

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Township of Montgomery*

*in the*

*County of Somerset*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2014*



TOWNSHIP OF MONTGOMERY

I N D E X

|  | <u>PAGES</u>    |
|--|-----------------|
| <u>PART I</u>  |                 |
| Independent Auditor's Report   | 1-3             |
|  | <u>EXHIBITS</u> |
| <u>Financial Statements - Regulatory Basis</u>   |                 |
| <u>Current Fund:</u>   |                 |
| Balance Sheets - Regulatory Basis  | "A"             |
| Statements of Operations and Change in Fund Balance-Regulatory Basis   | "A-1"           |
| Statement of Revenues-Regulatory Basis - Year Ended December 31, 2014  | "A-2"           |
| Statement of Expenditures-Regulatory Basis - Year Ended December 31, 2014                                    | "A-3"           |
| <u>Trust Fund:</u>   |                 |
| Balance Sheets-Regulatory Basis  | "B"             |
| Statement of Assessment Trust Fund Balance-Regulatory Basis  | "B-1"           |
| <u>General Capital Fund:</u>   |                 |
| Balance Sheets-Regulatory Basis  | "C"             |
| Statement of Fund Balance-Regulatory Basis   | "C-1"           |
| <u>Sewer Utility Fund:</u>   |                 |
| Balance Sheets-Regulatory Basis  | "D"             |
| Statements of Operations and Change in Fund Balance-Regulatory Basis<br>for the Year Ended December 31, 2014 | "D-1"           |
| Statement of Capital Surplus-Regulatory Basis - Capital Fund   | "D-2"           |
| Statement of Revenues-Regulatory Basis - Operating Fund for the Year Ended<br>December 31, 2014              | "D-3"           |
| Statement of Expenditures-Regulatory Basis - Operating Fund for the Year Ended<br>December 31, 2014          | "D-4"           |
| <u>Public Assistance Trust Fund:</u>   |                 |
| Balance Sheets - Regulatory Basis  | "E"             |
| <u>General Fixed Assets Account Group:</u>   |                 |
| Balance Sheets - Regulatory Basis  | "F"             |
|  | <u>PAGES</u>    |
| Notes to Financial Statements  | 4-26            |

TOWNSHIP OF MONTGOMERY

I N D E X (CONTINUED)

Supplementary Schedules - All Funds

EXHIBITS

Current Fund:

|   |        |
|---|--------|
| Schedule of Cash-Treasurer  | "A-4"  |
| Schedule of Cash-Collector  | "A-5"  |
| Schedule of Petty Cash Fund   | "A-6"  |
| Schedule of Change Funds  | "A-7"  |
| Schedule of Due State of New Jersey for Senior Citizens and Veterans Deductions<br>Per Chapter 20, P.L.1971 | "A-8"  |
| Schedule of Taxes Receivable and Analysis of Property Tax Levy  | "A-9"  |
| Schedule of Tax Title Liens   | "A-10" |
| Schedule of Property Acquired for Taxes (at Assessed Valuation)   | "A-11" |
| Schedule of Revenue Accounts Receivable   | "A-12" |
| Schedule of Interfunds  | "A-13" |
| Schedule of Reserve for Miscellaneous Deposits  | "A-14" |
| Schedule of Reserve for Sale of Municipal Assets  | "A-15" |
| Schedule of Tax Overpayments  | "A-16" |
| Schedule of Special District Taxes Payable  | "A-17" |
| Schedule of 2013 Appropriation Reserves   | "A-18" |
| Schedule of Reserve for Encumbrances  | "A-19" |
| Schedule of Reserve for Encumbrances - Grant Fund   | "A-20" |
| Schedule of Prepaid Taxes   | "A-21" |
| Schedule of County Taxes Payable  | "A-22" |
| Schedule of Local District School Tax Payable   | "A-23" |
| Schedule of Municipal Open Space Tax Payable  | "A-24" |
| Schedule of Interfunds - Grant Fund   | "A-25" |
| Schedule of Grants Receivable - Grant Fund  | "A-26" |
| Schedule of Reserve for Grants-Appropriated - Grant Fund  | "A-27" |
| Schedule of Reserve for Grants-Unappropriated - Grant Fund  | "A-28" |

Trust Fund:

|   |        |
|---|--------|
| Schedule of Cash-Treasurer                                      | "B-2"  |
| Schedule of Interfunds - Assessment Trust Funds                 | "B-3"  |
| Schedule of Prospective Assessments Funded                      | "B-4"  |
| Schedule of Reserve for Prospective Assessments                 | "B-5"  |
| Schedule of Interfunds - Other Funds                            | "B-6"  |
| Schedule of Reserve for Encumbrances                            | "B-7"  |
| Schedule of Due State of New Jersey - Animal Control Trust Fund | "B-8"  |
| Schedule of Reserve for Animal Control Fund Expenditures        | "B-9"  |
| Schedule of Encumbrances Payable - Animal Control Fund          | "B-10" |
| Schedule of Interfunds - Animal Control Trust Funds             | "B-11" |
| Schedule of Reserve for Various Trust Deposits                  | "B-12" |
| Schedule of Reserve for Open Space Trust Fund                   | "B-13" |

TOWNSHIP OF MONTGOMERY

I N D E X (CONTINUED)

EXHIBITS

General Capital Fund:

|  |        |
|--|--------|
| Schedule of Cash-Treasurer                               | "C-2"  |
| Analysis of Cash   | "C-3"  |
| Schedule of Deferred Charges to Future Taxation-Funded   | "C-4"  |
| Schedule of Deferred Charges to Future Taxation-Unfunded | "C-5"  |
| Schedule of Contracts Payable                            | "C-6"  |
| Schedule of Improvement Authorizations                   | "C-7"  |
| Schedule of Capital Improvement Fund                     | "C-8"  |
| Schedule of Developers' Contribution Deposits            | "C-9"  |
| Schedule of Interfunds                                   | "C-10" |
| Schedule of Accounts Receivable                          | "C-11" |
| Schedule of Green Acres Trust Loans Payable              | "C-12" |
| Schedule of General Serial Bonds                         | "C-13" |
| Schedule of Various Reserves                             | "C-14" |
| Schedule of Investments - U.S. Government Securities     | "C-15" |
| Schedule of Due from Developers                          | "C-16" |
| Schedule of Bonds and Notes Authorized But Not Issued    | "C-17" |

Sewer Utility Fund:

|  |        |
|--|--------|
| Schedule of Cash-Treasurer   | "D-5"  |
| Schedule of Cash-Collector - Operating Fund  | "D-6"  |
| Schedule of Consumer Accounts Receivable - Operating Fund                                      | "D-7"  |
| Schedule of Loans Receivable - Capital Fund  | "D-8"  |
| Schedule of Sewer Overpayments - Operating Fund  | "D-9"  |
| Schedule of 2013 Appropriation Reserves - Operating Fund                                       | "D-10" |
| Schedule of Reserve Encumbrances - Operating Fund  | "D-11" |
| Schedule of Contracts Payable - Capital Fund   | "D-12" |
| Schedule of Prepaid Sewer Rents - Operating Fund   | "D-13" |
| Schedule of Capital Improvement Fund - Capital Fund  | "D-14" |
| Schedule of Improvement Authorization - Capital Fund   | "D-15" |
| Schedule of Fixed Capital Authorized and Uncompleted - Capital Fund                            | "D-16" |
| Schedule of New Jersey Environmental Infrastructure Trust Fund Loans Payable -<br>Capital Fund | "D-17" |
| Schedule of Fixed Capital - Capital Fund   | "D-18" |
| Schedule of Accrued Interest - Operating Fund  | "D-19" |
| Schedule of Interfunds - Operating Fund  | "D-20" |
| Schedule of Reserve for Amortization - Capital Fund  | "D-21" |
| Schedule of Reserve for Deferred Amortization - Capital Fund                                   | "D-22" |
| Schedule of General Serial Bonds - Capital Fund  | "D-23" |
| Schedule of Interfunds - Capital Fund  | "D-24" |
| Schedule of Bonds and Notes Authorized But Not Issued - Capital Fund                           | "D-25" |

Public Assistance Trust Fund:

|   |       |
|---|-------|
| Schedule of Public Assistance Cash-Treasurer                                  | "E-1" |
| Schedule of Public Assistance Cash and Reconciliation Per N.J.S.A. 40A:5-5    | "E-2" |
| Schedule of Public Assistance Cash and Reconciliation as of December 31, 2014 | "E-3" |
| Schedule of Public Assistance Revenues - Year Ended December 31, 2014         | "E-4" |

TOWNSHIP OF MONTGOMERY

I N D E X (CONTINUED)

|  | <u>PAGES</u> |
|--|--------------|
| <u>PART II</u>   |              |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 27-28        |
| Schedule of Expenditures of Federal Awards - Year Ended December 31, 2014  | 29           |
| Schedule of Expenditures of State Financial Assistance - Year Ended December 31, 2014  | 30           |
| Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance - Year Ended December 31, 2014   | 31-32        |
| <br><u>PART III</u>  |              |
| Statistical Data   | 33-37        |
| Officials in Office and Surety Bonds   | 38           |
| Comments and Recommendations   | 39-42        |

TOWNSHIP OF MONTGOMERY

PART I

INDEPENDENT AUDITOR'S REPORT ON  
AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2014 AND 2013



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members  
of the Township Committee  
Township of Montgomery  
County of Somerset  
Belle Mead, New Jersey 08502

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

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Montgomery, as of December 31, 2014 and 2013, 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 individual funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's regulatory 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 regulatory 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 regulatory 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.

## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township of Montgomery's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of Montgomery'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 regulatory 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 regulatory financial statements, the regulatory financial statements are prepared by the Township of Montgomery 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 the various individual funds and account group of the Township of Montgomery as of December 31, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2014.

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

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2014 and 2013, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2014 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 Township of Montgomery's regulatory financial statements. The information included in the supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015 on our consideration of the Township of Montgomery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Montgomery's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

June 29, 2015

CURRENT FUND

TOWNSHIP OF MONTGOMERY

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| <u>ASSETS</u>                                    | <u>REF.</u> | BALANCE<br>DECEMBER<br><u>31, 2014</u> | BALANCE<br>DECEMBER<br><u>31, 2013</u> |
|--|-------------|--|--|
| Current Fund:                                    |             |  |  |
| Cash   | A-4         | \$ 12,300,635.85                       | \$ 11,977,823.41                       |
| Change Funds                                     | A-7         | 675.00                                 | 675.00                                 |
|  |             | <u>\$ 12,301,310.85</u>                | <u>\$ 11,978,498.41</u>                |
| Receivables with Full Reserves:                  |             |  |  |
| Delinquent Property Taxes Receivable             | A-9         | \$ 922,818.30                          | \$ 782,648.89                          |
| Tax Title Liens Receivable                       | A-10        | 272,204.84                             | 254,990.30                             |
| Property Acquired for Taxes - Assessed Valuation | A-11        | 115,210.00                             | 115,210.00                             |
| Revenue Accounts Receivable                      | A-12        | 14,763.68                              | 17,133.92                              |
| Refund Receivable                                | A-1         | 119,530.44                             | 102,621.56                             |
| Prepaid Local School District Tax                | A-23        |  | 0.50                                   |
| Interfunds Receivable                            | A-13        | 176,815.51                             | 191,766.01                             |
|  | A           | <u>\$ 1,621,342.77</u>                 | <u>\$ 1,464,371.18</u>                 |
|  |             | <u>\$ 13,922,653.62</u>                | <u>\$ 13,442,869.59</u>                |
| Grant Fund:                                      |             |  |  |
| Grants Receivable                                | A-26        | \$ 1,001,851.21                        | \$ 1,092,057.18                        |
| Interfunds Receivable                            | A-25        | <u>1,022,193.17</u>                    | <u>820,576.00</u>                      |
|  |             | <u>\$ 2,024,044.38</u>                 | <u>\$ 1,912,633.18</u>                 |
|  |             | <u>\$ 15,946,698.00</u>                | <u>\$ 15,355,502.77</u>                |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

|  | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2014</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2013</u> |
|--|-------------|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u>                      |             |  |  |
| Current Fund:  |             |  |  |
| Liabilities:   |             |  |  |
| Appropriation Reserves   | A-3:A-18    | \$ 2,310,921.29                          | \$ 2,043,681.52                          |
| Encumbrances Payable   | A-19        | 707,211.65                               | 592,916.13                               |
| Due State of New Jersey-Senior Citizens<br>and Veterans Deductions | A-8         | 10,665.67                                | 10,200.61                                |
| Reserve for Sale of Municipal Assets                               | A-15        | 34,742.81                                | 614,742.81                               |
| Tax Overpayments   | A-16        | 156,179.26                               | 138,501.31                               |
| Interfunds Payable   | A-13        | 1,022,643.17                             | 903,421.00                               |
| Prepaid Taxes  | A-21        | 901,731.59                               | 1,651,153.52                             |
| Reserve for Miscellaneous Deposits                                 | A-14        | 853,158.26                               | 795,201.32                               |
|  |             | <u>\$ 5,997,253.70</u>                   | <u>\$ 6,749,818.22</u>                   |
| <br>   |             |  |  |
| Reserve for Receivables  | A           | 1,621,342.77                             | 1,464,371.18                             |
| Fund Balance   | A-1         | <u>6,304,057.15</u>                      | <u>5,228,680.19</u>                      |
|  |             | <u>\$ 13,922,653.62</u>                  | <u>\$ 13,442,869.59</u>                  |
| <br>   |             |  |  |
| Grant Fund:  |             |  |  |
| Reserve for Grants-Appropriated                                    | A-27        | \$ 1,966,121.28                          | \$ 1,864,301.82                          |
| Reserve for Grants-Unappropriated                                  | A-28        | 35,895.46                                |  |
| Encumbrances Payable   | A-20        | <u>22,027.64</u>                         | <u>48,331.36</u>                         |
|  |             | <u>\$ 2,024,044.38</u>                   | <u>\$ 1,912,633.18</u>                   |
|  |             | <u>\$ 15,946,698.00</u>                  | <u>\$ 15,355,502.77</u>                  |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERYCURRENT FUNDSTATEMENTS OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

| <u>REVENUE AND OTHER INCOME</u>              | <u>REF.</u> | <u>YEAR ENDED<br/>DECEMBER<br/>31, 2014</u> | <u>YEAR ENDED<br/>DECEMBER<br/>31, 2013</u> |
|--|-------------|---|---|
| Fund Balance Utilized                        | A-1:A-2     | \$ 3,180,000.00                             | \$ 2,998,680.00                             |
| Miscellaneous Revenues Anticipated           | A-2         | 10,749,888.80                               | 10,678,564.32                               |
| Receipts from Delinquent Taxes               | A-2         | 783,643.64                                  | 908,473.45                                  |
| Receipts from Current Taxes                  | A-2         | 105,930,173.51                              | 104,059,551.43                              |
| Non-Budget Revenues                          | A-2         | 961,498.85                                  | 845,229.12                                  |
| Other Credits to Income:                     |             |   |   |
| Unexpended Balance of Appropriation Reserves | A-18        | 1,873,277.63                                | 1,984,251.80                                |
| Tax Overpayments Canceled                    | A-16        | 1,809.28                                    | 42,022.92                                   |
| Grants Canceled                              |             |   | 42,025.63                                   |
| Refunds Receivable                           | A-4         | 102,621.56                                  |   |
| Prepaid Local District School Tax            | A-23        | 0.50  |   |
| Interfunds Returned                          |             | 14,950.50                                   | 118,831.87                                  |
| <u>Total Income</u>                          |             | <u>\$ 123,597,864.27</u>                    | <u>\$ 121,677,630.54</u>                    |
| <u>EXPENDITURES</u>                          |             |   |   |
| Budget and Emergency Appropriations:         |             |   |   |
| Within "CAPS":                               |             |   |   |
| Operations Including Contingent              | A-3         | \$ 16,982,420.40                            | \$ 16,183,867.00                            |
| Deferred Charges and Regulatory              |             |   |   |
| Expenditures - Municipal                     | A-3         | 2,045,498.60                                | 2,108,824.00                                |
| Excluded from "CAPS"                         |             |   |   |
| Operations                                   | A-3         | 1,833,446.41                                | 1,864,543.55                                |
| Capital Improvement Fund                     | A-3         | 172,475.00                                  | 124,476.00                                  |
| Municipal Debt Service                       | A-3         | 4,558,838.13                                | 4,528,451.81                                |
| Deferred Charges and Judgments               | A-3         | 117,795.56                                  | 208,430.56                                  |
| County Tax                                   | A-22        | 17,404,582.43                               | 17,509,422.08                               |
| County Tax for Added and Omitted Taxes       | A-22        | 99,839.08                                   | 32,978.43                                   |
| Local District School Tax                    | A-23        | 72,898,041.00                               | 71,599,362.86                               |
| Fire District Tax                            | A-17        | 1,589,530.00                                | 1,542,250.00                                |
| Municipal Open Space Tax                     | A-24        | 1,491,436.76                                | 1,486,496.00                                |
| Grants Canceled                              | A-25        | 7,123.00                                    |   |
| Refunds Receivable                           | A-4         | 119,530.44                                  | 102,621.56                                  |
| Refund of Prior Years Revenues               | A-4         | 21,930.50                                   | 371,425.06                                  |
| <u>Total Expenditures</u>                    |             | <u>\$ 119,342,487.31</u>                    | <u>\$ 117,663,148.91</u>                    |
| Excess in Revenue                            |             | \$ 4,255,376.96                             | \$ 4,014,481.63                             |
| <u>Fund Balance</u>                          |             |   |   |
| Balance, January 1                           | A           | 5,228,680.19                                | 4,212,878.56                                |
|  |             | <u>\$ 9,484,057.15</u>                      | <u>\$ 8,227,360.19</u>                      |
| Decreased by:                                |             |   |   |
| Utilization as Anticipated Revenue           | A-1:A-2     | 3,180,000.00                                | 2,998,680.00                                |
| Balance, December 31                         | A           | <u>\$ 6,304,057.15</u>                      | <u>\$ 5,228,680.19</u>                      |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

| REF.  | ANTICIPATED |                  | SPECIAL<br>N.J.S.A.<br>40A:4-87 | REALIZED         | EXCESS<br>OR<br>(DEFICIT) |
|---|-------------|------------------|---------------------------------|------------------|---------------------------|
|   | BUDGET      |                  |                                 |                  |                           |
| Fund Balance Anticipated  | A-1         | \$ 3,180,000.00  |                                 | \$ 3,180,000.00  |                           |
| Miscellaneous Revenues:   |             |                  |                                 |                  |                           |
| Alcoholic Beverage Licenses                                     | A-12        | \$ 20,752.00     |                                 | \$ 20,814.00     | \$ 62.00                  |
| Construction Code Official -<br>Fees and Permits                | A-12        | 886,000.00       |                                 | 978,819.00       | 92,819.00                 |
| Other Fees and Permits  | A-2         | 733,500.00       |                                 | 667,212.83       | (66,287.17)               |
| Fines and Costs - Municipal Court                               | A-12        | 156,200.00       |                                 | 210,621.78       | 54,421.78                 |
| Interest and Costs on Taxes                                     | A-12        | 200,000.00       |                                 | 203,269.56       | 3,269.56                  |
| Interest on Investments and Deposits                            | A-12        | 5,000.00         |                                 | 6,468.06         | 1,468.06                  |
| Burglar Alarms  | A-12        | 8,800.00         |                                 | 12,705.00        | 3,905.00                  |
| Energy Receipts Tax   | A-12        | 1,379,037.00     |                                 | 1,379,037.00     |                           |
| Sale of Municipal Assets  | A-15        | 580,000.00       |                                 | 580,000.00       |                           |
| Preschool Registration  | A-12        | 395,000.00       |                                 | 395,000.00       |                           |
| Pre-K Program Registration Fees                                 | A-12        | 972,800.00       |                                 | 1,058,646.93     | 85,846.93                 |
| Municipal Alliance Drug Program                                 | A-26        | 21,565.13        |                                 | 21,565.13        |                           |
| Hazardous Mitigation Grant                                      | A-26        |                  | 75,000.00                       | 75,000.00        |                           |
| Drive Sober or Get Pulled Over                                  | A-26        | 3,300.00         | 5,000.00                        | 8,300.00         |                           |
| Somerset County Youth Services                                  | A-26        |                  | 5,000.00                        | 5,000.00         |                           |
| Drunk Driving Enforcement Fund                                  | A-26        |                  | 4,057.61                        | 4,057.61         |                           |
| Chronic Disease Self Management                                 | A-26        |                  | 12,000.00                       | 12,000.00        |                           |
| DOT Green Avenue  | A-26        |                  | 175,000.00                      | 175,000.00       |                           |
| State Body Armor Replacement Program                            | A-26        |                  | 3,030.54                        | 3,030.54         |                           |
| Green Communities   | A-26        |                  | 3,000.00                        | 3,000.00         |                           |
| Click It or Ticket  | A-26        |                  | 4,000.00                        | 4,000.00         |                           |
| Clean Communities Grant   | A-26        |                  | 48,818.86                       | 48,818.86        |                           |
| NACHO Grant   | A-26        | 13,500.00        |                                 | 13,500.00        |                           |
| Safe Corridors  | A-26        |                  | 21,762.89                       | 21,762.89        |                           |
| Cell Phone Enforcement  | A-26        |                  | 5,000.00                        | 5,000.00         |                           |
| Shared Services - Pennington                                    | A-12        | 36,720.00        |                                 | 42,640.00        | 5,920.00                  |
| Shared Services - Hopewell                                      | A-12        | 28,910.00        |                                 | 33,660.00        | 4,750.00                  |
| Utility Operating Surplus                                       | A-12        | 734,000.00       |                                 | 734,000.00       |                           |
| Zero Coupons Maturing   | A-12        | 97,000.00        |                                 | 98,000.00        | 1,000.00                  |
| Open Space Trust Fund   | A-12        | 1,482,900.43     |                                 | 1,524,739.87     | 41,839.44                 |
| Lease Income - Cell Tower                                       | A-12        | 203,500.00       |                                 | 194,330.44       | (9,169.56)                |
| Green Trust Fund  | A-12        | 117,500.00       |                                 | 117,526.23       | 26.23                     |
| General Capital Fund Surplus                                    | A-12        | 1,948,000.00     |                                 | 1,948,000.00     |                           |
| Sale of NPDC Payment Applied to Debt                            | A-12        | 56,900.00        |                                 | 56,900.00        |                           |
| Dedicated Trust Fund  | A-12        | 39,500.00        |                                 | 39,500.00        |                           |
| Cable Franchise Fee   | A-12        | 43,500.00        |                                 | 47,963.07        | 4,463.07                  |
|   | A-1         | \$ 10,163,884.56 | \$ 361,669.90                   | \$ 10,749,888.80 | \$ 224,334.34             |
| Receipts From Delinquent Taxes                                  | A-2         | \$ 655,500.00    |                                 | \$ 783,643.64    | \$ 128,143.64             |
| Amount to be Raised by Taxes for<br>Support of Municipal Budget | A-9:A-2     | \$ 12,348,992.28 |                                 | \$ 12,860,830.07 | \$ 511,837.79             |
| <u>Budget Totals</u>  |             | \$ 26,348,376.84 | \$ 361,669.90                   | \$ 27,574,362.51 | \$ 864,315.77             |
| Non-Budget Revenues   | A-2         |                  |                                 | 961,498.85       | 961,498.85                |
|   |             | \$ 26,348,376.84 | \$ 361,669.90                   | \$ 28,535,861.36 | \$ 1,825,814.62           |
| REF.  | A-3         |                  | A-3                             |                  |                           |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

|   | <u>REF.</u> |                         |
|---|-------------|-------------------------|
| Allocations of Current Tax Collections:               |             |                         |
| Revenues from Collections                             | A-1:A-9     | \$ 105,930,173.51       |
| Allocated to:   |             |                         |
| School and County Taxes                               |             | \$ 90,987,533.51        |
| Fire District Tax                                     |             | 1,589,530.00            |
| Township Open Space Tax                               |             | <u>1,491,436.26</u>     |
|   |             | <u>94,068,499.77</u>    |
| Balance for Support of Municipal Appropriations       |             | \$ 11,861,673.74        |
| Add: Appropriation "Reserve for Uncollected Taxes"    | A-3         | <u>999,156.33</u>       |
| Amount for Support of Municipal Budget Appropriations | A-2         | <u>\$ 12,860,830.07</u> |

ANALYSIS OF REALIZED REVENUES

|                                 |         |                      |
|---------------------------------|---------|----------------------|
| Receipts from Delinquent Taxes: |         |                      |
| Delinquent Tax Collections      | A-9     | \$ <u>783,643.64</u> |
|                                 | A-1:A-2 | <u>\$ 783,643.64</u> |
| Other Fees and Permits:         |         |                      |
| Engineering Department          | A-12    | \$ 6,295.00          |
| Recreation                      | A-12    | 610,389.35           |
| Police Department               | A-12    | 1,950.00             |
| Health Officer                  | A-12    | 15,362.00            |
| Township Clerk                  | A-12    | 18,520.00            |
| Tax Assessor                    | A-12    | 360.00               |
| Miscellaneous Fees              | A-12    | 4,526.48             |
| Zoning Board                    | A-12    | <u>9,810.00</u>      |
|                                 | A-2     | <u>\$ 667,212.83</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

ANALYSIS OF NON-BUDGET REVENUE

|  | <u>REF.</u> |                      |
|--|-------------|----------------------|
| Miscellaneous Revenue Not Anticipated: |             |                      |
| Fire Safety                            |             | \$ 90,140.48         |
| Code Enforcement                       |             | 23,516.55            |
| Planning                               |             | 900.00               |
| Police                                 |             | 1,738.74             |
| Finance                                |             | 612,789.29           |
| Clerk                                  |             | 15,286.28            |
| Health                                 |             | 73,255.78            |
| Recreation                             |             | 5,308.32             |
| Court                                  |             | 22.50                |
| Engineering                            |             | 400.00               |
| Public Works                           |             | 80.00                |
| Assessor                               |             | 8.60                 |
| Zoning                                 |             | 16,035.00            |
| Kid Connection                         |             | 1,211.80             |
| Police Outside Overtime                |             | 33,902.50            |
| DMV Inspections                        |             | 17,525.84            |
| Tax Collector                          |             | 12,107.02            |
| F.E.M.A.                               |             | <u>56,393.61</u>     |
|  | A-4         | 960,622.31           |
| Tax Collector                          | A-5         | 25,246.55            |
| Refunds                                | A-4         | <u>24,370.01</u>     |
|  | A-1:A-2     | <u>\$ 961,498.85</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

|   | APPROPRIATIONS |                           | PAID OR CHARGED | RESERVED     | UNEXPENDED BALANCE CANCELLED |
|---|----------------|---------------------------|-----------------|--------------|------------------------------|
|   | BUDGET         | BUDGET AFTER MODIFICATION |                 |              |                              |
| <b>OPERATIONS WITHIN "CAPS"</b>               |                |                           |                 |              |                              |
| <b>GENERAL GOVERNMENT</b>                     |                |                           |                 |              |                              |
| Administrative and Executive:                 |                |                           |                 |              |                              |
| Salaries and Wages                            | \$ 245,500.00  | \$ 247,500.00             | \$ 237,467.41   | \$ 10,032.59 | \$                           |
| Other Expenses                                | 26,600.00      | 24,600.00                 | 16,674.18       | 7,925.82     |                              |
| Special Projects Expense                      | 49,000.00      | 41,500.00                 | 23,072.67       | 18,427.33    |                              |
| Mayor and Committee:                          |                |                           |                 |              |                              |
| Salaries and Wages                            | 21,500.00      | 21,500.00                 | 20,431.20       | 1,068.80     |                              |
| Other Expenses                                | 4,550.00       | 4,550.00                  | 3,038.60        | 1,511.40     |                              |
| Municipal Clerk:                              |                |                           |                 |              |                              |
| Salaries and Wages                            | 229,000.00     | 230,000.00                | 227,005.10      | 2,994.90     |                              |
| Other Expenses                                | 53,400.00      | 52,400.00                 | 33,704.30       | 18,695.70    |                              |
| Newsletter                                    | 8,000.00       | 8,000.00                  | 2,025.00        | 5,975.00     |                              |
| Financial Administration:                     |                |                           |                 |              |                              |
| Salaries and Wages                            | 356,000.00     | 356,000.00                | 325,039.90      | 30,960.10    |                              |
| Other Expenses                                | 40,950.00      | 40,950.00                 | 38,023.05       | 2,926.95     |                              |
| Audit Services                                | 45,000.00      | 45,000.00                 | 32,550.00       | 12,450.00    |                              |
| Data Processing:                              |                |                           |                 |              |                              |
| Salaries and Wages                            | 70,500.00      | 70,500.00                 | 69,104.17       | 1,395.83     |                              |
| Other Expenses                                | 72,075.00      | 72,075.00                 | 17,617.47       | 54,457.53    |                              |
| Geographic Information Technology:            |                |                           |                 |              |                              |
| Salaries and Wages                            | 70,000.00      | 70,000.00                 | 62,842.60       | 7,157.40     |                              |
| Other Expenses                                | 48,505.00      | 48,505.00                 | 26,193.14       | 22,311.86    |                              |
| Assessment of Taxes:                          |                |                           |                 |              |                              |
| Salaries and Wages                            | 107,500.00     | 107,500.00                | 102,998.90      | 4,501.10     |                              |
| Other Expenses                                | 21,100.00      | 21,100.00                 | 5,342.93        | 15,757.07    |                              |
| Revenue Administration (Collection of Taxes): |                |                           |                 |              |                              |
| Salaries and Wages                            | 35,000.00      | 35,000.00                 | 34,043.71       | 956.29       |                              |
| Other Expenses                                | 22,600.00      | 22,600.00                 | 18,902.58       | 3,697.42     |                              |
| Legal Services and Costs:                     |                |                           |                 |              |                              |
| Other Expenses                                | 425,000.00     | 409,000.00                | 207,798.82      | 201,201.18   |                              |
| Engineering Services and Costs:               |                |                           |                 |              |                              |
| Salaries and Wages                            | 337,000.00     | 337,000.00                | 336,511.02      | 488.98       |                              |
| Other Expenses                                | 54,150.00      | 54,150.00                 | 17,782.73       | 36,367.27    |                              |
| Public Buildings and Grounds:                 |                |                           |                 |              |                              |
| Salaries and Wages                            | 93,000.00      | 93,000.00                 | 91,835.44       | 1,164.56     |                              |
| Other Expenses                                | 120,900.00     | 136,900.00                | 126,592.15      | 10,307.85    |                              |
| Municipal Land Use Law (N.J.S. 40:55D-1):     |                |                           |                 |              |                              |
| Planning Board:                               |                |                           |                 |              |                              |
| Salaries and Wages                            | 175,000.00     | 175,000.00                | 174,926.73      | 73.27        |                              |
| Other Expenses                                | 42,050.00      | 42,050.00                 | 11,684.03       | 30,365.97    |                              |
| Revision of Master Plan:                      |                |                           |                 |              |                              |
| Other Expenses                                | 90,000.00      | 90,000.00                 | 2,719.50        | 87,280.50    |                              |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

