

**BOROUGH OF GIBBSBORO**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2015**



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**BOROUGH OF GIBBSBORO**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2015**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the Borough Council  
Borough of Gibbsboro  
County of Camden, New Jersey

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

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

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

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Gibbsboro’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2016 on our consideration of the Borough of Gibbsboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Gibbsboro's internal control over financial reporting and compliance.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

**May 13, 2016**

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**EXHIBIT - A  
CURRENT FUND**



**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 1,958,645.77	1,799,905.44
Cash - Collector	208,745.24	225,580.97
Cash - Change	410.00	410.00
Total Cash	<u>2,167,801.01</u>	<u>2,025,896.41</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,013.81	9.24
Tax Title and Other Liens	18,813.48	101,223.70
Property Acquired for Taxes - at Assessed Valuation	650,600.00	812,206.00
Revenue Accounts Receivable	8,669.28	9,568.40
Interfund Receivable:		
Trust Other Fund	4,235.54	4,235.54
General Capital	-	17,798.07
Animal Control	5,940.62	5,940.62
CCO Trust - DCA Fees	2,076.00	1,744.00
Sewer Operating	-	8,000.00
Open Space Trust	40,970.46	210,362.57
Tax Title Lien Redemption Trust	-	6.32
Total Receivables and Other Assets	<u>732,319.19</u>	<u>1,171,094.46</u>
Total Regular Fund	<u>2,900,120.20</u>	<u>3,196,990.87</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	110,888.72	110,888.72
Due from General Capital	83,485.10	83,485.10
Due from Current Fund	72,291.60	45,692.10
Total Federal and State Grant Fund	<u>266,665.42</u>	<u>240,065.92</u>
Total Current Fund	<u>\$ 3,166,785.62</u>	<u>3,437,056.79</u>

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	\$	367,130.01	432,899.88
Reserve for Encumbrances		31,334.39	24,259.10
Prepaid Taxes		82,734.24	59,005.68
Overpaid Taxes		5,917.63	4,899.63
Local School Tax Payable		-	0.50
Regional School Tax Payable		216,099.00	218,677.00
County Tax Payable		1,204.23	1,412.25
Due to State:			
Marriage Licenses		100.00	-
Senior Citizens & Vets		11,351.58	11,601.58
Interfund Payable:			
General Capital Fund		24,992.08	-
Sewer Collection		16,568.56	10,607.70
Public Assistance Trust Fund		420.00	420.00
Grant Fund		72,291.60	45,692.10
Tax Title Lien Premium		-	56,849.30
Other			
Reserve for Library State Aid		572.74	572.74
Reserve for Revaluation Program		28,104.50	28,104.50
		<u>858,820.56</u>	<u>895,001.96</u>
Reserve for Receivables and Other Assets		732,319.19	1,171,094.46
Fund Balance		<u>1,308,980.45</u>	<u>1,130,894.45</u>
Total Regular Fund		<u>2,900,120.20</u>	<u>3,196,990.87</u>
Federal and State Grant Fund:			
Unappropriated Reserves		21,646.21	33,628.02
Appropriated Reserves		181,915.80	154,034.49
Encumbrances Payable		63,103.41	52,403.41
		<u>266,665.42</u>	<u>240,065.92</u>
Total Federal and State Grant Fund		<u>266,665.42</u>	<u>240,065.92</u>
Total Current Fund	\$	<u><u>3,166,785.62</u></u>	<u><u>3,437,056.79</u></u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized		
Fund Balance	\$ 830,000.00	830,000.00
Miscellaneous Revenue Anticipated	526,066.17	492,564.27
Receipts from Delinquent Taxes	2,703.97	2,241.91
Receipts from Current Taxes	7,960,185.09	7,842,024.86
Non Budget Revenue	130,885.16	116,298.98
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	414,725.96	566,201.52
Interfund Returned	195,196.50	-
Total Income	<u>10,059,762.85</u>	<u>9,849,331.54</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	742,946.00	642,927.40
Other Expenses	1,316,204.64	1,393,758.10
Deferred Charges & Statutory Expenditures	155,501.12	139,836.20
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	100,000.00	100,000.00
Other Expenses	35,628.02	27,034.45
Capital Improvements	25,000.00	25,000.00
Debt Service	537,125.78	549,375.78
Transferred to Board of Education	31,399.49	31,686.67
Local District School Tax	2,972,934.50	2,871,493.00
Regional District School Tax	1,156,198.00	1,161,354.00
County Tax	1,928,893.33	2,008,890.28
County Share of Added Tax	1,204.23	1,412.25
Interfund Created	332.00	26,058.25
Other:		
Local Open Space Tax	46,309.74	46,740.20
Refund of Prior Year's Revenue	2,000.00	1,750.00
Total Expenditures	<u>9,051,676.85</u>	<u>9,027,316.58</u>
Excess in Revenue	<u>1,008,086.00</u>	<u>822,014.96</u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		-	-
Emergency Appropriation			
Total Adjustments		<u>-</u>	<u>-</u>
Statutory Excess to Fund Balance		<u>1,008,086.00</u>	<u>822,014.96</u>
Fund Balance January 1		<u>1,130,894.45</u>	<u>1,138,879.49</u>
		2,138,980.45	1,960,894.45
Decreased by:			
Utilization as Anticipated Revenue		<u>830,000.00</u>	<u>830,000.00</u>
Fund Balance December 31	\$	<u><u>1,308,980.45</u></u>	<u><u>1,130,894.45</u></u>

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 830,000.00	-	-
Total Fund Balance Anticipated	<u>830,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	5,000.00	-	376.00
Fees and Permits	2,000.00	-	(1,990.80)
Fines and Costs:			
Municipal Court	60,000.00	-	60,702.14
Interest and Costs on Taxes	10,800.00	-	8,041.97
Total Section A: Local Revenues	<u>77,800.00</u>	<u>-</u>	<u>67,129.31</u>
Section B: State Aid Without Offsetting Appropriations			
Consolidated Municipal Property Tax Relief	7,045.00	-	-
Energy Receipts Tax	275,728.00	-	-
Total Section B: State Aid Without Offsetting Appropriations	<u>282,773.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	25,000.00	-	7,735.84
Total Section C: Uniform Construction Code Fees	<u>25,000.00</u>	<u>-</u>	<u>7,735.84</u>

The Accompanying Notes to the Financial Statements are an  
Integral Part of this Statement

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

	Anticipated		
	Budget	N.J.S. 40A:4-87	Realized
			Excess or (Deficit)
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	3,288.00	-	3,288.00
Drunk Driving Enforcement Fund	10,350.75	-	10,350.75
Clean Communities Program	17,969.73	-	17,969.73
Alcohol Education and Rehabilitation Fund	177.24	-	177.24
Safe and Secure Communities Program	30,000.00	-	30,000.00
Body Armor Grant	1,090.46	-	1,090.46
DMV Inspections	751.84	-	751.84
Capacity Building Grant - Sustainable New Jersey	-	2,000.00	2,000.00
<b>Total Section F: Special Items - Public and Private Programs</b>	<b>63,628.02</b>	<b>2,000.00</b>	<b>65,628.02</b>
Off-Set with Appropriations			
Total Miscellaneous Revenues:	449,201.02	2,000.00	526,066.17
Receipts from Delinquent Taxes	-		2,703.97
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	1,862,291.01	-	2,054,331.77
<b>Total Amount to be Raised by Taxes for Support of Municipal Budget</b>	<b>1,862,291.01</b>	<b>-</b>	<b>192,040.76</b>
<b>Budget Totals</b>	<b>3,141,492.03</b>	<b>2,000.00</b>	<b>269,609.88</b>
Non- Budget Revenues:			
Other Non- Budget Revenues:	-	-	130,885.16
	<b>3,141,492.03</b>	<b>2,000.00</b>	<b>400,495.04</b>

The Accompanying Notes to the Financial Statements are an  
Integral Part of this Statement



