

*TOWN OF HACKETTSTOWN*

*COUNTY OF WARREN*

*REPORT OF AUDIT*

*2015*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWN OF HACKETTSTOWN

COUNTY OF WARREN

REPORT OF AUDIT

2015

TOWN OF HACKETTSTOWN  
TABLE OF CONTENTS  
FISCAL YEAR ENDED DECEMBER 31, 2015

<u>PART I – FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES</u>	<u>Page</u>
Independent Auditors' Report	1-3
<u>Financial Statements</u>	<u>Exhibit</u>
<u>Current Fund</u>	
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenue – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet– Regulatory Basis	B
Statement of Fund Balance - Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-1
Statement of Revenue - Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-2
Statement of Expenditures - Assessment Trust Fund – Regulatory Basis (Not Applicable)	B-3
<u>General Capital Fund</u>	
Comparative Balance Sheet– Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Water Utility Fund (Not Applicable)</u>	D
<u>Sewer Utility Fund (Not Applicable)</u>	E
<u>Public Assistance Fund (Not Applicable)</u>	F
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet– Regulatory Basis	G
Notes to Financial Statements	<u>Page</u> 1-24
<u>Supplementary Data</u>	<u>Schedule</u>
Schedule of Officials in Office and Surety Bonds	1
<u>Current Fund</u>	
Schedule of Cash	A-4
Schedule of Cash - Collector	A-5
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6
Schedule of Tax Title Liens	A-7
Schedule of Revenue Accounts Receivable	A-8
Schedule of 2014 Appropriation Reserves	A-9
Schedule of Local School District Taxes Payable	A-10
Schedule of Federal and State Grants Receivable – Federal and State Grant Fund	A-11
Schedule of Appropriated Reserves - Federal and State Grant Fund	A-12
Schedule of Unappropriated Reserves - Federal and State Grant Fund	A-13
<u>Trust Funds</u>	
Schedule of Cash – Treasurer	B-4
Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund	B-5

TOWN OF HACKETTSTOWN  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

<u>PART I (Cont'd)</u>	<u>Schedule</u>
<u>Supplementary Data (Cont'd)</u>	
<u>General Capital Fund</u>	
Schedule of Cash	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation – Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of Serial Bonds Payable (Not Applicable)	C-8
Schedule of Loans Payable	C-9
Schedule of Bonds and Notes Authorized but not Issued	C-10
<u>Water Utility Fund (Not Applicable)</u>	D
<u>Sewer Utility Fund (Not Applicable)</u>	E
<u>Public Assistance Fund (Not Applicable)</u>	F
<u>PART II – SINGLE AUDIT</u>	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Notes to Schedules of Expenditures of Federal and State Awards	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Schedule of Findings and Responses	6
Summary Schedule of Prior Audit Findings	7
<u>PART III – COMMENTS AND RECOMMENDATIONS</u>	<u>Page</u>
Comments and Recommendations	1-4
Summary of Recommendations	5

TOWN OF HACKETTSTOWN

PART I

FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

YEAR ENDED DECEMBER 31, 2015



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## Independent Auditors' Report

The Honorable Mayor and Members  
 of the Town Council  
 Town of Hackettstown, New Jersey

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

We have audited the financial statements – *regulatory basis* - of the various funds of the Town of Hackettstown, County of Warren, (the "Town"), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, as listed in the foregoing table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Honorable Mayor and Members  
of the Town Council  
Town of Hackettstown  
Page 2

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

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

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

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

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

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

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

***Emphasis of Matter***

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

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members  
of the Town Council  
Town of Hackettstown  
Page 3

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2016 on our consideration of the Town of Hackettstown'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 Town of Hackettstown's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
April 29, 2016

NISIVOCCIA LLP



William F. Schroeder  
Registered Municipal Accountant No. 452  
Certified Public Accountant

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
CURRENT FUND

TOWN OF HACKETTSTOWN  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Cash - Treasurer	A-4	\$ 8,180,061.59	\$ 8,428,462.17
Change Fund- Deputy Clerk		150.00	150.00
Change Fund- Court		150.00	150.00
Change Fund- Tax Collector		100.00	100.00
		<u>8,180,461.59</u>	<u>8,428,862.17</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	482,236.42	433,178.58
Tax Title Liens Receivable	A-7		140,070.08
Property Acquired for Taxes at Assessed Valuation		861,000.00	10,800.00
DPW Municipal Lien		5,536.00	2,380.00
Revenue Accounts Receivable	A-8	9,246.17	12,434.73
Due Animal Control Fund	B	634.17	0.88
Due Other Trust Fund	B	27.66	24.49
Due General Capital Fund	C	184.20	107.48
Total Receivables and Other Assets With Full Reserves		<u>1,358,864.62</u>	<u>598,996.24</u>
Total Regular Fund		<u>9,539,326.21</u>	<u>9,027,858.41</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	A-11	151,015.18	153,282.64
Due from Current Fund	A	117,389.45	128,419.58
Total Federal and State Grant Fund		<u>268,404.63</u>	<u>281,702.22</u>
<u>TOTAL ASSETS</u>		<u>\$ 9,807,730.84</u>	<u>\$ 9,309,560.63</u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-9	\$ 530,426.77	\$ 766,606.75
Encumbered	A-3;A-9	349,327.45	469,927.34
Total Appropriation Reserves		<u>879,754.22</u>	<u>1,236,534.09</u>
Prepaid Taxes		323,892.61	239,620.53
Prepaid Licenses		2,285.00	2,035.00
Tax Overpayments		44,006.62	
County Taxes Payable		17,751.02	23,285.62
Due to Hackettstown Municipal Utility Authority		1,237.52	
Due to Federal and State Grant Fund	A	117,389.45	128,419.58
Accounts Payable - Vendors		12,234.57	10,599.58
Due to State of New Jersey:			
Senior Citizens' and Veteran's Deductions		9,906.88	9,802.77
Marriage License Fees		375.00	150.00
Burial Surcharge Fees		5.00	10.00
Construction Code Surcharge Fees		1,970.00	1,092.00
Hackettstown Parking Authority Payable		208.00	312.00
Local School District Taxes Payable	A-10	1,285,447.80	1,168,883.80
Reserve for Tax Appeals		1,947,519.27	2,306,863.06
Reserve for Tax Sale Premiums		156,100.00	169,000.00
		<u>4,800,082.96</u>	<u>5,296,608.03</u>
Reserve for Receivables and Other			
Assets	A	1,358,864.62	598,996.24
Fund Balance	A-1	3,380,378.63	3,132,254.14
Total Regular Fund		<u>9,539,326.21</u>	<u>9,027,858.41</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-12	259,955.68	220,981.43
Unappropriated Reserves	A-13	2,730.09	30,288.11
Reserve for Encumbrances	A-12	5,718.86	30,432.68
Total Federal and State Grant Fund		<u>268,404.63</u>	<u>281,702.22</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 9,807,730.84</u>	<u>\$ 9,309,560.63</u>

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

TOWN OF HACKETTSTOWN  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,751,914.00	\$ 1,645,000.00
Miscellaneous Revenue Anticipated		1,504,065.72	1,747,124.79
Receipts from:			
Delinquent Taxes		434,953.72	427,134.13
Current Taxes		28,481,806.71	27,727,783.61
Nonbudget Revenue		150,499.57	152,261.75
Other Credits to Income:			
Cancellation of Accounts Payable			570.00
Unexpended Balance of Appropriation Reserves		748,625.36	707,070.14
State Grant Reserve Cancelled		2,150.00	50,000.00
Total Income		<u>33,074,015.08</u>	<u>32,456,944.42</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		8,593,165.22	8,647,121.71
Refund of Prior Year Revenue		16,469.38	76,557.13
Interfunds Advanced		713.18	26.70
Prior Year Senior Citizens' and Veterans			
Deductions Disallowed		1,775.14	1,250.00
Reserve for Pending Tax Appeals			1,305.50
State Grant Receivable Cancelled		2,150.00	50,000.00
County Taxes		7,070,042.65	6,769,939.13
County Share of Added Taxes		17,751.02	23,285.62
Local District School Taxes		<u>15,371,910.00</u>	<u>15,106,129.00</u>
Total Expenditures		<u>31,073,976.59</u>	<u>30,675,614.79</u>
Excess in Revenue		2,000,038.49	1,781,329.63
<u>Fund Balance</u>			
Balance January 1		<u>3,132,254.14</u>	<u>2,995,924.51</u>
Decreased by:		<u>5,132,292.63</u>	<u>4,777,254.14</u>
Utilized as Anticipated Revenue		<u>1,751,914.00</u>	<u>1,645,000.00</u>
Balance December 31	A	<u>\$ 3,380,378.63</u>	<u>\$ 3,132,254.14</u>

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

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 1,751,914.00		\$ 1,751,914.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	6,000.00		7,629.00	\$ 1,629.00
Other	6,000.00		6,142.00	142.00
Fees and Permits	65,000.00		69,048.00	4,048.00
Fines and Costs:				
Municipal Court	150,000.00		130,116.38	19,883.62 *
Interest and Costs on Taxes	90,000.00		122,118.40	32,118.40
Interest on Investments	10,000.00		15,238.19	5,238.19
Rental Inspection Fees	6,000.00		15,725.00	9,725.00
Consolidated Municipal Property Tax Relief	60,787.00		60,787.00	
Energy Receipts Tax	659,800.00		659,800.00	
Garden State Preservation Trust Fund	61,706.00		61,706.00	
Uniform Construction Code Fees- Building	70,000.00		150,783.00	80,783.00
Uniform Construction Code Fees- Electric	12,000.00		21,234.00	9,234.00
Uniform Construction Code Fees- Fire	7,000.00		10,376.00	3,376.00
Reserve for Recycling Tonnage Grant	6,458.82		6,458.82	
Driving While Intoxicated Grant	17,198.17		17,198.17	
Clean Communities Program		\$ 19,131.84	19,131.84	
Highlands Conformance Implementation Grant		25,000.00	25,000.00	
Municipal Alliance Grant - Community Prevention Services		213.00	213.00	
Municipal Alliance on Alcoholism and Drug Abuse- State	8,781.00		8,781.00	
Body Armor Grant	1,933.97		1,933.97	
Click it or Ticket		4,000.00	4,000.00	
Department of Justice Bulletproof Vest Grant	2,215.78		2,215.78	
Alcohol Education Rehabilitation Fund	2,481.37		2,481.37	
Uniform Fire Safety Act	10,000.00		26,280.80	16,280.80
Reserve to Pay Debt Service	59,668.00		59,668.00	
Total Miscellaneous Revenue	<u>1,313,030.11</u>	<u>48,344.84</u>	<u>1,504,065.72</u>	<u>142,690.77</u>
Receipts from Delinquent Taxes	<u>349,000.00</u>		<u>434,953.72</u>	<u>85,953.72</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,148,710.39		7,039,886.43	891,176.04
Minimum Library Tax	341,851.00		341,851.00	
Total Municipal Budget	<u>6,490,561.39</u>		<u>7,381,737.43</u>	<u>891,176.04</u>
Budget Totals	<u>9,904,505.50</u>	<u>48,344.84</u>	<u>11,072,670.87</u>	<u>1,119,820.53</u>
Nonbudget Revenue			150,499.57	150,499.57
	<u>\$ 9,904,505.50</u>	<u>\$ 48,344.84</u>	<u>\$11,223,170.44</u>	<u>\$1,270,320.10</u>