|   | APPROPRIATIONS |                           | PAID OR CHARGED | RESERVED    | UNEXPENDED BALANCE CANCELLED |
|---|----------------|---------------------------|-----------------|-------------|------------------------------|
|   | BUDGET         | BUDGET AFTER MODIFICATION |                 |             |                              |
| <b>OPERATIONS WITHIN "CAPS" (CONTINUED)</b>       |                |                           |                 |             |                              |
| <b>GENERAL GOVERNMENT (CONTINUED)</b>             |                |                           |                 |             |                              |
| Zoning Commission:                                |                |                           |                 |             |                              |
| Salaries and Wages                                | \$ 118,000.00  | \$ 118,000.00             | \$ 113,266.45   | \$ 4,733.55 | \$                           |
| Other Expenses                                    | 8,000.00       | 8,000.00                  | 2,386.76        | 5,613.24    |                              |
| Landmarks Commission:                             |                |                           |                 |             |                              |
| Other Expenses                                    | 6,500.00       | 6,500.00                  | 1,570.49        | 4,929.51    |                              |
| Environmental Commission (R.S. 40:56A-1 et seq.): |                |                           |                 |             |                              |
| Other Expenses                                    | 3,000.00       | 3,000.00                  | 2,903.98        | 96.02       |                              |
| Shade Tree Commission:                            |                |                           |                 |             |                              |
| Other Expenses                                    | 9,000.00       | 9,000.00                  | 9,000.00        |             |                              |
| Insurance:  |                |                           |                 |             |                              |
| Group Insurance for Employees                     | 2,377,256.00   | 2,327,256.00              | 2,126,396.11    | 200,859.89  |                              |
| Health Benefit Waiver                             | 75,000.00      | 125,000.00                | 95,744.27       | 29,255.73   |                              |
| Other Insurance Premiums                          | 382,900.00     | 382,900.00                | 284,923.18      | 97,976.82   |                              |
| Workers Compensation                              | 265,500.00     | 265,500.00                | 253,313.05      | 12,186.95   |                              |
| Long Term Disability Fund:                        |                |                           |                 |             |                              |
| Other Expenses                                    | 67,500.00      | 67,500.00                 | 55,381.70       | 12,118.30   |                              |
| Deferred Compensation Plan:                       |                |                           |                 |             |                              |
| Other Expenses                                    | 157,000.00     | 157,000.00                | 101,904.14      | 55,095.86   |                              |
| <b>PUBLIC SAFETY</b>                              |                |                           |                 |             |                              |
| Fire Hydrant Service                              |                |                           |                 |             |                              |
| Uniform Fire Safety Act:                          |                |                           |                 |             |                              |
| Salaries and Wages                                | 662,500.00     | 662,500.00                | 518,066.41      | 144,433.59  |                              |
| Other Expenses                                    | 138,000.00     | 138,000.00                | 105,609.31      | 32,390.69   |                              |
| Police:   |                |                           |                 |             |                              |
| Salaries and Wages                                | 11,525.00      | 11,525.00                 | 7,932.00        | 3,593.00    |                              |
| Other Expenses                                    | 3,703,500.00   | 3,692,032.40              | 3,578,375.79    | 113,656.61  |                              |
| Other Expenses                                    | 295,200.00     | 295,200.00                | 244,948.57      | 50,251.43   |                              |
| First Aid Organization and Maintenance Contract:  |                |                           |                 |             |                              |
| Other Expenses                                    | 32,500.00      | 32,500.00                 | 26,609.33       | 5,890.67    |                              |
| Emergency Management:                             |                |                           |                 |             |                              |
| Other Expenses                                    | 5,000.00       | 5,000.00                  | 1,784.28        | 3,215.72    |                              |
| Emergency Services Committee:                     |                |                           |                 |             |                              |
| Other Expenses                                    | 475.00         | 475.00                    |                 | 475.00      |                              |
| Condominium Services Law (c.6. P.L. 1993):        |                |                           |                 |             |                              |
| Other Expenses                                    | 65,000.00      | 65,000.00                 | 42,727.88       | 22,272.12   |                              |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

|   | APPROPRIATIONS |                           | PAID OR CHARGED | RESERVED     | UNEXPENDED BALANCE CANCELLED |
|---|----------------|---------------------------|-----------------|--------------|------------------------------|
|   | BUDGET         | BUDGET AFTER MODIFICATION |                 |              |                              |
| <b>OPERATIONS WITHIN "CAPS" (CONTINUED)</b>   |                |                           |                 |              |                              |
| <b><u>PUBLIC WORKS</u></b>                    |                |                           |                 |              |                              |
| Road Repairs and Maintenance:                 |                |                           |                 |              |                              |
| Salaries and Wages                            | \$ 809,400.00  | \$ 749,400.00             | \$ 698,898.07   | \$ 50,501.93 | \$                           |
| Other Expenses                                | 514,000.00     | 574,000.00                | 491,679.67      | 82,320.33    |                              |
| Vehicle Maintenance:                          |                |                           |                 |              |                              |
| Other Expenses                                | 597,800.00     | 597,800.00                | 574,609.10      | 23,190.90    |                              |
| Public Works:                                 |                |                           |                 |              |                              |
| Salaries and Wages                            | 106,000.00     | 106,000.00                | 104,748.46      | 1,251.54     |                              |
| Other Expenses                                | 44,542.00      | 44,542.00                 | 25,186.46       | 19,355.54    |                              |
| <b><u>HEALTH AND WELFARE</u></b>              |                |                           |                 |              |                              |
| Board of Health:                              |                |                           |                 |              |                              |
| Salaries and Wages                            | 329,500.00     | 329,500.00                | 327,031.10      | 2,468.90     |                              |
| Other Expenses                                | 45,600.00      | 45,600.00                 | 44,635.98       | 964.02       |                              |
| Animal Control Regulation:                    |                |                           |                 |              |                              |
| Salaries and Wages                            | 54,500.00      | 54,500.00                 | 49,137.63       | 5,362.37     |                              |
| Other Expenses                                | 6,000.00       | 6,000.00                  | 4,247.72        | 1,752.28     |                              |
| Administration of Public Assistance:          |                |                           |                 |              |                              |
| Other Expenses                                | 100.00         | 100.00                    |                 | 100.00       |                              |
| Blood Borne Pathogens                         | 1,000.00       | 1,000.00                  | 873.00          | 127.00       |                              |
| <b><u>RECREATION AND EDUCATION</u></b>        |                |                           |                 |              |                              |
| Recreation:                                   |                |                           |                 |              |                              |
| Salaries and Wages                            | 599,500.00     | 580,500.00                | 443,079.39      | 137,420.61   |                              |
| Other Expenses                                | 242,600.00     | 261,600.00                | 226,776.47      | 34,823.53    |                              |
| Parks and Playgrounds (Maintenance of Parks): |                |                           |                 |              |                              |
| Salaries and Wages                            | 360,000.00     | 360,000.00                | 341,949.60      | 18,050.40    |                              |
| Other Expenses                                | 79,775.00      | 79,775.00                 | 65,826.91       | 13,948.09    |                              |
| Economic Development Committee:               |                |                           |                 |              |                              |
| Other Expenses                                | 1,125.00       | 1,125.00                  | -459.57         | 1,584.57     |                              |
| Senior Citizen's Program:                     |                |                           |                 |              |                              |
| Salaries and Wages                            | 7,500.00       | 7,500.00                  | 4,075.00        | 3,425.00     |                              |
| Other Expenses                                | 89,150.00      | 89,150.00                 | 84,534.93       | 4,615.07     |                              |
| <b><u>SANITATION</u></b>                      |                |                           |                 |              |                              |
| Garbage and Trash Removal:                    |                |                           |                 |              |                              |
| Other Expenses                                | 80,500.00      | 80,500.00                 | 62,931.94       | 17,568.06    |                              |
| Somerset County Mandatory Recycling Program:  |                |                           |                 |              |                              |
| Other Expenses                                | 200,000.00     | 200,000.00                | 189,798.32      | 10,201.68    |                              |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

|   | BUDGET                  | APPROPRIATIONS<br>BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED      | RESERVED               | UNEXPENDED<br>BALANCE<br>CANCELLED |
|---|-------------------------|--|-------------------------|------------------------|------------------------------------|
| <b>OPERATIONS WITHIN "CAPS" (CONTINUED)</b>   |                         |  |                         |                        |                                    |
| <u>MUNICIPAL COURT</u>  |                         |  |                         |                        |                                    |
| Municipal Court:  |                         |  |                         |                        |                                    |
| Other Expenses  | \$ 173,860.00           | \$ 173,860.00                                  | \$ 150,320.20           | \$ 23,539.80           | \$                                 |
| <u>UNIFORM CONSTRUCTION CODE</u>  |                         |  |                         |                        |                                    |
| Construction Official:  |                         |  |                         |                        |                                    |
| Salaries and Wages  | 532,500.00              | 529,500.00                                     | 467,816.36              | 61,683.64              |                                    |
| Other Expenses  | 26,700.00               | 29,700.00                                      | 28,109.91               | 1,590.09               |                                    |
| <u>UNCLASSIFIED</u>   |                         |  |                         |                        |                                    |
| Utilities:  |                         |  |                         |                        |                                    |
| Electricity   | 200,000.00              | 200,000.00                                     | 125,702.64              | 74,297.36              |                                    |
| Telephones  | 107,100.00              | 107,100.00                                     | 97,892.82               | 9,207.18               |                                    |
| Water   | 32,700.00               | 32,700.00                                      | 28,163.01               | 4,536.99               |                                    |
| Natural Gas   | 80,000.00               | 80,000.00                                      | 71,390.74               | 8,609.26               |                                    |
| Gasoline  | 372,700.00              | 372,700.00                                     | 282,583.10              | 90,116.90              |                                    |
| Street Lighting   | 60,000.00               | 60,000.00                                      | 45,469.21               | 14,530.79              |                                    |
| <b>TOTAL OPERATIONS WITHIN "CAPS"</b>   | <b>\$ 17,001,388.00</b> | <b>\$ 16,982,420.40</b>                        | <b>\$ 14,875,779.20</b> | <b>\$ 2,106,641.20</b> | <b>\$</b>                          |
| <b>DEFERRED CHARGES AND REGULATORY EXPENDITURES -<br/>MUNICIPAL WITHIN "CAPS"</b>       |                         |  |                         |                        |                                    |
| Regulatory Expenditures:  |                         |  |                         |                        |                                    |
| Contribution to:  |                         |  |                         |                        |                                    |
| Public Employees' Retirement System   | 544,286.13              | 544,286.13                                     | 544,286.13              |                        | \$                                 |
| Social Security System  | 775,000.00              | 775,000.00                                     | 678,127.73              | 96,872.27              |                                    |
| Police and Firemen's Retirement System of NJ  | 633,494.87              | 644,962.47                                     | 644,941.60              | 20.87                  |                                    |
| Defined Contribution Retirement Program   | 250.00                  | 250.00   |                         | 250.00                 |                                    |
| Unemployment Insurance  | 81,000.00               | 81,000.00                                      | 50,000.00               | 31,000.00              |                                    |
| <b>TOTAL DEFERRED CHARGES AND REGULATORY<br/>EXPENDITURES - MUNICIPAL WITHIN "CAPS"</b> | <b>\$ 2,034,031.00</b>  | <b>\$ 2,045,498.60</b>                         | <b>\$ 1,917,355.46</b>  | <b>\$ 128,143.14</b>   | <b>\$</b>                          |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

|   | BUDGET           | APPROPRIATIONS<br>BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED | RESERVED        | UNEXPENDED<br>BALANCE<br>CANCELED |
|---|------------------|--|--------------------|-----------------|-----------------------------------|
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"       | \$ 19,035,419.00 | \$ 19,027,919.00                               | \$ 16,793,134.66   | \$ 2,234,784.34 | \$                                |
| MANDATED EXPENDITURES PER N.J.S. 40A:4-45.3g EXCLUDED FROM "CAPS"       | \$ 42,500.00     | \$ 50,000.00                                   | \$ 50,000.00       | \$              | \$                                |
| Aid to Borough of Rocky Hill Library (N.J.S.A.40A:54-35)                | 52,744.00        | 52,744.00                                      | 52,744.00          |                 |                                   |
| Group Insurance Plans for Employees                                     |                  |  |                    |                 |                                   |
| TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"                           | \$ 95,244.00     | \$ 102,744.00                                  | \$ 102,744.00      | \$              | \$                                |
| Additional Appropriations Offset by Revenue:                            |                  |  |                    |                 |                                   |
| Pre-K Program:  |                  |  |                    |                 |                                   |
| Salaries and Wages  | 1,156,000.00     | 1,156,000.00                                   | 1,126,006.00       | 29,994.00       | \$                                |
| Other Expenses  | 163,920.00       | 163,920.00                                     | 117,777.05         | 46,142.95       |                                   |
| TOTAL ADDITIONAL APPROPRIATIONS OFFSET BY REVENUE                       | \$ 1,319,920.00  | \$ 1,319,920.00                                | \$ 1,243,783.05    | \$ 76,136.95    | \$                                |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE                           |                  |  |                    |                 |                                   |
| Clean Communities Program (N.J.S.A. 40A:4-87 +\$48,818.86)              |                  | \$ 48,818.86                                   | \$ 48,818.86       | \$              | \$                                |
| Community Forest Green Communities Grant (N.J.S.A. 40A:4-87 +\$3,000)   |                  | 3,000.00                                       | 3,000.00           |                 |                                   |
| Municipal Alliance Fund:  |                  |  |                    |                 |                                   |
| County  | 21,565.13        | 21,565.13                                      | 21,565.13          |                 |                                   |
| Local Match   | 7,188.38         | 7,188.38                                       | 7,188.38           |                 |                                   |
| Drunk Driving Enforcement Grant (N.J.S.A. 40A:4-87 + \$4,057.61)        |                  | 4,057.61                                       | 4,057.61           |                 |                                   |
| Distracted Driver Grant (N.J.S.A. 40A:4-87 +\$5,000.00)                 |                  | 5,000.00                                       | 5,000.00           |                 |                                   |
| Green Avenue Improvements (N.J.S.A. 40A:4-87 +\$175,000.00)             |                  | 175,000.00                                     | 175,000.00         |                 |                                   |
| Drive Sober or Get Pulled Over - Labor Day (N.J.S.A. 40A:4-87 +\$5,000) |                  | 5,000.00                                       | 5,000.00           |                 |                                   |
| Drive Sober or Get Pulled Over - Year End Holiday                       |                  | 3,300.00                                       | 3,300.00           |                 |                                   |
| Body Armor Replacement Fund (N.J.S.A. 40A:4-87 + \$3,030.54)            |                  | 3,030.54                                       | 3,030.54           |                 |                                   |
| Youth Services Grant (N.J.S.A. 40A:4-87 +\$5,000.00)                    |                  | 5,000.00                                       | 5,000.00           |                 |                                   |
| NACCHO Grant  | 13,500.00        | 13,500.00                                      | 13,500.00          |                 |                                   |
| H.M. Grant Program (N.J.S.A. 40A:4-87 +\$75,000)                        |                  | 75,000.00                                      | 75,000.00          |                 |                                   |
| 2014 Click It or Ticket (N.J.S.A. 40A:4-87 +\$4,000.00)                 |                  | 4,000.00                                       | 4,000.00           |                 |                                   |
| Safe Corridors Grant (N.J.S.A. 40A:4-87 + \$21,762.89)                  |                  | 21,762.89                                      | 21,762.89          |                 |                                   |
| Supplemental Fire Grant   | 3,559.00         | 3,559.00                                       | 3,559.00           |                 |                                   |
| Chronic Disease Self-Management Program (N.J.S.A. 40A:4-87 + \$12,000)  |                  | 12,000.00                                      | 12,000.00          |                 |                                   |
| TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE                     | \$ 49,112.51     | \$ 410,782.41                                  | \$ 410,782.41      | \$              | \$                                |
| TOTAL OPERATIONS - EXCLUDED FROM "CAPS"                                 | \$ 1,464,276.51  | \$ 1,833,446.41                                | \$ 1,757,309.46    | \$ 76,136.95    | \$                                |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

|   | BUDGET           | APPROPRIATIONS<br>BUDGET AFTER<br>MODIFICATION | PAID OR<br>CHARGED | RESERVED        | UNEXPENDED<br>BALANCE<br>CANCELED |
|---|------------------|--|--------------------|-----------------|-----------------------------------|
| <u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>                                |                  |  |                    |                 |                                   |
| Capital Improvement Fund  | \$ 172,475.00    | \$ 172,475.00                                  | \$ 172,475.00      | \$              | \$                                |
| <u>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>                        | \$ 172,475.00    | \$ 172,475.00                                  | \$ 172,475.00      | \$              | \$                                |
| <u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>                              |                  |  |                    |                 |                                   |
| Payment of Bond Principal   | \$ 3,405,000.00  | \$ 3,405,000.00                                | \$ 3,405,000.00    | \$              | \$                                |
| Interest on Bonds   | 782,000.00       | 782,000.00                                     | 781,812.50         |                 | 187.50                            |
| Loan Repayments for Principal and Interest                                      | 372,050.00       | 372,050.00                                     | 372,025.63         |                 | 24.37                             |
| <u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>                        | \$ 4,559,050.00  | \$ 4,559,050.00                                | \$ 4,558,838.13    | \$              | \$ 211.87                         |
| <u>DEFERRED CHARGES-EXCLUDED FROM "CAPS"</u>                                    |                  |  |                    |                 |                                   |
| Deferred Charges Unfunded:  |                  |  |                    |                 |                                   |
| Ordinance 836   | \$ 700.00        | \$ 700.00                                      | \$ 670.00          | \$              | \$ 30.00                          |
| Ordinance 1129  | 32,700.00        | 32,700.00                                      | 32,680.84          |                 | 19.16                             |
| Ordinance 1200  | 7,000.00         | 7,000.00                                       | 7,000.00           |                 |                                   |
| Ordinance 1201  | 23,500.00        | 23,500.00                                      | 23,500.00          |                 |                                   |
| Ordinance 1223  | 500.00           | 500.00   | 465.62             |                 | 34.38                             |
| Ordinance 1295  | 21,900.00        | 21,900.00                                      | 21,900.00          |                 |                                   |
| Ordinance 1326  | 18,800.00        | 18,800.00                                      | 18,750.00          |                 | 50.00                             |
| Ordinance 1361A   | 515.25           | 515.25   | 515.25             |                 |                                   |
| Ordinance 1361B   | 5,984.75         | 5,984.75                                       | 5,937.50           |                 | 47.25                             |
| Ordinance 1387  | 1,800.00         | 1,800.00                                       | 1,776.35           |                 | 23.65                             |
| Ordinance 1416  | 4,600.00         | 4,600.00                                       | 4,600.00           |                 |                                   |
| <u>TOTAL DEFERRED CHARGES-EXCLUDED FROM "CAPS"</u>                              | \$ 118,000.00    | \$ 118,000.00                                  | \$ 117,795.56      | \$              | \$ 204.44                         |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u> | \$ 6,313,801.51  | \$ 6,682,971.41                                | \$ 6,606,418.15    | \$ 76,136.95    | \$ 416.31                         |
| <u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>           | \$ 25,349,220.51 | \$ 25,710,890.41                               | \$ 23,399,552.81   | \$ 2,310,921.29 | \$ 416.31                         |
|   | 999,156.33       | 999,156.33                                     | 999,156.33         |                 |                                   |
| <u>TOTAL GENERAL APPROPRIATIONS</u>   | \$ 26,348,376.84 | \$ 26,710,046.74                               | \$ 24,398,709.14   | \$ 2,310,921.29 | \$ 416.31                         |

REF. A-2 A-1 A:A-1

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

|                                 |      |                                |                                |
|---------------------------------|------|--------------------------------|--------------------------------|
| Appropriation by 40A:4-87       |      |                                |                                |
| Budget                          | A-2  | \$ 361,669.90                  |                                |
|                                 | A-2  | <u>26,348,376.84</u>           |                                |
|                                 |      | \$ <u><u>26,710,046.74</u></u> |                                |
| Cash Disbursements              | A-4  |                                | \$ 22,311,160.38               |
| Reserve for Encumbrances        | A-19 |                                | 681,628.59                     |
| Reserve for Grants Appropriated | A-27 |                                | 407,223.41                     |
| Reserve for Uncollected Taxes   | A-2  |                                | <u>999,156.33</u>              |
|                                 |      |                                | \$ <u>24,399,168.71</u>        |
| Less: Refunds Cash              | A-4  |                                | <u>459.57</u>                  |
|                                 |      |                                | \$ <u><u>24,398,709.14</u></u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

TOWNSHIP OF MONTGOMERY

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

|                         | <u>REF.</u> | BALANCE<br>DECEMBER<br><u>31, 2014</u> | BALANCE<br>DECEMBER<br><u>31, 2013</u> |
|-------------------------|-------------|--|--|
| <u>ASSETS</u>           |             |  |  |
| Assessment Fund:        |             |  |  |
| Cash                    | B-2         | \$ 63,099.25                           | \$ 63,298.10                           |
| Prospective Assessments | B-4         | <u>138,223.80</u>                      | <u>138,223.80</u>                      |
|                         |             | \$ <u>201,323.05</u>                   | \$ <u>201,521.90</u>                   |
| Animal Control Fund:    |             |  |  |
| Cash                    | B-2         | \$ 75,465.73                           | \$ 82,379.28                           |
| Due State of New Jersey | B-8         | 44.00                                  | 85.80                                  |
| Interfunds Receivable   | B-11        | <u>                    </u>            | <u>0.50</u>                            |
|                         |             | \$ <u>75,509.73</u>                    | \$ <u>82,465.58</u>                    |
| Other Funds:            |             |  |  |
| Cash                    | B-2         | \$ 14,800,706.85                       | \$ 12,106,371.41                       |
| Interfunds Receivable   | B-6         | <u>137.08</u>                          | <u>826,150.59</u>                      |
|                         |             | \$ <u>14,800,843.93</u>                | \$ <u>12,932,522.00</u>                |
|                         |             | \$ <u><u>15,077,676.71</u></u>         | \$ <u><u>13,216,509.48</u></u>         |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

|   | <u>REF.</u> | BALANCE<br>DECEMBER<br><u>31, 2014</u> | BALANCE<br>DECEMBER<br><u>31, 2013</u> |
|---|-------------|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> |             |  |  |
| Assessment Fund:                              |             |  |  |
| Interfunds Payable                            | B-3         | \$ 11.03                               | \$ 209.88                              |
| Reserve for:                                  |             |  |  |
| Prospective Assessments Funded                | B-5         | 138,223.80                             | 138,223.80                             |
| Fund Balance                                  | B-1         | <u>63,088.22</u>                       | <u>63,088.22</u>                       |
|   |             | \$ <u>201,323.05</u>                   | \$ <u>201,521.90</u>                   |
| Animal Control Fund:                          |             |  |  |
| Encumbrances Payable                          | B-10        | \$ 5,159.15                            | \$ 9,609.89                            |
| Interfunds Payable                            | B-11        |  | 13,500.00                              |
| Prepaid Licenses                              |             | 120.00                                 |  |
| Reserve for Animal Control Expenditures       | B-9         | <u>70,230.58</u>                       | <u>59,355.69</u>                       |
|   |             | \$ <u>75,509.73</u>                    | \$ <u>82,465.58</u>                    |
| Other Funds:                                  |             |  |  |
| Encumbrances Payable                          | B-7         | \$ 98,330.17                           | \$ 204,824.82                          |
| Interfunds Payable                            | B-6         | 197,866.26                             | 175,571.63                             |
| Reserve For:                                  |             |  |  |
| Township Open Space                           | B-13        | 3,250,900.40                           | 3,380,024.97                           |
| Various Trust Deposits                        | B-12        | <u>11,253,747.10</u>                   | <u>9,172,100.58</u>                    |
|   |             | \$ <u>14,800,843.93</u>                | \$ <u>12,932,522.00</u>                |
|   |             | \$ <u><u>15,077,676.71</u></u>         | \$ <u><u>13,216,509.48</u></u>         |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

TRUST FUND

STATEMENT OF ASSESSMENT TRUST FUND BALANCE - REGULATORY BASIS

|                            | <u>REF.</u> |                            |
|----------------------------|-------------|----------------------------|
| Balance, December 31, 2013 | B           | \$ <u>63,088.22</u>        |
| Balance, December 31, 2014 | B           | \$ <u><u>63,088.22</u></u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

|   | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2014</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2013</u> |
|---|-------------|--|--|
| <u>ASSETS</u>                                     |             |  |  |
| Cash  | C-2:C-3     | \$ 4,871,514.01                          | \$ 6,989,959.11                          |
| Investments- U.S. Government Securities           | C-15        |  | 97,872.60                                |
| Deferred Charges to Future Taxation - Funded      | C-4         | 22,176,776.14                            | 25,923,334.39                            |
| Deferred Charges to Future Taxation - Unfunded    | C-5         | 5,536,522.08                             | 3,800,677.64                             |
| Interfunds Receivable                             | C-10        | 450.00                                   | 82,845.00                                |
| Accounts Receivable                               | C-11        | 331,462.62                               | 331,462.62                               |
| Due From Developers                               | C-16        | 333,937.75                               | 333,937.75                               |
|   |             | <u>\$ 33,250,662.60</u>                  | <u>\$ 37,560,089.11</u>                  |
| <br><u>LIABILITIES, RESERVES AND FUND BALANCE</u> |             |  |  |
| Serial Bonds Payable                              | C-13        | \$ 20,910,000.00                         | \$ 24,315,000.00                         |
| Green Trust Loans Payable                         | C-12        | 1,266,776.14                             | 1,608,334.39                             |
| Improvement Authorizations:                       |             |  |  |
| Funded  | C-7         | 2,466,982.45                             | 3,216,552.45                             |
| Unfunded  | C-7         | 2,254,929.49                             | 1,545,614.91                             |
| Interfunds Payable                                | C-10        | 2,000,000.00                             | 805,088.81                               |
| Reserve for:                                      |             |  |  |
| Contracts Payable                                 | C-6         | 1,503,273.82                             | 1,110,800.96                             |
| Various Reserves                                  | C-14        | 606,665.24                               | 717,253.07                               |
| Developers Contribution Deposits                  | C-9         | 867,364.15                               | 874,598.21                               |
| Capital Improvement Fund                          | C-8         | 124,916.30                               | 169,091.30                               |
| Fund Balance                                      | C-1         | 1,249,755.01                             | 3,197,755.01                             |
|   |             | <u>\$ 33,250,662.60</u>                  | <u>\$ 37,560,089.11</u>                  |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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

|  | <u>REF.</u> |                        |
|--|-------------|------------------------|
| Balance, December 31, 2013                   | C           | \$ 3,197,755.01        |
| Decreased by:                                |             |                        |
| Utilized as Anticipated Revenue-Current Fund | C-2         | <u>1,948,000.00</u>    |
| Balance, December 31, 2014                   | C           | <u>\$ 1,249,755.01</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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SEWER UTILITY FUND

TOWNSHIP OF MONTGOMERY

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

|  | <u>REF.</u> | <u>BALANCE</u><br><u>DECEMBER</u><br><u>31, 2014</u> | <u>BALANCE</u><br><u>DECEMBER</u><br><u>31, 2013</u> |
|--|-------------|--|--|
| <u>ASSETS</u>                            |             |  |  |
| Operating Fund:                          |             |  |  |
| Cash-Treasurer                           | D-5         | \$ 3,141,537.33                                      | \$ 3,590,395.43                                      |
| Interfunds Receivable                    | D-20        | 21,061.78  | 12,184.04  |
|  |             | \$ <u>3,162,599.11</u>                               | \$ <u>3,602,579.47</u>                               |
| Receivables With Full Reserves:          |             |  |  |
| Consumer Accounts Receivable             | D-7         | \$ 195,283.82  | \$ 189,836.13  |
| <u>Total Operating Fund</u>              |             | \$ <u>3,357,882.93</u>                               | \$ <u>3,792,415.60</u>                               |
| Capital Fund:                            |             |  |  |
| Cash-Treasurer                           | D-5         | \$ 12,552,434.58                                     | \$ 15,277,893.79                                     |
| Fixed Capital                            | D-18        | 945,845.93   | 945,845.93   |
| Fixed Capital Authorized and Uncompleted | D-16        | 46,494,697.25  | 45,962,197.25  |
| Loans Receivable                         | D-8         | 545,911.00   | 553,644.78   |
| Interfunds Receivable                    | D-24        | 2,000,821.66   |  |
| <u>Total Capital Fund</u>                |             | \$ <u>62,539,710.42</u>                              | \$ <u>62,739,581.75</u>                              |
|  |             | \$ <u><u>65,897,593.35</u></u>                       | \$ <u><u>66,531,997.35</u></u>                       |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

|   | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2014</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2013</u> |
|---|-------------|--|--|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> |             |  |  |
| Operating Fund:                               |             |  |  |
| Liabilities:                                  |             |  |  |
| Appropriation Reserves                        | D-4:D-10    | \$ 691,620.15                            | \$ 216,840.45                            |
| Sewer Overpayments                            | D-9         | 18.41                                    | 242.13                                   |
| Encumbrances Payable                          | D-11        | 281,022.14                               | 395,518.72                               |
| Prepaid Sewer Rents                           | D-13        | 15,810.75                                | 11,742.10                                |
| Accrued Interest                              | D-19        | 277,293.00                               | 293,313.67                               |
| Interfunds Payable                            | D-20        | 821.66                                   | 23,546.78                                |
|   |             | \$ <u>1,266,586.11</u>                   | \$ <u>941,203.85</u>                     |
| Reserve for Receivables                       | D           | 195,283.82                               | 189,836.13                               |
| Fund Balance                                  | D-1         | <u>1,896,013.00</u>                      | <u>2,661,375.62</u>                      |
|   |             | \$ <u>3,357,882.93</u>                   | \$ <u>3,792,415.60</u>                   |
| <u>Total Operating Fund</u>                   |             |  |  |
| Capital Fund:                                 |             |  |  |
| Capital Improvement Fund                      | D-14        | \$ 902,634.02                            | \$ 902,634.02                            |
| Contracts Payable                             | D-12        | 994,195.20                               | 2,008,441.88                             |
| New Jersey Environmental Infrastructure       |             |  |  |
| Trust Loans Payable                           | D-17        | 22,564,827.21                            | 23,910,611.14                            |
| Sewer Bonds Payable                           | D-23        | 11,550,000.00                            | 11,825,000.00                            |
| Interfunds Payable                            | D-24        | 137.08                                   | 12,184.04                                |
| Reserve for:                                  |             |  |  |
| Deferred Amortization                         | D-22        | 10,340,040.64                            | 8,321,141.91                             |
| Amortization                                  | D-21        | 804,759.53                               | 804,759.53                               |
| Improvement Authorizations:                   |             |  |  |
| Funded  | D-15        | 10,588,887.06                            | 10,253,587.35                            |
| Unfunded                                      | D-15        | 1,918,717.60                             | 1,825,709.80                             |
| Fund Balance                                  | D-2         | <u>2,875,512.08</u>                      | <u>2,875,512.08</u>                      |
|   |             | \$ <u>62,539,710.42</u>                  | \$ <u>62,739,581.75</u>                  |
| <u>Total Capital Fund</u>                     |             |  |  |
|   |             | \$ <u>65,897,593.35</u>                  | \$ <u>66,531,997.35</u>                  |

The accompanying Notes to the Financial Statements are an integral part of this statement.