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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT:</b>						
Mayor and Council						
Salaries and Wages	23,000.00	23,000.00	22,928.00	-	72.00	-
Other Expenses	1,000.00	1,000.00	495.00	-	505.00	-
Municipal Clerk						
Salaries and Wages	100,000.00	100,000.00	98,451.08	-	1,548.92	-
Other Expenses	45,000.00	45,000.00	29,400.66	1,173.89	14,425.45	-
Financial Administration						
Salaries and Wages	8,323.00	8,323.00	7,457.00	-	866.00	-
Other Expenses	15,000.00	15,000.00	14,865.30	-	134.70	-
Audit Services						
Other Expenses	28,500.00	28,500.00	28,500.00	-	-	-
Revenue Administration (Tax Collector)						
Salaries and Wages	10,200.00	10,200.00	9,559.00	-	641.00	-
Other Expenses	7,140.00	7,140.00	4,021.21	2,940.00	178.79	-
Tax Assessment Administration						
Salaries and Wages	10,405.00	10,405.00	10,405.00	-	-	-
Other Expenses	5,500.00	5,500.00	1,436.64	1,500.00	2,563.36	-
Legal Services						
Other Expenses	60,000.00	85,000.00	45,818.65	2,864.50	36,316.85	-
Engineering Services and Costs						
Other Expenses	35,000.00	35,000.00	5,573.00	-	29,427.00	-
<b>LAND USE ADMINISTRATION</b>						
Planning Board						
Salaries and Wages	12,000.00	12,000.00	6,813.68	-	5,186.32	-
Other Expenses	20,000.00	20,000.00	10,974.74	6.79	9,018.47	-
Preparation of a Master Plan						
Municipal Court	30,000.00	30,000.00	19,622.18	-	10,377.82	-
Salaries and Wages	52,000.00	52,800.00	49,070.00	-	3,730.00	-
Other Expenses	6,200.00	6,200.00	5,837.28	276.00	86.72	-
Public Defender						
Salaries and Wages	3,060.00	3,060.00	2,851.92	-	208.08	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
<b>PUBLIC SAFETY</b>							
Fire							
Other Expenses							
Fire Hydrant Service	44,740.00	44,740.00	35,260.60	-	9,479.40	-	-
Aid to Volunteer Fire Company	52,644.00	52,644.00	52,644.00	-	-	-	-
Police Department							
Salaries and Wages	325,000.00	382,000.00	382,000.00	-	-	-	-
Other Expenses	130,000.00	110,000.00	71,195.95	1,352.29	37,451.76	-	-
Office of Emergency Management							
Salaries and Wages	2,142.00	2,142.00	1,992.00	-	150.00	-	-
Other Expenses	500.00	500.00	50.00	-	450.00	-	-
Municipal Prosecutor							
Salaries and Wages	4,794.00	5,294.00	5,000.00	-	294.00	-	-
<b>PUBLIC WORKS</b>							
Public Works							
Salaries and Wages	65,000.00	65,000.00	65,000.00	-	-	-	-
Other Expenses	90,000.00	89,500.00	47,537.65	1,395.16	40,567.19	-	-
Public Buildings and Grounds							
Other Expenses	125,000.00	99,200.00	61,104.95	5,738.40	32,356.65	-	-
Recycling Program							
Contractual	95,000.00	58,000.00	33,423.78	3,837.02	20,739.20	-	-
Garbage and Trash Removal							
Contractual	185,000.00	170,000.00	149,007.46	5,092.83	15,899.71	-	-
<b>HEALTH AND HUMAN SERVICES</b>							
Dog Regulation							
Other Expenses	5,000.00	5,000.00	-	-	5,000.00	-	-
Environmental Commission							
Other Expenses	3,000.00	3,000.00	400.00	-	2,600.00	-	-
<b>PARKS AND RECREATION</b>							
Recreation							
Other Expenses	2,000.00	2,000.00	-	-	2,000.00	-	-
Library							
Salaries and Wages	9,180.00	9,180.00	2,620.80	-	6,559.20	-	-
Other Expenses	2,500.00	2,500.00	1,932.00	300.85	267.15	-	-
Senior Citizen's Program							
Other Expenses	5,000.00	5,000.00	932.31	83.81	3,983.88	-	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
<b>INSURANCE</b>							
General Liability	39,500.00	39,500.00	39,500.00	-	-	-	-
Workers Compensation Insurance	36,850.64	36,850.64	36,850.64	-	-	-	-
Employee Group Health	193,800.00	193,800.00	193,800.00	-	-	-	-
Other Insurance Premiums	10,000.00	10,000.00	10,000.00	-	-	-	-
Health Benefits Waiver							
Salaries and Wages	2,000.00	2,000.00	1,493.26	-	506.74	-	-
Fire Safety Official							
Salaries and Wages	3,162.00	3,162.00	2,922.00	-	240.00	-	-
Other Expenses	13,630.00	13,630.00	3,199.81	-	10,430.19	-	-
<b>UNIFORM CONSTRUCTION CODE</b>							
State Uniform Construction Code							
Construction Official							
Salaries and Wages	35,000.00	35,000.00	25,656.71	-	9,343.29	-	-
Other Expenses	7,000.00	7,000.00	3,974.28	-	3,025.72	-	-
Plumbing Inspector							
Salaries and Wages	3,060.00	3,060.00	2,382.00	-	678.00	-	-
Electrical Inspector							
Salaries and Wages	3,060.00	3,060.00	2,382.00	-	678.00	-	-
Fire Inspector							
Salaries and Wages	4,590.00	4,590.00	4,330.00	-	260.00	-	-
Fire Official - Sub Code							
Salaries and Wages	3,060.00	3,060.00	2,382.00	-	678.00	-	-
Building Subcode Inspector							
Salaries and Wages	5,610.00	5,610.00	3,614.16	-	1,995.84	-	-
<b>UNCLASSIFIED</b>							
Celebration of Public Events							
Other Expenses	40,000.00	40,000.00	18,489.73	1,394.00	20,116.27	-	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>							
Street Lighting	55,000.00	55,000.00	32,481.16	3,378.85	19,139.99	-	-
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<u>2,074,150.64</u>	<u>2,059,150.64</u>	<u>1,667,639.59</u>	<u>31,334.39</u>	<u>360,176.66</u>	<u>-</u>	<u>-</u>
Detail:							
Salaries and Wages	684,646.00	742,946.00	707,817.35	-	35,128.65	-	-
Other Expenses	1,389,504.64	1,316,204.64	958,328.98	31,334.39	326,541.27	-	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	24,989.00	24,989.00	24,989.00	-	-	-
Social Security System (O.A.S.I.)	53,580.60	68,580.60	64,331.83	-	4,248.77	-
Police and Firemen's Retirement System	59,008.00	59,008.00	59,008.00	-	-	-
Unemployment Compensation Insurance	2,923.52	2,923.52	218.94	-	2,704.58	-
	<u>140,501.12</u>	<u>155,501.12</u>	<u>148,547.77</u>	<u>-</u>	<u>6,953.35</u>	<u>-</u>
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>2,214,651.76</b>	<b>2,214,651.76</b>	<b>1,816,187.36</b>	<b>31,334.39</b>	<b>367,130.01</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>						
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities Program	17,969.73	17,969.73	17,969.73	-	-	-
Alcohol Education and Rehabilitation Fund	177.24	177.24	177.24	-	-	-
Safe and Secure Communities Program						
Police						
Salaries and Wages	100,000.00	100,000.00	100,000.00	-	-	-
Body Armor Grant	1,090.46	1,090.46	1,090.46	-	-	-
Recycling Tonnage Grant	3,288.00	3,288.00	3,288.00	-	-	-
Drunk Driving Enforcement Fund	10,350.75	10,350.75	10,350.75	-	-	-
DMV Inspections	751.84	751.84	751.84	-	-	-
Sustainable Jersey Small Grants	-	2,000.00	2,000.00	-	-	-
	<u>133,628.02</u>	<u>135,628.02</u>	<u>135,628.02</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>133,628.02</b>	<b>135,628.02</b>	<b>135,628.02</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operations - Excluded from "CAPS" Detail:</b>						
Salaries and Wages	100,000.00	100,000.00	100,000.00	-	-	-
Other Expenses	23,277.27	35,628.02	35,628.02	-	-	-
	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(C) Capital Improvements Capital Improvement Fund</b>						
Total Capital Improvements	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(D) Debt Service						
Payment of Bond Principal	400,000.00	400,000.00	400,000.00	-	-	-
Interest on Bonds	108,625.00	108,625.00	108,625.00	-	-	-
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	28,500.78	28,500.78	28,500.78	-	-	-
Total Debt Service	<u>537,125.78</u>	<u>537,125.78</u>	<u>537,125.78</u>	-	-	-
(N) Transferred to Board of Education for Use of Local Schools	31,399.49	31,399.49	31,399.49	-	-	-
Total Transferred to Board of Education	<u>31,399.49</u>	<u>31,399.49</u>	<u>31,399.49</u>	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>727,153.29</u>	<u>729,153.29</u>	<u>729,153.29</u>	-	-	-
SUBTOTAL GENERAL APPROPRIATIONS	<u>2,941,805.05</u>	<u>2,943,805.05</u>	<u>2,545,340.65</u>	<u>31,334.39</u>	<u>367,130.01</u>	-
(M) Reserve for Uncollected Taxes	199,686.98	199,686.98	199,686.98	-	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 3,141,492.03</u>	<u>3,143,492.03</u>	<u>2,745,027.63</u>	<u>31,334.39</u>	<u>367,130.01</u>	-
Budget		3,141,492.03			Cancelled	-
Appropriations by 40A:4-87		2,000.00			Overexpended	-
Emergency Appropriations		-				-
		<u>3,143,492.03</u>				-
Reserve for Uncollected Taxes		199,686.98				
Federal and State Grants		135,628.02				
Capital Improvement Fund		25,000.00				
Disbursements		2,384,712.63				
		<u>2,745,027.63</u>				

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**EXHIBIT - B  
TRUST FUND**



**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2015	2014
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 6,026.97	\$ 9,890.80
	6,026.97	9,890.80
<u>Other Funds</u>		
Cash and Investments	1,080,179.73	1,053,514.66
Due from Current	-	56,842.98
Due from CCO Trust	111.00	126.00
	1,080,290.73	1,110,483.64
	\$ 1,086,317.70	\$ 1,120,374.44

The Accompanying Notes to the Financial Statements are an  
Integral Part of this Statement

**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2015	2014
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 86.35	\$ 3,948.98
Due to Current Fund	5,940.62	5,940.62
Due to State	-	1.20
	6,026.97	9,890.80
<u>Other Funds</u>		
Deposits for Premiums	288,700.00	109,300.00
Deposits for Redemption	4,877.74	2,379.25
Reserve for Trust Other	403,081.83	427,645.15
Reserve for Local Open Space Tax	317,928.04	314,787.05
Reserve for Affordable Housing Dev. Fee	17,673.12	17,673.12
Due to State of New Jersey - Uniform Construction Code Training Fees	637.00	457.00
Due to Current Fund	47,282.00	216,342.11
Due to General Capital	-	21,773.96
Due to Trust Other - DCA Training Fees	111.00	126.00
	1,080,290.73	1,110,483.64
	\$ 1,086,317.70	\$ 1,120,374.44

The Accompanying Notes to the Financial Statements are an  
Integral Part of this Statement

**EXHIBIT - C**  
**GENERAL CAPITAL FUND**



**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 1,542,221.06	97,001.82
Deferred Charges to Future Taxation -		
Funded	4,765,379.77	3,070,988.19
Unfunded	16,528.91	940,478.91
Interfunds and Receivables		
Federal and State Grant Receivable	1,528,889.69	1,440,389.69
Due from County Open Space	100,000.00	100,000.00
Due from Current Fund	24,992.08	-
Due from Sewer Utility Capital	154,985.41	154,985.41
Due from Open Space Trust	-	21,773.96
	<u>8,132,996.92</u>	<u>5,825,617.98</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	103,636.62	29,650.26
County Advance for Open Space	1,001,000.00	1,001,000.00
Interfunds:		
Due to Current Fund	-	17,798.07
Due to Grant Fund	83,485.10	83,485.10
Bond Anticipation Notes Payable	-	356,000.00
Serial Bonds Payable	4,640,000.00	2,920,000.00
Green Trust Loan Payable	125,379.77	150,988.19
Improvement Authorizations:		
Funded	1,759,942.89	528,826.15
Unfunded	1,050.00	285,250.87
Reserve for Debt Service	272,799.02	272,799.02
Reserve for Capital Projects	33,991.38	33,991.38
Capital Improvement Fund	83,283.09	121,233.09
Fund Balance	28,429.05	24,595.85
	<u>\$ 8,132,996.92</u>	<u>5,825,617.98</u>

There were bonds and notes authorized but not issued at December 31

2014	584,478.91
2015	16,528.91

**GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
Beginning Balance January 1	\$ 24,595.85	24,595.85
Increased by:		
Premiums on sale of Bonds & Notes	3,833.20	-
Ending Balance December 31	<u>\$ 28,429.05</u>	<u>24,595.85</u>

**EXHIBIT - D**  
**SEWER UTILITY FUND**



**SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2015	2014
<b>ASSETS</b>		
Operating Fund:		
Cash	\$ 112,562.67	1,559.11
Interfunds and Receivables		
Due from Sewer Capital Fund	34,300.00	161,718.32
Due from Tax Collector	16,568.56	10,607.70
	163,431.23	173,885.13
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	904.90	497.57
	904.90	497.57
Total Operating Fund	164,336.13	174,382.70
Capital Fund:		
Cash - Treasurer	78,759.47	402.01
Interfunds and Receivables		
Due from State of New Jersey - NJEIT	603,398.00	612,162.00
Due from USDA	-	175,000.00
Due from NJDOT - Grant	47,500.00	47,500.00
Fixed Capital	7,821,952.18	7,821,952.18
Fixed Capital - Authorized and Uncompleted	2,157,500.00	2,157,500.00
Total Capital Fund	10,709,109.65	10,814,516.19
	\$ 10,873,445.78	10,988,898.89

**SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 4,023.91	12,984.56
Reserve for Encumbrances	13,058.03	550.00
Utility Overpayments	727.75	396.76
Accrued Interest on Bonds and Notes	28,386.99	28,580.74
Interfunds:		
Due to Voorhees Township	52,650.00	47,550.00
Due to Current Fund	-	8,000.00
	98,846.68	98,062.06
Reserve for Receivables	904.90	497.57
Fund Balance	64,584.55	75,823.07
Total Operating Fund	164,336.13	174,382.70
Capital Fund:		
Encumbrances Payable	8,211.40	8,211.40
Interfunds:		
Due to Sewer Operating Fund	34,300.00	161,718.32
Due to General Capital	154,985.41	154,985.41
Bond Anticipation Notes Payable	-	340,000.00
Serial Bonds Payable	1,350,000.00	1,465,000.00
NJEIT Bonds Payable	475,000.00	515,000.00
NJEIT Loan Payable	371,853.68	870,047.99
USDA Loan Payable	450,000.00	-
Improvement Authorizations:		
Funded	342,028.01	285,716.23
Unfunded	292,790.00	402,790.00
Reserve for Amortization	6,803,340.44	5,975,146.13
Reserve for Deferred Amortization	142,500.00	142,500.00
Reserve for Improvements	40,000.00	40,000.00
Reserve for USDA Receivable	-	175,000.00
Reserve for NJDOT - Grant Receivable	47,500.00	47,500.00
Reserve for Debt Service	1,960.18	1,960.18
Capital Improvement Fund	5,000.00	5,000.00
Fund Balance	189,640.53	223,940.53
Total Capital Fund	10,709,109.65	10,814,516.19
	\$ 10,873,445.78	10,988,898.89

