15</u>	

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 433,117.22
Increased by:		
Budget Appropriation		<u>200,000.00</u>
Balance December 31, 2015	E	<u>\$ 633,117.22</u>

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>
2008-23	Purchase of Street Sweeper	12/29/2008	\$ 165,000.00	\$ 165,000.00
2009-11	Improvements to Sanitary Sewerage System	08/05/2009	165,000.00	165,000.00
			<u>\$ 330,000.00</u>	<u>\$ 330,000.00</u>
		<u>Ref.</u>	E	E

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Improvement Description	Issue of Original Note	Date of		Interest Rate	Balance	Issued	Matured	Balance
		Issue	Maturity		Dec. 31, 2014			Dec. 31, 2015
Improvements to Sanitary Sewerage System	7/25/12	7/16/14	1/29/15	1.00%	\$ 3,000,000.00		\$ 3,000,000.00	
	7/25/12	1/29/15	1/28/16	1.25%		\$ 2,960,000.00		\$ 2,960,000.00
					<u>\$ 3,000,000.00</u>	<u>\$ 2,960,000.00</u>	<u>\$ 3,000,000.00</u>	<u>\$ 2,960,000.00</u>
				Ref.	E			E
					Renewals	\$ 2,960,000.00	\$ 2,960,000.00	
					Paid by Current Fund		2,000.00	
					Paid by Operating Budget		38,000.00	
						<u>\$ 2,960,000.00</u>	<u>\$ 3,000,000.00</u>	

TOWNSHIP OF LOPATCONG
SEWER UTILITY FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF LOPATCONG
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>
03/13/00	Replacement of Baltimore Street Pumping Station	\$ 39,456.30	\$ 39,456.30
08/05/09	Improvements to the Sanitary Sewer System	<u>265,000.00</u>	<u>265,000.00</u>
		<u>\$ 304,456.30</u>	<u>\$ 304,456.30</u>

TOWNSHIP OF LOPATCONG

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF LOPATCONG
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2015

Name of Federal Agency or Department Pass Through Department/Cluster Title	Name of Program	C.F.D.A. Account Number	Pass Through Entity ID/Grant #	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures	Amounts Provided to Subrecipients
					From	To				
U.S. Department of Transportation (Passed Through New Jersey Department of Transportation)	NJ Department of Transportation Trust Fund Authority Act - South Third Street Improvement Project	20.205	14-480-0780-6320-ALM	\$ 265,000.00	1/1/2014	12/31/2016	\$ 76,596.75	\$ 108,763.29	\$ 207,206.46	
							<u>76,596.75</u>	<u>108,763.29</u>	<u>207,206.46</u>	
Total Federal Awards							<u>\$ 76,596.75</u>	<u>\$ 108,763.29</u>	<u>\$ 207,206.46</u>	<u>\$ -0-</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LOPATCONG
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

Name of State Agency or Department	Name of Program	Program Account No.	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures
				From	To			
Department of Environmental Protection	Clean Communities Grant	765-042-4900- 004-V42Y-6020	\$ 14,883.31	1/1/2011	12/31/2015		\$ 8,343.22	\$ 14,883.31
			14,948.28	1/1/2012	12/31/2016		4,081.38	13,853.56
			17,550.49	1/1/2013	12/31/2016		440.00	8,049.61
			20,311.75	1/1/2015	12/31/2016	\$ 20,311.75		
						<u>20,311.75</u>	<u>12,864.60</u>	<u>36,786.48</u>
Department of Law and Public Safety	Body Armor Replacement Program	718-066-1020- 001-6120	2,098.31	1/1/2013	12/31/2015		1,725.49	2,098.31
			3,779.66	1/1/2014	12/31/2015		921.11	3,779.66
			14,017.90	1/1/2012	12/31/2015		1,326.97	1,692.90
			1,678.72	1/1/2015	12/31/2016	1,678.72		
						<u>1,678.72</u>	<u>3,973.57</u>	<u>7,570.87</u>
	Safe and Secure Communities Grant	100-066-1020- 232-YCJS-6120	30,000.00	1/1/2015	12/31/2016	30,000.00		
						<u>30,000.00</u>		
Total Department of Law and Public Safety						<u>31,678.72</u>	<u>3,973.57</u>	<u>7,570.87</u>
Total State Awards						<u>\$ 51,990.47</u>	<u>\$ 16,838.17</u>	<u>\$ 44,357.35</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF LOPATCONG
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Township of Lopatcong under programs of the federal and state governments for the year ended December 31, 2015. The information in these schedules is presented in accordance with the 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operation of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555

Report on Internal Control Over
 Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial
 Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Lopatcong, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, the financial statements - *regulatory basis* - of the various funds of the Township of Lopatcong, in the County of Warren (the “Township”) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 15, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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.

The Honorable Mayor and Members
of the Township Committee
Page 2

Compliance and Other Matters

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

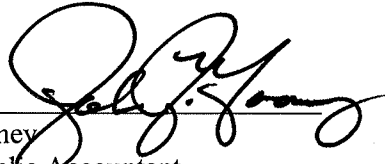
Purpose of this Report

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

Mount Arlington, New Jersey
June 15, 2016

Nisivoccia LLP

NISIVOCCIA LLP



John J. Mooney
Certified Public Accountant
Registered Municipal Accountant No. 560

TOWNSHIP OF LOPATCONG
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements of the Township prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited for the year ended December 31, 2015.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2015 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold.