## TOWNSHIP OF MONTGOMERY

## SEWER UTILITY FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

|  | REF.    | YEAR ENDED<br>DECEMBER<br>31, 2014 | YEAR ENDED<br>DECEMBER<br>31, 2013 |
|--|---------|------------------------------------|------------------------------------|
| <u>REVENUE AND OTHER INCOME REALIZED</u>     |         |                                    |                                    |
| Fund Balance Utilized                        | D-3     | \$ 1,650,000.00                    | \$ 2,427,500.00                    |
| Sewer Use Charges                            | D-3     | 5,411,090.60                       | 5,111,253.79                       |
| Sewer Capacity                               | D-3     | 750,000.00                         |                                    |
| Other Credits to Income:                     |         |                                    |                                    |
| Unexpended Balance of Appropriation Reserves | D-10    | 135,776.00                         | 439,677.15                         |
| Miscellaneous Revenue Not Anticipated        | D-3     | <u>100,106.64</u>                  | <u>217,228.05</u>                  |
| <u>TOTAL INCOME</u>                          |         | \$ <u>8,046,973.24</u>             | \$ <u>8,195,658.99</u>             |
| <u>EXPENDITURES</u>                          |         |                                    |                                    |
| Operating                                    | D-4     | \$ 3,418,800.00                    | \$ 3,167,012.00                    |
| Capital Improvements                         | D-4     | 382,500.00                         | 100,000.00                         |
| Debt Service                                 | D-4     | 2,446,068.90                       | 2,741,950.67                       |
| Regulatory Expenditures and Deferred Charges | D-4     | 177,679.80                         | 192,002.80                         |
| Surplus (General Budget)                     | D-4     | 734,000.00                         | 919,100.00                         |
| Refund of Prior Year Revenues                | D-5     | <u>3,287.16</u>                    | <u>50.00</u>                       |
| <u>TOTAL EXPENDITURES</u>                    |         | \$ <u>7,162,335.86</u>             | \$ <u>7,120,115.47</u>             |
| Excess in Revenue                            |         | \$ 884,637.38                      | \$ 1,075,543.52                    |
| <u>Fund Balance</u>                          |         |                                    |                                    |
| Balance, January 1                           | D       | <u>2,661,375.62</u>                | <u>4,013,332.10</u>                |
|  |         | \$ <u>3,546,013.00</u>             | \$ <u>5,088,875.62</u>             |
| Decreased by:                                |         |                                    |                                    |
| Utilization by Sewer Operating Budget        | D-1:D-3 | <u>1,650,000.00</u>                | <u>2,427,500.00</u>                |
| Balance, December 31                         | D       | \$ <u><u>1,896,013.00</u></u>      | \$ <u><u>2,661,375.62</u></u>      |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS

|                            | <u>REF.</u> |                               |
|----------------------------|-------------|-------------------------------|
| Balance, December 31, 2013 | D           | \$ <u>2,875,512.08</u>        |
| Balance, December 31, 2014 | D           | \$ <u><u>2,875,512.08</u></u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

|                          | <u>REF.</u> | <u>ANTICIPATED</u>     | <u>REALIZED</u>        | <u>EXCESS</u>        |
|--------------------------|-------------|------------------------|------------------------|----------------------|
| Fund Balance Anticipated | D-1         | \$ 1,650,000.00        | \$ 1,650,000.00        | \$                   |
| Sewer Use Charges        | D-1:D-3     | 4,794,265.00           | 5,411,090.60           | 616,825.60           |
| Sewer Capacity           | D-1:D-5     | 750,000.00             | 750,000.00             |                      |
| Miscellaneous            | D-1:D-3     |                        | 100,106.64             | 100,106.64           |
|                          | D-4         | <u>\$ 7,194,265.00</u> | <u>\$ 7,911,197.24</u> | <u>\$ 716,932.24</u> |

ANALYSIS OF REALIZED REVENUE

Sewer Use Charges:

Consumer Accounts Receivable:

|                      |     |                        |
|----------------------|-----|------------------------|
| Collected            | D-7 | \$ 5,399,106.37        |
| Prepaid Applied      | D-7 | 11,742.10              |
| Overpayments Applied | D-6 | <u>242.13</u>          |
|                      | D-3 | <u>\$ 5,411,090.60</u> |

Miscellaneous:

|                                     |  |                  |
|-------------------------------------|--|------------------|
| Interest on Investments - Treasurer |  | \$ 12,543.67     |
| Sump and Drain                      |  | 9,600.00         |
| Miscellaneous                       |  | <u>40,411.92</u> |

|                                 |     |                      |
|---------------------------------|-----|----------------------|
|                                 | D-5 | \$ 62,555.59         |
| Collector:                      |     |                      |
| Miscellaneous - Collector       | D-6 | \$ 9,364.79          |
| Interest on Delinquent Accounts | D-6 | <u>28,186.26</u>     |
|                                 |     | <u>\$ 37,551.05</u>  |
|                                 | D-3 | <u>\$ 100,106.64</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTGOMERY

SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

|  | APPROPRIATIONS         |                           | EXPENDED               |                      | CANCELED            |
|--|------------------------|---------------------------|------------------------|----------------------|---------------------|
|  | BUDGET                 | BUDGET AFTER MODIFICATION | PAID OR CHARGED        | RESERVED             |                     |
| Operating:                                     |                        |                           |                        |                      |                     |
| Salaries and Wages                             | \$ 917,000.00          | \$ 917,000.00             | \$ 868,895.62          | \$ 48,104.38         | \$                  |
| Other Expenses                                 | 2,501,800.00           | 2,501,800.00              | 1,866,038.86           | 635,761.14           |                     |
| <u>Total Operating</u>                         | <u>\$ 3,418,800.00</u> | <u>\$ 3,418,800.00</u>    | <u>\$ 2,734,934.48</u> | <u>\$ 683,865.52</u> | <u>\$</u>           |
| Capital Improvements:                          |                        |                           |                        |                      |                     |
| Capital Improvement Fund                       | \$ 382,500.00          | \$ 382,500.00             | \$ 382,500.00          |                      | \$                  |
| <u>Total Capital Improvements</u>              | <u>\$ 382,500.00</u>   | <u>\$ 382,500.00</u>      | <u>\$ 382,500.00</u>   | <u>\$</u>            | <u>\$</u>           |
| Debt Service:                                  |                        |                           |                        |                      |                     |
| Payment of Bond Principal                      | \$ 275,000.00          | \$ 275,000.00             | \$ 275,000.00          |                      | \$                  |
| Interest on Bonds                              | 407,300.00             | 407,300.00                | 404,550.33             |                      | 2,749.67            |
| NJ EIT Loan Payment for Principal and Interest | 1,798,600.00           | 1,798,600.00              | 1,766,518.57           |                      | 32,081.43           |
| <u>Total Debt Service</u>                      | <u>\$ 2,480,900.00</u> | <u>\$ 2,480,900.00</u>    | <u>\$ 2,446,068.90</u> | <u>\$</u>            | <u>\$ 34,831.10</u> |
| Deferred Charges and Statutory Expenditures:   |                        |                           |                        |                      |                     |
| Emergency Authorizations                       | \$                     | \$                        | \$                     | \$                   | \$                  |
| Deferred Unfunded - Ord. 99-984                | 7,500.00               | 7,500.00                  | 7,500.00               |                      |                     |
| Deferred Unfunded - Ord. 10-1363               | 2,000.00               | 2,000.00                  | 1,740.10               |                      | 259.90              |
| Deferred Unfunded - Ord. 11-1388               | 6,000.00               | 6,000.00                  | 5,910.70               |                      | 89.30               |
| Deferred Unfunded - Ord. 12-1417               | 500.00                 | 500.00                    | 464.00                 |                      | 36.00               |
| <u>Total Deferred Charges</u>                  | <u>\$ 16,000.00</u>    | <u>\$ 16,000.00</u>       | <u>\$ 15,614.80</u>    | <u>\$</u>            | <u>\$ 385.20</u>    |
| Regulatory Expenditures:                       |                        |                           |                        |                      |                     |
| Contributions To:                              |                        |                           |                        |                      |                     |
| Social Security System (O.A.S.I.)              | \$ 71,000.00           | \$ 71,000.00              | \$ 63,245.37           | \$ 7,754.63          | \$                  |
| Public Employees' Retirement System            | 91,065.00              | 91,065.00                 | 91,065.00              |                      |                     |
| <u>Total Regulatory Expenditures</u>           | <u>\$ 162,065.00</u>   | <u>\$ 162,065.00</u>      | <u>\$ 154,310.37</u>   | <u>\$ 7,754.63</u>   | <u>\$</u>           |
| Surplus (General Budget)                       | \$ 734,000.00          | \$ 734,000.00             | \$ 734,000.00          |                      | \$                  |
|  | <u>\$ 7,194,265.00</u> | <u>\$ 7,194,265.00</u>    | <u>\$ 6,467,428.55</u> | <u>\$ 691,620.15</u> | <u>\$ 35,216.30</u> |
| REF.   | D-3                    |                           | D-1                    | D:D-1                |                     |
| Cash Disbursements                             | D-5                    |                           | \$ 5,520,378.44        |                      |                     |
| Accrued Interest                               | D-19                   |                           | 753,375.76             |                      |                     |
| Encumbrances Payable                           | D-11                   |                           | 193,674.35             |                      |                     |
|  |                        |                           | <u>\$ 6,467,428.55</u> |                      |                     |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE TRUST FUND

"E"

TOWNSHIP OF MONTGOMERY  
PUBLIC ASSISTANCE TRUST FUND  
BALANCE SHEETS - REGULATORY BASIS

|                                 | <u>REF.</u> | BALANCE<br>DECEMBER<br><u>31, 2014</u> | BALANCE<br>DECEMBER<br><u>31, 2013</u> |
|---------------------------------|-------------|--|--|
| <u>ASSETS</u>                   |             |  |  |
| Cash - P.A.T.F. I               | E-1         | \$ 2,213.28                            | \$ 2,212.11                            |
| Cash - P.A.T.F. II              | E-1         | 1,397.73                               | 1,396.66                               |
| Due P.A.T.F. I - P.A.T.F. II    |             | <u>188.49</u>                          | <u>188.49</u>                          |
|                                 |             | <u>\$ 3,799.50</u>                     | <u>\$ 3,797.26</u>                     |
| <u>LIABILITIES AND RESERVES</u> |             |  |  |
| Due State of New Jersey         |             | \$ 960.00                              | \$ 960.00                              |
| Due P.A.T.F. I - P.A.T.F. II    |             | 188.49                                 | 188.49                                 |
| Reserve for Public Assistance   |             | <u>2,651.01</u>                        | <u>2,648.77</u>                        |
|                                 |             | <u>\$ 3,799.50</u>                     | <u>\$ 3,797.26</u>                     |

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF MONTGOMERY  
GENERAL FIXED ASSETS ACCOUNT GROUP  
BALANCE SHEETS - REGULATORY BASIS

|                                     | BALANCE<br>DECEMBER<br><u>31, 2014</u> | BALANCE<br>DECEMBER<br><u>31, 2013</u> |
|-------------------------------------|--|--|
| Fixed Assets:                       |  |  |
| Land                                | \$ 28,825,123.38                       | \$ 28,813,754.38                       |
| Buildings                           | 37,415,480.98                          | 37,275,898.15                          |
| Machinery and Equipment             | <u>5,313,861.82</u>                    | <u>2,843,351.86</u>                    |
| <u>Total Fixed Assets</u>           | <u>\$ 71,554,466.18</u>                | <u>\$ 68,933,004.39</u>                |
| Reserve:                            |  |  |
| Investments in General Fixed Assets | <u>\$ 71,554,466.18</u>                | <u>\$ 68,933,004.39</u>                |

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MONTGOMERY

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Montgomery is an instrumentality of the State of New Jersey, established to function as a municipality. The governing body consists of five members, each elected on a partisan basis, serving the Township for staggered three-year terms.

Except as noted below, the financial statements of the Township of Montgomery include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Montgomery, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Montgomery do not include the operations of the first aid organizations, volunteer fire companies or the Board of Education, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Montgomery 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 respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Montgomery are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Trust Funds – receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

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 government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. All grants are realized as revenues when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance.

Appropriation reserves covering unexpended 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 and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported 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 has not been accounted for separately.

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. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Compensated Absences - The Township has adopted written policies through employee contract and municipal ordinances which set forth the terms under which an employee may accumulate earned, but not used, vacation and sick leave. The Township records expenditures for payment of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available resources, and that expenditures be recorded in the enterprise (Sewer Utility) fund on an accrual basis.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Water Utility and Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

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. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. 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 cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Montgomery had the following cash and cash equivalents at December 31, 2014:

| FUND                           | CASH                    |                      | LESS<br>O/S CHECKS<br>& DEDUCTIONS | TOTAL                   |
|--------------------------------|-------------------------|----------------------|------------------------------------|-------------------------|
|                                | ON<br>DEPOSIT           | ON<br>HAND           |                                    |                         |
| Current Fund                   | \$ 11,973,184.28        | \$ 429,030.03        | \$ 101,578.46                      | \$ 12,300,635.85        |
| Assessment Trust Fund          | 63,099.25               |                      |                                    | 63,099.25               |
| Animal Control Fund            | 74,937.72               | 632.41               | 104.40                             | 75,465.73               |
| Other Trust Fund               | 14,921,077.33           | 372,489.52           | 492,860.00                         | 14,800,706.85           |
| General Capital Fund           | 4,872,075.86            |                      | 561.85                             | 4,871,514.01            |
| Sewer Utility Operating Fund   | 3,127,835.08            | 41,967.75            | 28,265.50                          | 3,141,537.33            |
| Sewer Utility Capital Fund     | 12,552,499.88           |                      | 65.30                              | 12,552,434.58           |
| Public Assistance Trust Fund   | 3,611.01                |                      |                                    | 3,611.01                |
| <b>TOTAL DECEMBER 31, 2014</b> | <b>\$ 47,588,320.41</b> | <b>\$ 844,119.71</b> | <b>\$ 623,435.51</b>               | <b>\$ 47,809,004.61</b> |

Custodial Credit Risk-Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2014, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank \$250,000.00 was covered by Federal Depository Insurance and \$47,338,320.41 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (c.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (c.17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, based by the full faith and credit of the Township.

SUMMARY OF MUNICIPAL DEBT

|  | <u>YEAR 2014</u>            | <u>YEAR 2013</u>            | <u>YEAR 2012</u>            |
|--|-----------------------------|-----------------------------|-----------------------------|
| Issued:  |                             |                             |                             |
| General:   |                             |                             |                             |
| Bonds, Notes and Loans   | \$ 22,176,776.14            | \$ 25,923,334.39            | \$ 29,629,124.92            |
| Sewer Utility:   |                             |                             |                             |
| Bonds, Notes and Loans   | 34,114,827.21               | 35,735,611.14               | 38,005,235.07               |
| Less:  |                             |                             |                             |
| Funds Temporarily Held to Pay                                      |                             |                             |                             |
| Bonds and Notes - General Capital                                  | <u>243,710.10</u>           | <u>355,769.25</u>           | <u>395,268.09</u>           |
| <br><u>Net Debt Issued</u>   | <br><u>\$ 56,047,893.25</u> | <br><u>\$ 61,303,176.28</u> | <br><u>\$ 67,239,091.90</u> |
| Authorized But Not Issued:   |                             |                             |                             |
| General - Bonds and Notes  | \$ 5,536,522.08             | \$ 3,800,677.64             | \$ 2,357,611.21             |
| Sewer Utility - Bonds and Notes                                    | <u>2,180,915.80</u>         | <u>2,046,530.60</u>         | <u>3,096,277.00</u>         |
| <br><u>Total Authorized But Not Issued</u>                         | <br><u>\$ 7,717,437.88</u>  | <br><u>\$ 5,847,208.24</u>  | <br><u>\$ 5,453,888.21</u>  |
| <br>NET BONDS AND NOTES<br>ISSUED AND AUTHORIZED<br>BUT NOT ISSUED | <br><u>\$ 63,765,331.13</u> | <br><u>\$ 67,150,384.52</u> | <br><u>\$ 72,692,980.11</u> |

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF REGULATORY 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 regulatory net debt of .613%.

|                               | <u>GROSS DEBT</u>        | <u>DEDUCTIONS</u>        | <u>NET DEBT</u>         |
|-------------------------------|--------------------------|--------------------------|-------------------------|
| Regional School District Debt | \$ 23,273,424.24         | \$ 23,273,424.24         | \$                      |
| Local School District Debt    | 41,590,000.00            | 41,590,000.00            |                         |
| Sewer Utility Debt            | 36,295,743.01            | 36,295,743.01            |                         |
| General Debt                  | <u>27,713,298.22</u>     | <u>243,710.10</u>        | <u>27,469,588.12</u>    |
|                               | <u>\$ 128,872,465.47</u> | <u>\$ 101,402,877.35</u> | <u>\$ 27,469,588.12</u> |

NET DEBT \$27,469,588.12 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$4,477,700,881.67 EQUALS .613%.

EQUALIZED VALUATION BASIS

|   |                            |
|---|----------------------------|
| 2012 Equalized Valuation Basis of Real Property | \$ 4,601,611,778.00        |
| 2013 Equalized Valuation Basis of Real Property | 4,432,094,999.00           |
| 2014 Equalized Valuation Basis of Real Property | <u>4,399,395,868.00</u>    |
|   | <u>\$ 4,477,700,881.67</u> |

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

|  |                            |
|--|----------------------------|
| Equalized Valuation Basis* - December 31, 2014 | \$ <u>4,477,700,881.67</u> |
| 3-1/2% of Equalized Valuation Basis            | \$ 156,719,530.86          |
| Net Debt                                       | <u>27,469,588.12</u>       |
| Remaining Borrowing Power                      | \$ <u>129,249,942.74</u>   |

\*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 4% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"  
SEWER UTILITY PER N.J.S.40A:2-45

|  |                     |                       |
|--|---------------------|-----------------------|
| Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus |                     | \$7,911,197.24        |
| Deduction:   |                     |                       |
| Operating and Maintenance Cost   | \$3,580,865.00      |                       |
| Debt Service Per Sewer Utility Account   | <u>2,446,068.90</u> |                       |
|  |                     | <u>6,026,933.90</u>   |
| Excess in Revenue - Self Liquidating   |                     | <u>\$1,884,263.34</u> |

NOTE 3: LONG-TERM DEBT (CONTINUED)

GENERAL CAPITAL FUND

General Serial Bonds

\$11,475,000, Refunding Bonds Series 2012, due in annual installments of \$30,000 to \$3,190,000 through August 1, 2018 at variable interest rates of 2% to 4% \$ 8,410,000.00

\$13,225,000, General Improvement Bonds Series 2012, due in annual installments of \$355,000 to \$710,000 through September 1, 2037 at variable interest rates of 2% to 5% 12,500,000.00

Total General Serial Bonds \$ 20,910,000.00

Green Acres Loans

\$3,787,500, Open Space, due in annual installments of \$240,593.34 through October 11, 2016, interest at 2.00% \$ 469,393.47

\$45,000, Open Space, due in annual installments of \$2,798.24 through April 20, 2021, interest at 2.00% 16,976.53

\$2,025,000, Open Space, due in annual installments of \$128,634.06 through June 27, 2021, interest at 2.00% 780,406.14

Total Green Acres Loans \$ 1,266,776.14

TOTAL GENERAL CAPITAL DEBT \$ 22,176,776.14

NOTE 3: LONG-TERM DEBT (CONTINUED)

SEWER UTILITY CAPITAL FUND

N.J. Environmental Infrastructure Trust Loans

|   |                         |
|---|-------------------------|
| \$10,939,534, Skillman Fund Loan, due in annual installments of \$329,974.11 through 2029, interest at 0.00%                                | \$ 4,595,771.67         |
| \$3,780,000, Skillman Trust Loan, due in annual installments of \$140,000 to \$290,000 through August 1, 2029, interest at 3.00% to 5.00%   | 3,015,000.00            |
| \$3,310,235, Pike Brook Fund Loan, due in annual installments of \$183,901.93 through 2029, interest at 0.00%                               | 2,758,529.21            |
| \$4,400,000, Pike Brook Trust Loan, due in annual installments of \$160,000 to \$335,000 through August 1, 2029, interest at 3.00% to 5.00% | 3,890,000.00            |
| \$8,111,250, Pike Brook Trust Loan, due in annual installments of \$426,907.89 through 2029, interest at 0.00%                              | 6,830,526.33            |
| \$1,675,000, Pike Brook Fund Loan, due in annual installments of \$65,000 to \$120,000 through August 1, 2030, interest at 3.00% to 4.38%   | <u>1,475,000.00</u>     |
| <u>Total N.J. Environmental Infrastructure Trust Loans</u>  | <u>\$ 22,564,827.21</u> |

Serial Bonds

|  |                                |
|--|--------------------------------|
| \$12,095,000, Sewer Utility Bonds Series 2012, due in annual installments of \$270,000 to \$540,000 through September 1, 2042 at variable interest rates of 2% to 5% | <u>\$ 11,550,000.00</u>        |
| <b>TOTAL SEWER UTILITY CAPITAL DEBT</b>  | <u><b>\$ 34,114,827.21</b></u> |

Bonds and Notes Authorized But Not Issued

At December 31, 2014, the Township has authorized but not issued bonds and notes as follows:

|                            |                       |
|----------------------------|-----------------------|
| General Capital Fund       | <u>\$5,536,522.08</u> |
| Sewer Utility Capital Fund | <u>\$2,180,915.80</u> |

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2014

| Calendar<br>Year | <u>General Capital</u>  |                        | <u>Sewer Utility Capital</u> |                        | <u>Total</u>            |
|------------------|-------------------------|------------------------|------------------------------|------------------------|-------------------------|
|                  | <u>Principal</u>        | <u>Interest</u>        | <u>Principal</u>             | <u>Interest</u>        |                         |
| 2015             | \$ 3,480,000.00         | \$ 710,012.50          | \$ 285,000.00                | \$ 399,050.00          | \$ 4,874,062.50         |
| 2016             | 3,590,000.00            | 605,612.50             | 295,000.00                   | 390,500.00             | 4,881,112.50            |
| 2017             | 1,960,000.00            | 493,912.50             | 305,000.00                   | 378,700.00             | 3,137,612.50            |
| 2018             | 1,010,000.00            | 412,812.50             | 315,000.00                   | 363,450.00             | 2,101,262.50            |
| 2019             | 445,000.00              | 368,112.50             | 325,000.00                   | 347,700.00             | 1,485,812.50            |
| 2020             | 455,000.00              | 345,862.50             | 335,000.00                   | 331,450.00             | 1,467,312.50            |
| 2021             | 465,000.00              | 323,112.50             | 345,000.00                   | 314,700.00             | 1,447,812.50            |
| 2022             | 475,000.00              | 299,862.50             | 350,000.00                   | 297,450.00             | 1,422,312.50            |
| 2023             | 490,000.00              | 276,112.50             | 360,000.00                   | 279,950.00             | 1,406,062.50            |
| 2024             | 505,000.00              | 261,412.50             | 370,000.00                   | 269,150.00             | 1,405,562.50            |
| 2025             | 520,000.00              | 246,262.50             | 380,000.00                   | 258,050.00             | 1,404,312.50            |
| 2026             | 535,000.00              | 230,662.50             | 390,000.00                   | 246,650.00             | 1,402,312.50            |
| 2027             | 555,000.00              | 214,612.50             | 400,000.00                   | 234,950.00             | 1,404,562.50            |
| 2028             | 575,000.00              | 197,962.50             | 410,000.00                   | 222,950.00             | 1,405,912.50            |
| 2029             | 590,000.00              | 180,712.50             | 420,000.00                   | 210,650.00             | 1,401,362.50            |
| 2030             | 605,000.00              | 163,012.50             | 425,000.00                   | 198,050.00             | 1,391,062.50            |
| 2031             | 620,000.00              | 144,862.50             | 435,000.00                   | 185,300.00             | 1,385,162.50            |
| 2032             | 635,000.00              | 126,262.50             | 445,000.00                   | 172,250.00             | 1,378,512.50            |
| 2033             | 650,000.00              | 107,212.50             | 455,000.00                   | 158,900.00             | 1,371,112.50            |
| 2034             | 665,000.00              | 87,712.50              | 465,000.00                   | 145,250.00             | 1,362,962.50            |
| 2035             | 680,000.00              | 67,762.50              | 470,000.00                   | 131,300.00             | 1,349,062.50            |
| 2036             | 695,000.00              | 45,662.50              | 480,000.00                   | 116,025.00             | 1,336,687.50            |
| 2037             | 710,000.00              | 23,075.00              | 490,000.00                   | 100,425.00             | 1,323,500.00            |
| 2038             |                         |                        | 500,000.00                   | 84,500.00              | 584,500.00              |
| 2039             |                         |                        | 510,000.00                   | 68,250.00              | 578,250.00              |
| 2040             |                         |                        | 520,000.00                   | 51,675.00              | 571,675.00              |
| 2041             |                         |                        | 530,000.00                   | 34,775.00              | 564,775.00              |
| 2042             |                         |                        | 540,000.00                   | 17,550.00              | 557,550.00              |
| Total            | \$ <u>20,910,000.00</u> | \$ <u>5,932,600.00</u> | \$ <u>11,550,000.00</u>      | \$ <u>6,009,600.00</u> | \$ <u>41,545,450.00</u> |

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR GREEN ACRES TRUST LOAN AS OF DECEMBER 31, 2014

| CALENDAR<br>YEAR | PRINCIPAL              | INTEREST            | TOTAL                  |
|------------------|------------------------|---------------------|------------------------|
| 2015             | \$ 348,423.57          | \$ 23,602.07        | \$ 372,025.64          |
| 2016             | 355,426.88             | 16,598.76           | 372,025.64             |
| 2017             | 120,774.65             | 10,657.65           | 131,432.30             |
| 2018             | 123,202.22             | 8,230.08            | 131,432.30             |
| 2019             | 125,678.59             | 5,753.71            | 131,432.30             |
| 2020             | 128,204.73             | 3,227.57            | 131,432.30             |
| 2021             | 65,065.50              | 650.65              | 65,716.15              |
| TOTAL            | \$ <u>1,266,776.14</u> | \$ <u>68,720.49</u> | \$ <u>1,335,496.63</u> |

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL  
AND INTEREST FOR NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE  
TRUST LOAN AS OF DECEMBER 31, 2014

| CALENDAR<br>YEAR | PRINCIPAL               | INTEREST               | FEES                 | TOTAL                   |
|------------------|-------------------------|------------------------|----------------------|-------------------------|
| 2015             | \$ 1,360,783.93         | \$ 346,262.50          | \$ 41,640.63         | \$ 1,748,687.06         |
| 2016             | 1,380,783.93            | 326,662.50             | 29,565.00            | 1,737,011.43            |
| 2017             | 1,400,783.93            | 306,062.50             | 29,565.00            | 1,736,411.43            |
| 2018             | 1,420,783.93            | 284,562.50             | 29,565.00            | 1,734,911.43            |
| 2019             | 1,445,783.93            | 261,312.50             | 29,565.00            | 1,736,661.43            |
| 2020             | 1,460,783.93            | 241,112.50             | 29,565.00            | 1,731,461.43            |
| 2021             | 1,490,783.93            | 215,912.50             | 29,565.00            | 1,736,261.43            |
| 2022             | 1,505,783.93            | 198,562.50             | 29,565.00            | 1,733,911.43            |
| 2023             | 1,525,783.93            | 175,962.50             | 29,565.00            | 1,731,311.43            |
| 2024             | 1,555,783.93            | 152,562.50             | 29,565.00            | 1,737,911.43            |
| 2025             | 1,580,783.93            | 127,962.50             | 29,565.00            | 1,738,311.43            |
| 2026             | 1,605,783.93            | 102,362.50             | 29,565.00            | 1,737,711.43            |
| 2027             | 1,625,783.93            | 78,562.50              | 29,565.00            | 1,733,911.43            |
| 2028             | 1,596,918.06            | 51,025.00              | 29,565.00            | 1,677,508.06            |
| 2029             | 1,060,810.08            | 23,537.50              | 18,225.00            | 1,102,572.58            |
| 2030             | 546,907.98              | 5,250.00               | 5,025.00             | 557,182.98              |
|                  | \$ <u>22,564,827.21</u> | \$ <u>2,897,675.00</u> | \$ <u>449,235.63</u> | \$ <u>25,911,737.84</u> |

NOTE 4: SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

The Township had no outstanding note(s) at year end.