There were bonds and notes authorized but not issued at December 31

	2014	449,258.06
	2015	339,258.06

**SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized		
Fund Balance	\$ 28,800.00	30,000.00
Rents	268,882.72	275,390.78
Miscellaneous Revenue Anticipated	14,724.72	9,442.82
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	12,771.23	13,829.88
Utility Capital Surplus	34,300.00	34,300.00
Total Income	<u>359,478.67</u>	<u>362,963.48</u>
Expenditures		
Operations	43,800.00	43,800.00
Debt Service	293,017.19	293,307.21
Refund of Prior Year Revenue	5,100.00	-
Total Expenditures	<u>341,917.19</u>	<u>337,107.21</u>
Excess in Revenue	<u>17,561.48</u>	<u>25,856.27</u>
Excess in Operations	<u>17,561.48</u>	<u>25,856.27</u>
Fund Balance January 1	<u>75,823.07</u>	<u>79,966.80</u>
	93,384.55	105,823.07
Decreased by:		
Utilization as Anticipated Revenue	<u>28,800.00</u>	<u>30,000.00</u>
Fund Balance December 31	<u>\$ 64,584.55</u>	<u>75,823.07</u>

**SEWER UTILITY CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
Beginning Balance January 1	\$ 223,940.53	258,240.53
Decreased by:		
Utility Capital Surplus Appropriation	34,300.00	34,300.00
Ending Balance December 31	\$ <u>189,640.53</u>	<u>223,940.53</u>

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

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 28,800.00	28,800.00	-
Rents	275,000.00	268,882.72	(6,117.28)
Miscellaneous	1,000.00	14,724.72	13,724.72
Utility Capital Surplus	34,300.00	34,300.00	-
	<u>\$ 339,100.00</u>	<u>346,707.44</u>	<u>7,607.44</u>

## Analysis of Realized Revenue:

## Rents

## Consumer Accounts Receivable:

Tax Collector	277,977.57
Sewer Collector	(8,763.86)
Overpayments Applied	396.76
Overpayments Collected	(727.75)

268,882.72

## Miscellaneous

Interest on Rents	1,321.92
Sewer Connection Fees	13,402.80

14,724.72

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>Operations:</b>						
Salaries and Wages	7,500.00	7,500.00	6,922.00	-	578.00	-
Other Expenses	36,300.00	36,300.00	19,796.06	13,058.03	3,445.91	-
	<u>43,800.00</u>	<u>43,800.00</u>	<u>26,718.06</u>	<u>13,058.03</u>	<u>4,023.91</u>	<u>-</u>
<b>Debt Service:</b>						
Payment of Bond Principal	115,000.00	115,000.00	115,000.00	-	-	-
Interest on Bonds	45,000.00	45,000.00	43,745.85	-	-	1,254.15
Other Debt Service - NJEIT	135,300.00	135,300.00	134,271.34	-	-	1,028.66
	<u>295,300.00</u>	<u>295,300.00</u>	<u>293,017.19</u>	<u>-</u>	<u>-</u>	<u>2,282.81</u>
	<u>339,100.00</u>	<u>339,100.00</u>	<u>319,735.25</u>	<u>13,058.03</u>	<u>4,023.91</u>	<u>2,282.81</u>
<b>Statement of Expenditures:</b>						
Accrued Interest on Bonds			28,386.99			
Disbursed			291,348.26			
			<u>319,735.25</u>			

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**EXHIBIT - E**  
**PUBLIC ASSISTANCE TRUST FUND**



**PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash Trust I	\$ 3,067.11	\$ 3,067.11
Cash Trust II	-	1,608.45
Due from Current Fund	420.00	420.00
	<u>\$ 3,487.11</u>	<u>\$ 5,095.56</u>
<u>Liabilities and Reserves</u>		
Reserve for Public Assistance	\$ 3,487.11	\$ 5,095.56
	<u>\$ 3,487.11</u>	<u>\$ 5,095.56</u>

The Accompanying Notes to the Financial Statements are an  
Integral Part of this Statement

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**EXHIBIT - F**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**



**GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
General Fixed Assets:		
Land and Buildings	\$ 12,205,633.19	\$ 12,196,433.19
Vehicles	576,936.38	576,936.38
Machinery and Equipment	1,030,825.04	924,408.44
Total General Fixed Assets	<u>\$ 13,813,394.61</u>	<u>\$ 13,697,778.01</u>
Investment in General Fixed Assets	<u>\$ 13,813,394.61</u>	<u>\$ 13,697,778.01</u>

The Accompanying Notes to the Financial Statements are an  
Integral Part of this Statement

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## **NOTES TO THE FINANCIAL STATEMENTS**



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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Except as noted below, the financial statements of the Borough of Gibbsboro include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Gibbsboro, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the entity is financially accountable. The entity is financially accountable for an organization if the entity appoints a voting majority of the organization's governing board and (1) the entity is able to significantly influence the programs or services performed or provided by the organization; or (2) the entity is legally entitled to or can otherwise access the organization's resources; the entity is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the entity is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The entity has no component units.

**B. Description of Funds**

The accounting policies of the Borough of Gibbsboro conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the Borough of Gibbsboro 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 facilities, other than those acquired in the Current Fund.

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

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

**C. Basis of Accounting**

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

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

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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.

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.

General Fixed Assets -- The entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$1,000.00 are capitalized.

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

No depreciation has been provided for in the financial statements.

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

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

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

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Borough of Gibbsboro to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The entity operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in on July 1.

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the Borough of Gibbsboro to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

**D. Required Financial Statements**

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

**E. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**F. Recent Accounting Pronouncements Not Yet Effective**

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the City's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the City is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the City's financial reporting.

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

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$199,686.98 and \$199,115.52. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$830,000.00 and \$830,000.00. In addition, the entity operates a self liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$28,800.00 and \$30,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Borough Council. The following significant budget transfers were approved in the 2015 and 2014 calendar years:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
<u>Current Fund:</u>		
Legal Service		
Other Expenses	25,000.00	-
Municipal Court		
Salaries and Wages	800.00	
Police Department		
Salaries and Wages	57,000.00	
Other Expenses	(20,000.00)	
Municipal Prosecutor		
Salaries and Wages	500.00	
Municipal Clerk		
Salaries and Wages	-	3,970.00
Public Works		
Salaries and Wages	-	5,000.00
Other Expenses	(500.00)	
Building and Grounds		
Other Expenses	(25,800.00)	(5,000.00)
Recycling Program	(37,000.00)	
Garbage and Trash Removal Contractual	(15,000.00)	(6,470.00)
Social Security	15,000.00	2,500.00

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2015, the following significant budget insertion was approved:

<u>Budget Category</u>	<u>2015</u>	<u>2014</u>
Title Sustainable New Jersey Small Grants	\$ 2,000.00	\$ -

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

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. The Governing Body did not approve any emergency authorizations during the 2015 and 2014 calendar years. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

**NOTE 3: INVESTMENTS**

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

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

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The municipality places no limit on the amount the entity can invest in any one issuer.

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2015, \$793,509.07 of the municipality's bank balance of \$5,010,758.12 was exposed to custodial credit risk.

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

**NOTE 5: FIXED ASSETS**

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2015 and 2014:

	Balance 12/31/2013	Additions	Retirements/ Adjustments	Balance 12/31/2014
Land	\$ 11,063,257.27	-	-	11,063,257.27
Building	1,133,176	-	-	1,133,175.92
Equipment and Machinery	891,523	67,885.68	(35,000.00)	924,408.44
Vehicles	542,237	34,699.00	-	576,936.38
	<u>\$ 13,630,193.33</u>	<u>102,584.68</u>	<u>(35,000.00)</u>	<u>13,697,778.01</u>

	Balance 12/31/2014	Additions	Retirements/ Adjustments	Balance 12/31/2015
Land	\$ 11,063,257.27	-	-	11,063,257.27
Building	1,133,175.92	9,200.00	-	1,142,375.92
Equipment and Machinery	924,408.44	106,416.60	-	1,030,825.04
Vehicles	576,936.38	-	-	576,936.38
	<u>\$ 13,697,778.01</u>	<u>115,616.60</u>	<u>-</u>	<u>13,813,394.61</u>

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

**NOTE 6: SHORT-TERM OBLIGATIONS**

	Balance 12/31/13	Issued	Retired	Balance 12/31/14
Bond Anticipation				
Notes payable:				
General	\$ -	356,000.00	-	356,000.00
Utility	200,000.00	140,000.00	-	340,000.00
	<u>\$ 200,000.00</u>	<u>496,000.00</u>	<u>-</u>	<u>696,000.00</u>
	Balance 12/31/14	Issued	Retired	Balance 12/31/15
Bond Anticipation				
Notes payable:				
General	\$ 356,000.00	-	356,000.00	-
Utility	340,000.00	-	340,000.00	-
	<u>\$ 696,000.00</u>	<u>-</u>	<u>696,000.00</u>	<u>-</u>

A note was issued in the amount of \$200,000.00 in 2012 by the Current Fund to the Sewer Capital Fund. In 2014, an additional amount was issued in the amount of \$140,000.00 by the Current Fund to the Sewer Capital. Also in 2014, a note was issued in the amount of \$356,000.00 to the General Capital Fund. There is no interest on this loan as this loan. As of December 31, 2015 the entity has no outstanding note balance.

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

**NOTE 7: LONG TERM DEBT**

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amounts Due Within One Year
Bonds payable:					
General	\$ 3,320,000.00	-	400,000.00	2,920,000.00	400,000.00
Utility	2,130,000.00	-	150,000.00	1,980,000.00	150,000.00
Total	<u>\$ 5,450,000</u>	<u>-</u>	<u>550,000.00</u>	<u>4,900,000.00</u>	<u>550,000.00</u>
Other liabilities:					
Loans Payable General	\$ 176,092.04	-	25,103.85	150,988.19	25,608.42
Loans Payable Sewer	942,714.41	-	72,666.42	870,047.99	71,644.31
Compensated Absences Payable	4,262.90	2,291.56	1,391.69	5,162.77	-
Total long-term liabilities	<u>\$ 6,573,069.35</u>	<u>2,291.56</u>	<u>649,161.96</u>	<u>5,926,198.95</u>	<u>647,252.73</u>

	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Amounts Due Within One Year
Bonds payable:					
General	\$ 2,920,000.00	2,120,000.00	400,000.00	4,640,000.00	510,000.00
Utility	1,980,000.00	-	155,000.00	1,825,000.00	160,000.00
Total	<u>\$ 4,900,000.00</u>	<u>2,120,000.00</u>	<u>555,000.00</u>	<u>6,465,000.00</u>	<u>670,000.00</u>
Other liabilities:					
Loans Payable General	\$ 150,988.19	-	25,608.42	125,379.77	26,123.17
Loans Payable Sewer	870,047.99	450,000.00	498,194.31	821,853.68	77,144.58
Compensated Absences Payable	5,162.77	2,807.84	529.85	7,440.76	-
Total long-term liabilities	<u>\$ 5,926,198.95</u>	<u>2,572,807.84</u>	<u>1,079,332.58</u>	<u>7,419,674.21</u>	<u>773,267.75</u>

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

**Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the entity:**

\$2,100,000 General Improvement Bonds dated October 1, 2004, due in annual installments through October 1, 2018, bearing interest at various rates. The balance remaining as of December 31, 2015 is \$710,000.00.

\$2,760,000 General Improvement Bonds dated August 15, 2009, due in annual installments through August 2033, bearing interest at various rates. The balance remaining as of December 31, 2015 is \$1,810,000.00.

\$2,120,000 General Improvement Bonds dated December 15, 2015, due in annual installments through December 2029, bearing interest at various rates. The balance remaining as of December 31, 2015 is \$2,120,000.00.

\$346,162 Green Trust Loan dated May 15, 2002, due in annual installments, through May 2021, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2015 is \$116,523.90.

\$96,849 Green Trust Loan dated May 8, 1997, due in annual installments through June 2017, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2015 is \$8,855.87.

**Outstanding bonds whose principal and interest are paid from the Utility Operating Fund of the entity:**

\$1,780,000 Sewer Utility Refunding Bond dated October 19, 2010, due in annual installments through February 2025, bearing interest at various rates. The balance remaining as of December 31, 2015 is \$1,350,000.00

\$525,000 New Jersey Environmental Infrastructure Trust Fund Bond dated November 1, 2002, due in annual installments through August 1, 2022, bearing interest of various rates. The balance remaining as of December 31, 2015 is \$245,000.00.

\$270,000 New Jersey Environmental Infrastructure Trust Fund Bond dated March 10, 2010, due in annual installments through August 1, 2029, bearing interest of varying rates. The balance remaining as of December 31, 2015 is \$230,000.00.