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

Allocation of Current Tax Collections

Revenue from Collection of Current Taxes	\$ 28,481,806.71
Allocated to County and School Taxes	<u>22,459,703.67</u>
Balance for Support of Municipal Budget	6,022,103.04
Add: Appropriation - Reserve for Uncollected Taxes	<u>1,359,634.39</u>
Realized for Support of Municipal Budget	<u><u>\$ 7,381,737.43</u></u>

Analysis of Nonbudget Revenue

Miscellaneous Revenue Not Anticipated:

Treasurer:

Cable TV Franchise Fee	\$ 29,817.59	
Nutrition Center	9,000.00	
Cat Licenses	2,076.00	
Copies/Tax Maps/Ordinances	47.87	
Payments in Lieu of Taxes	49,586.75	
Senior Citizens and Veterans Deductions Administration Fee	1,423.80	
200' lists	220.00	
Other Miscellaneous Revenues	<u>53,152.08</u>	
		\$ 145,324.09

Statutory Excess Due from Animal Control Fund 632.80

Tax Collector Miscellaneous Revenue 4,542.68

\$ 150,499.57

Analysis of Interest Earned:

Current Fund	\$ 13,366.51
Due From Animal Control Fund	15.69
Due From Other Trust Fund	336.47
Due From General Capital Fund	<u>1,519.52</u>
	<u><u>\$ 15,238.19</u></u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - Within "CAPS"					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 98,617.00	\$ 98,617.00	\$ 96,327.85	\$ 2,289.15	
Other Expenses	16,000.00	16,000.00	12,724.40	3,275.60	
Mayor and Council:					
Salaries & Wages	29,368.00	29,368.00	27,673.00	1,695.00	
Other Expenses	2,500.00	2,500.00	1,918.33	581.67	
Municipal Clerk:					
Salaries & Wages	88,167.00	88,167.00	83,626.21	4,540.79	
Other Expenses	20,000.00	20,000.00	17,392.69	2,607.31	
Financial Administration:					
Salaries & Wages	127,720.00	127,720.00	121,722.27	5,997.73	
Other Expenses	6,000.00	6,000.00	3,044.48	2,955.52	
Audit	33,900.00	33,900.00	33,900.00		
Computerized Data Processing:					
Other Expenses	23,150.00	23,150.00	22,205.79	944.21	
Collection of Taxes:					
Salaries & Wages	57,820.00	57,820.00	56,493.52	1,326.48	
Other Expenses	4,150.00	4,150.00	3,671.99	478.01	
Assessment of Taxes:					
Salaries & Wages	52,889.00	52,889.00	45,422.28	7,466.72	
Miscellaneous Other Expenses	8,000.00	8,000.00	7,412.87	587.13	
Tax Map Revision	200.00	200.00		200.00	
Appraisals	2,000.00	2,000.00	225.00	1,775.00	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
GENERAL GOVERNMENT (continued):					
Legal Services and Costs:					
Other Expenses	\$ 100,000.00	\$ 100,000.00	\$ 99,198.82	\$ 801.18	
Engineering Services and Costs:					
Other Expenses	22,000.00	22,000.00	6,479.05	15,520.95	
Economic and Industrial Development Commission:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Historical Preservation Commission:					
Salaries & Wages	2,218.00	2,218.00	2,107.28	110.72	
Other Expenses	250.00	250.00	88.83	161.17	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55d-1):					
Planning Board:					
Salaries & Wages	17,830.00	17,830.00	17,261.04	568.96	
Other Expenses	3,000.00	3,000.00	2,321.69	678.31	
Board of Adjustment:					
Salaries & Wages	17,904.00	17,904.00	17,261.04	642.96	
Other Expenses	2,500.00	2,500.00	445.53	2,054.47	
Salaries & Wages-Flood Plain Administrator	3,183.00	3,183.00	3,139.89	43.11	
Other Expenses-Flood Plain Administrator	300.00	300.00	300.00		
Insurance:					
Other Insurance Premiums	155,076.00	155,076.00	154,914.12	161.88	
Liability Insurance	134,099.00	134,099.00	134,099.00		
Group Insurance Plan for Employees	815,000.00	815,000.00	740,380.81	74,619.19	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	2,061,006.00	2,081,006.00	2,060,994.64	20,011.36	
Other Expenses	140,018.00	140,018.00	137,030.20	2,987.80	

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - Within "CAPS" (continued)					
PUBLIC SAFETY: (continued)					
Emergency Management System:					
Salaries & Wages	\$ 5,916.00	\$ 5,916.00	\$ 4,946.00	\$ 970.00	
Other Expenses	5,070.00	5,070.00	3,713.81	1,356.19	
First Aid Organization Contributions	37,305.00	37,305.00	12,305.00	25,000.00	
Fire:					
Salaries & Wages	12,976.00	12,976.00	12,211.49	764.51	
Other Expenses	64,108.00	64,108.00	63,968.26	139.74	
Fire Prevention:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Municipal Prosecutor:					
Salaries & Wages	18,540.00	18,540.00	18,000.00	540.00	
PUBLIC WORKS FUNCTIONS:					
Department of Public Works:					
Salaries & Wages	498,520.00	498,520.00	388,489.58	110,030.42	
Other Expenses	260,776.00	260,776.00	232,619.92	28,156.08	
Shade Tree Commission:					
Other Expenses	1,000.00	1,000.00	1,000.00		
Public Buildings and Grounds:					
Salaries & Wages	54,501.00	54,501.00	49,984.13	4,516.87	
Other Expenses	40,100.00	40,100.00	40,021.29	78.71	
Vehicle Maintenance:					
Other Expenses	52,500.00	52,500.00	47,984.01	4,515.99	

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations - Within "CAPS" (continued)					
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Board of Health:					
Salaries & Wages	\$ 14,763.00	\$ 14,763.00	\$ 13,532.48	\$ 1,230.52	
Other Expenses	2,200.00	2,200.00	1,494.73	705.27	
Animal Control:					
Salaries & Wages	13,938.00	13,938.00	10,608.96	3,329.04	
Senior Center Coordinator:					
Other Expenses	5,000.00	5,000.00	3,945.00	1,055.00	
PARKS AND RECREATION FUNCTIONS:					
Board of Recreation Commissioners:					
Salaries and Wages	204,840.00	204,840.00	204,177.54	662.46	
Other Expenses	86,751.00	86,751.00	86,698.75	52.25	
OTHER COMMON OPERATING FUNCTIONS:					
Celebration of Public Events:					
Other Expenses	3,500.00	3,500.00	377.00	3,123.00	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	45,772.00	45,772.00	34,958.07	10,813.93	
Street Lighting	105,000.00	105,000.00	86,503.54	18,496.46	
Telephone	50,000.00	50,000.00	42,996.33	7,003.67	
Heating Oil	46,500.00	46,500.00	36,914.22	9,585.78	
Gasoline and Diesel	110,000.00	110,000.00	70,000.00	40,000.00	
Garbage and Trash Removal	9,720.00	9,720.00	9,720.00		
Municipal Services Act	40,000.00	40,000.00	39,994.87	5.13	
Municipal Court:					
Salaries & Wages	118,957.00	118,957.00	118,028.84	928.16	
Other Expenses	10,065.00	10,065.00	9,283.57	781.43	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Within "CAPS" (continued)					
Court Officer:					
Salaries & Wages	\$ 7,640.00	\$ 7,640.00	\$ 5,663.31	\$ 1,976.69	
Public Defender:					
Salaries & Wages	5,700.00	5,700.00	5,216.25	483.75	
Rental Property Inspections:					
Salaries & Wages	5,464.00	5,464.00	3,365.29	2,098.71	
Other Expenses	500.00	500.00	49.98	450.02	
COAH:					
Salaries & Wages	5,464.00	5,464.00		5,464.00	
Construction Code Official:					
Salaries & Wages	218,580.00	198,480.00	179,461.84	19,018.16	
Other Expenses	9,350.00	9,350.00	4,060.04	5,289.96	
Total Operations within "CAPS"	6,221,881.00	6,221,781.00	5,752,076.72	469,704.28	
Contingent	1,500.00	1,500.00		1,500.00	
Total Operations Including Contingent within "CAPS"	6,223,381.00	6,223,281.00	5,752,076.72	471,204.28	
Detail:					
Salaries & Wages	3,742,521.00	3,742,421.00	3,545,714.73	196,706.27	
Other Expenses (Including Contingent)	2,513,338.00	2,480,860.00	2,206,361.99	274,498.01	
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System	176,487.00	176,487.00	176,486.19	0.81	
Social Security (O.A.S.I)	308,000.00	308,000.00	251,621.67	56,378.33	
Police and Firemen's Retirement System of New Jersey	367,734.00	367,734.00	367,733.00	1.00	
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00		
Defined Contribution Retirement Program	3,500.00	3,600.00	3,476.66	123.34	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	870,721.00	870,821.00	814,317.52	56,503.48	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 7,094,102.00	\$ 7,094,102.00	\$ 6,566,394.24	\$ 527,707.76	
Operations - Excluded from "CAPS"					
Maintenance of Free Public Library	341,851.00	341,851.00	339,149.76	2,701.24	
Stormwater Management:					
Other Expenses	5,100.00	5,100.00	5,082.23	17.77	
Total Other Operations - Excluded from "CAPS"	346,951.00	346,951.00	344,231.99	2,719.01	
Public and Private Programs Offset by Revenue:					
Clean Communities Grant (NJSA 40A:4-87 \$19,131.84 )		19,131.84	19,131.84		
Body Armor Grant	1,933.97	1,933.97	1,933.97		
Municipal Alliance Grant-					
Community Prevention Services (NJSA 40A:4-87 \$213.00 )		213.00	213.00		
Municipal Alliance Program:					
State Share	8,781.00	8,781.00	8,781.00		
Local Share	2,994.00	2,994.00	2,994.00		
Reserve for Recycling Tonnage Grant	6,458.82	6,458.82	6,458.82		
Click it or Ticket (NJSA 40A:4-87 + \$4,000.00 )		4,000.00	4,000.00		
Department of Justice Bulletproof Vest Grant	2,215.78	2,215.78	2,215.78		
Alcohol Education Rehabilitation Fund	2,481.37	2,481.37	2,481.37		
Drunk Driving Enforcement Fund	17,198.17	17,198.17	17,198.17		
Highlands Conformance Implementation Grant (NJSA 40A:4-87 \$25,000.00 )		25,000.00	25,000.00		
Total Public and Private Programs Offset by Revenues	42,063.11	90,407.95	90,407.95		
Total Operations - Excluded from "CAPS"	389,014.11	437,358.95	434,639.94	2,719.01	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations - Excluded from "CAPS" (continued):					
Detail:					
Other Expenses	\$ 389,014.11	\$ 437,358.95	\$ 434,639.94	\$ 2,719.01	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Reserve for Purchase of Fire Truck	35,000.00	35,000.00	35,000.00		
Total Capital Improvements Excluded from "CAPS"	85,000.00	85,000.00	85,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes	923,668.00	923,668.00	923,668.00		
Interest on Notes	17,953.00	17,953.00	17,902.78		\$ 50.22
Green Acres Loan Repayments for Principal and Interest	35,134.00	35,134.00	35,133.49		0.51
Total Municipal Debt Service - Excluded from "CAPS"	976,755.00	976,755.00	976,704.27		50.73
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,450,769.11	1,499,113.95	1,496,344.21	2,719.01	50.73
Subtotal General Appropriations	8,544,871.11	8,593,215.95	8,062,738.45	530,426.77	50.73
Reserve for Uncollected Taxes	1,359,634.39	1,359,634.39	1,359,634.39		
Total General Appropriations	\$ 9,904,505.50	\$ 9,952,850.34	\$ 9,422,372.84	\$ 530,426.77	\$ 50.73