In accordance with NJSA 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Township may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year, and bear an interest rate that does not exceed 6%. The Township did not have any Tax Anticipation Notes in 2014.

NOTE 5: FUND BALANCES APPROPRIATED

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

|                      |                |
|----------------------|----------------|
| Current Fund         | \$4,305,000.00 |
| Sewer Operating Fund | \$750,000.00   |

NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

|               | BALANCE<br>DECEMBER<br><u>31, 2014</u> | BALANCE<br>DECEMBER<br><u>31, 2013</u> |
|---------------|--|--|
| Prepaid Taxes | <u>\$901,731.59</u>                    | <u>\$1,651,153.52</u>                  |

NOTE 7: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrprts.shtml](http://www.nj.gov/treasury/pensions/annrprts.shtml).

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 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 of New Jersey 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 or other state pension fund or local jurisdiction's pension fund.

NOTE 7: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

*Police and Fireman's Retirement System (PFRS)* - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

*Defined Contribution Retirement Program (DCRP)* - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest alter four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

NOTE 7: PENSION PLANS (CONTINUED)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. Effect July 2014 PERS provides for employee contributions of 6.92% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2014, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$1,261,779.00 for 2014, \$1,346,862.00 for 2013 and \$1,231,252.00 for 2012.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Township employees are also covered by Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 8: COMPENSATED ABSENCES

The Township of Montgomery has established uniform personnel policy procedures which set forth the terms under which an employee may accumulate unused benefits as follows:

Sick Leave – Sick leave for permanent employees accumulates in accordance with the terms of approved contracts or personnel policies at the rate of one day per month. Any amount of sick leave allowance not used in a calendar year accumulates to the employee's credit to be used if and when needed for medical purposes only. Accumulated sick leave allowances are forfeited upon separation of services.

Vacations – Vacation pay for permanent employees also accumulated in accordance with the terms of approved contracts and policies. Vacation days are to be taken in the year earned and do not accumulate, except that a maximum of ten days vacation time may be carried over to the next succeeding year only. Upon separation of employment, an employee is entitled in time or in pay to any earned vacation accumulated and not previously used.

The payroll department maintains records of each employee's status relating to earned and unused sick and vacation pay. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

NOTE 9: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 10: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2014. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 11: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II of the 2014 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2014, the Township does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Township maintains commercial insurance coverage through the Mid Jersey Joint Insurance Fund covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

| <u>Fiscal Year</u> | <u>Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|----------------------|--------------------------|-----------------------|
| 2014               | \$ 64,875.87         | \$ 20,115.00             | \$ 137,111.44         |
| 2013               | 78,417.30            | 15,421.62                | 92,350.57             |
| 2012               | 55,802.31            | 62,166.98                | 29,354.89             |

NOTE 13: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

The Township has engaged a private contractor to administer the plan.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2014:

| <u>FUND</u>                  | <u>INTERFUND<br/>RECEIVABLE</u> | <u>INTERFUND<br/>PAYABLE</u> |
|------------------------------|---------------------------------|------------------------------|
| Current Fund                 | \$ 176,815.51                   | \$ 1,022,643.17              |
| Grant Fund                   | 1,022,193.17                    |                              |
| Assessment Trust Fund        |                                 | 11.03                        |
| Trust Other Fund             | 137.08                          | 197,866.26                   |
| General Capital Fund         | 450.00                          | 2,000,000.00                 |
| Sewer Utility Operating Fund | 21,061.78                       | 821.66                       |
| Sewer Utility Capital Fund   | <u>2,000,821.66</u>             | <u>137.08</u>                |
|                              | <u>\$ 3,221,479.20</u>          | <u>\$ 3,221,479.20</u>       |

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

NOTE 15: DEFERRED LOCAL DISTRICT SCHOOL TAXES

New Jersey statutes provide for the deferral of liability for not more than 50% of the annual levy when school taxes are raised on a school year basis and such taxes have not been requisitioned by the school district.

LOCAL DISTRICT SCHOOL TAX

|                              | BALANCE<br>DECEMBER<br><u>31, 2014</u> | BALANCE<br>DECEMBER<br><u>31, 2013</u> |
|------------------------------|--|--|
| Balance of Tax               | \$36,741,556.00                        | \$36,156,485.00                        |
| Deferred                     | <u>36,741,556.00</u>                   | <u>36,156,485.50</u>                   |
| School Tax Payable (Prepaid) | <u>\$0.00</u>                          | <u>(\$0.50)</u>                        |

NOTE 16: POST-RETIRMENT HEALTH BENEFITS

As at December 31, 2014, the Township of Montgomery had no obligation to provide post-retirement health benefits.

NOTE 17: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through June 29, 2015 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that there are no subsequent events needed to be disclosed.

TOWNSHIP OF MONTGOMERY  
SUPPLEMENTARY SCHEDULES  
YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF CASH - TREASURER

| <u>REF.</u>                 | <u>CURRENT FUND</u> | <u>CURRENT FUND</u>   | <u>GRANT FUND</u> |
|-----------------------------|---------------------|-----------------------|-------------------|
| A                           | \$                  | 11,977,823.41         | \$                |
| Increased by Receipts:      |                     |                       |                   |
| A-5                         | \$                  | 107,293,793.50        | \$                |
| A-12                        |                     | 9,566,584.21          |                   |
| A-2                         |                     | 960,622.31            |                   |
| A-8                         |                     | 70,715.06             |                   |
| A-13:A-25                   |                     | 508,053.05            | 304,113.41        |
| A-6                         |                     | 1,000.00              |                   |
| A-26                        |                     |                       | 455,523.74        |
| A-28                        |                     |                       | 35,895.46         |
| A-1                         |                     | 102,621.56            |                   |
| A-3                         |                     | 459.57                |                   |
|                             |                     | <u>118,503,849.26</u> | <u>795,532.61</u> |
|                             |                     | \$                    | \$                |
|                             |                     | <u>130,481,672.67</u> | <u>795,532.61</u> |
| Decreased by Disbursements: |                     |                       |                   |
| A-3                         | \$                  | 22,311,160.38         | \$                |
| A-18                        |                     | 734,598.34            |                   |
| A-23                        |                     | 72,898,041.00         |                   |
| A-22                        |                     | 17,504,421.51         |                   |
| A-16                        |                     | 154,818.16            |                   |
| A-19                        |                     | 3,138.62              |                   |
| A-27                        |                     |                       | 304,113.41        |
| A-1                         |                     | 119,530.44            |                   |
| A-6                         |                     | 1,000.00              |                   |
| A-13:A-25                   |                     | 388,191.76            | 491,419.20        |
| A-24                        |                     | 1,491,436.26          |                   |
| A-14                        |                     | 938,869.84            |                   |
| A-1                         |                     | 21,930.50             |                   |
| A-2                         |                     | 24,370.01             |                   |
| A-17                        |                     | 1,589,530.00          |                   |
|                             |                     | <u>118,181,036.82</u> | <u>795,532.61</u> |
|                             |                     | \$                    | \$                |
| A                           |                     | <u>12,300,635.85</u>  | <u>795,532.61</u> |

Balance, December 31, 2014

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

|                                       | <u>REF.</u> |                   |                                 |
|---------------------------------------|-------------|-------------------|---------------------------------|
| Increased by Receipts:                |             |                   |                                 |
| Property Taxes Receivable             | A-9         | \$ 105,114,192.00 |                                 |
| Tax Overpayments                      | A-16        | 200,797.71        |                                 |
| Prepaid Taxes                         | A-21        | 753,460.90        |                                 |
| Revenue Accounts Receivable           | A-12        | 203,269.56        |                                 |
| Miscellaneous Revenue Not Anticipated | A-2         | 25,246.55         |                                 |
| Outside Liens                         | A-14        | <u>996,826.78</u> |                                 |
|                                       |             |                   | \$ <u>107,293,793.50</u>        |
|                                       |             |                   | 107,293,793.50                  |
| Decreased by Disbursements:           |             |                   |                                 |
| Payments to Treasurer                 | A-4         |                   | \$ <u><u>107,293,793.50</u></u> |

"A-6"

TOWNSHIP OF MONTGOMERY  
CURRENT FUND  
SCHEDULE OF PETTY CASH FUND

| <u>DEPARTMENT</u> | <u>CASH</u><br><u>DISBURSEMENTS</u> | <u>CASH</u><br><u>RECEIPTS</u> |
|-------------------|-------------------------------------|--------------------------------|
| Clerk             | \$ <u>1,000.00</u>                  | \$ <u>1,000.00</u>             |
| <u>REF.</u>       | A-4                                 | A-4                            |

"A-7"

SCHEDULE OF CHANGE FUNDS

| <u>DEPARTMENT</u>   | <u>BALANCE</u><br><u>DECEMBER 31,</u><br><u>2013 AND 2014</u> |
|---------------------|---|
| Tax/Sewer Collector | \$ <u>675.00</u>  |
| <u>REF.</u>         | A   |

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS  
PER CHAPTER 20, P.L. 1971

|   | <u>REF.</u> |    |                         |
|---|-------------|----|-------------------------|
| Balance, December 31, 2013                          | A           | \$ | 10,200.61               |
| Decreased by:                                       |             |    |                         |
| Senior Citizens Deductions Per Tax Billing          |             | \$ | 4,750.00                |
| Veterans Deductions Per Tax Billing                 |             |    | 67,250.00               |
| Senior Citizens Deductions Allowed by Tax Collector |             |    | <u>500.00</u>           |
|   |             |    | <u>72,500.00</u>        |
|   |             | \$ | <u>(62,299.39)</u>      |
| Increased by:                                       |             |    |                         |
| Received in Cash From State                         | A-4         | \$ | 70,715.06               |
| Deductions Disallowed by Collector:                 |             |    |                         |
| 2014 Deductions Disallowed by Tax Collector         |             |    | <u>2,250.00</u>         |
|   |             |    | <u>72,965.06</u>        |
| Balance, December 31, 2014                          | A           | \$ | <u><u>10,665.67</u></u> |

ANALYSIS OF STATE SHARE OF 2014  
SENIOR CITIZENS AND VETERANS DEDUCTIONS

|   |     |    |                         |
|---|-----|----|-------------------------|
| Senior Citizens Deductions Per Tax Billing    |     | \$ | 4,750.00                |
| Veterans Deductions Per Tax Billing           |     |    | 67,250.00               |
| Deductions Allowed by Tax Collector:          |     |    |                         |
| Senior Citizens                               |     |    | 500.00                  |
| Veterans                                      |     |    | 0.00                    |
|   |     | \$ | <u>72,500.00</u>        |
| Less: Deductions Disallowed by Tax Collector: |     |    |                         |
| Senior Citizens                               |     |    | <u>2,250.00</u>         |
|   | A-9 | \$ | <u><u>70,250.00</u></u> |

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| YEAR | BALANCE<br>DECEMBER<br>31, 2013 | 2014<br>LEVY      | ADDED       | CASH COLLECTIONS<br>2013 | 2014              | CANCELED     | APPLIED      | TRANSFERRED<br>TO TAX<br>TITLE LIENS | BALANCE<br>DECEMBER<br>31, 2014 |
|------|---------------------------------|-------------------|-------------|--------------------------|-------------------|--------------|--------------|--------------------------------------|---------------------------------|
| 2011 | \$ 13.81                        | \$                | \$          | \$                       | \$ 13.81          | \$           | \$           | \$                                   | \$                              |
| 2012 | 47.69                           |                   |             |                          | 47.69             |              |              |                                      |                                 |
| 2013 | 782,587.39                      |                   | 1,250.00    |                          | 776,909.00        | 250.00       | 6,673.14     |                                      | 5.25                            |
|      | \$ 782,648.89                   | \$                | 1,250.00    | \$                       | 776,970.50        | 250.00       | 6,673.14     | \$                                   | 5.25                            |
| 2014 |                                 | 106,948,848.02    |             | 1,502,882.83             | 104,407,471.50    | 79,319.40    | 19,819.18    | 16,542.06                            | 922,813.05                      |
|      | \$ 782,648.89                   | \$ 106,948,848.02 | \$ 1,250.00 | \$ 1,502,882.83          | \$ 105,184,442.00 | \$ 79,569.40 | \$ 26,492.32 | \$ 16,542.06                         | \$ 922,818.30                   |
|      | REF.                            | A                 |             | A-2;A-21                 | A-2               |              | A-16         | A-10                                 | A                               |

Cash-Collector  
State Share of Senior Citizens and Veterans Deductions

|     |                   |
|-----|-------------------|
| A-5 | \$ 105,114,192.00 |
| A-8 | 70,250.00         |
|     | \$ 105,184,442.00 |

ANALYSIS OF 2014 PROPERTY TAX LEVY

|   |                   |
|---|-------------------|
| TAX YIELD                                 |                   |
| General Property Tax                      | \$ 106,339,919.50 |
| Added and Omitted Tax (54-4-63.1 et.seq.) | 608,928.52        |
|   | \$ 106,948,848.02 |

|  |                   |
|--|-------------------|
| TAX LEVY                                       |                   |
| Local District School Tax                      | \$ 73,483,112.00  |
| County Taxes:                                  |                   |
| County Tax                                     | \$ 14,041,094.73  |
| County Library Tax                             | 2,031,149.66      |
| County Open Space                              | 1,332,338.04      |
| Due County for Added Taxes (54-4-63.1 et.seq.) | 99,839.08         |
|  | 17,504,421.51     |
| Fire District Tax                              | 1,589,530.00      |
| Local Tax for Municipal Purposes               | 12,348,992.28     |
| Local Open Space                               | 1,491,436.26      |
| Additional Tax Levied                          | 531,355.97        |
|  | 15,961,314.51     |
|  | \$ 106,948,848.02 |

"A-10"

TOWNSHIP OF MONTGOMERY  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

|                                 | <u>REF.</u> |               |                             |
|---------------------------------|-------------|---------------|-----------------------------|
| Balance, December 31, 2013      | A           |               | \$ 254,990.30               |
| Increased by:                   |             |               |                             |
| Transfers From Taxes Receivable | A-9         | \$ 16,542.06  |                             |
| Other Charges                   |             | <u>672.48</u> |                             |
|                                 |             |               | <u>17,214.54</u>            |
| Balance, December 31, 2014      | A           |               | \$ <u><u>272,204.84</u></u> |

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

|                            |   |  |                             |
|----------------------------|---|--|-----------------------------|
| Balance, December 31, 2013 | A |  | \$ <u>115,210.00</u>        |
| Balance, December 31, 2014 | A |  | \$ <u><u>115,210.00</u></u> |

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

|                                      | <u>REF.</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2013</u> | <u>ACCRUED<br/>IN 2014</u> | <u>COLLECTED BY<br/>TREASURER/<br/>COLLECTOR</u> | <u>BALANCE<br/>DECEMBER<br/>31, 2014</u> |
|--------------------------------------|-------------|--|----------------------------|--|--|
| Clerk:                               |             |  |                            |  |  |
| Licenses:                            |             |  |                            |  |  |
| Alcoholic Beverage Licenses          | A-2         | \$                                       | \$ 20,814.00               | \$ 20,814.00                                     | \$                                       |
| Fees and Permits                     | A-2         |  | 18,520.00                  | 18,520.00  |  |
| Board of Health:                     |             |  |                            |  |  |
| Fees and Permits                     | A-2         |  | 15,362.00                  | 15,362.00  |  |
| Recreation:                          |             |  |                            |  |  |
| Fees and Permits                     | A-2         |  | 610,389.35                 | 610,389.35                                       |  |
| Construction Code Official:          |             |  |                            |  |  |
| Fees and Permits                     | A-2         |  | 978,819.00                 | 978,819.00                                       |  |
| Planning/Zoning:                     |             |  |                            |  |  |
| Fees and Permits                     | A-2         |  | 9,810.00                   | 9,810.00   |  |
| Miscellaneous:                       |             |  |                            |  |  |
| Fees and Permits                     | A-2         |  | 4,526.48                   | 4,526.48   |  |
| Municipal Court:                     |             |  |                            |  |  |
| Fines and Costs                      | A-2         | 17,133.92                                | 208,251.54                 | 210,621.78                                       | 14,763.68                                |
| Police Department:                   |             |  |                            |  |  |
| Fees and Permits                     | A-2         |  | 1,950.00                   | 1,950.00   |  |
| Engineering:                         |             |  |                            |  |  |
| Fees and Permits                     | A-2         |  | 6,295.00                   | 6,295.00   |  |
| Tax Assessor:                        |             |  |                            |  |  |
| Fees and Permits                     | A-2         |  | 360.00                     | 360.00   |  |
| Interest on Investments and Deposits | A-2         |  | 6,468.06                   | 6,468.06   |  |
| Burglar Alarms                       | A-2         |  | 12,705.00                  | 12,705.00  |  |
| Preschool Registrations              | A-2         |  | 395,000.00                 | 395,000.00                                       |  |
| Pre-K Program Registration Fees      | A-2         |  | 1,058,646.93               | 1,058,646.93                                     |  |
| Energy Receipts Tax                  | A-2         |  | 1,379,037.00               | 1,379,037.00                                     |  |
| Shared Services - Pennington         | A-2         |  | 42,640.00                  | 42,640.00  |  |
| Shared Services - Hopewell           | A-2         |  | 33,660.00                  | 33,660.00  |  |
| Reserve to Pay Debt                  | A-2         |  | 56,900.00                  | 56,900.00  |  |
| Zero Coupons Maturing                | A-2         |  | 98,000.00                  | 98,000.00  |  |
| Open Space Trust Fund                | A-2         |  | 1,524,739.87               | 1,524,739.87                                     |  |
| Interest and Costs on Taxes          | A-2         |  | 203,269.56                 | 203,269.56                                       |  |
| Utility Operating Surplus            | A-2         |  | 734,000.00                 | 734,000.00                                       |  |
| Cell Tower Leases                    | A-2         |  | 194,330.44                 | 194,330.44                                       |  |
| Green Trust Fund                     | A-2         |  | 117,526.23                 | 117,526.23                                       |  |
| Capital Surplus                      | A-2         |  | 1,948,000.00               | 1,948,000.00                                     |  |
| Dedicated Trust                      | A-2         |  | 39,500.00                  | 39,500.00  |  |
| Cable TV Fees                        | A-2         |  | 47,963.07                  | 47,963.07  |  |
|                                      |             | <u>\$ 17,133.92</u>                      | <u>\$ 9,767,483.53</u>     | <u>\$ 9,769,853.77</u>                           | <u>\$ 14,763.68</u>                      |
|                                      | <u>REF.</u> | A  |                            |  | A  |
| Tax Collector                        | A-5         |  |                            | \$ 203,269.56                                    |  |
| Treasurer                            | A-4         |  |                            | <u>9,566,584.21</u>                              |  |
|                                      |             |  |                            | <u>\$ 9,769,853.77</u>                           |  |

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF INTERFUNDS

| REF.                       | TOTAL                | GRANT FUND           | ASSESSMENT TRUST FUND | ANIMAL CONTROL TRUST FUND | TRUST OTHER FUNDS | GENERAL CAPITAL FUND | SEWER UTILITY OPERATING FUND |
|----------------------------|----------------------|----------------------|-----------------------|---------------------------|-------------------|----------------------|------------------------------|
| Balance, December 31, 2013 |                      |                      |                       |                           |                   |                      |                              |
| Due From                   | \$ 191,766.01        | \$                   | 209.88                | 13,500.00                 | 175,571.13        | \$ 82,845.00         | \$ 2,485.00                  |
| Due To                     | <u>903,421.00</u>    | <u>820,576.00</u>    |                       |                           |                   |                      |                              |
| Transfer                   | 7,188.38             | 7,188.38             |                       |                           |                   |                      |                              |
| Canceled                   | 7,123.00             | 7,123.00             |                       |                           |                   |                      |                              |
| Treasurer-Receipts         | 508,053.05           | 491,419.20           | 198.85                | 13,500.00                 |                   | 450.00               | 2,485.00                     |
|                            | <u>\$ 522,364.43</u> | <u>\$ 505,730.58</u> | <u>\$ 198.85</u>      | <u>\$ 13,500.00</u>       | <u>\$</u>         | <u>\$ 450.00</u>     | <u>\$ 2,485.00</u>           |
| Canceled                   |                      |                      |                       |                           |                   |                      |                              |
| Treasurer-Disbursements    | <u>388,191.76</u>    | <u>304,113.41</u>    |                       |                           | <u>1,233.35</u>   | <u>82,845.00</u>     |                              |
| Balance, December 31, 2014 |                      |                      |                       |                           |                   |                      |                              |
| Due From                   | \$ 176,815.51        | \$                   | 11.03                 | \$                        | 176,804.48        | \$ 450.00            | \$                           |
| Due To                     | <u>1,022,643.17</u>  | <u>1,022,193.17</u>  |                       |                           |                   |                      |                              |

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

|                          | BALANCE<br>DECEMBER<br>31, 2013 | CASH<br>RECEIPTS     | CASH<br>DISBURSEMENTS | BALANCE<br>DECEMBER<br>31, 2014 |
|--------------------------|---------------------------------|----------------------|-----------------------|---------------------------------|
| Woodledge Park           | \$ 46,000.00                    | \$                   | \$                    | 46,000.00                       |
| Revaluation              | 21,986.31                       |                      |                       | 21,986.31                       |
| Rosewood Detention       | 21,000.00                       |                      |                       | 21,000.00                       |
| Brookside Harlingen      | 24,500.00                       |                      |                       | 24,500.00                       |
| Belle Meade Bike Brook   | 525,184.88                      |                      |                       | 525,184.88                      |
| Outside Lien Redemptions | 41,593.17                       | 996,826.78           | 938,869.84            | 99,550.11                       |
| Detention Basin          | 114,936.96                      |                      |                       | 114,936.96                      |
|                          | <u>\$ 795,201.32</u>            | <u>\$ 996,826.78</u> | <u>\$ 938,869.84</u>  | <u>\$ 853,158.26</u>            |

REF.

A

A-5

A-4

A

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

|                            | <u>REF.</u> |    |                         |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2013 | A           | \$ | 614,742.81              |
| Decreased by:              |             |    |                         |
| Applied to Revenue         | A-2         |    | <u>580,000.00</u>       |
| Balance, December 31, 2014 | A           | \$ | <u><u>34,742.81</u></u> |

"A-16"

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

|                            | <u>REF.</u> |                  |                             |
|----------------------------|-------------|------------------|-----------------------------|
| Balance, December 31, 2013 | A           |                  | \$ 138,501.31               |
| Increased by:              |             |                  |                             |
| Cash Receipts              | A-5         |                  | <u>200,797.71</u>           |
|                            |             |                  | \$ <u>339,299.02</u>        |
| Decreased by:              |             |                  |                             |
| Cash Disbursements         | A-4         | \$ 154,818.16    |                             |
| Canceled                   | A-1         | 1,809.28         |                             |
| Applied                    | A-9         | <u>26,492.32</u> |                             |
|                            |             |                  | <u>183,119.76</u>           |
| Balance, December 31, 2014 | A           |                  | \$ <u><u>156,179.26</u></u> |

"A-17"

SCHEDULE OF SPECIAL DISTRICT TAXES PAYABLE

|                    |         |  |                               |
|--------------------|---------|--|-------------------------------|
| Increased by:      |         |  |                               |
| Levy               | A-1:A-9 |  | \$ <u>1,589,530.00</u>        |
| Decreased by:      |         |  |                               |
| Cash Disbursements | A-4     |  | \$ <u><u>1,589,530.00</u></u> |

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

|   | BALANCE<br>DECEMBER<br>31, 2013 | ADJUSTED<br>BALANCE | PAID OR<br>CHARGED | BALANCE<br>LAPSED |
|---|---------------------------------|---------------------|--------------------|-------------------|
| <u>Salaries and Wages:</u>                              |                                 |                     |                    |                   |
| Administrative and Executive                            | \$ 442.19                       | \$ 442.19           | \$                 | \$ 442.19         |
| Mayor and Committee                                     | 568.80                          | 568.80              |                    | 568.80            |
| Municipal Clerk   | 1,232.19                        | 1,232.19            |                    | 1,232.19          |
| Financial Administration                                | 5,207.59                        | 5,207.59            |                    | 5,207.59          |
| Collector of Revenues                                   | 2,728.52                        | 2,728.52            |                    | 2,728.52          |
| Assessor  | 904.98                          | 904.98              |                    | 904.98            |
| Geographic Information Systems                          | 1,423.34                        | 1,423.34            |                    | 1,423.34          |
| Data Processing   | 1,090.87                        | 1,090.87            |                    | 1,090.87          |
| Engineering Services                                    | 11,895.47                       | 11,895.47           |                    | 11,895.47         |
| Planning Board  | 176.76                          | 176.76              |                    | 176.76            |
| Police  | 223,498.93                      | 223,498.93          |                    | 223,498.93        |
| Zoning Board of Adjustment                              | 4,651.79                        | 4,651.79            |                    | 4,651.79          |
| Construction Code Official                              | 12,856.96                       | 12,856.96           |                    | 12,856.96         |
| Uniform Fire Safety Act                                 | 18,217.56                       | 18,217.56           |                    | 18,217.56         |
| Streets and Road Maintenance                            | 61,153.54                       | 61,153.54           |                    | 61,153.54         |
| Public Works  | 2,362.71                        | 2,362.71            |                    | 2,362.71          |
| Buildings and Grounds                                   | 3,918.55                        | 3,418.55            |                    | 3,418.55          |
| Public Health Services                                  | 1,211.40                        | 1,211.40            |                    | 1,211.40          |
| Animal Control  | 8,416.74                        | 8,416.74            |                    | 8,416.74          |
| Recreation  | 73,615.94                       | 73,615.94           |                    | 73,615.94         |
| Parks and Playgrounds (Maintenance)                     | 7,473.98                        | 7,473.98            |                    | 7,473.98          |
| Pre-K Program   | 74,511.45                       | 74,511.45           | 2,064.80           | 72,446.65         |
| <u>Other Expenses:</u>                                  |                                 |                     |                    |                   |
| Administrative and Executive:                           |                                 |                     |                    |                   |
| Special Projects Expenses                               | 13,405.80                       | 17,905.80           | 4,500.00           | 13,405.80         |
| Miscellaneous Other Expenses                            | 3,875.27                        | 7,480.31            | 3,350.46           | 4,129.85          |
| Mayor and Committee                                     | 1,845.66                        | 1,845.66            | 16.08              | 1,829.58          |
| Municipal Clerk:  |                                 |                     |                    |                   |
| Miscellaneous Other Expenses                            | 14,261.71                       | 15,945.45           | 6,517.11           | 9,428.34          |
| Newsletter  | 5,880.25                        | 6,315.25            | 435.00             | 5,880.25          |
| Financial Administration:                               |                                 |                     |                    |                   |
| Miscellaneous Other Expenses                            | 21,378.61                       | 27,204.74           | 4,339.59           | 22,865.15         |
| Audit Services  | 11,542.50                       | 11,542.50           |                    | 11,542.50         |
| Data Processing   | 24,058.54                       | 25,068.28           | 1,019.57           | 24,048.71         |
| Geographic Information Systems                          | 13,586.73                       | 23,649.27           | 10,072.37          | 13,576.90         |
| Collector of Revenues                                   | 2,080.54                        | 2,371.35            | 304.31             | 2,067.04          |
| Assessor  | 12,303.12                       | 15,337.97           | 3,269.76           | 12,068.21         |
| Legal Services  | 135,075.51                      | 140,073.57          | 26,970.55          | 113,103.02        |
| Engineering Services                                    | 27,114.70                       | 30,027.16           | 4,611.61           | 25,415.55         |
| Revision of Master Plan                                 | 80,120.00                       | 85,288.00           | 5,530.50           | 79,757.50         |
| Zoning Board of Adjustment                              | 5,328.34                        | 5,496.49            | 184.18             | 5,312.31          |
| Construction Code Official                              | 9,493.32                        | 12,758.13           | 4,614.27           | 8,143.86          |
| Landmarks Commission                                    | 4,483.90                        | 6,483.90            |                    | 6,483.90          |
| Planning Board  | 31,429.17                       | 32,746.55           | 1,051.17           | 31,695.38         |
| Environmental Commission (N.J.S.A. 40:56A-1) (et seq.): | 73.50                           | 73.50               |                    | 73.50             |
| Police  | 80,441.72                       | 163,852.11          | 80,886.76          | 82,965.35         |
| Emergency Management                                    | 557.05                          | 4,582.70            | 3,549.40           | 1,033.30          |
| Emergency Committee                                     | 475.00                          | 475.00              |                    | 475.00            |
| First Aid/Rescue Squad Aid and Maintenance Contract     | 6,733.42                        | 6,733.42            | 6,733.42           |                   |
| Fire Hydrant Service                                    | 96,687.50                       | 106,687.50          | 102,875.00         | 3,812.50          |
| Uniform Fire Safety Act                                 | 4,589.48                        | 6,070.36            | 1,507.20           | 4,563.16          |
| Condominium Services Act (c.6. P.L. 1993)               | 15,001.02                       | 15,001.02           |                    | 15,001.02         |