\$523,001 New Jersey Environmental Infrastructure Trust Fund Loan dated November 1, 2002, due in semi-annual installments through August 1, 2021, bearing zero interest. The balance remaining as of December 31, 2015 is \$158,111.52.

\$779,710 New Jersey Environmental Infrastructure Trust Fund Loan dated March 10, 2010, due in semi-annual installments through August 1, 2020, bearing zero interest. The balance remaining as of December 31, 2015 is \$213,742.16.

\$450,000.00 USDA Bonds dated November 4, 2015, due in semiannual installments through May 2056, bearing interest at 2.625%. The balance remaining as of December 31, 2015 is \$450,000.00.

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

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>General Fund</u>		<u>Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	510,000.00	144,108.61	160,000.00	63,718.76
2017	550,000.00	129,100.00	165,000.00	58,718.76
2018	590,000.00	111,700.00	175,000.00	53,468.76
2019	390,000.00	90,100.00	175,000.00	47,218.76
2020	390,000.00	77,700.00	180,000.00	41,118.76
2021-2025	1,490,000.00	211,300.00	890,000.00	107,606.28
2026-2029	720,000.00	53,100.00	80,000.00	7,900.00
	<u>\$ 4,640,000.00</u>	<u>817,108.61</u>	<u>1,825,000.00</u>	<u>379,750.08</u>

Schedule of Annual Debt Service for Principal and Interest for Loans Issued and Outstanding

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	96,794.03	2,377.62
2017	93,334.48	1,852.54
2018	93,039.64	1,407.55
2019	92,327.48	984.03
2020	88,779.95	551.99
2021-2025	<u>32,957.87</u>	<u>111.28</u>
	<u>497,233.45</u>	<u>7,285.01</u>

As of December 31, 2015 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$137,125.78 and to the utility budget was \$45,000.00.

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

<u>Summary of Municipal Debt</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 4,765,379.77	3,070,988.19	3,496,092.03
Sewer Utility - Bonds and Notes	2,646,853.68	2,850,047.99	3,072,714.41
Total Issued	<u>7,412,233.45</u>	<u>5,921,036.18</u>	<u>6,568,806.44</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	16,528.91	940,478.91	826,728.91
Sewer Utility - Bonds and Notes	339,258.06	449,258.06	789,258.06
Total Authorized But Not Issued	<u>355,786.97</u>	<u>1,389,736.97</u>	<u>1,615,986.97</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 7,768,020.42</u>	<u>\$ 7,310,773.15</u>	<u>8,184,793.41</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 1.978%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 2,310,000.00	2,310,000.00	-
Regional School District Debt	134,811.75	134,811.75	-
Sewer Utility Debt	3,096,111.74	3,096,111.74	-
General Debt	4,781,908.68	272,799.02	4,509,109.66
	<u>10,322,832.17</u>	<u>5,813,722.51</u>	<u>4,509,109.66</u>

Net Debt \$4,509,109.66 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$227,946,110.33 = 1.978%.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 7,978,114.00
Net Debt	4,509,109.66
Remaining Borrowing Power	<u>\$ 3,469,004.34</u>

The Borough of Gibbsboro School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

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

**NOTE 8: FUND BALANCES APPROPRIATED**

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

		<u>2016</u>	<u>2015</u>
Current Fund	\$	880,000.00	830,000.00
Sewer Utility		28,300.00	28,800.00

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of NJ for Senior Citizens and Veterans Deductions, deferred charges, and cash deficit.

**NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, there were no deferred charges shown on the balance sheets of the various funds.

**NOTE 10: SCHOOL TAXES**

Local District School Tax in the amounts of \$2,972,935.00 and \$2,871,493.00 have been raised for the 2015 and 2014 calendar years and remitted or due to the local school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service, if any.

Regional High School Tax in the amounts of \$1,156,198.00 and \$1,161,354.00 have been raised for the 2015 and 2014 calendar years and remitted to the regional high school district.

		Regional School Tax Balance 12/31/2015	Regional School Tax Balance 12/31/2014
Balance of Tax	\$	578,099.00	\$ 580,677.00
Deferred		362,000.00	362,000.00
Tax Payable	\$	<u>216,099.00</u>	<u>\$ 218,677.00</u>

**NOTE 11: TAXES COLLECTED IN ADVANCE**

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

	Balance 12/31/15	Balance 12/31/14
Prepaid Taxes	<u>\$ 82,734.24</u>	<u>\$ 59,005.68</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 82,734.24</u>	<u>\$ 59,005.68</u>

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

**NOTE 12: PENSION FUNDS**

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

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

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 6.78% through June 30, 2014 and 6.92% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 10.51% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2015, 2014, and 2013 were \$24,989.00, \$22,022.00 and \$22,704.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The entity's contributions to PFRS for the years ended December 31, 2015, 2014, and 2013 were \$59,008.00, \$63,447.00, and \$40,587.00.

The total payroll for the year ended December 31, 2015, 2014 and 2013 was \$802,160.62, \$685,903.11, and \$626,633.51. Payroll covered by PFRS was \$336,290.00, \$251,627.00, and \$270,531.00. Payroll covered by PERS was \$231,480.00, \$209,457.00 and \$202,852.00.

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2015 AND 2014

### Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to  $\frac{1}{60}$ <sup>th</sup> from  $\frac{1}{55}$ <sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a  $\frac{1}{7}$ <sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 13: PENSION LIABILITIES**

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2015:

**Public Employees' Retirement System**

The Borough has a liability of \$667,801.00 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 that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.00297488120%, which would be a decrease of 1.86% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$43,587.00. At December 31, 2015, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 15,931.00	
Changes of assumptions	71,717.00	
Changes in proportion	14,301.00	(8,951.00)
Net difference between projected and actual earnings on pension plan investments		(10,737.00)
Total	<u>\$ 101,949.00</u>	<u>(19,688.00)</u>

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

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

<u>Year ended June 30,</u>		
2016	\$	15,377.34
2017		15,377.34
2018		15,377.34
2019		23,083.02
2020		13,045.95
Total	<u>\$</u>	<u>82,261.00</u>

**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 assumptions, applied to all periods in the measurement:

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 males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disability Mortality Tables (setback 3 years for males and setback 1 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.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 US 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 (Except US)	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 on 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.

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

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

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

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Municipality's proportionate share of the net pension liability	\$ 805,672.57	667,801.00	552,402.34

*Pension plan fiduciary net position.*

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

**Police and Firemen's Retirement System**

The Municipality has a liability of \$1,029,902.00 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 that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Municipality's proportion would be 0.00618317620%, which would be a decrease of 19.52% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality would have recognized pension expense of \$82,831.00. At December 31, 2015, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ -	(8,883.00)
Changes of assumptions	190,145.00	
Changes in proportion	32,067.00	(164,478.00)
Net difference between projected and actual earnings on pension plan investments		(17,925.00)
Total	<u>\$ 222,212.00</u>	<u>(191,286.00)</u>

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

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,			
2016	\$	5,963.25	
2017		5,963.25	
2018		5,963.25	
2019		9,427.24	
2020		3,609.01	
Total	\$	<u>30,926.00</u>	

**Actuarial Assumptions**

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

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.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 US 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 (Except US)	3.50%	-0.40%
REIT	4.25%	5.12%

*Discount Rate*

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

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

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the collective net pension liability of the participating employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension

liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
District's proportionate share of the net pension liability	\$ 1,335,179.00	1,029,902.00	781,082.90

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under 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 June 30, 2015 State special funding situation net pension liability amount of \$1,460,720,421.00, is the accumulated differences 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 of \$182,203,735.00 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.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.00618317620% for 2015. The net pension liability amount allocated to the Municipality was \$90,319.00. For the fiscal year ending June 30, 2015 State special funding situation net pension expense of (\$9,045.00) is allocated to the Municipality.

*Pension plan fiduciary net position.*

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

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

**NOTE 14: POST-RETIREMENT BENEFITS**

**Plan Coverage** The entity currently has 1 collective bargaining unit as well as several non-union employees. The employee's post employment benefits are dependent upon the collective bargaining unit to which they are a member as well as the year of retirement. The benefits by collective bargaining unit are:

Fraternal Order of Police Lodge #9 – Individuals with at least 25 years of service in the Police and Fireman's Retirement System may receive hospitalization, major medical and prescription for the employee and spouse in effect at the time of retirement.

Non Affiliated Employees - Individuals who retired with at least 25 years of service in the Public Employees' Retirement System may receive hospitalization, major medical and prescription for the employee and spouse in effect at the time of retirement.

The Borough of Gibbsboro contributions for post-retirement benefits for the year ended December 31, 2015 and 2014, were \$8,040.00 and \$8,004.00 respectively.

**NOTE 15: ACCRUED SICK AND VACATION BENEFITS**

During the year ended December 31, 2000, the Borough implemented a compensated absences program for the Police Department only. Police department employees were permitted to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets or prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$7,440.76 in 2015 and \$5,162.77 in 2014.

**NOTE 16: ECONOMIC DEPENDENCY**

The Borough of Gibbsboro is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

**NOTE 17: RISK MANAGEMENT**

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2015 and 2014 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Camden County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Camden County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The entity has a general liability limit of \$1,450,000 under JIF, which increases to \$5,000,000 under MEL.

**NOTE 18: DEFERRED COMPENSATION**

The Borough does not offer its employees a deferred compensation plan.

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

**NOTE 19: CONTINGENT LIABILITIES**

From time to time, the entity is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the entity's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

**NOTE 20: INTERFUND BALANCES**

During the most current calendar year ended December 31, 2015, the following inter-funds were included on the balance sheets of the various funds of the Borough of Gibbsboro:

	Due From	Due To
Current Fund:		
General Capital Fund	-	24,992.08
Animal Control Fund	5,940.62	-
Trust Other	4,235.54	-
CCO Trust	2,076.00	-
Public Assistance	-	420.00
Open Space Trust	40,970.46	-
Sewer - Collector	-	16,568.56
Grant Fund	-	72,291.60
Grant Fund:		
Current Fund	72,291.60	-
General Capital Fund	83,485.10	-
Trust Fund:		
Current - Animal Control Fund	-	5,940.62
Current - CCO Trust	-	2,076.00
Current - Open Space	-	40,970.46
Current - Trust Other	-	4,235.54
General Capital Fund:		
Grant Fund	-	83,485.10
Sewer Capital	154,985.41	-
Current Fund	24,992.08	-
Sewer Operating:		
Current Fund	-	-
Tax Collector	16,568.56	-
Sewer Capital	34,300.00	-
Sewer Capital Fund:		
General Capital Fund	-	154,985.41
Sewer Operating	-	34,300.00
Public Assistance :		
Current Fund	420.00	-
	\$ <u>440,265.37</u>	<u>440,265.37</u>

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

The significant amount due to the Grant fund from the Current fund is due to the fact that the Borough only has one bank account to disburse from for Current and Grant expenditures. The amount due to the Current Fund from the Trust Local Open Space fund is due to appropriations related to Open Space Projects being charged to the Current Fund that need to be reimbursed. There is also a significant inter-fund between the General Capital Fund and the Grant fund which relates to Capital expenditures that were paid for by the Grant Fund. The remaining inter-funds are due to amounts that should have been transferred to the proper bank accounts.

**NOTE 21: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through May 13, 2016, the date which the financial statements were available to be issued and identified no events requiring disclosure.

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## **SUPPLEMENTARY INFORMATION**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538  
PHONE 609.399.6333 • FAX 609.399.3710  
[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

The Honorable Mayor and  
Members of Borough Council  
Borough of Gibbsboro  
County of Camden, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated May 13, 2016, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, which is described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency as item 2015-1.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Borough's Response to Findings**

The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

## **Purpose of this Report**

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

Very truly yours,

*Ford, Scott & Associates, L.L.C.*

**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

May 13, 2016

## SCHEDULE OF FINANCIAL STATEMENT FINDINGS

### Finding #2015-1:

**Criteria:**

The Chief Financial Officer is responsible for correctly posting all transactions to the Edmunds system.