TOWNSHIP OF LOPATCONG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

Status of Prior Year Findings:

There were no prior year findings.

TOWNSHIP OF LOPATCONG

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, 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, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. 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 subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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 therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000 through June 30, 2015 and \$40,000 thereafter.

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

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted 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 noted.

Collection of Interest on Delinquent Taxes and Utilities

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or utilities on or before the date when they would become delinquent. On January 6, 2015, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500 of delinquent taxes and utilities and 18% per annum for delinquent taxes and utilities in excess of \$1,500, and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

From our testing of the Tax Collector's records, it appeared that interest was charged for delinquent tax and utility payments in accordance with the above resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 23, 2015, and was complete. Inspection of tax sale certificates revealed that all tax sale certificates were available for audit.

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	9
2014	9
2013	9

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2016 Taxes	20
Payments of 2015 Taxes	20
Delinquent Taxes	15
Tax Title Liens	3
Payments/Charges Sewer Utility	20
Delinquent Sewer Utility	15

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges (Cont'd)

Verification notices were mailed to confirm balances as of December 31, 2015. The items that were returned were checked and in agreement with the Township's records. For receivable items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Township is in compliance with directives 1 and 3; however, fixed assets accounting records are not adequately maintained. It is recommended that the Township pursue the maintenance of a fixed assets accounting and reporting system which identifies additions, deletions and changes in location of the Township's fixed assets.

Management's Response:

The Township will look into pursuing and maintaining a fixed assets accounting and reporting system to identify additions, deletions, and changes in the location of the Township's fixed assets.

Accounting Records

1. We noted throughout the testing of the various funds that there were large interfund balances which existed at year end. It is recommended more care be taken to ensure that all transactions are charged to the proper fund when initially disbursed to avoid or limit interfund transactions.

Management's Response:

Interfunds will be returned to their proper accounts, and will be returned to their proper accounts prior to the end of each year, and every effort will be made to ensure that disbursements are charged initially to the appropriate fund.

2. During our testing of the Current Fund, we noted that there was an overexpenditure in the Revenue Administration Other Expenses line item totaling \$18,950.66. The overexpenditure was created when revenue was improperly classified as appropriation refunds. It is recommended that all revenue be properly classified as such, and not as appropriation refunds, to avoid overexpenditures of line items during the course of the year.

Management's Response:

The Chief Financial Officer will review line items periodically to ensure that appropriation refunds are properly classified in order to avoid overexpenditures.

3. It was noted that there were revenue items that were deposited into the bank in the Current Fund; however, they were never posted as revenue within the accounting software. This created a discrepancy between the cash account within the accounting system and the cash per the bank account. There were also several months in multiple accounts for which no bank reconciliations were prepared. It is recommended that all items of revenue be accurately posted as the transactions occur in order to alleviate discrepancies in cash prior to reconciling the bank accounts, and that bank accounts be reconciled timely for every month without exception.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Accounting Records (Cont'd)

Management's Response:

All revenues will be posted accurately, and all bank accounts will be reconciled timely every month without exception.

4. During our testing of the Sewer Utility Capital Fund, we noted that there was a deficit cash balance for the Replacement for Baltimore Street Pumping Station ordinance. It is recommended that the Township take steps in future budgets to appropriately fund this ordinance.

Management's Response:

The Chief Financial Officer will take steps in future budgets to fund the ordinance for Replacement for Baltimore Street Pumping Station in the Sewer Utility Capital Fund.

Federal and State Grant Fund

1. During our review of federal and state grants, we noted that a number of grants receivable and reserve balances are several years old. Also, we noted that there is a delay in requesting reimbursements from grantors. This delay in request for reimbursement has led to fewer collections on grants receivable. It is recommended that a review of the federal and state grants receivable and appropriated grant reserves be conducted to identify those grants which will be collected and disbursed and which grants should be cancelled. It is also recommended that requests for reimbursements be submitted in a timely manner to ensure prompt collection.

Management's Response:

A review of all federal and state grants receivable and appropriated reserves will be performed to ensure that only active receivables and reserve balances are being carried forward. All requests for reimbursements will be done in a timely manner to ensure prompt collection.

Purchasing

1. We noted during our testing that there were several vouchers paid that did not have supporting documentation in the form of an invoice. It is recommended that supporting documentation such as an invoice for all purchases be maintained.

Management's Response:

The Chief Financial Officer will begin maintaining documentation for review for all purchases made in the Township.

2. It was noted during the course of our audit that there were invoices with credit balances due to overpayments or duplicate payments. It is recommended that greater care be taken when paying invoices to ensure that duplicate payments or overpayments are not being issued.