Ref.

A

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

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 9,904,505.50	
Added by N.J.S.A. 40A:4-87		48,344.84	
		<u>\$ 9,952,850.34</u>	
Reserve for Uncollected Taxes			\$ 1,359,634.39
Cash Disbursed			7,817,200.87
Due to Federal and State Grant Fund			90,407.95
Encumbrances	A		<u>349,327.45</u>
			9,616,570.66
Less: Appropriation Refunds			<u>194,197.82</u>
			<u>\$ 9,422,372.84</u>

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

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
TRUST FUNDS

TOWN OF HACKETTSTOWN  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 10,190.17	\$ 6,256.41
Due from State of New Jersey		3.60	
		<u>10,193.77</u>	<u>6,256.41</u>
Recreation Trust Fund:			
Cash and Cash Equivalents	B-4	<u>314,039.49</u>	<u>286,543.82</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	<u>646,266.82</u>	<u>514,206.71</u>
<u>TOTAL ASSETS</u>		<u>\$ 970,500.08</u>	<u>\$ 807,006.94</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 634.17	\$ 0.88
Due to State of New Jersey			10.80
Reserve for Animal Control Fund Expenditures	B-5	<u>9,559.60</u>	<u>6,244.73</u>
		<u>10,193.77</u>	<u>6,256.41</u>
Recreation Trust Fund:			
Reserve for Recreation Fund Expenditures		<u>314,039.49</u>	<u>286,543.82</u>
Other Trust Funds:			
Due to Current Fund	A	27.66	24.49
Reserve for:			
Parking Offenses Adjudication Act		949.03	2,627.85
Performance Bonds		10,413.67	10,413.67
Council on Affordable Housing Trust		6,609.87	5,038.23
Escrow Deposits		415,253.20	324,138.35
Unemployment Compensation Fund		82,585.32	71,650.97
Recycling Funds		29,114.65	26,674.75
Business District Improvement Funds		734.53	1,846.04
Snow Removal		86,547.22	61,106.22
Police Outside Duty		4,936.53	967.00
Fire Prevention Penalty		7,159.54	7,159.54
Fire Department Penalty Account		<u>1,935.60</u>	<u>2,559.60</u>
Total Other Trust Funds		<u>646,266.82</u>	<u>514,206.71</u>
<u>TOTAL LIABILITIES AND RESERVES</u>		<u>\$ 970,500.08</u>	<u>\$ 807,006.94</u>

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

TOWN OF HACKETTSTOWN  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWN OF HACKETTSTOWN  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWN OF HACKETTSTOWN  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
GENERAL CAPITAL FUND

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,411,635.82	\$ 839,134.64
Deferred Charges to Future Taxation:			
Funded		251,281.90	280,944.09
Unfunded	C-4	2,161,736.00	2,112,077.00
<u>TOTAL ASSETS</u>		<u>\$ 3,824,653.72</u>	<u>\$ 3,232,155.73</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 2,161,736.00	\$ 2,112,077.00
Green Acres Loan Payable	C-9	251,281.90	280,944.09
Improvement Authorizations:			
Funded	C-5	147,273.49	149,317.95
Unfunded	C-5	779,451.96	483,267.69
Due Current Fund	A	184.20	107.48
Capital Improvement Fund	C-6	104,684.01	117,134.01
Reserve for:			
Encumbrances	C-5	34,766.32	28,548.57
Payment of Debt Service		309,185.06	59,668.16
Purchase of Fire Truck		35,000.00	
Fund Balance	C-1	1,090.78	1,090.78
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,824,653.72</u>	<u>\$ 3,232,155.73</u>

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

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	C	<u>\$ 1,090.78</u>
Balance December 31, 2015	C	<u><u>\$ 1,090.78</u></u>

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

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
WATER UTILITY FUND  
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
SEWER UTILITY FUND  
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
PUBLIC ASSISTANCE FUND  
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWN OF HACKETTSTOWN  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Land	\$ 3,718,300.00	\$ 3,718,300.00
Buildings	4,181,143.00	4,181,143.00
Machinery and Equipment	5,249,839.50	5,459,678.58
<u>TOTAL ASSETS</u>	<u>\$ 13,149,282.50</u>	<u>\$13,359,121.58</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	\$ 13,149,282.50	\$13,359,121.58
<u>TOTAL RESERVES</u>	<u>\$ 13,149,282.50</u>	<u>\$13,359,121.58</u>

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of the Town of Hackettstown include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Town of Hackettstown, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Town of Hackettstown do not include the operations of the Volunteer Fire and First Aid Squads or the Municipal Library.

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

B. Description of Funds

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

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

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

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

General Fixed Assets Account Group - Estimated values of land, buildings and certain fixed assets of the Town as discussed in Note 1D.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

C. Basis of Accounting

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

The more significant policies in New Jersey follow.

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

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

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

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

C. Basis of Accounting (Cont'd)

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

The cash basis of accounting is followed in the Trust Funds.

D. Other significant accounting policies include:

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

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

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

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

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

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

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

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

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

D. Other Significant Accounting Policies (Cont'd)

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

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

- E. Deferred Charges to Future Taxation – The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans or by capital lease purchase agreements.
- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current Operating Fund. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Town during the year.

Note 2: Long-Term Debt

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

Summary of Municipal Debt

	December 31,		
	2015	2014	2013
<u>Issued:</u>			
General:			
Bond Anticipation Notes	\$ 2,161,736.00	\$ 2,112,077.00	\$ 2,200,740.00
General:			
Loans Payable	251,281.90	280,944.09	310,021.82
Total Issued	<u>2,413,017.90</u>	<u>2,393,021.09</u>	<u>2,510,761.82</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes			263,625.00
Total Authorized but not Issued			<u>263,625.00</u>
Less: Reserve to Pay Debt Service	<u>309,185.06</u>	<u>59,668.16</u>	<u>124,071.33</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 2,103,832.84</u>	<u>\$ 2,333,352.93</u>	<u>\$ 2,650,315.49</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.212%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 2,413,017.90	\$ 309,185.06	\$ 2,103,832.84
Local School Debt	2,015,000.00	2,015,000.00	
	<u>\$ 4,428,017.90</u>	<u>\$ 2,324,185.06</u>	<u>\$ 2,103,832.84</u>

Net Debt \$2,103,832.84 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$990,399,028.67 = 0.212%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 34,663,966.02
Net Debt	<u>2,103,832.84</u>
Remaining Borrowing Power	<u>\$ 32,560,133.18</u>

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	<u>Balance</u> <u>12/31/2014</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2015</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 2,112,077.00	\$ 2,161,736.00	\$ 2,112,077.00	\$ 2,161,736.00
Loans Payable:				
General Capital Fund	280,944.09		29,662.19	251,281.90
Total	<u>\$ 2,393,021.09</u>	<u>\$ 2,161,736.00</u>	<u>\$ 2,141,739.19</u>	<u>\$ 2,413,017.90</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	<u>Balance</u> <u>12/31/2013</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2014</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 2,200,740.00	\$ 2,994,080.00	\$ 3,082,743.00	\$ 2,112,077.00
Loans Payable:				
General Capital Fund	310,021.82		29,077.73	280,944.09
Total	<u>\$ 2,510,761.82</u>	<u>\$ 2,994,080.00</u>	<u>\$ 3,111,820.73</u>	<u>\$ 2,393,021.09</u>

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

The schedule of annual debt service for principal and interest on the loan payable is as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 30,258.40	\$ 4,875.10	\$ 35,133.50
2017	30,866.59	4,266.91	35,133.50
2018	31,487.01	3,646.48	35,133.49
2019	32,119.91	3,013.59	35,133.50
2020	32,765.52	2,367.99	35,133.51
2021-2024	93,784.47	3,532.20	97,316.67
	<u>\$ 251,281.90</u>	<u>\$ 21,702.27</u>	<u>\$ 272,984.17</u>

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

(Continued)

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

Analysis of Debt Issued and Outstanding

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>
	<u>Outstanding Dec. 31, 2015</u>		
	<u>Date</u>	<u>Amount</u>	
Amending 2009-15 Streetscape Improvement	9/15/2016	\$ 105,099.00	0.72%
Amending 2009-15 Streetscape Improvement	9/15/2016	54,000.00	0.72%
Amending 2009-15 Streetscape Improvement	9/15/2016	353,228.00	0.72%
Amending 2009-15 Streetscape Improvement	9/15/2016	413,250.00	0.72%
Various Capital Improvements	9/15/2016	262,832.00	0.72%
Various Capital Improvements	9/15/2016	973,327.00	0.72%
		<u>\$ 2,161,736.00</u>	

General Capital Green Acres Loans Payable

<u>Description</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Green Acres Loan #1	5/16/2024	2.00%	\$ 193,542.08
Green Acres Loan #2	9/21/2021	2.00%	57,739.82
			<u>\$ 251,281.90</u>
Total Debt Issued and Outstanding			<u>\$ 2,413,017.90</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$4,873,257 at June 30, 2015. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$8,245,094 at June 30, 2015. See Note 6 for further information on the PERS and PFRS.