**Condition:**

Edmunds reports and subsequent reconciliations did not accurately reflect all of the Borough's financial activity.

**Cause:**

The Chief Financial Officer did not correctly post all transactions to the Edmunds system.

**Effect:**

Not correctly posting transactions correctly could possibly cause a material misstatement to occur in financial reporting.

**Recommendation:**

That the Chief Financial Officer record all necessary transactions properly in a timely fashion.

## STATUS OF PRIOR YEAR FINDINGS

### Finding #2014-1:

**Recommendation:**

That all inter-fund balances be liquidated at year end.

**Current Status:**

The finding was cleared in 2015.

**Corrective Action Taken:**

The Chief Financial Officer closed out significant inter-funds prior to year-end.

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**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund	
Balance December 31, 2014	\$ 1,799,905.44	-	
Increased by Receipts:			
Tax Collector	7,958,123.40	-	
Payroll Taxes Payable	528.26	-	
Miscellaneous Revenue Anticipated	441,264.18	-	
Miscellaneous Revenue Not Anticipated	114,678.72	-	
Due State for Marriage Licenses	350.00	-	
Due State for Vets and Seniors	28,250.00	-	
Due from TTL Redemption	6.32	-	
Due from Grant Fund	53,646.21	-	
Due from Current Fund	-	97,046.71	
Due from General Capital	46,708.23	-	
Due from Open Space	666,342.11	-	
Due from Sewer Operating	8,000.00	-	
Due from Sewer Capital	12,706.00	-	
Federal and State Unallocated	-	51,646.21	
Federal and State Receivables	-	2,000.00	
	9,330,603.43	150,692.92	
	11,130,508.87	150,692.92	
Decreased by Disbursements:			
Current Year Appropriation	2,384,712.63	-	
Prior Year Appropriations	42,433.02	-	
County Taxes	1,930,305.58	-	
Local District School Taxes	2,972,935.00	-	
Regional School Taxes	1,158,776.00	-	
Local Open Space Tax	46,309.74	-	
Due State for Marriage Licenses	250.00	-	
Due from Grant Fund	97,046.71	-	
Payroll Taxes Payable	528.26	-	
Due from Sewer Capital	12,706.00	-	
Due to General Capital	28,910.16	-	
Due to Current Fund	-	53,646.21	
Due to Open Space	496,950.00	-	
Federal and State Disbursements	-	97,046.71	
	9,171,863.10	150,692.92	
Balance December 31, 2015	\$ <u>1,958,645.77</u>	<u>-</u>	

**CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2014		\$ 225,580.97
Increased by Receipts:		
Prepaid Taxes	82,734.24	
Taxes Receivable	7,725,054.15	
Interest on Taxes	18,841.97	
Miscellaneous Revenue	16,198.52	
Tax Title and Other Liens	211,882.02	
Due to CCMUA	30,502.97	
Due from Sewer Collector	<u>283,938.43</u>	
		<u>8,369,152.30</u>
		8,594,733.27
Decreased By Disbursements:		
Payments to Treasurer	7,809,470.90	
Due from TTL Premium	268,036.59	
Due to CCMUA	30,502.97	
Due to Sewer Collector	<u>277,977.57</u>	
		<u>8,385,988.03</u>
Balance December 31, 2015		\$ <u><u>208,745.24</u></u>

**CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2014	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2015
				2014	2015				
2014	9.24	-	-	-	2,009.24	(2,000.00)	-	-	-
	9.24	-	-	-	2,009.24	(2,000.00)	-	-	-
2015	-	7,970,924.10	1,204.23	59,005.68	7,901,179.41	1,796.44	9,132.99	-	1,013.81
\$	9.24	7,970,924.10	1,204.23	59,005.68	7,903,188.65	(203.56)	9,132.99	-	1,013.81

Analysis of Current Year Tax Levy

<u>Tax Yield:</u>	
General Property Tax	7,970,924.10
Added Taxes (54:4-63.1 et. Seq.)	1,204.23
	<u>7,972,128.33</u>
<u>Tax Levy:</u>	
General County Taxes	1,774,180.17
County Library Taxes	110,263.17
County Open Space Taxes	44,449.99
County Added and Omitted Taxes	1,204.23
Total County Taxes	1,930,097.56
Local School District Tax	2,972,935.00
Additional Local Open Space Tax	46,309.74
Regional School District Tax	1,156,198.00
Local Tax for Municipal Purposes	1,862,291.01
Add: Additional Tax Levied	4,297.02
	<u>1,866,588.03</u>
	<u>7,972,128.33</u>

**CURRENT FUND  
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2014		\$	101,223.70
Increased by:			
Transfers from Taxes Receivable	9,132.99		
Interest and Costs Accrued by Sale of December 16, 2015	1,000.87		
			<u>10,133.86</u>
			111,357.56
Decreased by:			
Collections	694.73		
2015 Foreclosures	91,849.35		
			<u>92,544.08</u>
Balance December 31, 2015		\$	<u><u>18,813.48</u></u>



**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT:</b>					
Mayor and Council					
Salaries and Wages	343.00	343.00	-	343.00	-
Other Expenses	479.55	479.55	-	479.55	-
Municipal Clerk					
Salaries and Wages	1,039.61	1,039.61	-	1,039.61	-
Other Expenses	32,396.64	32,396.64	967.03	31,429.61	-
Financial Administration					
Salaries and Wages	850.00	850.00	-	850.00	-
Other Expenses	6,314.89	6,314.89	551.50	5,763.39	-
Revenue Administration (Tax Collection)					
Salaries and Wages	628.00	628.00	-	628.00	-
Other Expenses	458.21	458.21	200.49	257.72	-
Tax Assessment Administration					
Salaries and Wages	128.50	128.50	-	128.50	-
Other Expenses	2,805.49	2,805.49	67.70	2,737.79	-
Legal Services					
Other Expenses	20,297.54	20,297.54	3,330.00	16,967.54	-
Engineering Services and Costs					
Other Expenses	23,579.79	23,579.79	-	23,579.79	-
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries and Wages	1,458.40	1,458.40	-	1,458.40	-
Other Expenses	5,161.94	5,161.94	266.70	4,895.24	-
Preparation of a Master Plan					
Zoning Board of Adjustment	32,085.47	32,085.47	3,077.84	29,007.63	-
Salaries and Wages	565.00	565.00	-	565.00	-
Other Expenses	5,000.00	5,000.00	-	5,000.00	-
Municipal Court					
Salaries and Wages	6,639.00	6,639.00	-	6,639.00	-
Other Expenses	195.83	195.83	195.83	-	-
Public Defender					
Salaries and Wages	204.00	204.00	-	204.00	-

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
<b>PUBLIC SAFETY</b>					
Fire Department					
Fire Hydrant Service	5,666.40	5,666.40	3,182.80	2,483.60	-
Police Department					
Salaries and Wages	16,275.49	16,275.49	-	16,275.49	-
Other Expenses	31,536.60	31,536.60	5,810.12	25,726.48	-
Office of Emergency Management					
Salaries and Wages	147.00	147.00	-	147.00	-
Other Expenses	375.00	375.00	-	375.00	-
Municipal Prosecutor					
Salaries and Wages	43.00	43.00	-	43.00	-
<b>PUBLIC WORKS</b>					
Public Works					
Salaries and Wages	1,696.39	1,696.39	-	1,696.39	-
Other Expenses	70,544.61	70,544.61	2,388.93	68,155.68	-
Public Buildings and Grounds					
Other Expenses	8,446.20	8,446.20	3,426.55	5,019.65	-
Recycling Program					
Contractual	13,124.25	13,124.25	3,673.00	9,451.25	-
Garbage and Trash Removal					
Contractual	59,523.36	59,523.36	11,002.57	48,520.79	-
<b>HEALTH AND HUMAN SERVICES</b>					
Dog Regulation					
Other Expenses	10,500.00	10,500.00	-	10,500.00	-
Administration of Public Assistance					
Salaries and Wages	120.00	120.00	-	120.00	-
Other Expenses	500.00	500.00	-	500.00	-
Environmental Commission					
Other Expenses	2,710.00	2,710.00	-	2,710.00	-

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
<b>PARKS AND RECREATION</b>					
Recreation					
Other Expenses	2,000.00	2,000.00	-	2,000.00	-
Library					
Salaries and Wages	6,431.20	6,431.20	-	6,431.20	-
Other Expenses	568.00	568.00	-	568.00	-
Senior Citizen's Program					
Other Expenses	4,017.74	4,017.74	-	4,017.74	-
<b>INSURANCE</b>					
Insurance					
General Liability	779.30	779.30	-	779.30	-
Employee Group Health	29,110.00	29,110.00	-	29,110.00	-
Other Insurance Premiums	230.14	230.14	-	230.14	-
Health Benefit Waiver - Salaries and Wages	1,000.00	1,000.00	-	1,000.00	-
<b>UNIFORM CONSTRUCTION CODE</b>					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	4,464.20	4,464.20	-	4,464.20	-
Other Expenses	13,837.75	13,837.75	-	13,837.75	-
Fire Safety Official					
Salaries and Wages	235.17	235.17	-	235.17	-
Other Expenses	975.38	975.38	525.00	450.38	-
Plumbing Inspector					
Salaries and Wages	665.02	665.02	-	665.02	-
Electrical Inspector					
Salaries and Wages	665.02	665.02	-	665.02	-
Fire Inspector					
Salaries and Wages	253.77	253.77	-	253.77	-
Fire Official - Sub Code					
Salaries and Wages	665.02	665.02	-	665.02	-
Building SubCode Inspector					
Salaries and Wages	1,620.92	1,620.92	-	1,620.92	-
<b>UNCLASSIFIED</b>					
Celebration of Public Events					
Other Expenses	5,949.18	5,949.18	260.00	5,689.18	-

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Street Lighting	12,514.81	12,514.81	3,506.96	9,007.85	-
<b>REGULATORY EXPENDITURES</b>					
Contribution to:					
Public Employees' Retirement System	2,501.00	2,501.00	-	2,501.00	-
Social Security System (O.A.S.I.)	3,970.00	3,970.00	-	3,970.00	-
Unemployment Compensation Insurance	2,866.20	2,866.20	-	2,866.20	-
	<u>457,158.98</u>	<u>457,158.98</u>	<u>42,433.02</u>	<u>414,725.96</u>	<u>-</u>
\$					

**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2014			
School Tax Payable	\$	0.50	
School Tax Deferred		-	
		-	\$ 0.50
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			2,972,935.00
			2,972,935.50
Decreased by:			
Cancelation of Payable			0.50
Payments			2,972,935.00
Balance December 31, 2015			
School Tax Payable		-	
School Tax Deferred		-	
		-	-
Current Year Liability for Local School District School Tax:			
Tax Paid			2,972,935.00
Tax Payable Ending			-
			2,972,935.00
Less: Tax Payable Beginning			0.50
Amount charged to Current Year Operations			\$ 2,972,934.50

**CURRENT FUND  
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX**

Balance December 31, 2014			
School Tax Payable	\$	218,677.00	
School Tax Deferred		362,000.00	
		580,677.00	\$ 580,677.00
Increased by:			
Levy - School Year July 1, 2015 to June 30, 2016			1,156,198.00
			1,736,875.00
Decreased by:			
Payments			1,158,776.00
Balance December 31, 2015			
School Tax Payable		216,099.00	
School Tax Deferred		362,000.00	
		578,099.00	578,099.00
Current Year Liability for Local School District School Tax:			
Tax Paid			1,158,776.00
Tax Payable Ending			216,099.00
			1,374,875.00
Less: Tax Payable Beginning			218,677.00
Amount charged to Current Year Operations			\$ 1,156,198.00