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

|   | BALANCE<br>DECEMBER<br>31, 2013 | ADJUSTED<br>BALANCE    | PAID OR<br>CHARGED   | BALANCE<br>LAPSED      |
|---|---------------------------------|------------------------|----------------------|------------------------|
| <u>Other Expenses ( Continued):</u>                       |                                 |                        |                      |                        |
| Vehicle Maintenance                                       | \$ 11,085.40                    | \$ 11,085.40           | \$ 3,463.78          | \$ 7,621.62            |
| Buildings and Grounds                                     | 17.72                           | 7,601.44               | 7,320.29             | 281.15                 |
| Shade Tree  |                                 | 288.48                 | 288.46               | 0.02                   |
| Public Works  | 3,112.77                        | 5,541.01               | 2,508.12             | 3,032.89               |
| Streets and Road Maintenance                              | 36,345.73                       | 160,550.60             | 101,322.00           | 59,228.60              |
| Public Health Services                                    | 3,798.59                        | 14,765.41              | 8,374.52             | 6,390.89               |
| Bloodborne Pathogens                                      | 482.36                          | 554.19                 | 71.83                | 482.36                 |
| Animal Control  | 1,356.87                        | 1,956.87               | 1,614.08             | 342.79                 |
| Administration of Public Assistance                       | 100.00                          | 100.00                 |                      | 100.00                 |
| Recreation  | 49,162.85                       | 60,678.95              | 6,689.35             | 53,989.60              |
| Senior Citizen's Program                                  | 24,278.03                       | 36,419.18              | 22,044.14            | 14,375.04              |
| Parks and Playgrounds (Maintenance)                       | 11,277.30                       | 44,934.51              | 28,464.14            | 16,470.37              |
| Economic Development Committee                            | 1,729.00                        | 13,262.00              | 13,262.00            |                        |
| Garbage and Trash Removal                                 | 13,432.12                       | 25,805.65              | 6,236.88             | 19,568.77              |
| Municipal Court   | 21,248.03                       | 33,878.88              | 12,630.85            | 21,248.03              |
| Somerset County Mandatory Recycling Program               | 6,421.00                        | 53,763.25              | 47,342.25            | 6,421.00               |
| Deferred Compensation Plan                                | 20,187.75                       | 51,628.61              | 31,440.86            | 20,187.75              |
| Long Term Disability Fund                                 | 10,334.40                       | 10,334.40              |                      | 10,334.40              |
| Insurance (N.J.S.A. 40A:4-45.3(00)):                      |                                 |                        |                      |                        |
| Other Insurance Premiums                                  | 110,449.19                      | 120,243.88             | 30,292.49            | 89,951.39              |
| Group Insurance Plan for Employees                        | 121,372.81                      | 121,372.81             | 42,847.63            | 78,525.18              |
| Workers' Compensation                                     | 1,877.05                        | 1,877.05               |                      | 1,877.05               |
| Unemployment Insurance                                    | 31,000.00                       | 31,000.00              |                      | 31,000.00              |
| Unclassified:   |                                 |                        |                      |                        |
| Electricity   | 112,480.09                      | 112,480.09             | 11,039.89            | 101,440.20             |
| Street Lighting   | 18,589.32                       | 18,589.32              | 8,988.66             | 9,600.66               |
| Telephone   | 14,940.40                       | 16,684.73              | 6,008.24             | 10,676.49              |
| Water   | 5,034.00                        | 5,034.00               | 5,028.16             | 5.84                   |
| Heating Fuel (Gas)  | 34,184.39                       | 41,177.48              | 19,353.28            | 21,824.20              |
| Gasoline  | 104,143.84                      | 173,261.43             | 28,880.07            | 144,381.36             |
| Defined Contribution Retirement Program                   | 250.00                          | 250.00                 |                      | 250.00                 |
| Contribution to:  |                                 |                        |                      |                        |
| Social Security System                                    | 106,041.34                      | 106,041.34             | 437.00               | 105,604.34             |
| Interlocal Municipal Services Agreement:<br>Pre-K Program | 29,566.55                       | 45,741.56              | 21,349.06            | 24,392.50              |
|   | <u>\$ 2,043,681.52</u>          | <u>\$ 2,614,978.77</u> | <u>\$ 741,701.14</u> | <u>\$ 1,873,277.63</u> |
| <u>REF.</u>   | A: A-18                         |                        | A-4                  | A-1                    |
| Cash Disbursements  | A-4                             |                        | \$ 734,598.34        |                        |
| Reserve for Encumbrances                                  | A-19                            |                        | <u>7,102.80</u>      |                        |
|   |                                 |                        | <u>\$ 741,701.14</u> |                        |
| Budget - Reserved   | A-18                            | \$ 2,043,681.52        |                      |                        |
| Reserve for Encumbrances                                  | A-19                            | <u>571,297.25</u>      |                      |                        |
|   |                                 | <u>\$ 2,614,978.77</u> |                      |                        |

"A-19"

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

|                                       | <u>REF.</u> |                   |                             |
|---------------------------------------|-------------|-------------------|-----------------------------|
| Balance, December 31, 2013            | A           |                   | \$ 592,916.13               |
| Increased by:                         |             |                   |                             |
| Budget Appropriations                 | A-3         | \$ 681,628.59     |                             |
| Appropriation Reserves                | A-18        | <u>7,102.80</u>   |                             |
|                                       |             |                   | <u>688,731.39</u>           |
|                                       |             |                   | \$ <u>1,281,647.52</u>      |
| Decreased by:                         |             |                   |                             |
| Cash Disbursements                    | A-4         | \$ 3,138.62       |                             |
| Transferred to Appropriation Reserves | A-18        | <u>571,297.25</u> |                             |
|                                       |             |                   | <u>574,435.87</u>           |
| Balance, December 31, 2014            | A           |                   | \$ <u><u>707,211.65</u></u> |

"A-20"

GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

|                                    |      |  |                            |
|------------------------------------|------|--|----------------------------|
| Balance, December 31, 2013         | A    |  | \$ 48,331.36               |
| Increased by:                      |      |  |                            |
| Reserve for Grants Appropriated    | A-27 |  | <u>22,027.64</u>           |
|                                    |      |  | \$ <u>70,359.00</u>        |
| Decreased by:                      |      |  |                            |
| Transferred to Grants Appropriated | A-27 |  | <u>48,331.36</u>           |
| Balance, December 31, 2014         | A    |  | \$ <u><u>22,027.64</u></u> |

"A-21"

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF PREPAID TAXES

|   | <u>REF.</u> |    |                          |
|---|-------------|----|--------------------------|
| Balance, December 31, 2013 (2014 Taxes) | A           | \$ | 1,651,153.52             |
| Increased by:                           |             |    |                          |
| Collection - 2015 Taxes                 | A-5         |    | <u>753,460.90</u>        |
|   |             | \$ | <u>2,404,614.42</u>      |
| Decreased by:                           |             |    |                          |
| Applied to Taxes Receivable             | A-9         |    | <u>1,502,882.83</u>      |
| Balance, December 31, 2014 (2015 Taxes) | A           | \$ | <u><u>901,731.59</u></u> |

"A-22"

SCHEDULE OF COUNTY TAXES PAYABLE

|                    |         |    |                             |
|--------------------|---------|----|-----------------------------|
| 2014 Tax Levy:     |         |    |                             |
| County Tax         | A-1:A-9 | \$ | 14,041,094.73               |
| County Library Tax | A-1:A-9 |    | 2,031,149.66                |
| County Open Space  | A-1:A-9 |    | 1,332,338.04                |
| Added County Taxes | A-1:A-9 |    | <u>99,839.08</u>            |
|                    |         | \$ | <u>17,504,421.51</u>        |
|                    |         |    | 17,504,421.51               |
| Decreased by:      |         |    |                             |
| Cash Disbursements | A-4     | \$ | <u><u>17,504,421.51</u></u> |

TOWNSHIP OF MONTGOMERY

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

|                                  | <u>REF.</u> |                         |                                |
|----------------------------------|-------------|-------------------------|--------------------------------|
| Balance, December 31, 2013       |             |                         |                                |
| School Tax Deferred              |             | \$ 36,156,485.50        |                                |
| School Tax Payable (Prepaid)     | A           | <u>(0.50)</u>           |                                |
|                                  |             |                         | \$ 36,156,485.00               |
| Increased by:                    |             |                         |                                |
| Levy Calendar Year 2014          | A-9         |                         | <u>73,483,112.00</u>           |
|                                  |             |                         | \$ 109,639,597.00              |
| Decreased by:                    |             |                         |                                |
| Payment to Local District School | A-1:A-4     |                         | <u>72,898,041.00</u>           |
| Balance, December 31, 2014:      |             |                         |                                |
| School Tax Deferred              |             | \$ <u>36,741,556.00</u> |                                |
|                                  |             |                         | \$ <u><u>36,741,556.00</u></u> |

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

|                         |         |  |                               |
|-------------------------|---------|--|-------------------------------|
| Increased by:           |         |  |                               |
| Levy Calendar Year 2014 | A-1:A-9 |  | <u>\$ 1,491,436.26</u>        |
| Decreased by:           |         |  |                               |
| Cash Disbursements      | A-4     |  | <u><u>\$ 1,491,436.26</u></u> |

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF INTERFUNDS

|                            | <u>REF.</u> | <u>TOTAL</u>                  | <u>CURRENT<br/>FUND</u>       |
|----------------------------|-------------|-------------------------------|-------------------------------|
| Balance, December 31, 2013 |             |                               |                               |
| Due From                   | A           | \$ <u>820,576.00</u>          | \$ <u>820,576.00</u>          |
| Increased by:              |             |                               |                               |
| Treasurer-Receipts         | A-4         | <u>304,113.41</u>             | <u>304,113.41</u>             |
| Decreased by:              |             |                               |                               |
| Transfer                   | A-13        | 7,188.38                      | 7,188.38                      |
| Treasurer-Disbursements    | A-4         | 491,419.20                    | 491,419.20                    |
| Canceled                   | A-26        | <u>7,123.00</u>               | <u>7,123.00</u>               |
| Balance, December 31, 2014 |             |                               |                               |
| Due From                   | A           | \$ <u><u>1,022,193.17</u></u> | \$ <u><u>1,022,193.17</u></u> |

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

|   | BALANCE<br>DECEMBER<br>31, 2013 | ACCRUED<br>2014<br>BUDGET | RECEIVED      | CANCELED     | BALANCE<br>DECEMBER<br>31, 2014 |
|---|---------------------------------|---------------------------|---------------|--------------|---------------------------------|
| Environmental Services Grant                        | \$ 6,118.59                     | \$                        | \$            | \$           | 6,118.59                        |
| Smart Future Plan                                   | 45,400.00                       |                           |               |              | 45,400.00                       |
| Municipal Alliance Drug Program                     | 5,195.84                        | 21,565.13                 | 4,949.55      | 794.26       | 21,017.16                       |
| Distracted Driver Grant                             |                                 | 5,000.00                  | 5,000.00      |              |                                 |
| Hazardous Mitigation - Energy Allocation Initiative | 977.00                          | 75,000.00                 |               |              | 75,000.00                       |
| Somerset County Youth Recreation                    | 1,500.00                        |                           |               | 1,500.00     | 977.00                          |
| Public Health Mini Collaborative                    |                                 |                           |               |              |                                 |
| Chronic Disease Self Management Program             | 5,971.00                        | 12,000.00                 |               |              | 12,000.00                       |
| Pandemic Flu Preparedness Plan                      | 7,838.00                        |                           |               | 5,971.00     | 7,838.00                        |
| Flood Mitigation Grant                              |                                 | 4,000.00                  | 4,000.00      |              |                                 |
| Click it or Ticket it                               |                                 | 8,300.00                  | 8,300.00      |              |                                 |
| Drive Sober or Get Pulled Over                      | 15,036.00                       |                           |               |              | 15,036.00                       |
| Storm Water Regulation                              | 2,440.00                        |                           |               |              | 2,440.00                        |
| Environmental Services Grant                        | 2,032.26                        |                           |               |              | 2,032.26                        |
| Campbell Farm Pathway                               |                                 |                           |               |              |                                 |
| Youth Services Grant                                |                                 | 5,000.00                  | 5,000.00      |              |                                 |
| Green Communities                                   |                                 | 3,000.00                  | 3,000.00      |              |                                 |
| Historic Preservation Trust Fund                    | 26,450.00                       |                           |               | 26,450.00    |                                 |
| Safe Corridors Grant                                | 31,547.02                       | 21,762.89                 | 31,367.18     |              | 21,942.73                       |
| School Link Pathway                                 | 60,000.00                       |                           |               |              | 60,000.00                       |
| NPDC Smalley Theatre                                | 9,300.00                        |                           |               |              | 9,300.00                        |
| NJ DOT ISTEPA Pathways Master Plan Grant            | 667,249.47                      | 4,057.61                  | 4,057.61      |              | 667,249.47                      |
| Drunk Driving Enforcement Fund                      | 200,000.00                      |                           | 200,000.00    |              |                                 |
| NJ DOT East Mountain Road                           |                                 | 48,818.86                 | 48,818.86     |              |                                 |
| Clean Communities Grant                             |                                 |                           |               |              |                                 |
| New Jersey Health Officers Association              | 2.00                            |                           |               | 2.00         |                                 |
| NACHO Grant   |                                 | 13,500.00                 | 6,750.00      |              | 6,750.00                        |
| Body Armor Grant                                    |                                 | 3,030.54                  | 3,030.54      |              |                                 |
| Sustainable NJ Grant                                | 5,000.00                        |                           |               |              | 5,000.00                        |
| NJ DOT Green Avenue Improvements                    |                                 | 175,000.00                | 131,250.00    |              | 43,750.00                       |
|   | \$ 1,092,057.18                 | \$ 400,035.03             | \$ 455,523.74 | \$ 34,717.26 | \$ 1,001,851.21                 |

REF.

A

A-2

A

A-27

A-25

A-27

A-25

A

A-27

A-25

A

Grants Appropriated \$ 27,594.26

Due Current Fund 7,123.00

\$ 34,717.26

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

| GRANT/PROGRAM                                       | BALANCE<br>DECEMBER<br>31, 2013 | ENCUMBRANCES<br>PAYABLE | 2014<br>BUDGET<br>APPROPRIATIONS | PAID OR<br>CHARGED   | CANCELED            | BALANCE<br>DECEMBER<br>31, 2014 |
|---|---------------------------------|-------------------------|----------------------------------|----------------------|---------------------|---------------------------------|
| Municipal Alliance Drug Program:                    |                                 |                         |                                  |                      |                     |                                 |
| County and Local - 2011                             | 11,688.03                       | 4,564.40                | 28,753.51                        | 15,834.77            | 794.26              | 28,376.91                       |
| Clean Communities Program                           | 124,707.52                      |                         | 48,818.86                        | 30,875.76            |                     | 142,650.62                      |
| Click It or Ticket Grant                            |                                 |                         | 4,000.00                         | 4,000.00             |                     |                                 |
| Chronic Disease Self Management Program             |                                 |                         | 12,000.00                        |                      |                     | 12,000.00                       |
| Distracted Driver Grant                             | 4,275.00                        |                         | 5,000.00                         | 5,000.00             |                     |                                 |
| Drive Sober or Get Pulled Over                      | 3,930.18                        |                         | 8,300.00                         | 12,575.00            |                     |                                 |
| Drunk Driving Enforcement Fund                      | 10,243.35                       |                         | 4,057.61                         | 6,781.59             |                     | 1,206.20                        |
| Environmental Protection Grants                     | 26,800.00                       |                         |                                  |                      | 26,800.00           | 10,243.35                       |
| Historic Preservation Grant - Maplewood             | 120,000.00                      |                         |                                  |                      |                     | 120,000.00                      |
| NJ DOT 2006   | 105,072.31                      |                         |                                  |                      |                     | 105,072.31                      |
| NJ DOT Ludlow                                       |                                 | 8,626.50                |                                  |                      |                     | 8,626.50                        |
| NJ DOT RT206/Princeton                              | 200,000.00                      |                         |                                  |                      |                     | 200,000.00                      |
| NJ DOT East Mountain Road                           | 340.84                          | 31,547.02               | 21,762.89                        | 53,309.91            |                     | 340.84                          |
| Safe Corridors Grant                                | 4,000.00                        |                         |                                  |                      |                     | 4,000.00                        |
| School Link Pathway                                 | 42,125.89                       |                         |                                  |                      |                     | 42,125.89                       |
| Smart Future Plan                                   | 2,000.00                        |                         |                                  |                      |                     | 2,000.00                        |
| Somerset Co. Cross Acceptance Grant                 | 10,612.45                       |                         |                                  |                      |                     | 10,612.45                       |
| Somerset Co. Planning Grant                         | 62,166.00                       |                         |                                  |                      |                     | 62,166.00                       |
| Somerset Co. Recreation Grant                       | 6,699.65                        | 150.00                  | 5,000.00                         | 5,400.00             |                     | 6,449.65                        |
| Somerset Co. Youth Services                         | 5,559.49                        |                         |                                  |                      |                     | 5,559.49                        |
| Somerset Co. Youth Services New Initiative          | 9,845.26                        |                         |                                  |                      |                     | 9,845.26                        |
| State Park Trails                                   | 7,836.00                        | 1,339.76                |                                  |                      |                     | 9,275.76                        |
| Stormwater Regulation                               | 12,962.85                       |                         | 3,030.54                         |                      |                     | 15,993.39                       |
| Body Armor Grant                                    | 160,000.00                      |                         |                                  |                      |                     | 160,000.00                      |
| Canal Link  | 11,737.60                       |                         |                                  |                      |                     | 11,737.60                       |
| Mass Prophylaxis Equipment Grant                    | 6,387.72                        |                         | 13,500.00                        | 8,390.02             |                     | 11,497.70                       |
| NAACHO ACCR Prep                                    | 215,000.00                      |                         |                                  |                      |                     | 215,000.00                      |
| NJ DOT Cherry Valley Road                           | 655,186.03                      | 2,000.00                |                                  |                      |                     | 657,186.03                      |
| NJ DOT ISTEPA Pathways Master Planning Grant        |                                 |                         | 175,000.00                       | 175,000.00           |                     |                                 |
| NJ DOT Green Avenue Improvements                    | 10,000.00                       |                         |                                  | 8,974.00             |                     | 1,026.00                        |
| Sustainable NJ                                      |                                 |                         |                                  |                      |                     |                                 |
| Green Communities                                   |                                 |                         | 3,000.00                         |                      |                     | 3,000.00                        |
| Hazardous Mitigation - Energy Allocation Initiative | 425.65                          | 103.68                  | 75,000.00                        |                      |                     | 75,000.00                       |
| State Health Services                               | 34,600.00                       |                         |                                  |                      |                     | 34,600.00                       |
| Open Space Partnership - Administrative Operations  |                                 |                         |                                  |                      |                     |                                 |
|   | <u>\$ 1,864,301.82</u>          | <u>\$ 48,331.36</u>     | <u>\$ 407,223.41</u>             | <u>\$ 326,141.05</u> | <u>\$ 27,594.26</u> | <u>\$ 1,966,121.28</u>          |
|   | A                               | A-20                    | A-3                              |                      |                     | A                               |
| Cash Disbursements                                  |                                 |                         |                                  | \$ 304,113.41        |                     |                                 |
| Encumbrances Payable                                |                                 |                         |                                  | 22,027.64            |                     |                                 |
| Grants Receivable                                   |                                 |                         |                                  |                      | 27,594.26           |                                 |
|   |                                 |                         |                                  | <u>\$ 326,141.05</u> | <u>\$ 27,594.26</u> |                                 |

REF.

A-4  
A-20  
A-26

TOWNSHIP OF MONTGOMERY

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

| <u>GRANT/PROGRAM</u>    | <u>RECEIPTS</u>            | <u>BALANCE<br/>DECEMBER<br/>31, 2014</u> |
|-------------------------|----------------------------|--|
| Recycling Tonnage Grant | \$ <u>35,895.46</u>        | \$ <u>35,895.46</u>                      |
|                         | \$ <u><u>35,895.46</u></u> | \$ <u><u>35,895.46</u></u>               |
|                         | <u>REF.</u>                | <u>A</u>                                 |
|                         | A-4                        | A  |

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF CASH-TREASURER

|                                    | <u>REF.</u>  | <u>ASSESSMENT</u>          | <u>ANIMAL<br/>CONTROL</u>  | <u>OTHER</u>                   |
|------------------------------------|--------------|----------------------------|----------------------------|--------------------------------|
| Balance, December 31, 2013         | B            | \$ <u>63,298.10</u>        | \$ <u>82,379.28</u>        | \$ <u>12,106,371.41</u>        |
| Increased by Receipts:             |              |                            |                            |                                |
| Due State of New Jersey            | B-8          | \$                         | \$ 2,289.00                | \$                             |
| Dog License Fees                   | B-9          |                            | 41,760.50                  |                                |
| Prepaid Licenses                   | B            |                            | 120.00                     |                                |
| Interfunds                         | B-3:B-6:B-11 | 53.29                      | 0.50                       | 849,332.19                     |
| Reserve for Various Trust Deposits | B-12         |                            |                            | 16,906,601.01                  |
| Reserve for Township Open Space    | B-13         |                            |                            | 1,493,102.95                   |
|                                    |              | \$ <u>53.29</u>            | \$ <u>44,170.00</u>        | \$ <u>19,249,036.15</u>        |
|                                    |              | \$ <u>63,351.39</u>        | \$ <u>126,549.28</u>       | \$ <u>31,355,407.56</u>        |
| Decreased by Disbursements:        |              |                            |                            |                                |
| Interfunds                         | B-3:B-6:B-11 | \$ 252.14                  | \$ 13,500.00               | \$ 1,024.05                    |
| Due State of New Jersey            | B-8          |                            | 2,247.20                   |                                |
| Reserve for Various Trust Deposits | B-12         |                            |                            | 14,932,312.01                  |
| Animal Control Fund Expenditures   | B-9          |                            | 35,336.35                  |                                |
| Reserve for Township Open Space    | B-13         |                            |                            | 1,621,364.65                   |
|                                    |              | \$ <u>252.14</u>           | \$ <u>51,083.55</u>        | \$ <u>16,554,700.71</u>        |
| Balance, December 31, 2014         | B            | \$ <u><u>63,099.25</u></u> | \$ <u><u>75,465.73</u></u> | \$ <u><u>14,800,706.85</u></u> |

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF INTERFUNDS - ASSESSMENT TRUST FUNDS

|                             | <u>REF.</u> | <u>TOTAL</u>           | <u>CURRENT FUND</u>    |
|-----------------------------|-------------|------------------------|------------------------|
| Balance, December 31, 2013: |             |                        |                        |
| Due To                      | B           | \$ <u>209.88</u>       | \$ <u>209.88</u>       |
| Increased by:               |             |                        |                        |
| Cash Receipts               | B-2         | <u>53.29</u>           | <u>53.29</u>           |
| Decreased by:               |             |                        |                        |
| Cash Disbursements          | B-2         | <u>252.14</u>          | <u>252.14</u>          |
| Balance, December 31, 2014: |             |                        |                        |
| Due To                      | B           | \$ <u><u>11.03</u></u> | \$ <u><u>11.03</u></u> |

"B-4"

TOWNSHIP OF MONTGOMERY  
TRUST FUND  
SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

|                            | <u>REF.</u> |                             |
|----------------------------|-------------|-----------------------------|
| Balance, December 31, 2013 | B           | \$ <u>138,223.80</u>        |
| Balance, December 31, 2014 | B           | \$ <u><u>138,223.80</u></u> |

"B-5"

SCHEDULE OF RESERVE FOR PROSPECTIVE ASSESSMENTS

|                            |   |                             |
|----------------------------|---|-----------------------------|
| Balance, December 31, 2013 | B | \$ <u>138,223.80</u>        |
| Balance, December 31, 2014 | B | \$ <u><u>138,223.80</u></u> |

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF INTERFUNDS - OTHER FUNDS

| <u>REF.</u>                 | <u>TOTAL</u>      | <u>CURRENT FUND</u> | <u>ANIMAL CONTROL TRUST FUND</u> | <u>GENERAL CAPITAL FUND</u> | <u>SEWER UTILITY OPERATING FUND</u> | <u>SEWER UTILITY CAPITAL FUND</u> |
|-----------------------------|-------------------|---------------------|----------------------------------|-----------------------------|-------------------------------------|-----------------------------------|
| Balance, December 31, 2013: |                   |                     |                                  |                             |                                     |                                   |
| Due From                    | \$ 826,150.59     | \$                  | \$                               | \$ 805,088.81               | \$ 21,061.78                        | \$                                |
| Due To                      | <u>175,571.63</u> | <u>175,571.13</u>   | <u>0.50</u>                      |                             |                                     |                                   |
| Increased by:               |                   |                     |                                  |                             |                                     |                                   |
| Cash Receipts               | <u>849,332.19</u> | <u>2,119.82</u>     |                                  | <u>805,088.81</u>           | <u>42,123.56</u>                    |                                   |
| Decreased by:               |                   |                     |                                  |                             |                                     |                                   |
| Cash Disbursements          | <u>1,024.05</u>   | <u>886.47</u>       | <u>0.50</u>                      |                             |                                     | <u>137.08</u>                     |
| Balance, December 31, 2014: |                   |                     |                                  |                             |                                     |                                   |
| Due From                    | \$ 137.08         | \$                  | \$                               | \$                          | \$ 21,061.78                        | \$ 137.08                         |
| Due To                      | <u>197,866.26</u> | <u>176,804.48</u>   |                                  |                             |                                     |                                   |

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

|  | <u>REF.</u> |                   |                            |
|--|-------------|-------------------|----------------------------|
| Balance, December 31, 2013                           | B           |                   | \$ 204,824.82              |
| Increased by:  |             |                   |                            |
| Open Space Trust Fund                                | B-13        | \$ 15,222.02      |                            |
| Various Trust Deposits                               | B-12        | <u>83,108.15</u>  |                            |
|  |             |                   | <u>98,330.17</u>           |
|  |             |                   | \$ <u>303,154.99</u>       |
| Decreased by:  |             |                   |                            |
| Open Space Trust Fund                                | B-13        | \$ 14,359.15      |                            |
| Transferred to Reserve for<br>Various Trust Deposits | B-12        | <u>190,465.67</u> |                            |
|  |             |                   | <u>204,824.82</u>          |
| Balance, December 31, 2014                           | B           |                   | \$ <u><u>98,330.17</u></u> |

TOWNSHIP OF MONTGOMERY  
TRUST FUND  
SCHEDULE OF DUE STATE OF NEW JERSEY  
ANIMAL CONTROL TRUST FUND

|                                       | <u>REF.</u> |                          |
|---------------------------------------|-------------|--------------------------|
| Balance, December 31, 2013 (Due From) | B           | \$ (85.80)               |
| Increased by:                         |             |                          |
| Cash Receipts                         | B-2         | 2,289.00                 |
|                                       |             | <u>\$ 2,203.20</u>       |
| Decreased by:                         |             |                          |
| Cash Disbursements                    | B-2         | <u>2,247.20</u>          |
| Balance, December 31, 2014 (Due From) | B           | <u><u>\$ (44.00)</u></u> |

"B-9"

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

|                                    | <u>REF.</u> |                 |                            |
|------------------------------------|-------------|-----------------|----------------------------|
| Balance, December 31, 2013         | B           |                 | \$ 59,355.69               |
| Increased by:                      |             |                 |                            |
| Dog License Fees Collected         | B-2         | \$ 29,100.50    |                            |
| Other Receipts                     | B-2         | 12,660.00       |                            |
| Transferred from                   |             |                 |                            |
| Encumbrances Payable               | B-10        | <u>9,609.89</u> |                            |
|                                    |             |                 | <u>51,370.39</u>           |
|                                    |             |                 | \$ <u>110,726.08</u>       |
| Decreased by:                      |             |                 |                            |
| Expenditures Under R.S.4:49-15.11: |             |                 |                            |
| Cash Disbursements                 | B-2         | \$ 35,336.35    |                            |
| Encumbrances Payable               | B-10        | <u>5,159.15</u> |                            |
|                                    |             |                 | <u>40,495.50</u>           |
| Balance, December 31, 2014         | B           |                 | \$ <u><u>70,230.58</u></u> |

| <u>LICENSE FEES COLLECTED</u> |                            |
|-------------------------------|----------------------------|
| <u>YEAR</u>                   | <u>AMOUNT</u>              |
| 2012                          | \$ 33,365.90               |
| 2013                          | <u>52,499.60</u>           |
|                               | \$ <u><u>85,865.50</u></u> |

"B-10"

SCHEDULE OF ENCUMBRANCES PAYABLE-ANIMAL CONTROL FUND

|  |     |  |                           |
|--|-----|--|---------------------------|
| Balance, December 31, 2013                               | B   |  | \$ 9,609.89               |
| Increased by:  |     |  |                           |
| Transferred from Reserve for Animal Control Expenditures | B-9 |  | <u>5,159.15</u>           |
|  |     |  | \$ <u>14,769.04</u>       |
| Decreased by:  |     |  |                           |
| Transferred to Reserve for Animal Control Expenditures   | B-9 |  | <u>9,609.89</u>           |
| Balance, December 31, 2014                               | B   |  | \$ <u><u>5,159.15</u></u> |

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF INTERFUNDS - ANIMAL CONTROL TRUST FUNDS

|                             | <u>REF.</u> | <u>TOTAL</u>        | <u>CURRENT FUND</u> | <u>TRUST OTHER FUND</u> |
|-----------------------------|-------------|---------------------|---------------------|-------------------------|
| Balance, December 31, 2013: |             |                     |                     |                         |
| Due From                    | B           | \$ 0.50             | \$                  | \$ 0.50                 |
| Due To                      | B           | <u>13,500.00</u>    | <u>13,500.00</u>    | <u></u>                 |
| Increased by:               |             |                     |                     |                         |
| Cash Receipts               | B-2         | <u>0.50</u>         | <u></u>             | <u>0.50</u>             |
| Decreased by:               |             |                     |                     |                         |
| Cash Disbursements          | B-2         | <u>\$ 13,500.00</u> | <u>\$ 13,500.00</u> | <u>\$</u>               |