Note 3: Green Acres Trust Program

The Town was approved for the Green Acres Trust Program. The program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement to land for recreation.

Payments of principal and interest on the loans are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments are to commence nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 10 to 20 years. Interest on the loans, is at the rate of 2% annually on the outstanding balance.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 4: Fund Balance Appropriated

Fund balance at December 31, 2015, which is appropriated and included in the introduced budget as anticipated revenue in the Current Fund for the year ending December 31, 2016 is \$2,424,096.

Note 5: Local School District Taxes

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

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

	Local School Tax	
	Balance 12/31/2015	Balance 12/31/2014
Balance of Tax	\$ 7,561,021.04	\$ 7,444,457.04
Deferred	6,275,573.24	6,275,573.24
Tax Payable	\$ 1,285,447.80	\$ 1,168,883.80

Note 6: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Town contributions to PERS amounted to \$176,486.19 for 2015.

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

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2015, the Town's liability was \$4,873,257 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Town's proportion was 0.022%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Town recognized actual pension expense in the amount of \$176,486.19.

Actuarial Assumptions

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

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

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

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

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate

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

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

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

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

The following presents the Town's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Town's proportionate share of the Net Pension Liability	\$ 6,056,862	\$ 4,873,257	\$ 3,880,931

Pension Plan Fiduciary Net Position

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

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

TOWN OF HACKETTSTOWN  
NOTES TO FINACIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

Town contributions to PFRS amounted to \$367,733 for the year ended December 31, 2015. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$37,639 to the PFRS for normal pension benefits on behalf of the Town, which is less than the contractually required contribution of \$90,192.

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

Pension Liabilities and Pension Expense

At June 30, 2015, the Town's liability for its proportionate share of the net pension liability was \$8,245,094. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Town's proportion was 0.050%, which was an increase of 0.002% from its proportion measured as of June 30, 2014.

Additionally, the State's proportionate share of the net pension liability attributable to the Town is \$723,067 as of June 30, 2015. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Town was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.050%, which was an increase of 0.002% from its proportion measured as of June 30, 2014 which is the same proportion as the Town's.

Town's Proportionate Share of the Net Pension Liability	\$ 8,245,094
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>723,067</u>
Total Net Pension Liability	<u><u>\$ 8,968,161</u></u>

For the year ended December 31, 2015, the Town recognized total pension expense of \$367,733.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the average of the last five years of contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

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

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Town) as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Town's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Town	\$ 11,822,884	\$ 8,968,161	\$ 6,640,390

Pension Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Town recognized pension expense of \$3,477 for the year ended December 31, 2015. Employee contributions to DCRP amounted to \$4,877 for the year ended December 31, 2015.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 7: Selected Tax Information

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

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	\$ 2.794	\$ 2.703	\$ 2.611
<u>Apportionment of Tax Rate:</u>			
Municipal	0.627	0.611	0.595
County	0.645	0.607	0.579
Local School Tax	1.484	1.444	1.394
County Open Space Tax	0.038	0.041	0.043
<u>Assessed Valuations:</u>			
2015	<u>\$ 1,035,891,860</u>		
2014		<u>\$ 1,046,612,708</u>	
2013			<u>\$ 1,062,452,765</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 Collections</u>	<u>Percentage of Collection</u>
2015	\$ 29,015,668.75	\$ 28,481,806.71	98.16%
2014	28,387,165.55	27,727,783.61	97.67%
2013	27,795,618.26	27,302,219.89	98.22%

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 8: Cash and Cash Equivalents

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

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

*GASB Statement No. 40, Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Town in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

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

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

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

Deposits:

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

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

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

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

As of December 31, 2015, cash and cash equivalents of the Town of Hackettstown consisted of the following:

	<u>Checking Accounts</u>	<u>Cash on Hand</u>	<u>Total</u>
Current Fund	\$ 8,180,061.59	\$ 400.00	\$ 8,180,461.59
Animal Control Fund	10,190.17		10,190.17
Recreation Trust Fund	314,039.49		314,039.49
Other Trust Funds	646,266.82		646,266.82
General Capital Fund	1,411,635.82		1,411,635.82
	<u>\$ 10,562,193.89</u>	<u>\$ 400.00</u>	<u>\$ 10,562,593.89</u>

During the year ended December 31, 2015, the Town did not hold any investments. The carrying amount of the Town's cash and cash equivalents at December 31, 2015, was \$10,562,593.89 and the bank balance was \$10,809,716.38.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 9: Risk Management:

The Town 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. Health Benefits are provided to employees through the State of New Jersey health benefits plan.

The Town of Hackettstown is currently a member of the Statewide Insurance Fund (the "Fund"). The fund provides its members with Liability, Property and Workers' Compensation and Employer Liability Insurance. The Fund is risk-sharing public entity risk pool that is an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund is elected.

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

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

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

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

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

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 9: Risk Management: (Cont'd)

New Jersey Unemployment Compensation Insurance

The Town has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Town 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 Town is billed quarterly for amounts due to the state.

The following is a summary of Town and employee contributions, interest earned and amounts reimbursed to the State for benefits paid and the ending balance of the Town's expendable trust fund for the current and previous two years.

Year	Town Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2015	\$ -0-	\$ 18,405.95	\$ 108.67	\$ 7,580.27	\$ 82,585.32
2014	-0-	20,849.88	88.60	8,974.93	71,650.97
2013	-0-	20,878.72	63.62	3,420.74	59,687.42

Note 10: Interfund Receivables and Payables

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

<u>Fund</u>	Interfund Receivable	Interfund Payable
Current	\$ 846.03	\$ 117,389.45
Federal and State Grant	117,389.45	
Animal Control Trust		634.17
Other Trust		27.66
General Capital		184.20
	<u>\$ 118,235.48</u>	<u>\$ 118,235.48</u>

Interfund activity between the Current Fund and the Federal and State Grant Fund consisted mostly of receipts and expenditures flowing through the Current Fund during the year. The interfund activity between the Current Fund and the General Capital Fund consisted of interest earned in the General Capital Fund and due to the Current Fund at year end. The interfund between Current Fund and Animal Control Trust consists of interest earned in Animal Control Trust and due to Current Fund and Animal Control Trust excess reserve due to Current Fund that exceeded the maximum allowable reserve at year end. The remainder of the interfunds payable and receivable at year end, was a result of interest earned and not yet transferred to Current Fund at year end.

Note 11: Economic Dependency

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

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 12: Contingent Liabilities

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

Various tax appeals on assessed valuations have been filed against the Town and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Tax Assessor will aggressively defend the Town's assessments. The Town has established a reserve, which it feels is sufficient, for this contingency in the amount of \$1,947,519.

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

Note 13: Deferred Compensation

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrator is as follows:

- Variable Annuity Life Insurance Company

Note 14: Accrued Sick and Vacation Benefits

The Town has permitted full-time employees to accrue unused vacation and sick pay and carry over all unused sick days. The current cost of such unpaid compensation has been estimated at approximately \$644,263.61 at December 31, 2015, and is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Town's budget operating expenditures in the year in which it is used.

TOWN OF HACKETTSTOWN  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 15: Fixed Assets

The following schedule is a summarization of the general fixed assets for the fiscal year ended December 31, 2015 and 2014:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Land	\$ 3,718,300.00			\$ 3,718,300.00
Buildings	4,181,143.00			4,181,143.00
Machinery and Equipment	<u>5,459,678.58</u>	<u>\$ 488,342.70</u>	<u>\$ 698,181.78</u>	<u>5,249,839.50</u>
	<u>\$13,359,121.58</u>	<u>\$ 488,342.70</u>	<u>\$ 698,181.78</u>	<u>\$13,149,282.50</u>
	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Land	\$ 3,718,300.00			\$ 3,718,300.00
Buildings	4,181,143.00			4,181,143.00
Machinery and Equipment	<u>5,259,903.66</u>	<u>\$ 199,774.92</u>		<u>5,459,678.58</u>
	<u>\$13,159,346.66</u>	<u>\$ 199,774.92</u>	<u>\$ -0-</u>	<u>\$13,359,121.58</u>

TOWN OF HACKETTSTOWN

SUPPLEMENTARY DATA

TOWN OF HACKETTSTOWN  
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2015

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

Name	Title	Amount of Bond	Name of Corporate or Personal Surety
Maria DiGiovanni	Mayor		
Eric Tynan	Member of Council		
Matthew Engelau	Member of Council		
Leonard Kunz	Member of Council		
Gerald DiMaio	Member of Council		
Scott Sheldon	Member of Council		
William Conforti	Member of Council		
William Kuster, Jr.	Town Clerk/Administrator, Registrar of Vital Statistics	Blanket	National Casualty Company
Danette Dyer	Treasurer and Chief Financial Officer	\$ 10,000	Selective Insurance Company of America
Regina McKenna	Tax Collector	150,000	Selective Insurance Company of America
Laura Moore	Court Administrator	Blanket	National Casualty Company
Maria Molina	Deputy Court Administrator	Blanket	National Casualty Company
Ben Murdoch	Tax Assessor and Variance Search Officer	Blanket	National Casualty Company
J. Edward Palmer	Magistrate	10,000	Selective Insurance Company of America
Mark Peck	Attorney		

Certain employees of the Town of Hackettstown were covered by a Public Employees Faithful Performance Blanket Position Bond issued by the National Casualty Company in the amount of \$6,000,000.00.