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance Dec. 31, 2014	Transferred From 2015 Revenues	Received	Adjustments	Balance Dec. 31, 2015
<b>FEDERAL GRANTS:</b>					
COPS Fast Program	\$ 43,814.90	-	-	-	43,814.90
COPS Universal Program	59,991.21	-	-	-	59,991.21
Total Federal	<u>103,806.11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,806.11</u>
<b>STATE GRANTS:</b>					
Thomas Edison Grant	3,000.00	-	-	-	3,000.00
NJ Department of Treasury - Municipal Library Sustainable Jersey Small Grants Program	4,082.61	-	-	-	4,082.61
	-	2,000.00	2,000.00	-	-
Total State	<u>7,082.61</u>	<u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>	<u>7,082.61</u>
Total	<u>\$ 110,888.72</u>	<u>2,000.00</u>	<u>2,000.00</u>	<u>-</u>	<u>110,888.72</u>
		Cash	(61,628.02)		
		Unappropriated Reserves	63,628.02		
			<u>2,000.00</u>		

**CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2014		2015		Encumbrances	Disbursed	Canceled	Balance Dec. 31, 2015
	Appropriated	Reserve for Encumbrances	Appropriations	Appropriations				
<b>FEDERAL GRANTS:</b>								
COPS Universal Program	\$ 4,170.34	29.64	-	-	29.64	-	-	4,170.34
Total Federal	<u>4,170.34</u>	<u>29.64</u>	<u>-</u>	<u>-</u>	<u>29.64</u>	<u>-</u>	<u>-</u>	<u>4,170.34</u>
<b>STATE GRANTS:</b>								
Emergency Road Repair	3,593.96	-	-	-	-	-	-	3,593.96
Alcohol Rehabilitation Program	8,534.32	-	177.24	-	950.00	-	-	7,761.56
Recycling Tonnage Grant	24,210.51	-	3,288.00	-	-	-	-	27,498.51
Clean Communities	21,144.80	-	17,969.73	-	-	-	-	29,914.53
Safe and Secure	73,475.95	-	100,000.00	-	85,297.47	-	-	88,178.48
Drunk Driving Enforcement	6,056.08	-	10,350.75	-	8,278.42	-	-	8,128.41
Body Armor Replacement	3,100.59	-	1,090.46	-	129.93	-	-	4,061.12
County Open Space Trust - Rec. Facilities	5,330.25	-	-	-	-	-	-	5,330.25
Library - Compact Disc Antitrust	575.00	-	-	-	-	-	-	575.00
NJ Department of Treasury - Municipal Library	348.19	-	-	-	-	-	-	348.19
Sustainable Jersey Small Grants Program	-	52,373.77	2,000.00	-	396.39	-	-	1,603.61
2006 Bikeway	-	-	-	-	-	-	-	-
DMV Inspections	3,494.50	-	751.84	-	1,994.50	-	-	751.84
Total State	<u>149,864.15</u>	<u>52,373.77</u>	<u>135,628.02</u>	<u>-</u>	<u>97,046.71</u>	<u>-</u>	<u>-</u>	<u>177,745.46</u>
	<u>154,034.49</u>	<u>52,403.41</u>	<u>135,628.02</u>	<u>-</u>	<u>97,046.71</u>	<u>-</u>	<u>-</u>	<u>181,915.80</u>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	Balance Dec. 31, 2014	Transferred To 2015 Appropriations	Received	Adjustments	Balance Dec. 31, 2015
<b>STATE GRANTS:</b>					
Alcohol Education Rehabilitation	177.24	177.24	530.40	-	530.40
Body Armor Replacement Fund	1,090.46	1,090.46	1,257.75	-	1,257.75
Recycling Tonnage Grant	3,288.00	3,288.00	-	-	-
DMV Inspection	751.84	751.84	1,000.50	-	1,000.50
Clean Communities	17,969.73	17,969.73	18,857.56	-	18,857.56
Drunk Driving Enforcement	10,350.75	10,350.75	-	-	-
Safe and Secure	-	30,000.00	30,000.00	-	-
<b>Total State</b>	<u>33,628.02</u>	<u>63,628.02</u>	<u>51,646.21</u>	<u>-</u>	<u>21,646.21</u>
<b>\$</b>	<u>33,628.02</u>	<u>63,628.02</u>	<u>51,646.21</u>	<u>-</u>	<u>21,646.21</u>

**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2014		\$	9,890.80
Increased By Receipts:			
Dog Licenses Fees	\$	4,139.60	
State License Fees		407.40	
Late Fees		1,200.00	
Interest Earned		7.92	
			5,754.92
			15,645.72
Decreased By Disbursements:			
State of New Jersey		408.60	
Animal Control Expenditures		9,210.15	
			9,618.75
Balance December 31, 2015		\$	6,026.97

**TRUST FUND  
SCHEDULE OF OTHER TRUST CASH - TREASURER**

Balance December 31, 2014		\$ 1,053,514.66
Increased By Receipts:		
Trust Other	\$ 30,020.92	
Tax Title Lien Redemption:		
Redemption of Tax Sale Certificates	206,967.28	
Premiums	262,100.00	
Due to Current	56,849.30	
Due from Current Fund	482,735.84	
Due from General Capital	140,586.92	
DCA Fees Collected	1,507.00	
Construction Code Official:		
Reserve for CCO Fees	34,308.84	
Reserve for Local Open Space Trust	662,451.87	
	<hr/>	<hr/>
		1,877,527.97
		2,931,042.63
Decreased By Disbursements:		
Trust Other	54,389.24	
Tax Title Lien Redemption:		
Refunds of Tax Sale Certificates	82,700.00	
Tax Title Lien Redemptions	204,468.79	
Due to Current Fund	698,752.27	
Due to General Capital	162,360.88	
DCA Fees Paid to Trust Other	1,522.00	
Construction Code Official:		
Construction Code Official Fees	34,308.84	
Open Space Trust	612,360.88	
	<hr/>	<hr/>
		1,850,862.90
Balance December 31, 2015		\$ <u><u>1,080,179.73</u></u>

**TRUST FUND  
SCHEDULE OF RESERVE/(DEFICIT) FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2014		\$	3,948.98
Increased By:			
Dog Licenses Fees Collected	\$		4,139.60
Late Fees			1,200.00
Bank Refund			7.92
			5,347.52
			9,296.50
Decreased By Disbursements:			
Animal Control Expenditures			9,210.15
			9,210.15
Balance December 31, 2015		\$	86.35

License Fees Collected	<u>Year</u>		
	2013	\$	5,654.20
	2014		5,587.00
		\$	11,241.20

**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO (FROM) STATE OF NEW JERSEY**

Balance December 31, 2014		\$	1.20
Increased By:			
Collected in 2015	\$		407.40
			407.40
			408.60
Decreased By:			
Paid to State of New Jersey			408.60
			408.60
Balance December 31, 2015		\$	-

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2014	\$	97,001.82
Increased by:		
Due from Current Fund	28,918.08	
Due from Open Space	162,360.88	
Due from Sewer Utility Capital	21,000.00	
Due from Trust	79,000.00	
Proceeds from Bond Sale	3,833.20	
Premium Received on Sale of Notes	2,120,000.00	
Reserve to Pay Debt Service	162,500.00	
	<hr/>	<hr/>
		2,577,612.16
		2,674,613.98
Decreased by:		
Due to Current Fund	46,708.23	
Due to Sewer Utility Capital	21,000.00	
Due to Trust	79,000.00	
Due from Open Space	140,586.92	
Bond Anticipation Notes	356,000.00	
Improvement Authorizations	489,097.77	
	<hr/>	<hr/>
		1,132,392.92
Balance December 31, 2015	\$	<u><u>1,542,221.06</u></u>

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance		Receipts				Disbursements				Transfers		Balance
	Dec. 31, 2014		Miscellaneous		Debt Issued		Improvement Authorizations		Miscellaneous		From	To	Dec. 31, 2015
	\$												
Fund Balance	24,595.85		3,833.20										28,429.05
Capital Improvement Fund	121,233.09		-							62,950.00			83,283.09
Due to Current Fund	17,798.07		28,918.08						46,708.23	25,000.00			(24,992.08)
Due to Utility Capital Fund	(154,985.41)		21,000.00						21,000.00				(154,985.41)
Due from Grant Fund	83,485.10		-						-				83,485.10
Due from Open Space	(21,773.96)		162,360.88						140,586.92				-
Due to/from Trust	-		79,000.00						79,000.00				-
County Advance for Open Space	1,001,000.00		-						-				1,001,000.00
Reserve for Debt Service	272,799.02		-						-				272,799.02
Encumbrances Payable	29,650.26		-						-	29,650.26			103,636.62
State Grant Receivable	(1,440,389.69)		-						-	201,000.00			(1,528,889.69)
County Open Space Receivable	(100,000.00)		112,500.00						-	50,000.00			(100,000.00)
Reserve for Capital Project - Curbing	183.13		50,000.00						-				183.13
Reserve for Capital Project - Open Space	33,808.25		-						-				33,808.25
<b>Improvement Authorizations:</b>													
99-16 Ridgewood Road	(7,666.41)		-						-				(7,666.41)
01-03 Parking Lots and Roads	1,250.22		-						-				1,250.22
02-01 Public Works Vehicle	(500.00)		-						-				(500.00)
02-06 Recreation Facilities	5,523.35		-						-				5,523.35
03-02 Bicycle/Pedestrian Amenities	(6,562.50)		-						-				(6,562.50)
03-17 Purchase of Fire Equipment	2,683.10		-						-				2,683.10
05-01 Reconstruction of Roadways & Bikeways	5,403.85		-		285,000.00				-				5,403.85
06-14 Roadways, Sidewalks, Curbing, etc.	-		-		-				-				-
06-15 RCA Housing	70,000.00		-		-				-				70,000.00
06-16 Roadways, Sidewalks, Curbing, etc.	-		-		71,000.00				71,000.00				-
06-17 Roadways, Sidewalks, Curbing, etc.	9,945.50		-		-				-				9,945.50
08-02 Roadways, Sidewalks, etc. - Alden Road	47,992.08		-		-				42,779.50				5,212.58
08-03 Senior Center & Rec Facilities	-		-		-				214.66				-
09-08 Roadways, Sidewalks, Curbing, etc.	(76,000.00)		-		76,000.00				-				-
09-09 Acquisition of Open Space (2003-16)	1,468.37		-		-				-				1,468.37
10-01 Roadways, Sidewalks, Curbing, Bikepath	131,417.75		-		57,000.00				-				166,317.75
11-06 Public Works Equipment	(47,500.00)		-		47,500.00				-	22,100.00			-
11-08 Roadways, Sidewalks, Curbing, Bikepath	(109,250.00)		-		109,000.00				-				(250.00)
11-09 Roadways, Sidewalks, Curbing, Bikepath	(14,250.00)		-		14,000.00				-				-
12-06 Bikeway	29,743.36		-		38,000.00				-				3,458.00
13-08 Bikeway	127,724.50		-		66,500.00				-	81,536.62			-
13-09 Recreation Equipment	(37,499.13)		-		47,500.00				1,886.00				9,439.87
14-04 Lucas House	35,066.50		-		23,000.00				19,145.00				38,921.50
14-06 Bikeway	20,960.50		-		9,000.00				30,210.50				(250.00)
14-07 Roadways, Sidewalks, Curbing, Bikepath	11,709.17		-		71,000.00				79,837.27				2,871.90
14-09 Recreation Equipment	27,937.90		-		9,500.00				22,562.10				37,437.90
15-04 Farwood Road, Bikeways, Curbs, etc.	-		-		141,500.00				6,537.50				343,412.50
15-05 Lucas House	-		-		9,500.00				-				60,000.00
15-06 Acquisition of Property	-		-		1,045,000.00				90,000.00				1,010,000.00
<b>TOTAL</b>	<b>97,001.82</b>		<b>457,612.16</b>		<b>2,120,000.00</b>			<b>489,097.77</b>	<b>643,295.15</b>	<b>472,236.88</b>		<b>472,236.88</b>	<b>1,542,221.06</b>

**GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2014		\$	121,233.09
Increased by:			
2015 Budget Appropriation	25,000.00		
	25,000.00		25,000.00
			146,233.09
Decreased by:			
Improvement Authrizations Funded	62,950.00		
	62,950.00		62,950.00
Balance December 31, 2015		\$	83,283.09

**GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2014		\$ 3,070,988.19
Increased by:		
Serial Bonds Issued	2,120,000.00	
		2,120,000.00
		5,190,988.19
Decreased by:		
Serial Bonds Paid	400,000.00	
Green Trust Loans Paid	25,608.42	
		425,608.42
Balance December 31, 2015		\$ <u><u>4,765,379.77</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Raised in 2015 Budget	Debt Issued	Balance Dec. 31, 2015	Analysis of Balance		Unexpended Improvement Authorizations
							Bond Anticipation Notes	Expenditures	
99-16	Ridgewood Road	\$ 7,666.41	-	-	-	7,666.41	-	7,666.41	-
02-01	Acquisition of Public Works Vehicle	500.00	-	-	-	500.00	-	500.00	-
03-02	Bicycle/Pedestrian Amenities	6,562.50	-	-	-	6,562.50	-	6,562.50	-
06-14	Roadways, Sidewalks, Curbing etc.	285,000.00	-	-	285,000.00	-	-	-	-
06-16	Roadways, Sidewalks, Curbing etc.	71,000.00	-	-	71,000.00	-	-	-	-
09-08	Roadways, Sidewalks, Curbing etc.	76,000.00	-	-	76,000.00	-	-	-	-
10-01	Roadways, Sidewalks, Curbing, Bikepath	57,000.00	-	-	57,000.00	-	-	-	-
11-06	Public Works Equipment	47,500.00	-	-	47,500.00	-	-	-	-
11-08	Roadways, Sidewalks, Curbing, Bikepath	109,250.00	-	-	109,000.00	250.00	-	250.00	-
11-09	Roadways, Sidewalks, Curbing, Bikepath	14,250.00	-	-	14,000.00	250.00	-	250.00	-
12-06	Bikeway	38,000.00	-	-	38,000.00	-	-	-	-
13-09	Bikeway	66,500.00	-	-	66,500.00	-	-	-	-
13-09	Recreation Equipment	47,500.00	-	-	47,500.00	-	-	-	-
14-04	Lucas House	23,750.00	-	-	23,000.00	750.00	-	750.00	-
14-06	Bikeway	9,250.00	-	-	9,000.00	250.00	-	250.00	-
14-07	Roadways, Sidewalks, Curbing, Bikepath	71,250.00	-	-	71,000.00	250.00	-	-	250.00
14-09	Recreation Equipment	9,500.00	-	-	9,500.00	-	-	-	-
15-04	Farwood Road, Bikeways, Curbs, etc.	-	141,550.00	-	141,500.00	50.00	-	-	50.00
15-05	John Lucas Homestead	-	9,500.00	-	9,500.00	-	-	-	-
15-06	Real Property for Affordable Housing/Engineering	-	1,045,000.00	-	1,045,000.00	-	-	-	-
		\$ 940,478.91	1,196,050.00	-	2,120,000.00	16,528.91	-	15,478.91	1,050.00

Improvement Authorizations Unfunded 1,050.00  
 Less: Unexpended Proceeds of Bond Anticipation Notes Issued: -  
**Ord. Number** None \$ -

\$ 1,050.00

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Authorizations		Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
01-03	Parking Lots & Roads	3/14/2002	100,000.00	-	1,250.22	-	-	-	1,250.22	-
02-06	Construction of Recreation Facilities	6/26/2002	350,000.00	-	5,523.35	-	-	-	5,523.35	-
03-17	Purchase of Fire Equipment	12/15/2003	40,000.00	-	2,683.10	-	-	-	2,683.10	-
05-01	Bikeway Phase	2/9/2005	300,000.00	-	5,403.85	-	-	-	5,403.85	-
06-15	RCA Housing	11/20/2006	1,470,000.00	-	70,000.00	-	-	-	70,000.00	-
08-02	Roadways, Sidewalks, Curbing etc.	12/18/2006	227,000.00	-	9,945.50	-	-	9,945.50	-	-
08-02	Roadways, Sidewalks, etc. - Alden Road	3/26/2008	200,000.00	-	47,992.08	-	-	42,779.50	-	-
08-03	Senior Center & Rec Facilities	3/26/2008	500,000.00	-	-	-	-	-	-	-
09-09	Acquisition of Open Space (2003-16)	8/15/2009	260,000.00	57,000.00	1,468.37	-	-	22,100.00	1,468.37	-
10-01	Roadways, Sidewalks, Curbing, Bikepath	3/24/2010	240,000.00	38,000.00	131,417.75	-	-	67,743.36	166,317.75	-
12-06	Bikeway	11/12/2012	140,000.00	66,500.00	29,743.36	-	-	194,224.50	-	-
13-08	Recreation Equipment	8/14/2013	220,000.00	10,000.87	127,724.50	-	-	561.00	9,439.87	-
14-04	Lucas House	2/18/2014	75,000.00	23,750.00	35,066.50	-	-	19,145.00	38,921.50	750.00
14-06	Bikeway	5/14/2014	35,000.00	9,250.00	20,960.50	-	-	30,210.50	-	-
14-07	Roadways, Sidewalks, Curbing, Bikepath	5/14/2014	275,000.00	71,250.00	11,709.17	-	-	79,837.27	2,871.90	250.00
14-09	Recreation Equipment	10/8/2014	60,000.00	9,500.00	27,937.90	-	-	-	37,437.90	-
15-04	Farwood Road, Bikeways, Curbs, etc.	6/10/2015	350,000.00	-	-	208,450.00	141,550.00	6,537.50	343,412.50	50.00
15-05	John Lucas Homestead	6/10/2015	60,000.00	-	-	50,500.00	9,500.00	-	60,000.00	-
15-06	Real Property for Affordable Housing/Engir	6/10/2015	1,100,000.00	-	-	55,000.00	1,045,000.00	90,000.00	1,010,000.00	-
					\$ 528,826.15	285,250.87	313,950.00	563,084.13	1,759,942.89	1,050.00

**GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	December 31, 2015	Amount						
General Obligation Bonds of 2004	10/1/2004	2,100,000	2016	210,000.00	3.750%	\$ 910,000.00	-	200,000.00	710,000.00		
			2017	240,000.00	3.750%						
			2018	260,000.00	4.000%						
General Obligation Bonds of 2009	8/15/2009	2,760,000	2016	210,000.00	3.000%	2,010,000.00	-	200,000.00	1,810,000.00		
			2017	220,000.00	3.000%						
			2018	230,000.00	4.000%						
			2019	230,000.00	4.000%						
			2020	230,000.00	4.000%						
			2022	230,000.00	4.000%						
General Obligation Bonds of 2015	12/15/2015	2,120,000	2016	90,000.00	2.000%	-	2,120,000.00	-	2,120,000.00		
			2017	90,000.00	2.000%						
			2018	100,000.00	2.000%						
			2019	160,000.00	2.000%						
			2020	160,000.00	2.000%						
			2021	160,000.00	2.000%						
			2022	160,000.00	2.000%						
			2023	160,000.00	2.000%						
			2024	160,000.00	2.250%						
			2025	160,000.00	2.375%						
			2026	180,000.00	2.500%						
		2027	180,000.00	3.000%							
		2028	180,000.00	3.000%							
		2029	180,000.00	3.000%							
						\$ 2,920,000.00	2,120,000.00	400,000.00	4,640,000.00		

**GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
Greenway Project	5/15/2002	346,162	2016	20,248.68	2.000%	136,373.59	-	19,849.69	116,523.90
			2017	20,655.67					
			2018	21,070.85					
			2019	21,494.37					
			2020	21,926.41					
			2021	11,127.93					
Acquisition of Hillard's Creek	5/8/1997	96,849	2016	5,874.49	2.000%	14,614.60	-	5,758.73	8,855.87
			2017	2,981.38					
						\$ 150,988.19	-	25,608.42	125,379.77

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
* Roadways, Sidewalks, Curbing	2006-14	12/31/2014	12/31/2014	12/31/2015	None	\$ 285,000.00	-	285,000.00	-
* Roadways, Sidewalks, Curbing	2006-16	12/31/2014	12/31/2014	12/31/2015	None	71,000.00	-	71,000.00	-
						\$ 356,000.00	-	356,000.00	-

\* Bond Anticipation Note is held by current fund

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance	2015	Debt	Other	Balance
		Dec. 31, 2014	Authorizations	Issued		Dec. 31, 2015
99-16	Ridgeewood Road	\$ 7,666.41	-	-	-	7,666.41
02-01	Acquisition of Public Works Vehicle	500.00	-	-	-	500.00
03-02	Bicycle/Pedestrian Amenities	6,562.50	-	-	-	6,562.50
06-14	Roadways, Sidewalks, Curbing, etc.	-	-	-	-	-
06-16	Roadways, Sidewalks, Curbing, etc.	-	-	-	-	-
09-08	Roadways, Sidewalks, Curbing, etc.	76,000.00	-	76,000.00	-	-
10-01	Roadways, Sidewalks, Curbing, Bikepath	57,000.00	-	57,000.00	-	-
11-06	Public Works Equipment	47,500.00	-	47,500.00	-	-
11-08	Roadways, Sidewalks, Curbing, Bikepath	109,250.00	-	109,000.00	-	250.00
11-09	Roadways, Sidewalks, Curbing, Bikepath	14,250.00	-	14,000.00	-	250.00
12-06	Bikeway	38,000.00	-	38,000.00	-	-
13-08	Bikeway	66,500.00	-	66,500.00	-	-
13-09	Recreation Equipment	47,500.00	-	47,500.00	-	-
14-04	Lucas House	23,750.00	-	23,000.00	-	750.00
14-06	Bikeway	9,250.00	-	9,000.00	-	250.00
14-07	Roadways, Sidewalks, Curbing, Bikepath	71,250.00	-	71,000.00	-	250.00
14-09	Recreation Equipment	9,500.00	-	9,500.00	-	-
15-04	Farwood Road, Bikeways, Curbs, etc.	-	141,550.00	141,500.00	-	50.00
15-05	John Lucas Homestead	-	9,500.00	9,500.00	-	-
15-06	Real Property for Affordable Housing/Engineering	-	1,045,000.00	1,045,000.00	-	-
		\$ 584,478.91	1,196,050.00	1,764,000.00	-	16,528.91

**SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Capital Fund
Balance December 31, 2014	\$ 1,559.11	402.01
Increased by Receipts:		
Collector	277,977.57	-
State of NJ NJEIT 2010	-	8,764.00
USDA Grant	-	175,000.00
USDA Bond	-	450,000.00
Due to Trust	97,471.00	4,628.82
Due to Sewer Capital	191,718.32	-
Due to Sewer Operating	-	30,000.00
Due from General Capital	-	21,000.00
Due from Current Fund	-	12,706.00
	567,166.89	702,098.82
	568,726.00	702,500.83
Decreased by Disbursements:		
Current Year Appropriation	291,348.26	-
Prior Year Appropriations	763.33	-
Improvement Authorizations	-	53,688.22
Accrued Interest on Bonds and Notes	28,580.74	-
Bond Anticipation Note	-	340,000.00
Due to Trust	97,471.00	4,628.82
Due to Sewer Operating	30,000.00	191,718.32
Due from General Capital	-	21,000.00
Due to Current Fund	8,000.00	12,706.00
	456,163.33	623,741.36
Balance December 31, 2015	\$ 112,562.67	78,759.47

**SEWER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2014		Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
	Miscellaneous	Debt Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Capital Improvement Fund	-	-	-	-	-	-	-	-	5,000.00
Due from NJDOT - Grant	-	-	-	-	-	-	-	-	(47,500.00)
Due from USDA	175,000.00	-	-	-	-	-	-	-	-
Due to Current Fund	12,706.00	-	12,706.00	-	-	-	-	-	-
Due to General Capital	21,000.00	-	21,000.00	-	-	-	-	-	154,985.41
Due to Sewer Operating	30,000.00	-	30,000.00	-	-	-	34,300.00	-	34,300.00
Due to Trust	4,628.82	-	4,628.82	-	-	-	-	-	-
Encumbrances Payable	8,211.40	-	-	-	-	8,211.40	-	-	8,211.40
Fund Balance	223,940.53	-	-	-	-	34,300.00	-	-	189,640.53
NJEIT Receivable (2002)	(69,701.00)	-	-	-	-	-	-	-	(69,701.00)
NJEIT Receivable (2010)	(542,461.00)	-	8,764.00	-	-	-	-	-	(533,697.00)
Reserve for Amortization	-	-	-	-	-	-	-	-	-
Reserve for Debt Service	1,960.18	-	-	-	-	-	-	-	1,960.18
Reserve for Improvements	40,000.00	-	-	-	-	-	-	-	40,000.00
<b>Improvement Authorizations:</b>									
01-01 Collection System									(46,468.06)
09-12 Replace Sewer Main				43,840.40			2,719.44		99,947.94
11-07 Reconstruction of Sanitary Sewer System				9,847.82	340,000.00		5,491.96		242,080.07
<b>Total</b>	<b>402.01</b>	<b>450,000.00</b>	<b>252,098.82</b>	<b>53,688.22</b>	<b>570,053.14</b>	<b>50,722.80</b>	<b>50,722.80</b>	<b>50,722.80</b>	<b>78,759.47</b>