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS TRUST DEPOSITS

| RESERVE                         | BALANCE<br>DECEMBER<br>31, 2013 | TRANSFERS  | RECEIPTS         | DISBURSEMENTS    | ENCUMBRANCES<br>PAYABLE | BALANCE<br>DECEMBER<br>31, 2014 |
|---------------------------------|---------------------------------|------------|------------------|------------------|-------------------------|---------------------------------|
| Unemployment Compensation Trust | \$ 92,350.57                    | \$         | \$ 64,875.87     | \$ 20,115.00     | \$                      | \$ 137,111.44                   |
| Recycling                       | 15,515.67                       |            | 4,485.04         | 19,260.38        |                         | 740.33                          |
| Tax Title Lien Premiums         | 356,347.99                      |            | 258,100.00       | 414,500.00       |                         | 199,947.99                      |
| Police Special Duty             | 27,479.43                       |            | 144,408.75       | 140,250.75       |                         | 31,637.43                       |
| Arboretum Fund                  | 125.00                          |            | 2,836.50         | 434.60           |                         | 2,526.90                        |
| Municipal Alliance Program      | 8,113.29                        |            |                  |                  |                         | 8,113.29                        |
| Affordable Housing Fund         | 506,362.68                      |            | 192,191.63       | 74,068.37        | 20,156.20               | 604,329.74                      |
| Recreation Trip Account         | 279,836.89                      |            | 324,803.24       | 306,310.80       | 12,015.27               | 286,413.76                      |
| Public Defender                 | 923.30                          |            | 2,130.50         | 1,250.00         |                         | 553.80                          |
| POAA                            | 555.50                          |            | 24.00            |                  |                         | 579.50                          |
| DARE                            | 200.00                          |            |                  |                  |                         | 200.00                          |
| Crime Victim Rewards Fund       | 3,341.12                        |            |                  |                  |                         | 3,341.12                        |
| Police Forfeiture Funds         | 9,583.46                        |            | 4.76             |                  |                         | 9,588.22                        |
| Miscellaneous                   | 78,434.26                       |            | 2,113.97         |                  |                         | 80,548.23                       |
| Patriot Media                   | 26,202.75                       |            |                  |                  |                         | 26,202.75                       |
| Food Pantry                     | 30,423.17                       |            | 8,248.36         | 5,014.88         |                         | 33,656.65                       |
| Earth Day                       | 1,447.38                        |            | 896.08           |                  |                         | 2,343.46                        |
| Firework Donations              | 27,064.48                       |            | 3,409.52         | 20,291.96        |                         | 10,182.04                       |
| Donations                       | 820.70                          |            |                  |                  |                         | 820.70                          |
| Dog Park                        | 1,409.55                        |            | 67.21            |                  |                         | 1,476.76                        |
| Canal Link (Waterline)          | 5,592.00                        |            |                  |                  |                         | 5,592.00                        |
| Barn Preservation               | 82,050.00                       |            |                  |                  |                         | 82,050.00                       |
| Marriage Licenses - Due State   | (125.00)                        |            |                  | 1,825.00         |                         | (1,950.00)                      |
| Economic Development            | 15,192.17                       |            | 3,310.45         |                  |                         | 3,310.45                        |
| DCA Fees - Due State            | 3,689,188.21                    |            | 51,461.00        | 52,249.00        |                         | 14,404.17                       |
| Sewer Debt Service              | 399,750.00                      |            | 2,050,602.31     | 750,000.00       |                         | 4,989,790.52                    |
| Sewer Hook Up Fees              |                                 |            | 1,995.34         |                  |                         | 401,745.34                      |
| Housing Trust:                  |                                 |            |                  |                  |                         |                                 |
| Administrative Fees             | 36,182.10                       | (5,297.45) | 47,100.00        | 35,755.00        | 21,202.10               | 21,027.55                       |
| Affordability Assistance        | 25,292.53                       | 5,297.45   | 1,748.61         | 27,791.14        | 4,547.45                | 45,695.64                       |
| Renovation Assistance           | 45,695.64                       |            |                  |                  |                         | 45,695.64                       |
| Payroll/Payroll Agency          | 93,759.63                       |            | 12,478,411.47    | 12,486,806.17    |                         | 85,364.93                       |
| Escrow:                         |                                 |            |                  |                  |                         |                                 |
| Maintenance and Performance     | 2,213,432.84                    |            | 769,663.82       | 281,115.09       |                         | 2,701,981.57                    |
| Planning                        | 310,082.21                      |            | 183,710.11       | 196,305.99       | 17,327.28               | 280,189.05                      |
| Inspection                      | 644,532.57                      |            | 308,295.88       | 98,967.88        | 6,609.85                | 847,250.72                      |
| Waterline                       | 266,637.35                      |            | 206.03           |                  |                         | 266,843.38                      |
| Water/Fire                      | 11,706.65                       |            | 1,500.56         |                  |                         | 13,207.21                       |
| Demolition Trust                | 56,960.46                       |            |                  |                  |                         | 56,960.46                       |
|                                 | \$ 9,362,566.25                 | \$         | \$ 16,906,601.01 | \$ 14,932,312.01 | \$ 83,108.15            | \$ 11,253,747.10                |

REF.

|                            |     |                 |  |  |  |  |
|----------------------------|-----|-----------------|--|--|--|--|
| Balance, December 31, 2013 | B   | \$ 9,172,100.58 |  |  |  |  |
| Encumbrances Payable       | B-7 | 190,465.67      |  |  |  |  |
|                            |     | \$ 9,362,566.25 |  |  |  |  |

Note: An analysis of trust deposits is on file in the Finance Office.

TOWNSHIP OF MONTGOMERY

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE TRUST FUND

|                                       | <u>REF.</u> |                  |                               |
|---------------------------------------|-------------|------------------|-------------------------------|
| Balance, December 31, 2013            | B           |                  | \$ 3,380,024.97               |
| Increased by:                         |             |                  |                               |
| Open Space Levy                       | B-2         | \$ 1,491,436.24  |                               |
| Interest Earned                       | B-2         | 1,666.71         |                               |
| Transferred from Encumbrances Payable | B-7         | <u>14,359.15</u> |                               |
|                                       |             |                  | <u>1,507,462.10</u>           |
|                                       |             |                  | \$ <u>4,887,487.07</u>        |
| Decreased by:                         |             |                  |                               |
| Cash Disbursements                    | B-2         | \$ 1,621,364.65  |                               |
| Encumbrances Payable                  | B-7         | <u>15,222.02</u> |                               |
|                                       |             |                  | <u>1,636,586.67</u>           |
| Balance, December 31, 2014            | B           |                  | \$ <u><u>3,250,900.40</u></u> |

TOWNSHIP OF MONTGOMERY  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

|                                      | <u>REF.</u> |                   |                               |
|--------------------------------------|-------------|-------------------|-------------------------------|
| Balance, December 31, 2013           | C           |                   | \$ 6,989,959.11               |
| Increased by Receipts:               |             |                   |                               |
| Budget Appropriation:                |             |                   |                               |
| Capital Improvement Fund             | C-8         | \$ 172,475.00     |                               |
| Deferred Charge - Various Ordinances |             | 292,880.56        |                               |
| Developers Deposits                  | C-9         | 67,431.27         |                               |
| Interfunds                           | C-10        | 2,082,845.00      |                               |
| Various Reserves                     | C-14        | <u>44,184.77</u>  |                               |
|                                      |             |                   | <u>2,659,816.60</u>           |
|                                      |             |                   | \$ <u>9,649,775.71</u>        |
| Decreased by Disbursements:          |             |                   |                               |
| Contracts Payable                    | C-6         | \$ 1,893,157.56   |                               |
| Various Reserves                     | C-14        | 56,900.00         |                               |
| Developers Deposits                  | C-9         | 74,665.33         |                               |
| Capital Fund Balance                 | C-1         | 1,948,000.00      |                               |
| Interfunds                           | C-10        | <u>805,538.81</u> |                               |
|                                      |             |                   | <u>4,778,261.70</u>           |
| Balance, December 31, 2014           | C:C-3       |                   | \$ <u><u>4,871,514.01</u></u> |

"C-3"

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

ANALYSIS OF CASH

|  | <u>BALANCE<br/>DECEMBER<br/>31, 2014</u> |
|--|--|
| Capital Improvement Fund   | \$ 124,916.30                            |
| Fund Balance   | 1,249,755.01                             |
| Reserve for Encumbrances   | 1,503,273.82                             |
| Reserve for Developers Security Deposits<br>Exhibit "C-9"          | 867,364.15                               |
| Improvement Authorizations:<br>Funded Improvements Listed on "C-7" | 2,466,982.45                             |
| Improvements Expended Set Forth on "C-5"                           | (3,281,592.59)                           |
| Various Reserves   | 606,665.24                               |
| Interfunds Receivable  | (450.00)                                 |
| Interfunds Payable   | 2,000,000.00                             |
| Due From Developers  | (333,937.75)                             |
| Grants Receivable  | (331,462.62)                             |
|  | <u>\$ 4,871,514.01</u>                   |

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

|                                   |      |                         |
|-----------------------------------|------|-------------------------|
| Balance, December 31, 2013        | C    | \$ 25,923,334.39        |
| Decreased by:                     |      |                         |
| 2014 Budget Appropriation to Pay: |      |                         |
| Bond Principal                    | C-13 | \$ 3,405,000.00         |
| Loan Principal                    | C-12 | 341,558.25              |
|                                   |      | <u>3,746,558.25</u>     |
| Balance, December 31, 2014        | C    | <u>\$ 22,176,776.14</u> |

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

| ORDINANCE<br>NUMBER                               | ANALYSIS OF BALANCE DECEMBER 31, 2014 |              |                       |
|---|---------------------------------------|--------------|-----------------------|
|   | BALANCE<br>DECEMBER<br>31, 2014       | EXPENDITURES | UNEXPENDED<br>BALANCE |
|   | \$                                    | 12,060.00    | \$                    |
| General Improvements:                             |                                       |              |                       |
| 836 Installation of Steel Sleeve                  |                                       | 12,060.00    | \$                    |
| 1129 Acquisition of Land                          |                                       | 588,255.15   |                       |
| 1200 Acquisition of Land (Vartan)                 |                                       | 126,540.00   |                       |
| 1201 Acquisition of Land (Zeloof)                 |                                       | 423,193.57   |                       |
| 1223 Purchase of Johnson Farm (Grant \$3,005,784) |                                       | 8,381.08     |                       |
| 1295 Various Capital Acquisitions                 |                                       | 394,382.24   |                       |
| 2009-1326 Fairview (Grant \$112,500)              |                                       | 337,500.00   |                       |
| 2010-1361A Reconstruction Various Roads           |                                       | 9,274.50     | 9,274.50              |
| 2010-1361B Acquisition of Mason Dump Truck        |                                       | 106,870.00   |                       |
| 2011-1387 Various Capital Improvements            |                                       | 26,804.30    | 26,804.30             |
| 2012-1416 Various Capital Improvements            |                                       | 83,414.24    | 83,414.24             |
| 2013-1443 Various Capital Improvements            |                                       | 1,566,122.00 | 1,131,179.03          |
| 2014-1472 Various Capital Improvements            |                                       | 1,853,725.00 | 1,004,257.42          |
|   | \$                                    | 5,536,522.08 | \$                    |
|   |                                       | 3,281,592.59 | 2,254,929.49          |

REF.

C

C-3

C-7

TOWNSHIP OF MONTGOMERY  
GENERAL CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE

|                            | <u>REF.</u> |    |                            |
|----------------------------|-------------|----|----------------------------|
| Balance, December 31, 2013 | C           | \$ | 1,110,800.96               |
| Increased by:              |             |    |                            |
| Improvement Authorizations | C-7         |    | <u>2,304,085.89</u>        |
|                            |             | \$ | <u>3,414,886.85</u>        |
| Decreased by:              |             |    |                            |
| Cash Disbursements         | C-2         | \$ | 1,893,157.56               |
| Canceled                   | C-7         |    | <u>18,455.47</u>           |
|                            |             |    | <u>1,911,613.03</u>        |
| Balance, December 31, 2014 | C           | \$ | <u><u>1,503,273.82</u></u> |

TOWNSHIP OF MONTGOMERY  
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORD. NUMBER | IMPROVEMENT DESCRIPTION                          | DATE       | ORDINANCE | AMOUNT       | BALANCE DECEMBER 31, 2013 |                        | 2014 AUTHORIZATIONS | PAID OR CHARGED        | BALANCE DECEMBER 31, 2014 |                        |
|-------------|--|------------|-----------|--------------|---------------------------|------------------------|---------------------|------------------------|---------------------------|------------------------|
|             |  |            |           |              | FUNDED                    | UNFUNDED               |                     |                        | FUNDED                    | UNFUNDED               |
| 1994-799    | Engineering Services for Fairview Drive          | 03/03/1994 | \$        | 55,000.00    | \$                        | 22,682.92              | \$                  | 22,682.92              | \$                        |                        |
| 1995-804    | Engineering Services for Fairview Drive          |            |           |              |                           | 9,781.53               |                     | 9,781.53               |                           |                        |
| 985/1004    | Various Capital Improvements                     | 10/21/1999 |           | 9,000,000.00 |                           | 988,683.02             |                     | (18,455.47)            |                           | 1,007,138.49           |
| 1153        | Tigers Tale Loop (DOT Grant \$140,000)           |            |           | 140,000.00   |                           | 15,620.34              |                     |                        |                           | 15,620.34              |
| 1184e       | Road Improvements                                |            |           | 1,746,500.00 |                           | 222,347.79             |                     | 13,000.00              |                           | 209,347.79             |
| 2006-1205   | Acquisition of Sunoco Loop                       | 02/16/2006 |           | 535,000.00   |                           | 11,165.86              |                     |                        |                           | 11,165.86              |
| 2006-1227   | Various Equipment Purchases                      | 07/20/2006 |           | 1,669,800.00 |                           | 286,251.79             |                     |                        |                           | 286,251.79             |
| 2006-1240   | Purchase of Easement                             | 12/07/2006 |           | 700,000.00   |                           | 23,779.15              |                     |                        |                           | 23,779.15              |
| 2009-1326   | Fairview Road Reconstruction (Grant \$5,150,000) | 07/01/2009 |           | 525,000.00   |                           | 161,838.55             |                     | 161,838.55             |                           | 0.00                   |
| 2009-1327   | Acquisition of Equip. and Fac. Improvement       | 07/01/2009 |           | 208,800.00   |                           | 38,416.00              |                     |                        |                           | 38,416.00              |
| 2010-1343   | Replacement of Furnace                           | 02/04/2010 |           | 15,000.00    |                           | 94.00                  |                     |                        |                           | 94.00                  |
| 2010-1360a  | Reconstruction of Cherry Valley Road             | 07/29/2010 |           | 550,000.00   |                           | 34,444.85              |                     |                        |                           | 34,444.85              |
| 2010-1360c  | Acquisition of Computer Equipment                | 07/29/2010 |           | 41,500.00    |                           | 9,179.30               |                     | 9,179.30               |                           |                        |
| 2010-1361a  | Reconstruction of Various Roads                  | 09/02/2010 |           | 276,000.00   |                           | 20,829.98              |                     |                        |                           | 21,345.23              |
| 2011-1387   | Various Capital Improvements                     | 06/16/2011 |           | 951,485.00   |                           | 711,927.35             |                     | 48,456.36              |                           | 665,247.34             |
| 2012-1415   | Acquisition of Certain Equipment                 | 06/07/2012 |           | 19,000.00    |                           | 19,000.00              |                     | 18,157.58              |                           | 842.42                 |
| 2012-1416   | Various Capital Improvements                     | 06/07/2012 |           | 2,482,250.00 |                           | 783,398.57             |                     | 683,836.29             |                           | 104,196.41             |
| 2013-1442   | Acquisition of Certain Equipment                 | 07/01/2013 |           | 18,950.00    |                           | 18,950.00              |                     |                        |                           | 18,950.00              |
| 2013-1443   | Various Capital Improvements                     | 07/01/2013 |           | 1,648,550.00 |                           | 1,257,357.59           |                     | 126,178.56             |                           | 1,131,179.03           |
| 2014-1458   | Purchase of Dump Truck and Plow                  | 03/06/2014 |           | 28,400.00    |                           | 28,400.00              |                     | 28,400.00              |                           |                        |
| 2014-1471   | Acquisition of Certain Equipment                 | 06/19/2014 |           | 65,700.00    |                           | 65,700.00              |                     | 39,932.22              |                           | 25,767.78              |
| 2014-1472   | Various Capital Improvements                     | 06/19/2014 |           | 2,135,500.00 |                           | 2,135,500.00           |                     | 1,131,242.58           |                           | 1,004,257.42           |
| 2014-1481   | Installation of Check Valve NJAW Meter Pit       | 11/06/2014 |           | 15,775.00    |                           | 15,775.00              |                     | 11,400.00              |                           | 4,375.00               |
|             |  |            |           |              |                           | <u>\$ 3,216,552.45</u> |                     | <u>\$ 2,285,630.42</u> |                           | <u>\$ 2,466,982.45</u> |
|             |  |            |           |              |                           |                        |                     |                        |                           | <u>\$ 2,254,929.49</u> |

REF.

Capital Improvement Fund  
Bonds and Notes Authorized  
Contracts Payable  
Contracts Payable Canceled

C C-3 C-C-5

\$ 216,650.00  
2,028,725.00  
2,304,085.89  
18,455.47  
\$ 2,245,375.00  
\$ 2,285,630.42

"C-8"

TOWNSHIP OF MONTGOMERY  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|  | <u>REF.</u> |    |                          |
|--|-------------|----|--------------------------|
| Balance, December 31, 2013                             | C           | \$ | 169,091.30               |
| Increased by:  |             |    |                          |
| 2014 Budget Appropriation                              | C-2         |    | 172,475.00               |
|  |             | \$ | <u>341,566.30</u>        |
| Decreased by:  |             |    |                          |
| Appropriation to Finance<br>Improvement Authorizations | C-7         |    | <u>216,650.00</u>        |
| Balance, December 31, 2014                             | C           | \$ | <u><u>124,916.30</u></u> |

"C-9"

SCHEDULE OF DEVELOPERS' CONTRIBUTION DEPOSITS

|                                   |       |    |                          |
|-----------------------------------|-------|----|--------------------------|
| Balance, December 31, 2013        | C     | \$ | 874,598.21               |
| Increased by:                     |       |    |                          |
| Cash Receipts                     |       | \$ | 66,815.28                |
| Developers' Contribution Deposits |       |    | <u>615.99</u>            |
|                                   | C-2   |    | <u>67,431.27</u>         |
|                                   |       | \$ | <u>942,029.48</u>        |
| Decreased by:                     |       |    |                          |
| Cash Disbursements                | C-2   |    | <u>74,665.33</u>         |
| Balance, December 31, 2014        | C:C-3 | \$ | <u><u>867,364.15</u></u> |

Note: An analysis of Developers' Deposits is on file in the Finance Office.

TOWNSHIP OF MONTGOMERY  
GENERAL CAPITAL FUND  
SCHEDULE OF INTERFUNDS

|                            | <u>REF.</u> | <u>TOTAL</u>               | <u>CURRENT FUND</u> | <u>TRUST OTHER FUNDS</u> | <u>SEWER CAPITAL FUNDS</u> |
|----------------------------|-------------|----------------------------|---------------------|--------------------------|----------------------------|
| Balance, December 31, 2013 |             |                            |                     |                          |                            |
| Due From                   | C           | \$ 82,845.00               | \$ 82,845.00        |                          | \$                         |
| Due To                     | C           | <u>805,088.81</u>          |                     | <u>805,088.81</u>        |                            |
| Cash Receipts              | C-2         | <u>2,082,845.00</u>        | <u>82,845.00</u>    |                          | <u>2,000,000.00</u>        |
| Cash Disbursements         | C-2         | <u>805,538.81</u>          | <u>450.00</u>       | <u>805,088.81</u>        |                            |
| Balance, December 31, 2014 |             |                            |                     |                          |                            |
| Due From                   | C           | \$ 450.00                  | \$ 450.00           |                          | \$                         |
| Due To                     | C           | <u><u>2,000,000.00</u></u> |                     |                          | <u><u>2,000,000.00</u></u> |

TOWNSHIP OF MONTGOMERY  
GENERAL CAPITAL FUND  
SCHEDULE OF ACCOUNTS RECEIVABLE

|                            | <u>REF.</u> |                             |
|----------------------------|-------------|-----------------------------|
| Balance, December 31, 2013 | C           | \$ <u>331,462.62</u>        |
| Balance, December 31, 2014 | C           | \$ <u><u>331,462.62</u></u> |

TOWNSHIP OF MONTGOMERY  
GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES TRUST LOANS PAYABLE

| <u>IMPROVEMENT DESCRIPTION</u> | <u>DATE OF ORIGINAL ISSUE</u> | <u>AMOUNT OF ORIGINAL ISSUE</u> | <u>DATE</u> | <u>OUTSTANDING DECEMBER 31, 2014</u> | <u>INTEREST RATE</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2013</u> | <u>BALANCE DECEMBER 31, 2014</u> |
|--------------------------------|-------------------------------|---------------------------------|-------------|--------------------------------------|----------------------|------------------|----------------------------------|----------------------------------|
|                                |                               |                                 |             |                                      |                      |                  |                                  |                                  |
| Open Space                     | 4/11/1998                     | \$ 3,787,500.00                 | 2015        | \$ 232,361.50                        | 2.00%                |                  | \$ 697,176.54                    | \$ 469,393.47                    |
|                                |                               |                                 | 2016        | 237,031.97                           | 2.00%                | 227,783.07       |                                  |                                  |
| Open Space                     | 7/20/2001                     | 45,000.00                       | 2015        | 2,471.00                             | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2016        | 2,520.66                             | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2017        | 2,571.33                             | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2018        | 2,623.01                             | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2019        | 2,675.74                             | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2020        | 2,729.52                             | 2.00%                |                  |                                  |                                  |
|                                | 2021                          | 1,385.27                        | 2.00%       |                                      |                      | 19,398.84        | 2,422.31                         | 16,976.53                        |
| Open Space                     | 10/19/2001                    | 2,025,000.00                    | 2015        | 113,591.07                           | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2016        | 115,874.25                           | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2017        | 118,203.32                           | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2018        | 120,579.21                           | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2019        | 123,002.85                           | 2.00%                |                  |                                  |                                  |
|                                |                               |                                 | 2020        | 125,475.21                           | 2.00%                |                  |                                  |                                  |
|                                | 2021                          | 63,680.23                       | 2.00%       |                                      |                      | 891,759.01       | 111,352.87                       | 780,406.14                       |
|                                |                               |                                 |             |                                      |                      |                  | <u>\$ 1,608,334.39</u>           | <u>\$ 1,266,776.14</u>           |
|                                |                               |                                 |             |                                      |                      |                  | <u>\$ 341,558.25</u>             | <u>\$ 1,266,776.14</u>           |

REF.

C

C-4

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

| PURPOSE                           | DATE OF ISSUE | ORIGINAL ISSUE   | MATURITIES OF BONDS OUTSTANDING | INTEREST RATE | BALANCE DECEMBER 31, 2013 | BALANCE DECEMBER 31, 2014 | DECREASED       |
|-----------------------------------|---------------|------------------|---------------------------------|---------------|---------------------------|---------------------------|-----------------|
|                                   |               |                  |                                 |               |                           |                           |                 |
| 2012 General Obligation Refunding | 09/12/2012    | \$ 11,475,000.00 | 08/01/2015                      | 3.00          | \$                        | \$                        |                 |
|                                   |               |                  | 08/01/2016                      | 3.00          |                           |                           |                 |
|                                   |               |                  | 08/01/2017                      | Variable      |                           |                           |                 |
|                                   |               |                  | 08/01/2018                      | 4.00          | 11,445,000.00             | 8,410,000.00              | 3,035,000.00    |
| 2012 General Improvement Bonds    | 08/21/2012    | 13,225,000.00    | 09/01/2015                      | 3.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2016                      | 4.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2017                      | 5.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2018                      | 5.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2019                      | 5.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2020                      | 5.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2021                      | 5.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2022                      | 5.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2023                      | 3.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2024                      | 3.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2025                      | 3.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2026                      | 3.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2027                      | 3.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2028                      | 3.00          |                           |                           |                 |
|                                   |               |                  | 09/01/2029                      | 3.00          |                           |                           |                 |
|                                   |               | 09/01/2030       | 3.00                            |               |                           |                           |                 |
|                                   |               | 09/01/2031       | 3.00                            |               |                           |                           |                 |
|                                   |               | 09/01/2032       | 3.00                            |               |                           |                           |                 |
|                                   |               | 09/01/2033       | 3.00                            |               |                           |                           |                 |
|                                   |               | 09/01/2034       | 3.00                            |               |                           |                           |                 |
|                                   |               | 09/01/2035       | 3.25                            |               |                           |                           |                 |
|                                   |               | 09/01/2036       | 3.25                            |               |                           |                           |                 |
|                                   |               | 09/01/2037       | 3.25                            |               |                           |                           |                 |
|                                   |               |                  |                                 |               | 12,870,000.00             | 12,500,000.00             | 370,000.00      |
|                                   |               |                  |                                 |               | \$ 24,315,000.00          | \$ 20,910,000.00          | \$ 3,405,000.00 |

REF. C C-4 C

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

| <u>RESERVE</u>          | BALANCE<br>DECEMBER<br>31, 2013 | CASH<br>RECEIPTS    | CASH<br>DISBURSEMENTS | BALANCE<br>DECEMBER<br>31, 2014 |
|-------------------------|---------------------------------|---------------------|-----------------------|---------------------------------|
| Payment of Debt Service | \$ 355,769.25                   | \$ 42,840.85        | \$ 154,900.00         | \$ 243,710.10                   |
| Preliminary Expenses    | 151.54                          |                     |                       | 151.54                          |
| Grants Receivable       | 331,462.62                      |                     |                       | 331,462.62                      |
| Unallocated Interest    | 14,829.52                       | 1,471.32            |                       | 16,300.84                       |
| Unallocated Receipts    | 15,040.14                       |                     |                       | 15,040.14                       |
|                         | <u>\$ 717,253.07</u>            | <u>\$ 44,312.17</u> | <u>\$ 154,900.00</u>  | <u>\$ 606,665.24</u>            |

REF.