All of the bonds issued by Selective Insurance Company and the National Casualty Company were examined and appeared to be properly executed.

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
CURRENT FUND

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 8,428,462.17
Increased by Receipts:		
Tax Collector Account		\$ 29,510,032.25
Revenue Accounts Receivable		1,230,958.69
Miscellaneous Revenue Not Anticipated		145,324.09
Due to Federal and State Grant Fund:		
Unappropriated Reserves		26,074.93
Federal and State Grants Receivable		33,898.46
State of New Jersey Veterans' and Senior Citizens' Deductions		71,189.93
Prepaid Licenses		2,285.00
Due from State of N.J.:		
Construction Code Fees		12,038.00
Marriage License Fees		1,475.00
Burial Permits		5.00
Due General Capital Fund:		
Appropriated Revenue - Reserve to Pay Debt Service		59,668.00
Interest Earned		1,442.80
Due Animal Control Fund:		
Interest Earned		15.20
Due Other Trust Fund:		
Interest Earned		333.30
Due Hackettstown Parking Authority		208.00
Appropriation Refunds		194,197.82
		31,289,146.47
		39,717,608.64
Decreased by Disbursements:		
2015 Appropriation Expenditures		7,817,200.87
2014 Appropriation Reserve Expenditures		482,561.84
Accounts Payable		3,711.90
Local School District Taxes		15,255,346.00
County Taxes		7,093,328.27
Tax Overpayments Refunded		9,606.42
Third Party Liens Redeemed		237,404.67
Tax Sale Premiums Refunded		171,200.00
Due Hackettstown Municipal Utilities Authority		4,644.39
Due to State of New Jersey:		
Construction Code Fees		11,160.00
Marriage License Fees		1,250.00
Burial Permit Fees		10.00
Due from Federal and State Grant Fund:		
Appropriated Reserves		73,997.52
Due Hackettstown Parking Authority		312.00
Refund of Prior Year Revenue		16,469.38
Reserve for Tax Appeals		359,343.79
		31,537,547.05
Balance December 31, 2015	A	\$ 8,180,061.59

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2015

## Increased by Receipts:

Taxes Receivable	\$ 28,604,278.94	
2016 Prepaid Taxes	323,892.61	
Interest and Costs on Taxes	122,118.40	
Tax Sale Premium	158,300.00	
Tax Overpayments	53,613.04	
Third Party Liens Redemption	237,404.67	
Tax Sale Municipal Utility Authority Fees	5,881.91	
Miscellaneous	4,542.68	
	<hr/>	
		<u>\$ 29,510,032.25</u>

## Decreased by:

Payments to Treasurer		<u><u>\$ 29,510,032.25</u></u>
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TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2015 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancellations	Trans- ferred to Tax Title Liens	Balance
	Dec.31 2014		2014	2015				Dec. 31, 2015
2014	\$ 433,178.58			\$ 434,953.72	\$ (1,775.14)			
2015		\$ 29,015,668.75	\$ 239,620.53	28,169,325.22	72,860.96	\$ 40,135.16	\$ 11,490.46	\$ 482,236.42
	<u>\$ 433,178.58</u>	<u>\$ 29,015,668.75</u>	<u>\$ 239,620.53</u>	<u>\$ 28,604,278.94</u>	<u>\$ 71,085.82</u>	<u>\$ 40,135.16</u>	<u>\$ 11,490.46</u>	<u>\$ 482,236.42</u>
Ref.	A							A

Analysis of 2015 Property Tax Levy

General Purpose Tax	\$ 28,942,818.48
Added Taxes (54:4-63.1 et seq.)	72,850.27
	<u>\$ 29,015,668.75</u>
Tax Levy:	
Local School District Taxes	\$ 15,371,910.00
County Taxes:	
County Taxes	\$ 7,070,042.65
Due County for Added and Omitted Taxes	17,751.02
	<u>7,087,793.67</u>
	22,459,703.67
Local Tax for Municipal Purposes	6,148,710.39
Municipal Library Tax	341,851.00
Add: Additional Tax Levied	65,403.69
	<u>6,555,965.08</u>
	<u>\$ 29,015,668.75</u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 140,070.08
Increased by:		
2015 Taxes Transferred		11,490.46
		<hr/> 151,560.54
Decreased by:		
Trasfer to Foreclosed Property		151,560.54
		<hr/> <hr/>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Accrued</u> <u>in 2015</u>	<u>Collected by</u> <u>Tax Collector</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Clerk:					
Alcoholic Beverage License		\$ 7,629.00		\$ 7,629.00	
Other Licenses		6,142.00		6,142.00	
Fees and Permits		69,048.00		69,048.00	
Construction Code Official:					
Building Fees		150,783.00		150,783.00	
Electric Fees		21,234.00		21,234.00	
Fire Fees		10,376.00		10,376.00	
Municipal Court	\$ 12,434.73	126,927.82		130,116.38	\$ 9,246.17
Interest and Costs on Taxes		122,118.40	\$ 122,118.40		
Interest Earned on Investments and Deposits		13,366.51		13,366.51	
Garden State Preservation Trust		61,706.00		61,706.00	
Energy Receipts Tax		659,800.00		659,800.00	
Consolidated Municipal Property Tax Relief Aid		60,787.00		60,787.00	
Rental Inspection Fee		15,725.00		15,725.00	
Uniform Fire Safety Act		26,280.80		26,280.80	
	<u>\$ 12,434.73</u>	<u>\$ 1,351,923.53</u>	<u>\$ 122,118.40</u>	<u>\$ 1,232,993.69</u>	<u>\$ 9,246.17</u>
<u>Ref.</u>	A		Cash Received	\$ 1,230,958.69	A
			Prepaid Licenses Applied	2,035.00	
				<u>\$ 1,232,993.69</u>	

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>After Modi-</u> <u>fication</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<b>GENERAL GOVERNMENT:</b>				
General Administration:				
Salaries and Wages	\$ 1,759.38	\$ 1,759.38		\$ 1,759.38
Other Expenses	6,491.88	6,491.88	\$ 1,026.20	5,465.68
Mayor and Council:				
Salaries and Wages	1,646.00	1,646.00		1,646.00
Other Expenses	1,004.00	1,004.00		1,004.00
Municipal Clerk:				
Salaries and Wages	2,623.94	2,623.94		2,623.94
Other Expenses	3,106.16	3,106.16	330.93	2,775.23
Financial Administration:				
Salaries and Wages	3,469.74	3,469.74		3,469.74
Other Expenses	3,784.43	3,784.43	1,532.91	2,251.52
Auditing Services:				
Other Expenses	28,180.00	28,180.00	28,180.00	
Computerized Data Processing:				
Other Expenses	3,060.39	3,060.39	2,671.00	389.39
Collection of Taxes:				
Salaries and Wages	357.40	357.40		357.40
Other Expenses	2,544.21	2,544.21	14.61	2,529.60
Assessment of Taxes:				
Salaries and Wages	7,265.32	7,265.32		7,265.32
Other Expenses:				
Miscellaneous Other Expenses	1,599.31	1,599.31	75.43	1,523.88
Tax Map Revision	250.00	250.00		250.00
Appraisals	9,846.89	9,846.89	9,796.89	50.00
Legal Services and Costs:				
Other Expenses	26,937.59	26,937.59	9,208.00	17,729.59
Engineering Services and Costs:				
Other Expenses	8,803.85	8,803.85	172.50	8,631.35
Historical Preservation:				
Salaries and Wages	125.21	125.21		125.21
Other Expenses	129.40	129.40	31.90	97.50
<b>LAND USE ADMINISTRATION:</b>				
Planning Board:				
Salaries and Wages	552.06	552.06		552.06
Other Expenses	2,059.01	2,059.01	218.30	1,840.71
Board of Adjustment:				
Salaries and Wages	623.94	623.94		623.94
Other Expenses	1,582.87	1,582.87	103.38	1,479.49
Flood Plain Administrator	300.60	300.60		300.60
<b>INSURANCE:</b>				
Other Insurance Premiums	2,525.56	2,525.56		2,525.56
Liability Insurance	0.32	0.32		0.32
Group Insurance Plans for Employees	204,620.15	204,620.15	137,527.10	67,093.05

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modi- fication	Paid or Charged	Balance Lapsed
PUBLIC SAFETY FUNCTIONS:				
Police:				
Salaries and Wages	\$ 191,739.85	\$ 191,739.85		\$ 191,739.85
Other Expenses	35,013.90	35,013.90	\$ 31,194.57	3,819.33
First Aid Contributions:				
Other Expenses	25,000.00	25,000.00		25,000.00
Emergency Management Services:				
Salaries and Wages	942.00	942.00		942.00
Other Expenses	1,536.25	1,536.25		1,536.25
Fire:				
Salaries and Wages	2.00	2.00		2.00
Other Expenses	31,080.38	31,080.38	10,687.06	20,393.32
Fire Prevention:				
Other Expenses	475.00	475.00		475.00
Municipal Prosecutor:				
Salaries and Wages	1,596.00	1,596.00		1,596.00
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	122,596.88	122,596.88		122,596.88
Other Expenses	91,387.11	91,387.11	66,656.89	24,730.22
Buildings and Grounds:				
Salaries and Wages	4,279.17	4,279.17		4,279.17
Other Expenses	23,392.82	23,392.82	22,265.59	1,127.23
Vehicle Maintenance:				
Other Expenses	24,894.47	24,894.47	1,855.20	23,039.27
Recycling:				
Other Expenses	3,135.72	3,135.72	3,135.72	
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Board of Health:				
Salaries and Wages	1,211.06	1,211.06		1,211.06
Other Expenses	1,014.49	1,014.49	200.95	813.54
Animal Control:				
Salaries and Wages	3,231.92	3,231.92		3,231.92
PARKS AND RECREATION FUNCTIONS:				
Board of Recreation Commissioners:				
Salaries and Wages	193.34	193.34		193.34
Other Expenses	19,804.89	19,804.89	18,953.60	851.29
OTHER COMMON OPERATING FUNCTIONS:				
Celebration of Public Events:				
Other Expenses	3,030.00	3,030.00		3,030.00
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	42,574.07	42,574.07		42,574.07
Other Expenses	8,294.76	8,294.76	203.44	8,091.32

