

TOWN OF NEWTON
REPORT OF AUDIT
COUNTY OF SUSSEX
DECEMBER 31, 2015

TOWN OF NEWTON, N.J.
YEAR ENDED DECEMBER 31, 2015

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TOWN OF NEWTON

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Town of Newton
Newton, NJ 07860

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal



control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully describe in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2015, and 2014, stated as \$49,508,104.00 and \$48,894,202, respectively.

As described in Note 18 of the financial statements, the Town participates in a Length of Service Award Program (LOSAP) volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$348,564.15 and \$308,252.75 for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2016 on our consideration of the Town of Newton'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 Newton's internal control over financial reporting and compliance.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkocz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

May 10, 2016



Town of Newton, N.J.

Comparative Balance Sheet -Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	2,800,615.37	2,152,497.07
Change Fund	A-5	400.00	400.00
		<u>2,801,015.37</u>	<u>2,152,897.07</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	512,495.80	519,622.10
Tax Title Liens Receivable	A-7	58,761.06	39,310.20
Property Acquired for Taxes - Assessed Valuation	A-8	558,650.00	558,650.00
Interfund Receivables:			
Federal and State Grant Fund	A-12	34,422.50	10,082.50
		<u>1,164,329.36</u>	<u>1,127,664.80</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)	A-10	73,200.00	110,800.00
		<u>4,038,544.73</u>	<u>3,391,361.87</u>
Federal and State Grant Fund:			
Cash	A-4	20,662.54	26,560.36
Grants Receivable	A-20	89,304.58	114,327.00
		<u>109,967.12</u>	<u>140,887.36</u>
		<u>4,148,511.85</u>	<u>3,532,249.23</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.

Comparative Balance Sheet -Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Current Fund:			
Appropriation Reserves			
Unencumbered	A-3; A-13	643,027.66	417,069.92
Encumbered	A-3; A-13	187,742.81	160,413.61
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-11	21,043.40	21,793.40
Due to State of New Jersey:			
Marriage Surcharge	A-14	425.00	300.00
Burial Fees	A-14	20.00	5.00
Accounts Payable	A-14	45,287.50	45,000.00
Tax Overpayments	A-14	3,175.58	3,269.90
Reserve for:			
Tax Appeals Pending	A-14	50,000.00	
Revaluation	A-14	188.19	6,575.69
Sale of Municipal Assets	A-14	3,117.02	6,837.02
Prepaid Taxes	A-15	412,341.79	101,825.77
County Taxes Payable	A-16	3,622.89	2,267.17
		<u>1,369,991.84</u>	<u>765,357.48</u>
Reserve for Receivables			
Fund Balance	Contra A-1	1,164,329.36	1,127,664.80
		<u>1,504,223.53</u>	<u>1,498,339.59</u>
		<u>4,038,544.73</u>	<u>3,391,361.87</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-18	34,422.50	10,082.50
Encumbrances Payable	A-19	20,302.70	64,041.81
Appropriated Reserve for Grants	A-21	41,268.23	40,612.53
Unappropriated Reserve for Grants	A-22	13,973.69	26,150.52
		<u>109,967.12</u>	<u>140,887.36</u>
		<u>4,148,511.85</u>	<u>3,532,249.23</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.

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

Current Fund

Years Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	776,048.00	841,461.00
Miscellaneous Revenue Anticipated	A-2	2,414,020.10	2,731,318.74
Receipts from Delinquent Taxes	A-2	516,660.01	377,544.80
Receipts from Current Taxes	A-2	24,029,766.83	23,483,299.04
Non-Budget Revenue	A-2	553,898.43	827,785.61
Other Credits to Income:			
Interfunds Returned			6,508.50
Cancellation of Grant Reserves			2,269.00
Unexpended Balance of Appropriation Reserves	A-13	255,713.32	152,387.82
Encumbrances Cancelled			10,350.04
Total Revenues and Other Income		<u>28,546,106.69</u>	<u>28,432,924.55</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	4,694,540.00	4,177,497.50
Other Expenses	A-3	3,167,628.00	2,994,615.00
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	A-3	1,110,465.00	1,039,874.00
Operations - Excluded From CAPS:			
Salaries and Wages	A-3	231,887.30	913,639.91
Other Expenses	A-3	259,190.44	569,648.99
Capital Improvements - Excluded from Caps	A-3	171,000.00	100,000.00
Municipal Debt Service - Excluded from Caps	A-3	1,950,883.16	1,844,790.09
Deferred Charges and Statutory Expenditures - Municipal - Excluded from Caps	A-3	37,600.00	82,600.00
Refund Prior Year Taxes			112,308.28
Interfund Advances	A-12	24,340.00	
County Taxes including Added Taxes	A-16	3,265,337.85	3,266,844.79
Local District School Tax	A-17	12,851,303.00	12,555,058.00
Total Expenditures		<u>27,764,174.75</u>	<u>27,656,876.56</u>
Statutory Excess to Fund Balance		781,931.94	776,047.99
Fund Balance, January 1,	A-1	<u>1,498,339.59</u>	<u>1,563,752.60</u>
		2,280,271.53	2,339,800.59
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>776,048.00</u>	<u>841,461.00</u>
Fund Balance, December 31,	A	<u><u>1,504,223.53</u></u>	<u><u>1,498,339.59</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2015