Management's Response

The Chief Financial Officer will take greater care when making payments on invoices to ensure that duplicate payments or overpayments are not being made.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Payroll

1. During our testing it was noted that there was no year-end analysis of the balance in the payroll agency bank account. This account is an imprest account and all funds that are transferred into the account are to be utilized for payroll or returned to the Current Fund. It is recommended that an analysis of the balance in the payroll agency account be maintained on a monthly basis.

Management's Response:

The Chief Financial Officer will perform an analysis of the balance of the payroll account on a monthly basis.

2. We noted during our review of the Unemployment Compensation Insurance Trust Fund, that employee contributions were disbursed directly to the State of New Jersey by the payroll company. Those employee contributions should be transferred to the trust account for State Unemployment Compensation Insurance Trust Fund. When the State submits a request for payment, those funds are then disbursed from the trust account for payment. It is recommended that all employee unemployment contributions be transferred to the Unemployment Compensation Insurance Trust Fund.

Management's Response:

The Township will make every effort to ensure that the employee unemployment contributions are returned from the State, and that in the future all applicable employee unemployment contributions will be transferred to the Unemployment Compensation Insurance Trust Fund.

3. We noted during our testing of salaries, that there were instances in which the calculations for health benefits due from employees were incorrect. It is recommended that greater care be taken in the calculation of employee health benefit contributions in order to ensure that the amounts are accurately calculated and collected.

Management's Response:

The Township will take better care in calculating health benefits due from employees.

Sewer Utility Operating Fund

1. It was noted during our review of the Sewer Utility Operating Fund that the budget line for Operations Other Expenses was overexpended. It is recommended that the Chief Financial Officer carefully review all budget account lines at least monthly and make budget transfers as necessary to avoid overexpending line items.

Management's Response:

The Chief Financial Officer will carefully review all budget account lines periodically and make budget transfers as necessary to avoid overexpending line items.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The Report of the Municipal Court has been forwarded to the Division of Local Government Services and the Township's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2015:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Agency</u>	<u>Balance Dec. 31, 2014</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance Dec. 31, 2015</u>
State of New Jersey				
Fines & Costs	\$ 2,215.24	\$ 39,449.67	\$ 39,170.33	\$ 2,494.58
Weights and Measures		3,250.00	3,250.00	
County Treasurer:				
Fines & Costs	1,148.50	24,843.00	25,049.00	942.50
Municipal Treasurer:				
Lopatcong	2,156.76	56,358.33	56,112.17	2,402.92
Municipality - POAA (FTA)		4.00	4.00	
Conditional Discharge		483.00	373.00	110.00
Restitution		660.00	660.00	
Miscellaneous	0.79	11.27	11.96	0.10
Bail Interest	0.11	0.91	1.02	
Bail		14,748.00	14,631.00	117.00
	<u>\$ 5,521.40</u>	<u>\$ 139,808.18</u>	<u>\$ 139,262.48</u>	<u>\$ 6,067.10</u>

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the Township consider options to test and protect the Township from cyber-crime.

Deferred Compensation Plans

The Township has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the Township. The Township should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the Township's fiduciary responsibilities.

Independent Contractors

The Township should consider reviewing the status of "Independent Contractors" utilized by the Township with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

TOWNSHIP OF LOPATCONG
COMMENTS AND RECOMMENDATIONS
(Continued)

Membership in the Statewide Insurance Fund

The Township is a member of the Statewide Insurance Fund (the "Fund"). In the 2014 Audited Financial Statements, the Fund experienced a negative change in Net Position of \$1,833,526 to bring the Fund's Net Position to \$5,177,252 at December 31, 2014. The Township should monitor the operations of the Fund for any continued negative financial performance.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2014 audit report. The prior year's recommendations 6 and 8 were resolved in 2015, while the remaining recommendations are in the 2015 audit.

TOWNSHIP OF LOPATCONG
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Township pursue the maintenance of a fixed assets accounting and reporting system which identifies additions, deletions and changes in location of the Township's fixed assets.
2. Every effort be made to ensure that all transactions are charged to the appropriate fund to limit interfund transactions.
3. All revenue is properly classified as such, and not as appropriation refunds, to avoid overexpenditures of line items during the course of the year.
4. All items of revenues are posted as the transactions occur in order to alleviate discrepancies in cash prior to reconciling the bank accounts.
5. A review of the federal and state grants receivable and appropriated grant reserves be reviewed to identify those grants which will be collected and disbursed and which grants will be cancelled. It is further recommended that requests for reimbursements be submitted in a timely manner to ensure prompt collection in the future.
6. Supporting documentation such as an invoice for purchases be maintained.
7. Greater care be taken when paying invoices to ensure that duplicate payments or overpayments are not being issued.
8. An analysis of the balance in the payroll agency account be maintained on a monthly basis.
9. Employee unemployment contributions be transferred to the Unemployment Compensation Insurance Trust Fund.
10. Greater care be taken in the calculation of employee health benefit contributions in order to ensure that the amounts are accurately calculated and collected.
11. The Township take steps in future budgets to appropriately fund the Baltimore Street Pumping Station ordinance.
12. The Chief Financial Officer carefully review all budget account lines on at least a monthly basis and make budget transfers as necessary to avoid overexpending line items.

* * * * *