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modi- fication	Paid or Charged	Balance Lapsed
UTILITY EXPENSES AND BULK PURCHASES:				
Electricity	\$ 31,368.42	\$ 31,368.42	\$ 2,118.08	\$ 29,250.34
Street Lighting	7,670.62	7,670.62	313.32	7,357.30
Telephone	6,096.41	6,096.41	1,543.38	4,553.03
Heating Oil	3,171.07	3,171.07		3,171.07
Gasoline and Diesel	10,000.00	10,000.00		10,000.00
Municipal Services Act	851.01	851.01		851.01
Municipal Court:				
Salaries and Wages	3.50	3.50		3.50
Other Expenses	4,226.91	4,226.91	613.57	3,613.34
Court Officer:				
Salaries and Wages	1,176.64	1,176.64		1,176.64
Public Defender (P.L. 1997, C. 256):				
Salaries and Wages	2,710.57	2,710.57		2,710.57
Rental Property Inspections:				
Salaries and Wages	155.08	155.08		155.08
Other Expenses	385.66	385.66		385.66
Contingent	1,500.00	1,500.00		1,500.00
STATUTORY EXPENDITURES:				
Contribution to:				
Public Employees Retirement System	7,151.00	7,151.00	7,150.23	0.77
Social Security System (O.A.S.I.)	65,807.96	65,807.96		65,807.96
Police and Firemen's Retirement System of NJ	72,377.00	72,377.00	72,373.50	3.50
Defined Contribution Retirement Plan	1,314.29	1,314.29	115.72	1,198.57
Maintenance of Free Public Library:				
Salaries and Wages	2.60	2.60	2.60	
Other Expenses	17,229.56	17,229.56	17,229.56	
Stormwater Management:				
Other Expenses	1,489.75	1,489.75	236.25	1,253.50
Parking Authority Paving Project	40,170.35	40,170.35	40,170.35	
	<u>\$ 1,236,534.09</u>	<u>\$ 1,236,534.09</u>	<u>\$ 487,908.73</u>	<u>\$ 748,625.36</u>
Analysis of Balance December 31, 2014:				
		<u>Ref.</u>		
Unencumbered	\$ 766,606.75	A		
Encumbered	469,927.34	A		
	<u>\$ 1,236,534.09</u>			
			Cash Disbursed	\$ 482,561.84
			Accounts Payable	5,346.89
				<u>\$ 487,908.73</u>

TOWN OF HACKETTSTOWN  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2014:		
Local School Tax Payable	A	\$ 1,168,883.80
Local School Tax Deferred		<u>6,275,573.24</u>
		7,444,457.04
Increased by:		
Levy - School Year July 1, 2015 through June 30, 2016		<u>15,371,910.00</u>
		22,816,367.04
Decreased by:		
Payments to Local School District		<u>15,255,346.00</u>
		<u>\$ 7,561,021.04</u>
Balance December 31, 2015:		
Local School Tax Payable	A	1,285,447.80
Local School Tax Deferred		<u>6,275,573.24</u>
		<u>\$ 7,561,021.04</u>

TOWN OF HACKETTSTOWN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE

	Balance Dec. 31, 2014	2015 Budget Revenue Realized	Cash Receipts	Transferred From Unappropriated Reserves	Balance Cancelled	Balance Dec. 31, 2015
Municipal Alliance Program - 2015		\$ 8,781.00	\$ 8,548.46			\$ 232.54
Municipal Alliance Program - 2014	\$ 8,791.86					8,791.86
Municipal Alliance Grant -						
Community Prevention Services 2015		213.00		\$ 213.00		
Alcohol Education and Rehabilitation		2,481.37		2,481.37		
Bulletproof Vest Grant		2,215.78		2,215.78		
Clean Communities - 2015		19,131.84		19,131.84		
Click it or Ticket Grant		4,000.00		4,000.00		
Drive Sober or Get Pulled Over	7,500.00		7,500.00			
Body Armor Grant		1,933.97		1,933.97		
Highlands Conformance Implementation Grant		25,000.00				25,000.00
Highlands Plan Conformance Grant	94,490.78		10,000.00			84,490.78
Highlands Response Review Grant	7,500.00					7,500.00
Highlands TDR Feasibility	25,000.00					25,000.00
Pedestrian Safety Grant	10,000.00		7,850.00		\$ 2,150.00	
Reserve for Recycling Tonnage Grant		6,458.82		6,458.82		
Driving While Intoxicated Grant		17,198.17		17,198.17		
	<u>\$ 153,282.64</u>	<u>\$ 87,413.95</u>	<u>\$ 33,898.46</u>	<u>\$ 53,632.95</u>	<u>\$ 2,150.00</u>	<u>\$ 151,015.18</u>

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TOWN OF HACKETTSTOWN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2014	Encumbrances Returned	Transferred from 2015 Budget	Cash Disbursed	Unexpended Balance Cancelled	Encumbrances Payable	Balance Dec. 31, 2015
Drunk Driving Enforcement Fund - 2015			\$ 17,198.17				\$ 17,198.17
Drunk Driving Enforcement Fund - 2014	\$ 19,926.96						19,926.96
Drunk Driving Enforcement Fund - 2010	3,285.53			\$ 330.00		\$ 240.00	2,715.53
Recycling Tonnage Grant - 2015			6,458.82				6,458.82
Recycling Tonnage Grant - 2014	8,168.95						8,168.95
Recycling Tonnage Grant - 2013	12,684.34			\$ 7,887.28		2,478.86	2,318.20
Recycling Tonnage Grant - 2012	3,547.57	\$ 1,364.28		4,911.85			
Municipal Alliance Grant:							
Reserve for Municipal Alliance Grant	200.00						200.00
Community Prevention Services 2015			213.00	213.00			
State - 2015			8,781.00	1,485.67			7,295.33
State - 2014	8,480.65	608.11		9,088.76			
State - 2010	272.93						272.93
Matching - 2015			2,994.00	527.03			2,466.97
Matching - 2014	2,753.55			2,753.55			
Clean Communities Grant - 2015			19,131.84				19,131.84
Clean Communities Grant - 2014	15,740.57			5,993.52			9,747.05
Clean Communities Grant - 2013	8,221.11	1,485.97		9,707.08			
Body Armor Replacement Grant			1,933.97			1,477.53	456.44
Body Armor Replacement Grant	2,554.97			1,032.50		1,522.47	
Bulletproof Vest Program Grant			2,215.78				2,215.78
Bulletproof Vest Program Grant	1,755.51						1,755.51
Emergency Management Grant	3,352.76						3,352.76
Emergency Management Assistance Fund		59.72					59.72
Alcohol Education and Rehabilitation			2,481.37				2,481.37
Alcohol Education and Rehabilitation	4,596.85						4,596.85
Warren County OEM Program	6,758.47	1,500.00					8,258.47
Warren County- Stormwater Grant	752.50						752.50
Comcast Local Access	30,924.62			5,499.88			25,424.74
Pedestrian Safety Grant	7,200.00			5,050.00	\$ 2,150.00		
Click it or Ticket			4,000.00	4,000.00			
Highlands Conformance Implementation Grant			25,000.00	6,431.15			18,568.85
Highlands Plan Conformance Grant	57,303.59	19,044.49		1,586.25			74,761.83
Highlands Response Review Grant		1,386.36					1,386.36
Highlands TDR Feasibility	15,000.00	4,983.75					19,983.75
Drive Sober or Get Pulled Over	7,500.00			7,500.00			
	<u>\$ 220,981.43</u>	<u>\$ 30,432.68</u>	<u>\$ 90,407.95</u>	<u>\$ 73,997.52</u>	<u>\$ 2,150.00</u>	<u>\$ 5,718.86</u>	<u>\$ 259,955.68</u>
<u>Ref.</u>	A	A				A	A
			2015 Budget Appropriations	\$ 87,413.95			
			Local Match	2,994.00			
				<u>\$ 90,407.95</u>			

TOWN OF HACKETTSTOWN  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2014	Cash Receipts	Transfer to 2015 Budget Revenue	Balance Dec. 31, 2015
Clean Communities		\$ 19,131.84	\$ 19,131.84	
Click It or Ticket Grant		4,000.00	4,000.00	
Recycling Tonnage Grant	\$ 6,458.82		6,458.82	
Body Armor Grant	1,933.97	2,099.69	1,933.97	\$ 2,099.69
Mayors Wellness Grant		100.00		100.00
Municipal Alliance Grant		213.00	213.00	
Drunk Driving Enforcement Fund	17,198.17		17,198.17	
Alcohol Education Rehabilitation Enforcement Fund	2,481.37	530.40	2,481.37	530.40
Department of Justice Bulletproof Vest Program	2,215.78		2,215.78	
	<u>\$ 30,288.11</u>	<u>\$ 26,074.93</u>	<u>\$ 53,632.95</u>	<u>\$ 2,730.09</u>

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TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
TRUST FUNDS