	Ref.	Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	<u>776,048.00</u>		<u>776,048.00</u>	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	14,800.00		14,670.00	(130.00)
Other	A-9	18,110.00		18,777.00	667.00
Fees and Permits	A-9	160,410.16		167,643.12	7,232.96
Fines and Costs:					
Municipal Court	A-9	178,910.00		184,730.48	5,820.48
Interest and Costs on Taxes	A-9	92,515.00		106,900.32	14,385.32
Interest on Investments and Deposits	A-9	6,800.00		11,732.47	4,932.47
Hotel Tax	A-9	79,335.00		80,443.83	1,108.83
Certificates of Compliance - Commercial	A-9	13,350.00		9,775.00	(3,575.00)
Consolidated Municipal Property Tax Relief Aid	A-9	3,910.00		3,910.00	
Energy Receipts Tax	A-9	1,013,467.00		1,013,467.00	
Garden State Trust Fund	A-9	8,539.00		8,539.00	
Uniform Construction Code Fees					
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of					
Local Government Services:					
Shared Service Agreements					
Parking Authority Contract	A-9	45,000.00		45,000.00	
Reimbursement for Dispatching Services	A-9	40,000.00		40,000.00	
Public and Private Revenues:					
Federal Body Armor Grant	A-20		3,191.90	3,191.90	
Recycling Tonnage Reserve	A-20	22,184.53		22,184.53	
Clean Communities	A-20		16,434.04	16,434.04	
Municipal Alliance	A-20		20,772.00	20,772.00	
Safe and Secure Communities	A-20	25,811.00		25,811.00	
State of N.J. Body Armor Fund	A-20	2,355.73	2,352.27	4,708.00	
Drunk Driving Enforcement Fund	A-20	1,610.26		1,610.26	
Pedestrian Safety Grant 8/15	A-20		14,146.00	14,146.00	
Drive Sober or Get Pulled Over	A-20		5,000.00	5,000.00	
Body Camera Grant	A-20		4,245.83	4,245.83	
Other Special Items:					
Reserve for Sale of Municipal Assets	A-9	6,837.00		6,837.00	
Thor Labs PILOT - Offset Debt Service	A-9	281,140.00		281,140.00	
Thor Labs PILOT - Miscellaneous Revenues	A-9	271,000.00		271,000.00	
Cable Franchise TV Fees	A-9	29,350.00		29,350.00	
Municipal Alliance Cash Match- Andover Borough	A-20		500.00	500.00	
Municipal Alliance Cash Match- Andover Township	A-20		500.00	500.00	
Municipal Alliance Cash Match - Green Township	A-20		500.00	500.00	
Reserve for Redevelopment/Planning	A-9	501.32		501.32	
Total Miscellaneous Revenues	A-1	<u>2,315,936.00</u>	<u>67,642.04</u>	<u>2,414,020.10</u>	<u>30,442.06</u>
Receipts from Delinquent Taxes	A-1;A-2	<u>519,000.00</u>		<u>516,660.01</u>	<u>(2,339.99)</u>
Subtotal General Revenues		<u>3,610,984.00</u>	<u>67,642.04</u>	<u>3,706,728.11</u>	<u>28,102.07</u>
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	<u>8,434,016.00</u>		<u>8,402,572.28</u>	<u>(31,443.72)</u>
Budget Totals		12,045,000.00	67,642.04	12,109,300.39	(3,341.65)
Non-Budget Revenue	A-1;A-2	<u>12,045,000.00</u>	<u>67,642.04</u>	<u>553,898.43</u>	<u>553,898.43</u>
		A-3	A-3	<u>12,663,198.82</u>	<u>550,556.78</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2015