C

C

|             |                     |                      |
|-------------|---------------------|----------------------|
| Cash        | \$ 44,184.77        | \$ 56,900.00         |
| Investments | <u>127.40</u>       | <u>98,000.00</u>     |
|             | <u>\$ 44,312.17</u> | <u>\$ 154,900.00</u> |

"C-15"

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF INVESTMENTS  
U.S. GOVERNMENT SECURITIES

|                              | <u>REF.</u> |                     |
|------------------------------|-------------|---------------------|
| Balance, December 31, 2013   | C           | \$ 97,872.60        |
| Increased by:                |             |                     |
| Net Increase in Market Value | C-14        | <u>127.40</u>       |
| Decreased by:                |             |                     |
| Securities Matured           | C-14        | <u>\$ 98,000.00</u> |

"C-16"

SCHEDULE OF DUE FROM DEVELOPERS

|                            |   |                             |
|----------------------------|---|-----------------------------|
| Balance, December 31, 2013 | C | \$ <u>333,937.75</u>        |
| Balance, December 31, 2014 | C | \$ <u><u>333,937.75</u></u> |

TOWNSHIP OF MONTGOMERY

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>ORDINANCE<br/>NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u>               | <u>BALANCE<br/>DECEMBER<br/>31, 2014</u> |
|-----------------------------|--|--|
| 836                         | Installation of Steel Sleeve                 | \$ 12,060.00                             |
| 1129                        | Acquisition of Land                          | 588,255.15                               |
| 1200                        | Acquisition of Land (Vartan)                 | 126,540.00                               |
| 1201                        | Acquisition of Land (Zeloof)                 | 423,193.57                               |
| 1223                        | Purchase of Johnson Farm (Grant \$3,005,784) | 8,381.08                                 |
| 1295                        | Various Capital Acquisitions                 | 394,382.24                               |
| 2009-1326                   | Fairview (Grant \$112,500)                   | 337,500.00                               |
| 2010-1361A                  | Reconstruction Various Roads                 | 9,274.50                                 |
| 2010-1361B                  | Acquisition of Mason Dump Truck              | 106,870.00                               |
| 2011-1387                   | Various Capital Improvements                 | 26,804.30                                |
| 2012-1416                   | Various Capital Improvements                 | 83,414.24                                |
| 2013-1443                   | Various Capital Improvements                 | 1,566,122.00                             |
| 2014-1472                   | Various Capital Improvements                 | <u>1,853,725.00</u>                      |
|                             |  | <u>\$ 5,536,522.08</u>                   |

TOWNSHIP OF MONTGOMERY

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

|                               | <u>REF.</u> | <u>OPERATING</u>              | <u>CAPITAL</u>                 |
|-------------------------------|-------------|-------------------------------|--------------------------------|
| Balance, December 31, 2013    | D           | \$ <u>3,590,395.43</u>        | \$ <u>15,277,893.79</u>        |
| Increased by Receipts:        |             |                               |                                |
| Collector                     | D-6         | \$ 5,452,933.33               |                                |
| Miscellaneous                 | D-3         | 62,555.59                     |                                |
| Interfunds                    | D-20:D-24   | 15,067.12                     | 8,714,831.20                   |
| Budget Appropriation          |             |                               |                                |
| Capital Improvement Fund      | D-14        |                               | 382,500.00                     |
| Deferred Amortization         | D-22        |                               | 15,614.80                      |
| Sewer Capacity                | D-3         | 750,000.00                    |                                |
| Loans Receivable              | D-8         |                               | 7,733.78                       |
|                               |             | \$ <u>6,280,556.04</u>        | \$ <u>9,120,679.78</u>         |
|                               |             | \$ <u>9,870,951.47</u>        | \$ <u>24,398,573.57</u>        |
| Decreased by Disbursements:   |             |                               |                                |
| 2014 Appropriations           | D-4         | \$ 5,520,378.44               |                                |
| 2013 Appropriation Reserves   | D-10        | 389,235.38                    |                                |
| Sewer Overpayment Refunds     | D-9         | 446.75                        |                                |
| Refund of Prior Years Revenue | D-1         | 3,287.16                      |                                |
| Contracts Payable             | D-12        |                               | 1,118,439.17                   |
| Interfunds                    | D-20:D-24   | 46,669.98                     | 10,727,699.82                  |
| Accrued Interest              | D-19        | 769,396.43                    |                                |
|                               |             | \$ <u>6,729,414.14</u>        | \$ <u>11,846,138.99</u>        |
| Balance, December 31, 2014    | D           | \$ <u><u>3,141,537.33</u></u> | \$ <u><u>12,552,434.58</u></u> |

"D-6"

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR

|                                 | <u>REF.</u> | <u>OPERATING</u>              |
|---------------------------------|-------------|-------------------------------|
| Increased by Receipts:          |             |                               |
| Consumer Accounts Receivable    | D-7         | \$ 5,399,106.37               |
| Overpayments                    | D-9         | 465.16                        |
| Interest on Delinquent Accounts | D-3         | 28,186.26                     |
| Miscellaneous                   | D-3         | 9,364.79                      |
| Prepaid Sewer Charges           | D-13        | <u>15,810.75</u>              |
|                                 |             | \$ 5,452,933.33               |
| Decreased by Disbursements:     |             |                               |
| Payment to Treasurer:           |             |                               |
| Sewer Operating Fund            | D-5         | \$ <u><u>5,452,933.33</u></u> |

"D-7"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

|                            |          |                             |
|----------------------------|----------|-----------------------------|
| Balance, December 31, 2013 | D        | \$ 189,836.13               |
| Increased by:              |          |                             |
| Sewer Rents Levied-Net     |          | <u>5,416,538.29</u>         |
|                            |          | \$ 5,606,374.42             |
| Decreased by:              |          |                             |
| Collection                 | D-3:D-6  | \$ 5,399,106.37             |
| Prepays Applied            | D-3:D-13 | 11,742.10                   |
| Overpayments Applied       | D-3:D-9  | <u>242.13</u>               |
|                            |          | <u>5,411,090.60</u>         |
| Balance, December 31, 2014 | D        | \$ <u><u>195,283.82</u></u> |

"D-8"

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF LOANS RECEIVABLE

|                            | <u>REF.</u> |    |                          |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2013 | D           | \$ | 553,644.78               |
| Decreased by:              |             |    |                          |
| Cash Receipts              | D-5         |    | <u>7,733.78</u>          |
| Balance, December 31, 2014 | D           | \$ | <u><u>545,911.00</u></u> |

"D-9"

SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER OVERPAYMENTS

|                            |     |    |                     |
|----------------------------|-----|----|---------------------|
| Balance, December 31, 2013 | D   | \$ | 242.13              |
| Increased by:              |     |    |                     |
| Collector Receipts         | D-6 |    | <u>465.16</u>       |
|                            |     | \$ | <u>707.29</u>       |
| Decreased by:              |     |    |                     |
| Cash Disbursements         | D-5 | \$ | 446.75              |
| Overpayments Applied       | D-7 |    | <u>242.13</u>       |
|                            |     |    | <u>688.88</u>       |
| Balance, December 31, 2014 | D   | \$ | <u><u>18.41</u></u> |

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2013 APPROPRIATION RESERVES

|                                   | <u>BALANCE</u><br><u>DECEMBER</u><br><u>31, 2013</u> | <u>BALANCE</u><br><u>AFTER</u><br><u>TRANSFERS</u> | <u>PAID OR</u><br><u>CHARGED</u> | <u>BALANCE</u><br><u>LAPSED</u> |
|-----------------------------------|--|--|----------------------------------|---------------------------------|
| Operating:                        |  |  |                                  |                                 |
| Salaries and Wages                | \$ 22,855.42   | \$ 7,855.42  |                                  | \$ 7,855.42                     |
| Other Expenses                    | 189,741.96   | 592,469.77   | 468,792.26                       | 123,677.51                      |
| Statutory Expenditures:           |  |  |                                  |                                 |
| Contributions to:                 |  |  |                                  |                                 |
| Social Security System (O.A.S.I.) | <u>4,243.07</u>                                      | <u>4,243.07</u>                                    |                                  | <u>4,243.07</u>                 |
|                                   | <u>\$ 216,840.45</u>                                 | <u>\$ 604,568.26</u>                               | <u>\$ 468,792.26</u>             | <u>\$ 135,776.00</u>            |
|                                   | <u>REF.</u>  | <u>D</u>   |                                  | <u>D-1</u>                      |
| Balance, December 31, 2013        | D-10   | \$ 216,840.45                                      |                                  |                                 |
| Cash Disbursements                | D-5  |  | 389,235.38                       |                                 |
| Encumbrances Payable              | D-11   |  | <u>79,556.88</u>                 |                                 |
|                                   |  | <u>\$ 604,568.26</u>                               | <u>\$ 468,792.26</u>             |                                 |

"D-11"

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

|  | <u>REF.</u> |    |                          |
|--|-------------|----|--------------------------|
| Balance, December 31, 2013             | D           | \$ | 395,518.72               |
| Increased by:                          |             |    |                          |
| Charges to 2014 Appropriations         | D-4         | \$ | 193,674.35               |
| Charges to 2013 Appropriation Reserves | D-10        |    | <u>79,556.88</u>         |
|  |             |    | <u>273,231.23</u>        |
|  |             | \$ | <u>668,749.95</u>        |
| Decreased by:                          |             |    |                          |
| Transferred to Appropriation Reserves  | D-10        |    | <u>387,727.81</u>        |
| Balance, December 31, 2014             | D           | \$ | <u><u>281,022.14</u></u> |

"D-12"

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE

|                                       |      |    |                          |
|---------------------------------------|------|----|--------------------------|
| Balance, December 31, 2013            | D    | \$ | 2,008,441.88             |
| Increased by:                         |      |    |                          |
| Charges to Improvement Authorizations | D-15 |    | <u>104,192.49</u>        |
|                                       |      | \$ | <u>2,112,634.37</u>      |
| Decreased by:                         |      |    |                          |
| Cash Disbursements                    | D-5  |    | <u>1,118,439.17</u>      |
| Balance, December 31, 2014            | D    | \$ | <u><u>994,195.20</u></u> |

"D-13"

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF PREPAID SEWER RENTS

|                            | <u>REF.</u> |    |                         |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2013 | D           | \$ | 11,742.10               |
| Increased by:              |             |    |                         |
| Prepaid Sewer Rents        | D-6         |    | 15,810.75               |
|                            |             | \$ | <u>27,552.85</u>        |
| Decreased by:              |             |    |                         |
| Prepayments Applied        | D-7         |    | <u>11,742.10</u>        |
| Balance, December 31, 2014 | D           | \$ | <u><u>15,810.75</u></u> |

"D-14"

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

|  |           |    |                          |
|--|-----------|----|--------------------------|
| Balance, December 31, 2013                             | D         | \$ | 902,634.02               |
| Increased by:  |           |    |                          |
| Budget Appropriation                                   | D-5       |    | 382,500.00               |
|  |           | \$ | <u>1,285,134.02</u>      |
| Decreased by:  |           |    |                          |
| Appropriation to Finance<br>Improvement Authorizations | D-15:D-22 |    | <u>382,500.00</u>        |
| Balance, December 31, 2014                             | D         | \$ | <u><u>902,634.02</u></u> |

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION                    | DATE       | ORDINANCE AMOUNT | BALANCE DECEMBER 31, 2013 |                 | 2014 AUTHORIZATIONS | PAID OR CHARGED | BALANCE DECEMBER 31, 2014 |                 |
|------------------|--|------------|------------------|---------------------------|-----------------|---------------------|-----------------|---------------------------|-----------------|
|                  |  |            |                  | FUNDED                    | UNFUNDED        |                     |                 | FUNDED                    | UNFUNDED        |
| 2005-1186        | Study of Sewer Treatment Plants            | 06/02/2005 | \$ 607,100.00    | \$ 489,488.41             | \$              | \$                  | \$              | \$ 489,488.41             | \$              |
| 2005-1190        | NPDC STP Acquisition                       | 06/02/2005 | 5,600,000.00     | 1,637,938.31              |                 |                     | (56,501.51)     | 1,694,439.82              |                 |
| 2007-1253        | Study of Sewer Treatment Plants            | 08/02/2007 | 208,700.00       | 118,630.08                |                 |                     |                 | 118,630.08                |                 |
| 2008-1292C       | Improvement to Pike Brook                  | 07/24/2008 | 200,000.00       | 95,191.48                 |                 |                     | (32,759.72)     | 127,951.20                |                 |
| 2009-1320        | Upgrade to Pike Brook Wastewater Treatment | 06/18/2009 | 19,000,000.00    | 2,496,582.37              | 1,503,515.00    |                     | 23,142.00       | 2,473,440.37              | 1,503,515.00    |
| 2009-1321        | Skillman Village Wastewater Treatment      | 06/18/2009 | 16,000,000.00    | 156,363.30                |                 |                     |                 | 156,363.30                |                 |
| 2009-1328        | Acquisition of Miscellaneous Equipment     | 06/18/2009 | 477,000.00       | 152,883.24                |                 |                     | 2,152.98        | 150,730.26                |                 |
| 2010-1362        | Acquisition of Miscellaneous Equipment     | 07/29/2010 | 129,500.00       | 3,500.00                  |                 |                     | 3,500.00        |                           |                 |
| 2011-1388        | Various Sewer Utility Improvements         | 05/16/2011 | 5,095,000.00     | 4,893,448.70              | 106,551.30      |                     |                 | 4,899,359.40              | 100,640.60      |
| 2011-1384        | Acquisition of Various Equipment           | 06/16/2011 | 100,000.00       | 19,236.53                 |                 |                     |                 | 19,236.53                 |                 |
| 2012-1414        | Acquisition of Certain Equipment           | 06/07/2012 | 96,400.00        | 55,283.93                 |                 |                     |                 | 55,283.93                 |                 |
| 2012-1417        | Sewer Utility Improvements                 | 06/07/2012 | 400,000.00       | 35,041.00                 | 8,816.00        |                     | (954.32)        | 36,459.32                 | 8,352.00        |
| 2013-1441        | Acquisition of Certain Equipment           | 07/11/2013 | 100,000.00       | 100,000.00                |                 |                     | 100,000.00      |                           |                 |
| 2013-1444        | Various Sewer Utility Improvements         | 07/11/2013 | 261,000.00       | 261,000.00                |                 |                     | 14,000.00       |                           | 192,827.50      |
| 2014-1470        | Acquisition of Certain Equipment           | 06/19/2014 | 382,500.00       | 382,500.00                |                 | 382,500.00          | 14,995.56       | 367,504.44                |                 |
| 2014-1473        | Various Sewer Utility Improvements         | 06/19/2014 | 150,000.00       | 150,000.00                |                 | 150,000.00          | 36,617.50       |                           | 113,382.50      |
|                  |  |            | \$               | \$ 10,253,587.35          | \$ 1,825,709.80 | \$ 532,500.00       | \$ 104,192.49   | \$ 10,588,887.06          | \$ 1,918,717.60 |

REF.

Deferred Charges to Future Taxation - Unfunded  
Capital Improvement Fund

D-14-D-22

D-16

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D-12

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TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| ORDINANCE<br>NUMBER | IMPROVEMENT DESCRIPTION                    | ORDINANCE  |               | BALANCE<br>DECEMBER<br>31, 2013 | AUTHORIZED    | BALANCE<br>DECEMBER<br>31, 2014 |
|---------------------|--|------------|---------------|---------------------------------|---------------|---------------------------------|
|                     |  | DATE       | AMOUNT        |                                 |               |                                 |
|                     | General Improvements:                      |            |               |                                 |               |                                 |
| 2005-1186           | Study of Sewer Treatment Plant             | 06/05/2005 | \$ 607,100.00 | \$ 607,100.00                   |               | \$ 607,100.00                   |
| 2005-1190           | NPDC STP Acquisition                       | 06/05/2005 | 5,600,000.00  | 5,600,000.00                    |               | 5,600,000.00                    |
| 2006-1226           | Sewer Plant and Collection Improvements    | 07/20/2006 | 410,500.00    | 361,000.00                      |               | 361,000.00                      |
| 2007-1253           | Study of Sewer Treatment Plant             | 08/02/2007 | 208,700.00    | 208,700.00                      |               | 208,700.00                      |
| 2008-1292           | Acquisition of Equipment and Study of STP  | 07/24/2008 | 356,000.00    | 355,805.60                      |               | 355,805.60                      |
| 2009-1320           | Upgrade to Pike Brook Wastewater Treatment | 06/18/2009 | 19,000,000.00 | 19,000,000.00                   |               | 19,000,000.00                   |
| 2009-1321           | Skillman Village Wastewater Treatment      | 06/18/2009 | 16,000,000.00 | 11,678,097.22                   |               | 11,678,097.22                   |
| 2009-1328           | Acquisition of Equipment                   | 06/18/2009 | 477,000.00    | 477,000.00                      |               | 477,000.00                      |
| 2010-1362           | Acquisition of Equipment                   | 07/29/2010 | 129,500.00    | 127,846.43                      |               | 127,846.43                      |
| 2010-1363           | Sewer Utility Improvements                 | 08/19/2010 | 1,500,000.00  | 1,500,000.00                    |               | 1,500,000.00                    |
| 2011-1388           | Various Sewer Utility Improvements         | 05/16/2011 | 5,095,000.00  | 5,089,248.00                    |               | 5,089,248.00                    |
| 2011-1384           | Acquisition of Various Equipment           | 06/16/2011 | 100,000.00    | 100,000.00                      |               | 100,000.00                      |
| 2012-1414           | Acquisition of Certain Equipment           | 06/07/2012 | 96,400.00     | 96,400.00                       |               | 96,400.00                       |
| 2012-1417           | Various Sewer Utility Improvements         | 06/07/2012 | 400,000.00    | 400,000.00                      |               | 400,000.00                      |
| 2013-1441           | Acquisition of Certain Equipment           | 07/11/2013 | 100,000.00    | 100,000.00                      |               | 100,000.00                      |
| 2013-1444           | Various Sewer Utility Improvements         | 07/11/2013 | 261,000.00    | 261,000.00                      |               | 261,000.00                      |
| 2014-1470           | Acquisition of Certain Equipment           | 06/19/2014 | 382,500.00    | 382,500.00                      | 382,500.00    | 382,500.00                      |
| 2014-1473           | Various Sewer Utility Improvements         | 06/19/2014 | 150,000.00    | 150,000.00                      | 150,000.00    | 150,000.00                      |
|                     |  |            | \$            | \$ 45,962,197.25                | \$ 532,500.00 | \$ 46,494,697.25                |
|                     |  |            |               | D                               | D-15          | D                               |
|                     |  |            | REF.          |                                 |               |                                 |

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST FUND LOANS PAYABLE

| PURPOSE                 | DATE OF ISSUE    | ORIGINAL ISSUE   | DATE       | MATURITIES OF LOANS OUTSTANDING DECEMBER 31, 2014 |       | INTEREST RATE | BALANCE DECEMBER 31, 2013 | DECREASED  | BALANCE DECEMBER 31, 2014 |
|-------------------------|------------------|------------------|------------|---|-------|---------------|---------------------------|------------|---------------------------|
|                         |                  |                  |            | 2015-2028   | 2029  |               |                           |            |                           |
| Skillman - Fund Loan    | 2010             | \$ 10,939,534.00 | 2015-2028  | \$ 329,974.11                                     |       | 0%            | \$ 4,925,745.78           |            | \$ 4,595,771.67           |
|                         | Loan Forgiveness | (5,000,000.00)   | 2029       | 329,974.13  |       | 0%            |                           | 329,974.11 |                           |
|                         | Loan Defeased    | (353,840.00)     |            |   |       |               |                           |            |                           |
|                         |                  | \$ 5,585,694.00  |            |   |       |               |                           |            |                           |
| Skillman - Trust Loan   | 2010             | \$ 3,780,000.00  | 08/01/2015 | 160,000.00  |       | 5.00%         |                           |            |                           |
|                         | Loan Defeased    | (325,000.00)     | 08/01/2016 | 170,000.00  |       | 5.00%         |                           |            |                           |
|                         |                  | 3,455,000.00     | 08/01/2017 | 180,000.00  |       | 5.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2018 | 185,000.00  |       | 5.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2019 | 195,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2020 | 205,000.00  |       | 3.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2021 | 215,000.00  |       | 3.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2022 | 220,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2023 | 230,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2024 | 240,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2025 | 250,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2026 | 260,000.00  |       | 3.50%         |                           |            |                           |
|                         |                  |                  | 08/01/2027 | 265,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2028 | 275,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  | 08/01/2029       | 290,000.00 |   | 4.00% |               |                           |            |                           |
| Pike Brook - Fund Loan  | 2010             | \$ 3,310,235.00  | 2015-2028  | 183,901.93  |       | 0%            | 3,170,000.00              | 155,000.00 | 3,015,000.00              |
|                         |                  |                  | 2029       | 183,902.19  |       | 0%            | 2,942,431.14              | 183,901.93 | 2,758,529.21              |
| Pike Brook - Trust Loan | 2010             | \$ 4,400,000.00  | 08/01/2015 | 190,000.00  |       | 5.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2016 | 200,000.00  |       | 5.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2017 | 205,000.00  |       | 5.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2018 | 220,000.00  |       | 5.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2019 | 230,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2020 | 235,000.00  |       | 3.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2021 | 250,000.00  |       | 3.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2022 | 255,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2023 | 265,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2024 | 280,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2025 | 290,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2026 | 300,000.00  |       | 3.50%         |                           |            |                           |
|                         |                  |                  | 08/01/2027 | 310,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2028 | 325,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  | 08/01/2029 | 335,000.00  |       | 4.00%         |                           |            |                           |
|                         |                  |                  |            |   |       |               | 4,070,000.00              | 180,000.00 | 3,890,000.00              |

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST FUND LOANS PAYABLE

| PURPOSE                 | DATE OF ISSUE | ORIGINAL ISSUE  | MATURETIES OF<br>LOANS OUTSTANDING<br>DECEMBER 31, 2014 | INTEREST RATE | BALANCE DECEMBER 31, 2013 | BALANCE DECEMBER 31, 2014 |
|-------------------------|---------------|-----------------|---|---------------|---------------------------|---------------------------|
|                         |               |                 |   |               |                           |                           |
| Pike Brook - Fund Loan  | 2010          | \$ 8,111,250.00 | \$ 426,907.89   | 0%            | \$ 7,257,434.22           | \$ 6,830,526.33           |
|                         |               |                 | 426,907.98  | 0%            |                           | 426,907.89                |
| Pike Brook - Trust Loan | 2010          | \$ 1,675,000.00 | 70,000.00   | 3.00%         |                           |                           |
|                         |               |                 | 8/1/2017  | 3.00%         |                           |                           |
|                         |               |                 | 8/1/2018  | 4.00%         |                           |                           |
|                         |               |                 | 8/1/2019-20   | 4.00%         |                           |                           |
|                         |               |                 | 8/1/2021  | 4.00%         |                           |                           |
|                         |               |                 | 8/1/2022-23   | 4.00%         |                           |                           |
|                         |               |                 | 8/1/2024  | 4.00%         |                           |                           |
|                         |               |                 | 8/1/2025  | 4.00%         |                           |                           |
|                         |               |                 | 8/1/2026  | 4.00%         |                           |                           |
|                         |               |                 | 8/1/2027  | 4.13%         |                           |                           |
|                         |               |                 | 8/1/2028-29   | 4.25%         |                           |                           |
|                         |               |                 | 8/1/2030  | 4.38%         |                           |                           |
|                         |               |                 |   |               | 1,545,000.00              | 1,475,000.00              |
|                         |               |                 |   |               | <u>23,910,611.14</u>      | <u>22,564,827.21</u>      |
|                         |               |                 |   |               | \$ 1,345,783.93           | \$ 6,830,526.33           |

REF.

D-22

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TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

| <u>ACCOUNT</u>                     | BALANCE<br>DECEMBER<br>31, 2013 | BALANCE<br>DECEMBER<br>31, 2014 |
|------------------------------------|---------------------------------|---------------------------------|
| Various Sewer Utility Improvements | \$ 896,345.93                   | \$ 896,345.93                   |
| Copper Translator                  | <u>49,500.00</u>                | <u>49,500.00</u>                |
|                                    | <u>\$ 945,845.93</u>            | <u>\$ 945,845.93</u>            |
| <u>REF.</u>                        | D                               | D                               |

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCRUED INTEREST

|                            | <u>REF.</u> |                             |
|----------------------------|-------------|-----------------------------|
| Balance, December 31, 2013 | D           | \$ 293,313.67               |
| Increased by:              |             |                             |
| Budget Appropriation       | D-4         | 753,375.76                  |
|                            |             | \$ <u>1,046,689.43</u>      |
| Decreased by:              |             |                             |
| Cash Disbursements         | D-5         | <u>769,396.43</u>           |
| Balance, December 31, 2014 | D           | \$ <u><u>277,293.00</u></u> |

TOWNSHIP OF MONTGOMERY

SEWER UTILITY OPERATING FUND

SCHEDULE OF INTERFUNDS

|                             | <u>REF.</u> | <u>TOTAL</u> | <u>CURRENT FUND</u> | <u>TRUST OTHER FUND</u> | <u>SEWER CAPITAL FUND</u> |
|-----------------------------|-------------|--------------|---------------------|-------------------------|---------------------------|
| Balance, December 31, 2013: |             |              |                     |                         |                           |
| Due From                    | D           | \$ 12,184.04 | \$                  | \$                      | \$ 12,184.04              |
| Due To                      | D           | 23,546.78    | 2,485.00            | 21,061.78               |                           |
| Increased by:               |             |              |                     |                         |                           |
| Cash Receipts               | D-5         | 15,067.12    |                     |                         | 15,067.12                 |
| Decreased by:               |             |              |                     |                         |                           |
| Disbursements               | D-5         | 46,669.98    | 2,485.00            | 42,123.56               | 2,061.42                  |
| Balance, December 31, 2014: |             |              |                     |                         |                           |
| Due From                    | D           | \$ 21,061.78 | \$                  | \$ 21,061.78            | \$                        |
| Due To                      | D           | 821.66       |                     |                         | 821.66                    |

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

|                            | <u>REF.</u> |                             |
|----------------------------|-------------|-----------------------------|
| Balance, December 31, 2013 | D           | \$ <u>804,759.53</u>        |
| Balance, December 31, 2014 | D           | \$ <u><u>804,759.53</u></u> |

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

| ORDINANCE NUMBER      | IMPROVEMENT DESCRIPTION                   | DATE OF ORDINANCE | BALANCE DECEMBER 31, 2013 | CASH RECEIPTS | DEBT PAID BY BUDGET | FIXED CAPITAL AUTHORIZED | BALANCE DECEMBER 31, 2014 |
|-----------------------|---|-------------------|---------------------------|---------------|---------------------|--------------------------|---------------------------|
| General Improvements: |   |                   |                           |               |                     |                          |                           |
| 2005-1186             | Study of Sewer Treatment Plant            | 06/05/2005        | \$ 607,100.00             | \$            | \$                  | \$                       | 607,100.00                |
| 2005-1190             | NPDC STP Acquisition                      | 06/05/2005        | 455,176.00                |               | 119,646.00          |                          | 574,822.00                |
| 2006-1226             | Sewer Plant and Collection Improvements   | 07/20/2006        | 361,000.00                |               |                     |                          | 361,000.00                |
| 2007-1253             | Study of Sewer Treatment Plant            | 08/02/2007        | 208,700.00                |               |                     |                          | 208,700.00                |
| 2008-1292             | Acquisition of Equipment and Study of STP | 07/24/2008        | 355,805.60                |               |                     |                          | 355,805.60                |
| 2009-1328             | Acquisition of Equipment                  | 06/18/2009        | 477,000.00                |               |                     |                          | 477,000.00                |
| 2009-1320             | Upgrade to Pike Brook Wastewater          | 2009              | 1,681,619.64              |               | 860,809.82          |                          | 2,542,429.46              |
| 2009-1321             | Skillman Village Wastewater Treatment     | 06/18/2009        | 3,582,351.44              |               | 484,974.11          |                          | 4,067,325.55              |
| 2010-1362             | Acquisition of Miscellaneous Equipment    | 07/29/2010        | 127,846.43                |               |                     |                          | 127,846.43                |
| 2010-1363             | Sewer Utility Improvements                | 08/19/2010        | 34,448.10                 | 1,740.10      | 33,314.00           |                          | 69,502.20                 |
| 2011-1384             | Acquisition of Various Equipment          | 06/16/2011        | 100,000.00                |               |                     |                          | 100,000.00                |
| 2011-1388             | Various Sewer Utility Improvements        | 05/16/2011        | 117,008.70                | 5,910.70      | 113,156.00          |                          | 236,075.40                |
| 2012-1414             | Acquisition of Certain Equipment          | 06/07/2012        | 96,400.00                 |               |                     |                          | 96,400.00                 |
| 1999-0984             | Bedden Brook Watershed                    | 1999              | 7,500.00                  | 7,500.00      |                     |                          | 15,000.00                 |
| 2012-1417             | Acquisition of Certain Equipment          | 06/07/2012        | 9,186.00                  | 464.00        | 8,884.00            |                          | 18,534.00                 |
| 2013-1441             | Acquisition of Certain Equipment          | 07/11/2013        | 100,000.00                |               |                     |                          | 100,000.00                |
| 2014-1470             | Acquisition of Certain Equipment          | 06/19/2014        |                           |               |                     | 382,500.00               | 382,500.00                |
|                       |   |                   | \$ 8,321,141.91           | \$ 15,614.80  | \$ 1,620,783.93     | \$ 382,500.00            | \$ 10,340,040.64          |
|                       |   | <u>REF.</u>       | D                         | D-5           |                     | D-15                     | D                         |
|                       | Loans Payable                             | D-17              |                           |               | \$ 1,345,783.93     |                          |                           |
|                       | Bonds Payable                             | D-23              |                           |               | <u>275,000.00</u>   |                          |                           |
|                       |   |                   | \$                        | \$            | \$                  | \$                       | \$                        |
|                       |   |                   |                           |               | <u>1,620,783.93</u> |                          |                           |

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

| <u>PURPOSE</u>      | <u>DATE OF ISSUE</u> | <u>AMOUNT OF ORIGINAL ISSUE</u> | <u>MATURITIES OF BONDS OUTSTANDING</u> |               | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2013</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2014</u> |
|---------------------|----------------------|---------------------------------|--|---------------|----------------------|----------------------------------|------------------|----------------------------------|
|                     |                      |                                 | <u>DATE</u>                            | <u>AMOUNT</u> |                      |                                  |                  |                                  |
| Sewer Utility Bonds | 8/21/2012            | \$ 12,095,000.00                | 9/1/2015                               | \$ 285,000.00 | 3.00%                | \$                               | \$               | \$                               |
|                     |                      |                                 | 9/1/2016                               | 295,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2017                               | 305,000.00    | 4.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2018                               | 315,000.00    | 5.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2019                               | 325,000.00    | 5.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2020                               | 335,000.00    | 5.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2021                               | 345,000.00    | 5.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2022                               | 350,000.00    | 5.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2023                               | 360,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2024                               | 370,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2025                               | 380,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2026                               | 390,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2027                               | 400,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2028                               | 410,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2029                               | 420,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2030                               | 425,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2031                               | 435,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2032                               | 445,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2033                               | 455,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2034                               | 465,000.00    | 3.00%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2035                               | 470,000.00    | 3.25%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2036                               | 480,000.00    | 3.25%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2037                               | 490,000.00    | 3.25%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2038                               | 500,000.00    | 3.25%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2039                               | 510,000.00    | 3.25%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2040                               | 520,000.00    | 3.25%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2041                               | 530,000.00    | 3.25%                |                                  |                  |                                  |
|                     |                      |                                 | 9/1/2042                               | 540,000.00    | 3.25%                |                                  |                  |                                  |
|                     |                      |                                 |  |               |                      | 11,825,000.00                    | 275,000.00       | 11,550,000.00                    |
|                     |                      |                                 |  |               | \$                   | 11,825,000.00                    | 275,000.00       | 11,550,000.00                    |

REF. D D-22 D

TOWNSHIP OF MONTGOMERY  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF INTERFUNDS

|                             | REF. | TOTAL           | CURRENT FUND | TRUST OTHER FUND | GENERAL CAPITAL FUND | SEWER OPERATING FUND |
|-----------------------------|------|-----------------|--------------|------------------|----------------------|----------------------|
| Balance, December 31, 2013: |      |                 |              |                  |                      |                      |
| Due To                      | D    | \$ 12,184.04    | \$           | \$               | \$                   | \$ 12,184.04         |
| Increased by:               |      |                 |              |                  |                      |                      |
| Cash Receipts               | D-5  | 8,714,831.20    | 8,712,633.00 | 137.08           |                      | 2,061.12             |
| Decreased by:               |      |                 |              |                  |                      |                      |
| Disbursements               | D-5  | 10,727,699.82   | 8,712,633.00 |                  | 2,000,000.00         | 15,066.82            |
| Balance, December 31, 2014: |      |                 |              |                  |                      |                      |
| Due From                    | D    | \$ 2,000,821.66 | \$           | \$               | \$ 2,000,000.00      | \$ 821.66            |
| Due To                      | D    | 137.08          |              | 137.08           |                      |                      |