TOWN OF HACKETTSTOWN  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	Ref.	<u>Animal Control Fund</u>	<u>Recreation Trust Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2014	B	\$ 6,256.41	\$ 286,543.82	\$ 514,206.71
Increased by Receipts:				
Municipal Licensing Fees		\$ 5,891.80		
Due State Board of Health		1,597.20		
State Unemployment Insurance				\$ 18,514.62
Due Current Fund:				
Interest Earned		15.69		336.47
Parking Offenses Adjudication Act Deposits				396.00
COAH Trust Interest Income				1,571.64
Escrow Deposits				396,125.73
Recycling Trust Fund				2,439.90
Business Improvement District Trust Fund				194,566.90
Police Outside Duty				103,289.73
Fire Department Penalty Account				1,750.00
Snow Removal				25,441.00
Recreation Trust Fund			\$ 13,406.24	
Pool Trust			302,102.20	
		<u>7,504.69</u>	<u>315,508.44</u>	<u>744,431.99</u>
		13,761.10	602,052.26	1,258,638.70
Decreased by Disbursements:				
Due to Current Fund:				
Interest Earned		15.20		333.30
State Unemployment Insurance Expenditures				7,580.27
Expenditures under R.S. 4:19 - 15.11		1,944.13		
Parking Offenses Adjudication Act Expenditures				2,074.82
Escrow Deposit Expenditures				305,010.88
Business Improvement District Trust Fund Expenditures				195,678.41
Police Outside Duty				99,320.20
Fire Department Penalty Account				2,374.00
Recreation Trust Fund Expenditures			11,979.49	
Pool Trust			276,033.28	
Due to State Board of Health		1,611.60		
		<u>3,570.93</u>	<u>288,012.77</u>	<u>612,371.88</u>
Balance December 31, 2015	B	<u>\$ 10,190.17</u>	<u>\$ 314,039.49</u>	<u>\$ 646,266.82</u>

TOWN OF HACKETTSTOWN  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 6,244.73
Increased by:		
2015 Dog License Fees Collected		5,891.80
		12,136.53
Decreased by:		
Excess Reserve due to Current Fund		632.80
Expenditures under R.S.4:19-15.11:		1,944.13
		2,576.93
Balance December 31, 2015	B	\$ 9,559.60

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 5,911.60
2013	3,648.00
	9,559.60
Maximum Allowable Reserve	\$ 9,559.60

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
GENERAL CAPITAL FUND

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 839,134.64
Increased by Receipts:		
Budget Appropriation - Capital Improvement Fund	\$ 50,000.00	
Bond Anticipation Notes Issued	2,161,736.00	
Due Current Fund:		
Interest Earned	1,519.52	
Reserve to Pay Debt Service - Grant Receipts for Funded Ordinances	309,184.90	
Reserve to Purchase of Fire Truck	35,000.00	
Refunds	3,639.40	
Bond Anticipation Note Principal	923,668.00	
	<hr/>	3,484,747.82
		<hr/>
		4,323,882.46
Decreased by Disbursements:		
Improvement Authorization Expenditures	739,058.84	
Bond Anticipation Notes Matured	2,112,077.00	
Due Current Fund:		
Anticipated Revenue - Reserve to Pay Debt Service	59,668.00	
Interest Earned	1,442.80	
	<hr/>	2,912,246.64
		<hr/>
		2,912,246.64
Balance December 31, 2015	C	<u>\$ 1,411,635.82</u>

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance December 31, 2014	Receipts		Disbursements			Transfers		Balance December 31, 2015
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Fund Balance	\$ 1,090.78								\$ 1,090.78
Capital Improvement Fund	117,134.01		\$ 50,000.00			\$ 64,500.00	\$ 2,050.00		104,684.01
Due Current Fund	107.48		1,519.52						184.20
Reserve for:									
Encumbrances	28,548.57					28,548.57	34,766.32		34,766.32
Payment of Debt Service	59,668.16		309,184.90						309,185.06
Purchase of Fire Truck			35,000.00			59,668.00			35,000.00
Ordinance									
Date									
Improvement Description									
09-15;11-13; 14-02	462,314.98	\$ 925,577.00	454,937.79	\$ 28,781.90	\$ 1,380,514.79	2,553.61	28,301.07		459,280.54
11-04			138,268.03		138,268.03				
11-07			119,724.00		119,724.00				
12-06;13-05	4,629.56		188,570.18		188,570.18				4,629.56
13-07	145,548.51			2,044.46					143,504.05
13-13	3,769.44								3,769.44
14-06	16,323.15	262,832.00	22,168.00	3,999.73	285,000.00	706.36	247.50		11,864.56
15-07		973,327.00	3,639.40	693,782.75		31,506.35	52,000.00		303,677.30
15-03				3,500.00			3,500.00		
15-08				6,950.00		2,050.00	9,000.00		
	<u>\$ 839,134.64</u>	<u>\$ 2,161,736.00</u>	<u>\$ 1,323,011.82</u>	<u>\$ 739,058.84</u>	<u>\$ 2,112,077.00</u>	<u>\$ 61,110.80</u>	<u>\$ 129,864.89</u>	<u>\$ 129,864.89</u>	<u>\$ 1,411,635.82</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Funded by Reserve to Pay Debt Service	Paid by Budget Appropriation	Balance Dec. 31, 2015	Analysis of Balance December 31, 2015	
							Bond Anticipation Notes	Unexpended Improvement Authorizations
09-15;10-03;11-06;								
14-02	Main Street Sidewalk Improvement	\$ 1,380,514.79			\$ 454,937.79	\$ 925,577.00	\$ 925,577.00	
11-04	Valentine Street	138,268.03			138,268.03			
11-07	Acquisition of Dump Truck	119,724.00			119,724.00			
12-06;13-05	Various Improvements	188,570.18		\$ 37,500.00	151,070.18			
14-06	Various Improvements	285,000.00		22,168.00		262,832.00	262,832.00	
15-07	Various Improvements		\$ 973,327.00			973,327.00	973,327.00	
		<u>\$ 2,112,077.00</u>	<u>\$ 973,327.00</u>	<u>\$ 59,668.00</u>	<u>\$ 864,000.00</u>	<u>\$ 2,161,736.00</u>	<u>\$ 2,161,736.00</u>	<u>\$ -0-</u>
<u>Ref.</u>		C				C		
					Improvement Authorizations Unfunded			\$ 779,451.96
					Less: Unexpended Proceeds of Bond Anticipation Notes Issued:			
					Ordinance 09-15, 10-03, 11-06,			
					14-02	\$ 459,280.54		
					Ordinance 12-06	4,629.56		
					Ordinance 14-06	11,864.56		
					Ordinance 15-07	303,677.30		
								<u>779,451.96</u>
								<u>\$ -0-</u>

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance Number	Ordinance Date	Amount	Balance December 31, 2014		2015 Authorizations			Encumbrances Returned	Paid or Charged	Refunded	Cancelled	Balance December 31, 2015	
				Funded	Ur.funded	Deferred Charges to Future Taxation Unfunded	Capital Improvement Fund	Funded					Unfunded	
Main Street Sidewalk Improvement	09-15, 11-13, 14-02	09/28/09	\$ 2,571,725.00		\$ 462,314.98				\$ 28,301.07	\$ 31,335.51				\$ 459,280.54
Various Improvements	12-06, 13-05	05/10/12	416,800.00		4,629.56									4,629.56
Various Improvements	13-07	06/11/13	265,000.00	\$ 145,548.51						2,044.46			\$ 143,504.05	
Kenwood Sidewalks	13-13	08/08/13	17,500.00	3,769.44									3,769.44	
Various Capital Improvements	14-06	06/12/14	300,000.00		16,323.15			247.50		4,706.09				11,864.56
Archive Shelving	15-03	03/12/15	3,500.00				\$ 3,500.00			3,500.00				
Various Capital Improvemnts	15-07	06/11/15	1,025,327.00			\$ 973,327.00	52,000.00		725,289.10	\$ 3,639.40				303,677.30
Historic Painting	15-08	09/10/15	9,000.00				9,000.00			6,950.00		\$ 2,050.00		
				<u>\$ 149,317.95</u>	<u>\$ 483,267.69</u>	<u>\$ 973,327.00</u>	<u>\$ 64,500.00</u>	<u>\$ 28,548.57</u>	<u>\$ 773,825.16</u>	<u>\$ 3,639.40</u>	<u>\$ 2,050.00</u>	<u>\$ 147,273.49</u>	<u>\$ 779,451.96</u>	
			<u>Ref.</u>	<u>C</u>	<u>C</u>				<u>Ref.</u>			<u>C</u>	<u>C</u>	
										Cash Disbursed			\$ 739,058.84	
										Current Year Encumbrances	C		34,766.32	
													<u>\$ 773,825.16</u>	

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 117,134.01
Increased By:		
Budget Appropriation		\$ 50,000.00
Improvement Authorizations Cancelled		<u>2,050.00</u>
		<u>52,050.00</u>
Decreased By:		<u>169,184.01</u>
Appropriation to Finance		
Improvement Authorizations		<u>64,500.00</u>
Balance December 31, 2015	C	<u><u>\$ 104,684.01</u></u>

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Improvement Description	Date of			Interest Rate	Balance		Matured	Balance Dec. 31, 2015
		Original Issue	Issue	Maturity		Dec. 31, 2014	Issued		
09-15	Main Street Sidewalk Project	06/02/10	09/16/14	09/15/15	0.85%	\$ 498,164.79		\$ 498,164.79	
		06/02/10	09/15/15	09/15/16	0.72%		\$ 105,099.00		\$ 105,099.00
10-03	Main Street Sidewalk Improvement	05/24/11	09/16/14	09/15/15	0.85%	57,000.00		57,000.00	
		05/24/11	09/15/15	09/15/16	0.72%		54,000.00		54,000.00
11-06	Main Street Sidewalk Improvement	09/13/11	09/16/14	09/15/15	0.85%	412,100.00		412,100.00	
		09/13/11	09/15/15	09/15/16	0.72%		353,228.00		353,228.00
14-02	Main Street Sidewalk Improvement	09/16/14	09/16/14	09/15/15	0.85%	413,250.00		413,250.00	
		09/16/14	09/15/15	09/15/16	0.72%		413,250.00		413,250.00
11-04	Valentine Street	05/24/11	09/16/14	09/15/15	0.85%	138,268.03		138,268.03	
11-07	Acquisition of Dump Truck	09/13/11	09/16/14	09/15/15	0.85%	119,724.00		119,724.00	
12-06	Various Capital Improvements	05/15/13	09/16/14	09/15/15	0.85%	188,570.18		188,570.18	
14-06	Various Capital Improvements	09/16/14	09/16/14	09/15/15	0.85%	285,000.00		285,000.00	
		09/16/14	09/15/15	09/15/16	0.72%		262,832.00		262,832.00
15-07	Various Capital Improvements	09/15/15	09/15/15	09/15/16	0.72%		973,327.00		973,327.00
						<u>\$ 2,112,077.00</u>	<u>\$ 2,161,736.00</u>	<u>\$ 2,112,077.00</u>	<u>\$ 2,161,736.00</u>
<u>Ref.</u>						C		C	
							\$ 973,327.00		
						Paid by Budget Appropriation		\$ 923,668.00	
						Renewals		<u>1,188,409.00</u>	<u>1,188,409.00</u>
							<u>\$ 2,161,736.00</u>	<u>\$ 2,112,077.00</u>	