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2014		\$	1,559.11
Increased by Receipts:			
Consumer Accounts Receivable	567,166.89		
	<hr/>		<hr/>
			567,166.89
			568,726.00
Payments to Treasurer			<hr/>
			456,163.33
Balance December 31, 2015		\$	<hr/> <hr/>
			112,562.67

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2014	\$	497.57
Increased by Receipts:		
Consumer Accounts Charges and Levies	269,290.05	
Overpayments & Adjustments	727.75	
		270,017.80
		270,515.37
Decreased by Disbursements:		
Collections	269,213.71	
Overpayments Applied	396.76	
		269,610.47
Balance December 31, 2015	\$	904.90

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	514.00	514.00	-	514.00	-
Other Expenses	13,020.56	13,020.56	763.33	12,257.23	-
	<u>13,534.56</u>	<u>13,534.56</u>	<u>763.33</u>	<u>12,771.23</u>	<u>-</u>

**SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES  
AND ANALYSIS OF BALANCE**

Balance December 31, 2014		\$	28,580.74
Increased by:			
Budget Appropriations			28,386.99
			28,386.99
			56,967.73
Decreased By:			
Payments of Debt Service Interest			28,580.74
			28,580.74
			28,386.99
Balance December 31, 2015		\$	28,386.99

Analysis of Accrued Interest December 31, 2015

	Principal Outstanding December 31, 2015	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	1,350,000.00	Var	8/1/2015	12/31/2015	152	17,528.66
<u>NJEIT Bond &amp; Loan</u>						
	245,000.00	Var	8/1/2015	12/31/2015	152	5,062.50
	230,000.00	Var	8/1/2015	12/31/2015	152	3,958.33
<u>USDA Bond</u>						
	450,000.00		11/4/2015	12/31/2015	56	1,837.50
						28,386.99
						28,386.99

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2014		Authorizations			Balance December 31, 2015	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Funded	Unfunded
2009-12	Replace Sewer Main	8/26/2009	1,200,000	\$ 143,788.34	150,290.00	-	-	43,840.40	99,947.94	150,290.00
2011-07	Reconstruction of Sanitary Sewer System	7/13/2011	957,500	141,927.89	252,500.00	-	-	9,847.82	242,080.07	142,500.00
				\$ 285,716.23	402,790.00	-	-	53,688.22	342,028.01	292,790.00

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
Sewer Utility Refunding Bonds of 2010	10/19/2010	1,780,000	2/1/2016	120,000.00	2.500%	1,465,000.00	-	115,000.00	1,350,000.00
			2/1/2017	120,000.00	2.500%				
			2/1/2018	125,000.00	3.000%				
			2/1/2019	125,000.00	3.000%				
			2/1/2020	130,000.00	3.000%				
			2/1/2021	140,000.00	3.250%				
			2/1/2022	140,000.00	3.250%				
			2/1/2023	145,000.00	3.375%				
			2/1/2024	150,000.00	3.500%				
			2/1/2025	155,000.00	3.500%				
					\$	1,465,000.00	-	115,000.00	1,350,000.00

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
Sewer Improvements Trust Series 2002A	11/1/2002	525,000	8/1/2016	30,000.00	5.000%	275,000.00	-	30,000.00	245,000.00
			8/1/2017	30,000.00	5.000%				
			8/1/2018	35,000.00	5.000%				
			8/1/2019	35,000.00	5.000%				
			8/1/2020	35,000.00	5.000%				
			8/1/2021	40,000.00	5.000%				
		8/1/2022	40,000.00	5.000%					
Sewer Improvements Trust Series 2010A	3/10/2010	270,000	8/1/2016	10,000.00	5.000%	240,000.00	-	10,000.00	230,000.00
			8/1/2017	15,000.00	5.000%				
			8/1/2018	15,000.00	5.000%				
			8/1/2019	15,000.00	4.000%				
			8/1/2020	15,000.00	5.000%				
			8/1/2021	15,000.00	3.000%				
			8/1/2022	15,000.00	4.000%				
			8/1/2023	15,000.00	4.000%				
			8/1/2024	15,000.00	4.000%				
			8/1/2025	20,000.00	4.000%				
			8/1/2026	20,000.00	3.500%				
			8/1/2027	20,000.00	4.000%				
		8/1/2028	20,000.00	4.000%					
		8/1/2029	20,000.00	4.000%					
					\$	515,000.00	-	40,000.00	475,000.00

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	December 31, 2015 Amount					
Sewer Improvements Trust Series 2002A	11/1/2002	523,001	2/1/2016	3,942.43	N/A	\$ 220,289.62	-	62,178.10	158,111.52
			8/1/2016	23,411.23					
			2/1/2017	3,455.71					
			8/1/2017	22,924.51					
			2/1/2018	2,968.99					
			8/1/2018	25,682.59					
			2/1/2019	2,401.15					
			8/1/2019	25,114.75					
			2/1/2020	1,833.31					
			8/1/2020	24,546.91					
			2/1/2021	1,265.47					
			8/1/2021	20,564.47					

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
Sewer Improvements Trust Series 2002A	3/10/2010	779,710	2/1/2016	14,439.07	N/A	649,758.37	-	436,016.21	213,742.16
			8/1/2016	28,878.14					
			2/1/2017	14,439.07					
			8/1/2017	28,878.14					
			2/1/2018	14,439.07					
			8/1/2018	28,878.14					
			2/1/2019	14,439.07					
			8/1/2019	28,878.14					
			2/1/2020	14,439.07					
			8/1/2020	26,034.25					
						\$ 870,047.99	-	498,194.31	371,853.68

**WATER AND SEWER UTILITY CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2015	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
USDA Loans Payable - 2015	11/4/2015	450,000.00	*****	2.625%	-	450,000.00	-	450,000.00
USDA Bond - semi-annual payments of \$9,122.00 due on May 4 and November 4. Final payment November 4, 2055								
					\$	450,000.00	-	450,000.00

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Reconstruction of Sanitary Sewer	*11-07	12/31/2012	12/31/2014	12/31/2015	NONE	\$ 340,000.00		340,000.00	-
					\$	<u>340,000.00</u>		<u>340,000.00</u>	<u>-</u>

\* Bond Anticipation Notes was being held by current fund

**SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Debt Issued	Other	Balance Dec. 31, 2015
2001-01	Sewer Construction Collection System	\$ 46,468.06	-	-	-	46,468.06
2009-12	Replace Sewer Main	150,290.00	-	-	-	150,290.00
2011-07	Reconstruction of Sanitary Sewer	252,500.00	-	110,000.00	-	142,500.00
		<u>\$ 449,258.06</u>	<u>-</u>	<u>110,000.00</u>	<u>-</u>	<u>339,258.06</u>

**PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER**

	Trust Fund I	Trust Fund II
Balance December 31, 2014	\$ 3,067.11	\$ 1,608.45
Decreased By Disbursements:		
Account Closed - Paid to State	1,608.45	
Public Assistance	-	1,608.45
Balance December 31, 2015	\$ 3,067.11	\$ -

See Accompanying Auditor's Report

**PUBLIC ASSISTANCE FUND  
STATEMENT OF PUBLIC ASSISTANCE CASH AND RECONCILIATION  
PER N.J.S. 40A:5-5**

	Trust Fund I	Trust Fund II
Balance December 31, 2014	\$ 3,067.11	\$ 1,608.45
Decreased By Disbursements:		
Account Closed - Paid to State		1,608.45
General Assistance	-	-
Balance January 31, 2016	\$ 3,067.11	\$ 1,608.45
Reconciliation January 31, 2016		
Balance on Deposit per Statement:		
Bank of America	\$ 3,067.11	\$ -
Less: Outstanding Checks	-	-
Plus: Deposits in Transit	-	-
Book Balance	\$ 3,067.11	\$ -

See Accompanying Auditor's Report

**BOROUGH OF GIBBSBORO**

**PART II**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2015**



## BOROUGH OF GIBBSBORO

### GENERAL COMMENTS

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

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." Due to the Borough not having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$29,000.

The governing body of the Borough of Gibbsboro has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in a violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did not reveal any payments in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S. 40A:11-6.

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

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

The governing body, on January 7, 2015, adopted the following resolution authorizing interest to be charged on delinquent taxes:

**BE IT RESOLVED** by the Borough Council of the Borough of Gibbsboro, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Borough of Gibbsboro, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

**BE IT FURTHER RESOLVED** by the Borough Council of the Borough of Gibbsboro, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2015.

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

**BOROUGH OF GIBBSBORO**

**GENERAL COMMENTS (CONTINUED)**

**Delinquent Taxes and Tax Title Liens**

The tax sale was held on December 16, 2015 and was complete. Inspection of tax sale certificates on file 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<sup>st</sup> of the last three years:

<u>Year</u>	<u>Number</u>
2015	5
2014	3
2013	3

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

**Verification of Delinquent Taxes and Other Charges**

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2014 and 2015 Taxes	10
Payment of Sewer Rents	10
Total	<u>20</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

**Comparison of Tax Levies and Collections Currently**

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2015 \$	7,972,128.33	7,960,185.09	99.85%
2014	7,931,735.06	7,842,024.86	98.87%
2013	7,603,294.04	7,577,785.07	99.66%
2012	7,591,224.14	7,525,046.62	99.13%
2011	7,734,221.97	7,681,601.57	99.32%

**BOROUGH OF GIBBSBORO**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ 4.867	4.723	4.495	4.449	4.400
Apportionment of Tax Rate:					
Municipal	1.165	1.121	1.074	1.027	0.973
County	1.180	1.199	1.110	1.094	1.097
Local School	1.816	1.711	1.646	1.583	1.55
Regional School	0.706	0.692	0.665	0.745	0.78
Assessed Valuation	163,693,900	167,820,700	168,938,038	170,564,122	175,530,288

**Delinquent Taxes and Tax Title Liens**

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

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Of Tax Levy</u>
2015 \$	18,813.48	1,013.81	19,827.29	0.25%
2014	101,223.70	9.24	101,232.94	1.28%
2013	94,150.11	7.59	94,157.70	1.24%
2012	91,465.69	16.12	91,481.81	1.21%
2011	75,228.29	2.53	75,230.82	0.97%

**Uniform Construction Code**

The Borough of Gibbsboro's construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

**Deposit of Municipal Funds**

N.J.S.A. 40A:5-15 states:

"All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository."

Our examination revealed that municipal funds were deposited within the mandated time.

**BOROUGH OF GIBBSBORO**

**FINDINGS AND RECOMMENDATIONS**

**Finding #2015-1:**

**Criteria:**

The Chief Financial Officer is responsible for correctly posting all transactions to the Edmunds system.

**Condition:**

Edmunds reports and subsequent reconciliations did not accurately reflect all of the Borough's financial activity.

**Cause:**

The Chief Financial Officer did not correctly post all transactions to the Edmunds system.

**Effect:**

Not correctly posting transactions correctly could possibly cause a material misstatement to occur in financial reporting.

**Recommendation:**

That the Chief Financial Officer record all necessary transactions properly in a timely fashion.

**Management Response**

The Chief Financial Officer will post all financial transactions timely and accurately.

In accordance with Division of Local Government Services Regulations, a Corrective Action Plan must be prepared and filed by the Borough in response to my recommendations.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*  
**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

May 13, 2016