TOWNSHIP OF MONTGOMERY

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>ORDINANCE<br/>NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u>                      |    | <u>BALANCE<br/>DECEMBER<br/>31, 2014</u> |
|-----------------------------|---|----|--|
| 1999-0984                   | Beden Brook Watershed                               | \$ | 126,086.40                               |
| 2009-1320                   | Upgrade to Pike Brook Wastewater<br>Treatment Plant |    | 1,503,515.00                             |
| 2010-1363                   | Sewer Utility Improvements                          |    | 31,321.80                                |
| 2011-1388                   | Various Sewer Improvements                          |    | 100,640.60                               |
| 2012-1417                   | Acquisition of Certain Equipment                    |    | 8,352.00                                 |
| 2013-1444                   | Various Sewer Utility Improvements                  |    | 261,000.00                               |
| 2014-1473                   | Various Sewer Utility Improvements                  |    | <u>150,000.00</u>                        |
|                             |   | \$ | <u><u>2,180,915.80</u></u>               |

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

|                            | <u>REF.</u> | P.A.T.F.<br><u>I</u>      | P.A.T.F.<br><u>II</u>     | <u>FUND<br/>TOTAL</u>     |
|----------------------------|-------------|---------------------------|---------------------------|---------------------------|
| Balance, December 31, 2013 | E           | \$ <u>2,212.11</u>        | \$ <u>1,396.66</u>        | \$ <u>3,608.77</u>        |
| Increased by:              |             |                           |                           |                           |
| Interest Earned            | E-4         | <u>1.17</u>               | <u>1.07</u>               | <u>2.24</u>               |
| Balance, December 31, 2014 | E           | \$ <u><u>2,213.28</u></u> | \$ <u><u>1,397.73</u></u> | \$ <u><u>3,611.01</u></u> |

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

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

|                            | <u>REF.</u> |    |                        |
|----------------------------|-------------|----|------------------------|
| Balance, December 31, 2014 | E-1         | \$ | 3,611.01               |
| Increased by:              |             |    |                        |
| Cash Receipts              |             |    | <u>0.62</u>            |
| Balance, April 30, 2015    |             | \$ | <u><u>3,611.63</u></u> |

| <u>RECONCILIATION - APRIL 30, 2015</u>                   | <u>P.A.T.F. I<br/>ACCOUNT</u> | <u>P.A.T.F. II<br/>ACCOUNT</u> | <u>TOTAL</u>              |
|--|-------------------------------|--------------------------------|---------------------------|
| Balance on Deposit per Statement of:<br>Bank of America: |                               |                                |                           |
| Account #000928703649                                    | \$ 2,213.59                   | \$                             | \$ 2,213.59               |
| Account #000928703665                                    | <u>                    </u>   | <u>1,398.04</u>                | <u>1,398.04</u>           |
| Balance, April 30, 2015                                  | \$ <u><u>2,213.59</u></u>     | \$ <u><u>1,398.04</u></u>      | \$ <u><u>3,611.63</u></u> |

TOWNSHIP OF MONTGOMERY

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND  
RECONCILIATION AS OF DECEMBER 31, 2014

|                            | <u>REF.</u> |    |                        |
|----------------------------|-------------|----|------------------------|
| Balance, December 31, 2013 | E-1         | \$ | 3,608.77               |
| Increased by Receipts:     |             |    |                        |
| Interest Earned            | E-4         |    | <u>2.24</u>            |
| Balance, December 31, 2014 | E-1         | \$ | <u><u>3,611.01</u></u> |

| <u>RECONCILIATION - DECEMBER 31, 2014</u>                | <u>P.A.T.F. I<br/>ACCOUNT</u> | <u>P.A.T.F. II<br/>ACCOUNT</u> | <u>TOTAL</u>              |
|--|-------------------------------|--------------------------------|---------------------------|
| Balance on Deposit per Statement of:<br>Bank of America: |                               |                                |                           |
| Account #000928703649                                    | \$ 2,213.28                   | \$                             | \$ 2,213.28               |
| Account #000928703665                                    | <u>                    </u>   | <u>1,397.73</u>                | <u>1,397.73</u>           |
| Balance, December 31, 2014                               | \$ <u><u>2,213.28</u></u>     | \$ <u><u>1,397.73</u></u>      | \$ <u><u>3,611.01</u></u> |

TOWNSHIP OF MONTGOMERY  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE REVENUES  
YEAR ENDED DECEMBER 31, 2014

|                       | <u>P.A.T.F. I</u>     | <u>P.A.T.F. II</u>    | <u>FUND<br/>TOTAL</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|
| Interest Earned       | \$ <u>1.17</u>        | \$ <u>1.07</u>        | \$ <u>2.24</u>        |
| <u>TOTAL REVENUES</u> | \$ <u><u>1.17</u></u> | \$ <u><u>1.07</u></u> | \$ <u><u>2.24</u></u> |
|                       | <u>REF.</u>           |                       | E-1                   |

TOWNSHIP OF MONTGOMERY

PART II

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

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE

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



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@senco.com](mailto:info@senco.com)

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

The Honorable Mayor and Members  
of the Township Committee  
Township of Montgomery  
County of Somerset  
Belle Mead, New Jersey 08502

We have audited, in accordance with the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Montgomery, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated June 29, 2015. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Montgomery prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the regulatory financial statements, we considered the Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Township's internal control.

# SUPLEE, CLOONEY & COMPANY

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We noted other matters in the internal control which are discussed in Part III, General Comments and Recommendations section of the audit report.

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township'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*. We noted an immaterial item of noncompliance which is discussed in Part III, General Comments and Recommendations section of the audit report.

## ***Purpose of This Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

June 29, 2015

TOWNSHIP OF MONTGOMERY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2014

| FEDERAL<br>CFDA<br>NUMBER | STATE<br>ACCOUNT<br>NUMBER | GRANTOR/PROGRAM TITLE  | GRANT PERIOD |            | GRANT<br>AWARD<br>AMOUNT | 2014<br>FUNDS<br>RECEIVED | 2014<br>EXPENDITURES | CUMULATIVE<br>EXPENDITURES<br>DECEMBER<br>31, 2014 |
|---------------------------|----------------------------|--|--------------|------------|--------------------------|---------------------------|----------------------|--|
|                           |                            |  | FROM         | TO         |                          |                           |                      |  |
| 66.468                    | 707-042-4860-510-009       | U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION<br>Capitalization Grants for Drinking Water State Revolving Fund-<br>Indirect Programs - Passed Through the New Jersey<br>Department of Environmental Protection (Fund Portion)<br>Pikebrook (S340-130-02-1)   | Continuous   |            | \$ 8,111,250.00          | \$ 4,075.00               | \$ 4,075.00          | \$ 7,654,785.00                                    |
| 10.664                    | 2012-042-4870-100-038      | Cooperative Forestry Assistance:<br>Consolidated Forest Management   | 1/1/2014     | 12/31/2014 | 3,000.00                 | 3,000.00                  |                      |  |
|                           |                            |  |              |            | \$ 7,075.00              | \$ 4,075.00               | \$ 7,654,785.00      |  |
| 97.036                    | 2011-066-1200-100-A63      | U.S. DEPARTMENT OF HOMELAND SECURITY<br>Public Assistance for Presidentially Declared<br>Disasters - Passed Through the New Jersey Office<br>of Emergency Management:<br>Severe Winter Storm   | Continuous   |            | 2,506.30                 | 2,506.30                  | 2,506.30             | 2,506.30   |
| 97.036                    | 2013-066-1200-100-A92      | Hurricane Sandy  | Continuous   |            | 53,887.31                | 53,887.31                 | 53,887.31            | 53,887.31  |
|                           |                            |  |              |            | \$ 56,393.61             | \$ 56,393.61              | \$ 56,393.61         |  |
| 20.600                    | 2014-066-1160-100-036      | U.S. DEPARTMENT OF TRANSPORTATION<br>State and Community Highway Safety - Passed Through<br>the New Jersey Department of Law and Public Safety<br>Selective Enforcement Management - Distracted Driver<br>National Priority Safety Programs - Passed Through<br>the New Jersey Department of Law and Public Safety | 1/1/2014     | 12/31/2014 | 5,000.00                 | 5,000.00                  | 5,000.00             | 5,000.00   |
| 20.616                    | 2014-066-1160-100-157      | Drive Sober, or Get Pulled Over  | 1/1/2014     | 12/31/2014 | 8,300.00                 | 8,300.00                  | 8,300.00             | 8,300.00   |
| 20.616                    | 2013-066-1160-100-157      | Drive Sober, or Get Pulled Over  | 1/1/2014     | 12/31/2014 | 4,275.00                 | 4,275.00                  | 4,275.00             | 4,275.00   |
| 20.616                    | 2014-066-1600-100-155      | Click It or Ticket   | 1/1/2014     | 12/31/2014 | 4,000.00                 | 4,000.00                  | 4,000.00             | 4,000.00   |
|                           |                            |  |              |            | \$ 17,300.00             | \$ 21,575.00              | \$ 21,575.00         | \$ 21,575.00                                       |
| 20.205                    | 2013-078-6320-480-ALL      | U.S. DEPARTMENT OF TRANSPORTATION<br>Highway Planning and Construction - Passed<br>Through the New Jersey Department of<br>Transportation  | Continuous   |            | 200,000.00               | 200,000.00                |                      |  |
| 20.205                    | 2014-078-6320-480-ALW      | East Mountain Road<br>Green Avenue   | Continuous   |            | 175,000.00               | 175,000.00                | 175,000.00           | 175,000.00   |
|                           |                            |  |              |            | \$ 331,250.00            | \$ 175,000.00             | \$ 175,000.00        | \$ 175,000.00                                      |
| 16.607                    |                            | DEPARTMENT OF JUSTICE<br>Bulletproof Vest Partnership Program  | Various      |            | 3,776.48                 |                           |                      | 654.50   |
|                           |                            |  |              |            | \$ 412,018.61            | \$ 257,043.61             | \$ 7,908,408.11      |  |

TOWNSHIP OF MONTGOMERY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS  
YEAR ENDED DECEMBER 31, 2014

| STATE GRANTOR/PROGRAM TITLE                   | STATE ACCOUNT NUMBER            | GRANT PERIOD |                | GRANT AWARD AMOUNT | 2014 RECEIVED | 2014 EXPENDITURES | CUMULATIVE EXPENDITURES DECEMBER 31, 2014 |
|---|---------------------------------|--------------|----------------|--------------------|---------------|-------------------|---|
|   |                                 | FROM         | TO             |                    |               |                   |   |
| <u>Department of Environmental Protection</u> |                                 |              |                |                    |               |                   |   |
| Municipal Stormwater Grant                    | N/A                             | 1/1/08       | 12/31/08       | \$ 20,086.00       | \$            | (1,339.76)        | 10,810.24                                 |
| Clean Communities Program                     | 4900-765-042-4900-004-V42Y-6020 | 1/1/14       | 12/31/14       | 48,818.86          | 48,818.86     |                   |   |
| Clean Communities Program                     | 4900-765-042-4900-004-V42Y-6020 | 1/1/13       | 12/31/13       | 52,014.82          |               |                   |   |
| Clean Communities Program                     | 4900-765-042-4900-004-V42Y-6020 | 1/1/12       | 12/31/12       | 44,302.59          | 2,485.65      |                   | 2,485.65                                  |
| Clean Communities Program                     | 4900-765-042-4900-004-V42Y-6020 | 1/1/11       | 12/31/11       | 44,888.40          | 28,390.11     |                   | 44,888.40                                 |
| <u>Revolving Fund (Trust Portion)</u>         |                                 |              |                |                    |               |                   |   |
| Skillman Village (S340-130-01)                | 707-042-4840-011-xxxxx          | 03/10/10     | To Completion  | 3,455,000.00       | 2,882.78      | 2,882.78          | 3,455,000.00                              |
| Pikebrook (S340-130-02-1)                     | 707-042-4840-011-xxxxx          | 12/02/10     | To Completion  | 1,675,000.00       | 776.00        | 776.00            | 1,585,554.00                              |
| Open Space                                    | 4800-533-042-4800-003-V22G-6019 | 1/1/12       | 12/31/12       | 34,600.00          |               |                   |   |
| Recycling Tonnage Grant                       | 4900-752-042-4900-001-V42Y-6020 |              | Unappropriated | 35,895.46          | 35,895.46     |                   |   |
|   |                                 |              |                | \$                 | 88,373.10     | 33,194.78         | 5,098,738.29                              |
| <u>Department of Law and Public Safety</u>    |                                 |              |                |                    |               |                   |   |
| Drunk Driving Enforcement Fund                | 6400-100-078-6400-YYYY          | 1/1/12       | 12/31/12       | 4,849.35           | \$            | 3,930.28          | 4,849.35                                  |
| Drunk Driving Enforcement Fund                | 6400-100-078-6400-YYYY          | 1/1/14       | 12/31/14       | 4,057.61           | 4,057.61      | 2,851.31          | 2,851.31                                  |
| Body Armor Replacement Fund - 2014            | 1020-718-066-1020-001-YCJS-6120 | 1/1/14       | 12/31/14       | 3,030.54           | 3,030.54      |                   |   |
| Body Armor Replacement Fund - 2013            | 1020-718-066-1020-001-YCJS-6120 | 1/1/13       | 12/31/13       | 3,924.95           |               |                   |   |
| Body Armor Replacement Fund - 2012            | 1020-718-066-1020-001-YCJS-6120 | 1/1/12       | 12/31/12       | 3,126.97           |               |                   |   |
| Body Armor Replacement Fund - 2010            | 1020-718-066-1020-001-YCJS-6120 | 1/1/10       | 12/31/10       | 4,097.95           |               |                   | 1,309.00                                  |
|   |                                 |              |                | \$                 | 7,088.15      | 6,781.59          | 9,009.66                                  |
| <u>Department of Transportation</u>           |                                 |              |                |                    |               |                   |   |
| Safe Corridors                                | 2014-078-6100-100-051           | Continuous   | Continuous     | 38,034.90          | \$            | \$                | 37,694.06                                 |
| Safe Corridors                                | 2014-078-6100-100-051           | Continuous   | Continuous     | 31,547.02          | 31,367.18     |                   | 31,547.02                                 |
| Safe Corridors                                | 2014-078-6100-100-051           | Continuous   | Continuous     | 21,762.89          |               | 21,762.89         | 21,762.89                                 |
| Cherry Valley Road                            | 6320-480-078-6320-AKN-TCAP-6010 | Continuous   | Continuous     | 215,000.00         |               |                   |   |
|   |                                 |              |                | \$                 | 31,367.18     | 21,762.89         | 91,003.97                                 |
|   |                                 |              |                | \$                 | 126,828.43    | 61,739.26         | 5,198,751.92                              |

TOWNSHIP OF MONTGOMERY

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

YEAR ENDED DECEMBER 31, 2014

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards of the Township of Montgomery, County of Somerset, New Jersey. All federal and state financial awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Township's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund, General Capital Fund or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS  
(CONTINUED)

Revenues:

|                            | <u>Federal</u>       | <u>State</u>         | <u>Other</u>        | <u>Total</u>         |
|----------------------------|----------------------|----------------------|---------------------|----------------------|
| Current Fund               | \$ 56,393.61         | \$                   | \$                  | \$ 56,393.61         |
| Grant Fund                 | 351,550.00           | 123,169.65           | 16,699.55           | 491,419.20           |
| Sewer Utility Capital Fund | <u>4,075.00</u>      | <u>3,658.78</u>      | <u></u>             | <u>7,733.78</u>      |
|                            | <u>\$ 412,018.61</u> | <u>\$ 126,828.43</u> | <u>\$ 16,699.55</u> | <u>\$ 555,546.59</u> |

Expenditures:

|                            | <u>Federal</u>       | <u>State</u>        | <u>Other</u>        | <u>Total</u>         |
|----------------------------|----------------------|---------------------|---------------------|----------------------|
| Current Fund               | \$ 56,393.61         | \$                  | \$                  | \$ 56,393.61         |
| Grant Fund                 | 196,575.00           | 58,080.48           | 15,965.83           | 270,621.31           |
| Sewer Utility Capital Fund | <u>4,075.00</u>      | <u>3,658.78</u>     | <u></u>             | <u>7,733.78</u>      |
|                            | <u>\$ 257,043.61</u> | <u>\$ 61,739.26</u> | <u>\$ 15,965.83</u> | <u>\$ 334,748.70</u> |

NOTE 5. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedule.

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PART III

TOWNSHIP OF MONTGOMERY

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - CURRENT FUND

|   | <u>YEAR 2014</u>         |                | <u>YEAR 2013</u>         |                |
|---|--------------------------|----------------|--------------------------|----------------|
|   | <u>AMOUNT</u>            | <u>%</u>       | <u>AMOUNT</u>            | <u>%</u>       |
| <u>REVENUE AND OTHER INCOME REALIZED</u>              |                          |                |                          |                |
| Fund Balance Utilized                                 | \$ 3,180,000.00          | 2.57           | \$ 2,998,680.00          | 2.46           |
| Miscellaneous-From Other Than Local                   |                          |                |                          |                |
| Property Tax Levies                                   | 13,704,047.12            | 11.09          | 13,710,925.66            | 11.27          |
| Collection of Delinquent Taxes and<br>Tax Title Liens | 783,643.64               | 0.63           | 908,473.45               | 0.75           |
| Collection of Current Tax Levy                        | <u>105,930,173.51</u>    | <u>85.71</u>   | <u>104,059,551.43</u>    | <u>85.52</u>   |
| <u>TOTAL INCOME</u>                                   | <u>\$ 123,597,864.27</u> | <u>100.00%</u> | <u>\$ 121,677,630.54</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u>                                   |                          |                |                          |                |
| Budget Expenditures:                                  |                          |                |                          |                |
| Municipal Purposes                                    | \$ 25,710,474.10         | 21.54          | \$ 25,018,592.92         | 21.26          |
| County Taxes  | 17,504,421.51            | 14.67          | 17,542,400.51            | 14.91          |
| School Taxes  | 72,898,041.00            | 61.08          | 71,599,362.86            | 60.85          |
| Municipal Open Space Taxes                            | 1,491,436.76             | 1.25           | 1,486,496.00             | 1.26           |
| Special District Taxes                                | 1,589,530.00             | 1.33           | 1,542,250.00             | 1.31           |
| Other   | <u>148,583.94</u>        | <u>0.12</u>    | <u>474,046.62</u>        | <u>0.40</u>    |
| <u>TOTAL EXPENDITURES</u>                             | <u>\$ 119,342,487.31</u> | <u>100.00%</u> | <u>\$ 117,663,148.91</u> | <u>100.00%</u> |
| Excess in Revenue                                     | \$ 4,255,376.96          |                | \$ 4,014,481.63          |                |
| Fund Balance, January 1                               | <u>5,228,680.19</u>      |                | <u>4,212,878.56</u>      |                |
|   | \$ 9,484,057.15          |                | \$ 8,227,360.19          |                |
| Less: Utilization as Anticipated Revenue              | <u>3,180,000.00</u>      |                | <u>2,998,680.00</u>      |                |
| Fund Balance, December 31                             | <u>\$ 6,304,057.15</u>   |                | <u>\$ 5,228,680.19</u>   |                |

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE-SEWER UTILITY FUND

|  | YEAR 2014              |                | YEAR 2013              |                |
|--|------------------------|----------------|------------------------|----------------|
|  | AMOUNT                 | %              | AMOUNT                 | %              |
| <u>REVENUE AND OTHER INCOME REALIZED</u>     |                        |                |                        |                |
| Fund Balance Utilized                        | \$ 1,650,000.00        | 20.50          | \$ 2,427,500.00        | 29.62          |
| Collection of Sewer Use Charges              | 5,411,090.60           | 67.24          | 5,111,253.79           | 62.37          |
| Miscellaneous-From Other Than Sewer Use      | 985,882.64             | 12.25          | 656,905.20             | 8.02           |
| <u>TOTAL INCOME</u>                          | <u>\$ 8,046,973.24</u> | <u>100.00%</u> | <u>\$ 8,195,658.99</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u>                          |                        |                |                        |                |
| Budget Expenditures:                         |                        |                |                        |                |
| Operating                                    | \$ 3,418,800.00        | 47.73          | \$ 3,167,012.00        | 44.48          |
| Capital Improvements                         | 382,500.00             | 5.34           | 100,000.00             | 1.40           |
| Debt Service                                 | 2,446,068.90           | 34.15          | 2,741,950.67           | 38.51          |
| Deferred Charges and Regulatory Expenditures | 177,679.80             | 2.48           | 192,002.80             | 2.70           |
| Surplus (General Budget)                     | 734,000.00             | 10.25          | 919,100.00             | 12.91          |
| Other  | 3,287.16               | 0.05           | 50.00                  | 0.00           |
| <u>TOTAL EXPENDITURES</u>                    | <u>\$ 7,162,335.86</u> | <u>100.00%</u> | <u>\$ 7,120,115.47</u> | <u>100.00%</u> |
| Excess in Revenue                            | \$ 884,637.38          |                | \$ 1,075,543.52        |                |
| Fund Balance, January 1                      | <u>2,661,375.62</u>    |                | <u>4,013,332.10</u>    |                |
|  | \$ 3,546,013.00        |                | \$ 5,088,875.62        |                |
| Decreased by:                                |                        |                |                        |                |
| Utilization as Anticipated Revenue           | <u>1,650,000.00</u>    |                | <u>2,427,500.00</u>    |                |
| Fund Balance, December 31                    | <u>\$ 1,896,013.00</u> |                | <u>\$ 2,661,375.62</u> |                |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

|                          | <u>2014</u>    | <u>2013</u>    | <u>2012</u>    |
|--------------------------|----------------|----------------|----------------|
| Tax Rate                 | <u>\$2.825</u> | <u>\$2.784</u> | <u>\$2.709</u> |
| Appointment of Tax Rate: |                |                |                |
| Municipal                | \$0.333        | \$0.320        | \$0.311        |
| Municipal Open Space     | 0.040          | 0.040          | 0.040          |
| County                   | 0.379          | 0.381          | 0.358          |
| County Open Space        | 0.036          | 0.038          | 0.037          |
| County Library           | 0.055          | 0.055          | 0.052          |
| Regional School          | <u>1.982</u>   | <u>1.950</u>   | <u>1.911</u>   |

Assessed Valuation:

|      |                            |                            |                            |
|------|----------------------------|----------------------------|----------------------------|
| 2014 | \$ <u>3,707,251,067.00</u> |                            |                            |
| 2013 |                            | \$ <u>3,706,651,369.00</u> |                            |
| 2012 |                            |                            | \$ <u>3,708,887,217.00</u> |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>YEAR</u> | <u>TAX LEVY</u>   | <u>CURRENTLY</u>                  |   |
|-------------|-------------------|-----------------------------------|---|
|             |                   | <u>CASH</u><br><u>COLLECTIONS</u> | <u>PERCENTAGE</u><br><u>OF</u><br><u>COLLECTION</u> |
| 2014        | \$ 106,948,848.02 | \$ 105,930,173.51                 | 99.04%  |
| 2013        | 104,964,221.72    | 104,059,551.43                    | 99.13%  |
| 2012        | 102,265,612.35    | 101,303,357.11                    | 99.05%  |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>YEAR</u> |    | AMOUNT OF<br>TAX TITLE<br><u>LIENS</u> |    | AMOUNT OF<br>DELINQUENT<br><u>TAXES</u> |    | TOTAL<br><u>DELINQUENT</u> | PERCENTAGE<br>OF TAX<br><u>LEVY</u> |
|-------------|----|--|----|---|----|----------------------------|-------------------------------------|
| 2014        | \$ | 272,204.84                             | \$ | 922,818.30                              | \$ | 1,195,023.14               | 1.12%                               |
| 2013        |    | 254,990.30                             |    | 782,648.89                              |    | 1,037,639.19               | 0.99%                               |
| 2012        |    | 253,064.75                             |    | 739,141.46                              |    | 992,206.21                 | 0.97%                               |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------|
| 2014        | \$115,210.00  |
| 2013        | 115,210.00    |
| 2012        | 115,210.00    |

COMPARISON OF SEWER UTILITY LEVIES

| <u>YEAR</u> |    | <u>LEVY</u>  |    | <u>CASH<br/>COLLECTIONS *</u> |
|-------------|----|--------------|----|-------------------------------|
| 2014        | \$ | 5,416,538.29 | \$ | 5,411,090.60                  |
| 2013        |    | 5,019,147.05 |    | 5,111,253.79                  |
| 2012        |    | 5,019,181.83 |    | 5,140,889.11                  |

\* Includes Collection of Prior Year Levies

COMPARATIVE SCHEDULE OF FUND BALANCES

|                              | <u>YEAR</u> | <u>BALANCE</u><br><u>DECEMBER 31</u> | <u>UTILIZED</u><br><u>IN BUDGET OF</u><br><u>SUCCEEDING YEAR</u> |
|------------------------------|-------------|--------------------------------------|--|
| Current Fund                 | 2014        | \$ 6,304,057.15                      | \$ 4,305,000.00  |
|                              | 2013        | 5,228,680.19                         | 3,180,000.00   |
|                              | 2012        | 4,212,878.56                         | 2,998,680.00   |
|                              | 2011        | 2,986,388.93                         | 2,500,000.00   |
|                              | 2010        | 5,604,984.62                         | 5,300,000.00   |
| Sewer Utility Operating Fund | 2014        | \$ 1,896,013.00                      | \$ 750,000.00  |
|                              | 2013        | 2,661,375.62                         | 1,650,000.00   |
|                              | 2012        | 4,013,332.10                         | 2,427,500.00   |
|                              | 2011        | 3,769,648.37                         | 2,131,300.00   |
|                              | 2010        | 3,507,023.51                         | 1,100,000.00   |

OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>NAME</u>          | <u>TITLE</u>                              | <u>AMOUNT<br/>OF BOND</u> | <u>NAME OF SURETY</u> |
|----------------------|---|---------------------------|-----------------------|
| Rich Smith           | Mayor                                     |                           |                       |
| Chris Sugden         | Deputy Mayor                              |                           |                       |
| Patricia Graham      | Committeeperson                           |                           |                       |
| Christine Madrid     | Committeeperson                           |                           |                       |
| Ed Trzaska           | Committeeperson                           |                           |                       |
| Kristina P. Hadinger | Attorney                                  |                           |                       |
| Donato Nieman        | Administrator                             |                           |                       |
| Donna Kukla          | Township Clerk                            |                           |                       |
| Walter Sheppard      | Chief Financial Officer/<br>Tax Collector | \$1,000,000.00            | M.J.J.I.F.            |
| Claire Higgins       | Assistant Chief Financial Officer         |                           |                       |
| John Richardson      | Magistrate                                | \$1,000,000.00            | M.J.J.I.F.            |
| Susan Keeth          | Court Administrator                       |                           |                       |
| Nancy Horvath        | Deputy Court Administrator                |                           |                       |
| Robert Palmer        | Police Captain/Director                   |                           |                       |
| Roy Mondi            | Construction Code Official                |                           |                       |
| Gail Smith           | Municipal Engineer                        |                           |                       |

All other employees were covered under a blanket bond in the amount of \$950,000.00 issued by the Mid Jersey Joint Insurance Fund (M.J.J.I.F.)

All bonds were examined and were properly executed.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00. In accordance with N.J.S.A. 40A:11-3 and authorized by a resolution dated July 1, 2010 of the governing body, the bid threshold for all purchases made by the Township's qualified purchasing agent is \$36,000.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Counsel's opinion should be sought before a commitment is made.

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

Laboratory Testing Services  
Fleet Maintenance Services  
Waste Collection and Disposal  
Chemicals

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolution authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 was advertised during 2014 for the following professional services:

Township Auditor  
Township Engineer  
Township Attorney  
Bond Counsel

Risk Management Consultant  
Landscape Architect  
Financial Advisors  
Township Planner

## COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The governing body on January 6, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes.

WHEREAS, N.J.S.A. 54:4-67 permits the Township to establish by resolution the rate of interest to be charged for the nonpayment of taxes or assessments on any installment which is not made within the tenth calendar day following the date upon which same became due and payable; and

WHEREAS, Chapter 75, P.L. 1991, now permits the governing body to establish a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year: and

WHEREAS, the Township Committee of the Township of Montgomery finds it to be in the best interests of the Township to establish said penalty.

BE IT RESOLVED By the Township Committee of the Township of Montgomery as follows:

1. Pursuant to N.J.S.A. 54:4-67, the Township Committee of the Township of Montgomery reaffirms that the following interest shall be charged for the nonpayment of taxes or assessments on any installment which is not made within the tenth calendar day following the date upon which same became payable: 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment. The term "delinquent" as used herein shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.
2. In addition, the Township Committee hereby fixes as a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year an additional sum of 6% of the amount of the delinquency.

BE IT RESOLVED, that the Tax Collector is hereby authorized to waive the interest charge on delinquent taxes where payment is received within 10 days after the due date and that any installment receiver after the expiration of this grace period bear interest from the due date.

It appears from an examination of the records that interest was collected in accordance with the forgoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 14, 2014 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 31st of the last three years:

| <u>YEAR</u> | <u>NUMBER OF LIENS</u> |
|-------------|------------------------|
| 2014        | 23                     |
| 2013        | 23                     |
| 2012        | 24                     |

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

CONFIRMATION OF DELINQUENT TAXES AND OTHER CHARGES

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

| <u>TYPE</u>                                    | <u>NUMBER</u> |
|--|---------------|
| Delinquent Tax Positive Confirmation           | 25            |
| Delinquent Utility Rent Positive Confirmation  | 25            |
| Information Tax Current Positive Confirmation  | 25            |
| Information Utility Rent Positive Confirmation | 25            |

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

Finance

The various escrow accounts maintained by the Township include many old balances.

## RECOMMENDATIONS

\*That all escrow accounts be reviewed for cancelation or liquidation when possible.

\*Prior Year Recommendation