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOANS PAYABLE

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 280,944.09
Decreased by:		
Loan Repayments		29,662.19
Balance December 31, 2015	C	\$ 251,281.90

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
OUTSTANDING DECEMBER 31, 2015

Green Acres Loan #1

<u>Payment Number</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Interest Amount</u>	<u>Principal Amount</u>
23	05/16/16	2.00%	\$ 1,935.42	\$ 10,501.22
24	11/16/16	2.00%	1,830.41	10,606.23
25	05/16/17	2.00%	1,724.35	10,712.29
26	11/16/17	2.00%	1,617.22	10,819.41
27	05/16/18	2.00%	1,509.03	10,927.61
28	11/16/18	2.00%	1,399.75	11,036.88
29	05/16/19	2.00%	1,289.38	11,147.25
30	11/16/19	2.00%	1,177.91	11,258.73
31	05/16/20	2.00%	1,065.32	11,371.31
32	11/16/20	2.00%	951.61	11,485.03
33	05/16/21	2.00%	836.76	11,599.88
34	11/16/21	2.00%	720.76	11,715.88
35	05/16/22	2.00%	603.60	11,833.03
36	11/16/22	2.00%	485.27	11,951.36
37	05/16/23	2.00%	365.75	12,070.88
38	11/16/23	2.00%	245.05	12,191.59
39	05/16/24	2.00%	123.14	12,313.50
			\$ 17,880.73	\$ 193,542.08

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOANS PAYABLE  
(Continued)

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
OUTSTANDING DECEMBER 31, 2015

Green Acres Loan #2

Payment Number	Date	Interest Rate	Interest Amount	Principal Amount
28	03/21/16	2.00%	\$ 577.40	\$ 4,552.71
29	09/21/16	2.00%	531.87	4,598.24
30	03/21/17	2.00%	485.89	4,644.22
31	09/21/17	2.00%	439.45	4,690.67
32	03/21/18	2.00%	392.54	4,737.57
33	09/21/18	2.00%	345.16	4,784.95
34	03/21/19	2.00%	297.31	4,832.80
35	09/21/19	2.00%	248.99	4,881.13
36	03/21/20	2.00%	200.18	4,929.94
37	09/21/20	2.00%	150.88	4,979.24
38	03/21/21	2.00%	101.08	5,029.03
39	09/21/21	2.00%	50.79	5,079.32
			<u>\$ 3,821.54</u>	<u>\$ 57,739.82</u>

TOWN OF HACKETTSTOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2015

<u>Ordinance</u>		<u>Improvement Description</u>	<u>2015</u> <u>Authorizations</u>	<u>Bond</u> <u>Anticipation</u> <u>Notes Issued</u>
<u>Number</u>	<u>Date</u>			
15-07	09/15/15	Various Improvements	\$ 973,327.00	\$ 973,327.00
			<u>\$ 973,327.00</u>	<u>\$ 973,327.00</u>

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
WATER UTILITY FUND  
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
SEWER UTILITY FUND  
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN  
COUNTY OF WARREN  
2015  
PUBLIC ASSISTANCE FUND  
(NOT APPLICABLE)

TOWN OF HACKETTSTOWN

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

TOWN OF HACKETTSTOWN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2015

Name of State Agency or Department	Name of Program	Pass-Through Entity ID#	C.F.D.A. Number	Grant Period		Grant Award Amount	Amount Received	Program Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Transportation (Passed Through N.J. Department of Law and Public Safety)	Drive Sober or Get Pulled Over	N/A	20.601	1/1/2014	12/31/2015	12,500.00	\$ 7,500.00	\$ 7,500.00	\$ 12,500.00	
	Click it or Ticket	100-066-1160- 142-YHTS-6010	20.602	1/1/2015	12/31/2015	4,000.00	4,000.00	4,000.00	4,000.00	
Total U.S. Department of Transportation							11,500.00	11,500.00	16,500.00	
Total Federal Awards							\$ 11,500.00	\$ 11,500.00	\$ 16,500.00	\$ -0-

N/A - Not Available

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

TOWN OF HACKETTSTOWN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

Name of State Agency or Department	Name of Program	Program Account No.	Grant Award Amount	Grant Period		Receipts	Expenditures	Total Cumulative Expenditures	
				From	To				
Department of Environmental Protection	Clean Communities Grant	765-042-4900- 004-VCMC-6020	\$ 16,784.40	1/1/2013	12/31/2015		\$ 8,221.11	\$ 16,784.40	
			15,740.57	1/1/2014	12/31/2016		5,993.52	5,993.52	
			19,131.84	1/1/2016	12/31/2016	\$ 19,131.84			
							19,131.84	14,214.63	22,777.92
	Recycling Grant	752-042-4900-001-6020	15,539.66	1/1/2012	12/31/2015		3,547.57	15,539.66	
			12,684.34	1/1/2013	12/31/2016		10,366.14	10,366.14	
						13,913.71	25,905.80		
Total Department of Environmental Protection						19,131.84	28,128.34	48,683.72	
Department of Health and Senior Services	Alcohol Education Rehabilitation Enforcement Fund	760-098-9735-789-6010	530.40	1/1/2015	12/31/2016	530.40			
						530.40			
Total Department of Health and Senior Services						530.40			
Department of Law and Public Safety: Division of Criminal Justice	Body Armor Grant Replacement	1020-718-066-YC5S	2,554.97	1/1/2013	12/31/2015		2,554.97	2,554.97	
			1,933.97	1/1/2014	12/31/2016		1,477.53	1,477.53	
			2,099.69	1/1/2015	12/31/2016	2,099.69			
							2,099.69	4,032.50	4,032.50
	Drunk Driving Enforcement Fund Grant	4250-760-0500000-63	6,947.27	1/1/2010	12/31/2015		570.00	4,231.74	
							570.00	4,231.74	
	Pedestrian Safety Grant		10,000.00	1/1/2014	12/31/2015	7,850.00	5,050.00	7,850.00	
						7,850.00	5,050.00	7,850.00	
	New Jersey Highlands Council	Highlands TDR Feasibility	09-033-010-1420	25,000.00	1/1/2009	12/31/2014		(4,983.75)	5,016.25
		Highlands Conformance Grant	11-033-011-1420	97,000.00	1/1/2011	12/31/2016	10,000.00	(18,844.60)	20,851.81
Highlands Conformance Implementation Grant		11-033-011-1420	25,000.00	1/1/2015	12/31/2016		6,431.15	6,431.15	
						10,000.00	(17,397.20)	27,282.96	
Department of the Treasury: (Passed through the County of Warren)	Municipal Alliance on Alcoholism and Drug Abuse	2000-475-995120-60	12,776.00	7/1/2014	6/30/2015		8,480.65	12,776.00	
			8,781.00	7/1/2015	6/30/2016	8,548.46	1,485.67	1,485.67	
						8,548.46	9,966.32	14,261.67	
						\$ 48,160.39	\$ 30,349.96	\$ 106,342.59	

N/A - Not Available

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

TOWN OF HACKETTSTOWN  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Town of Hackettstown under programs of the federal and state governments for the year ended December 31, 2015. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operation of the Town, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Town.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4: GREEN ACRES LOANS PAYABLE

At December 31, 2015, the Town has two Green Acres Loans Payable totaling \$251,281.90 which are recorded in the General Capital Fund.

Currently the Town is in the process of repaying the loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.



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

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

Independent Auditors' Report

The Honorable Mayor and Members  
 of the Town Council  
 Town of Hackettstown, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Town of Hackettstown, in the County of Warren (the "Town") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 29, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

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

The Honorable Mayor and Members  
of the Town Council  
Town of Hackettstown  
Page 2

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Mount Arlington, New Jersey  
April 29, 2016

NISIVOCIA LLP



William F. Schroeder  
Certified Public Accountant  
Registered Municipal Accountant No. 452

TOWN OF HACKETTSTOWN  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

TOWN OF HACKETTSTOWN  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Status of Prior Year Findings:

There were no findings in the prior year audit report.

TOWN OF HACKETTSTOWN

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

TOWN OF HACKETTSTOWN  
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

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

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

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

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

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services," and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

TOWN OF HACKETTSTOWN  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Collection of Interest on Delinquent Taxes

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 11, 2015, and was complete. Inspection of tax sale certificates revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2015	0
2014	3
2012	3

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

Verification of Delinquent Taxes and Other Charges

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

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

TOWN OF HACKETTSTOWN  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Accounting Requirements Under New Jersey Administrative Code

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

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

The Town maintains encumbrance, fixed assets and general ledger accounting systems.

Municipal Court

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

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Agency</u>	<u>Balance Dec. 31, 2014</u>	<u>Cash Received</u>	<u>Cash Disbursed</u>	<u>Balance Dec. 31, 2015</u>
Municipal Treasurer:				
Fines and Costs	\$ 12,434.73	\$ 126,927.82	\$ 130,116.38	\$ 9,246.17
POAA	44.00	386.00	396.00	34.00
Restitution	106.98	1,240.05	1,297.03	50.00
County Treasurer:				
Fines and Costs	3,335.00	50,504.75	50,378.50	3,461.25
Weights and Measures	150.00	10,200.00	10,350.00	
State Treasurer:				
Motor Vehicle Fines/Violations	9,285.29	81,976.07	84,825.30	6,436.06
Fish and Game		750.00	750.00	
Park and Forest	100.00	50.00	150.00	
Conditional Discharge		1,275.00	800.00	475.00
Bail	1,550.00	93,059.72	90,859.72	3,750.00
	<u>\$ 27,006.00</u>	<u>\$ 366,369.41</u>	<u>\$ 369,922.93</u>	<u>\$ 23,452.48</u>

TOWN OF HACKETTSTOWN  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Suggestions to Management

Deferred Compensation Plans

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

Cyber Security

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

Status of Prior Year Recommendations:

There were no recommendations in the prior year.

TOWN OF HACKETTSTOWN  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

None

\* \* \* \* \*