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>	
Revenue from Collections	A-6;A-1	24,029,766.83
Allocated to School and County Taxes	A-6	<u>16,116,640.85</u>
Balance for Support of Municipal Budget Appropriations		7,913,125.98
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>489,446.30</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>8,402,572.28</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-6	<u>516,660.01</u>
		A-2
<u>Analysis of Non-budget Revenues</u>		
Miscellaneous Revenues Not Anticipated:		
Payment in Lieu of Taxes		477,877.67
Uniform Construction Code		6,346.60
FEMA Reimbursement - Sandy Relief		4,400.22
Miscellaneous		<u>65,273.94</u>
	A-4	<u><u>553,898.43</u></u>
		A-2

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Operations - within "CAPS"						
General Government:						
General Administration						
Salaries and Wages		115,799.00	115,849.00	115,825.40	23.60	
Other Expenses		45,450.00	45,450.00	43,710.04	1,739.96	
Human Resource:						
Salaries and Wages		30,494.00	30,494.00	26,057.50	4,436.50	
Other Expenses		4,100.00	4,100.00	1,514.68	2,585.32	
Mayor and Council						
Salaries and Wages		7,146.00	7,146.00	5,784.44	1,361.56	
Other Expenses		4,750.00	5,250.00	4,762.25	487.75	
Town Clerk						
Salaries and Wages		114,855.00	114,855.00	111,620.34	3,234.66	
Other Expenses		26,745.00	28,745.00	22,597.25	6,147.75	
Elections:						
Other Expenses		6,800.00	4,800.00	3,766.94	1,033.06	
Financial Administration						
Salaries and Wages		69,738.00	69,688.00	67,688.68	1,999.32	
Other Expenses		14,600.00	14,600.00	14,190.44	409.56	
Audit Services						
Other Expenses		13,915.00	13,915.00	6,206.00	7,709.00	
Assessment of Taxes						
Salaries and Wages		20,508.00	42,408.00	42,102.32	305.68	
Other Expenses		23,540.00	23,540.00	15,293.41	8,246.59	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Collection of Taxes						
Salaries and Wages		48,550.00	48,550.00	47,371.22	1,178.78	
Other Expenses		9,100.00	9,100.00	5,880.41	3,219.59	
Legal Services and Costs						
Other Expenses		140,750.00	140,750.00	113,320.56	27,429.44	
Municipal Court						
Salaries and Wages		109,763.00	109,763.00	109,429.51	333.49	
Other Expenses		15,400.00	15,400.00	10,597.83	4,802.17	
Engineering Services and Costs						
Other Expenses		12,500.00	12,500.00	9,912.80	2,587.20	
Public Buildings and Grounds						
Salaries and Wages		1.00	1.00		1.00	
Other Expenses		96,600.00	96,600.00	55,109.89	41,490.11	
Municipal Land Use Law (N.J.S.A. 40:55 D-1 Et Seq.)						
Planning Board						
Salaries and Wages		40,003.00	40,003.00	40,003.00		
Other Expenses		20,340.00	20,340.00	19,722.26	617.74	
Historical Commission						
Other Expenses		2,350.00	2,350.00	190.75	2,159.25	
Community Development						
Salaries and Wages		52,424.00	52,424.00	51,498.16	925.84	
Other Expenses		7,850.00	7,850.00	5,774.20	2,075.80	
Code Enforcement						
Salaries and Wages		36,929.00	36,929.00	32,934.45	3,994.55	
Other Expenses		2,800.00	3,300.00	2,555.95	744.05	
Industrial Commission						
Other Expenses		1.00	1.00		1.00	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Shade Tree Commission		500.00	500.00	95.00	405.00	
Other Expenses						
Economic Development Commission		500.00	500.00	500.00		
Other Expenses						
Insurance						
Group Insurance for Employees		1,483,500.00	1,459,185.00	1,376,245.36	82,939.64	
Health Benefit Waiver		8,784.00	11,199.00	11,197.01	1.99	
Worker's Compensation Insurance		137,865.00	137,865.00	137,862.16	2.84	
Surety Bond Premiums		1.00	1.00		1.00	
Other Insurance Premiums		94,375.00	94,375.00	82,804.12	11,570.88	
Public Safety:						
Fire:						
Other Expenses		27,000.00	27,000.00	8,681.60	18,318.40	
Police:						
Salaries and Wages		3,240,314.00	3,235,314.00	3,072,928.68	162,385.32	
Other Expenses		87,500.00	87,500.00	68,512.24	18,987.76	
Parking Meter Maintenance						
Salaries and Wages		1.00	1.00		1.00	
Aid to Volunteer Fire Companies		13,000.00	13,000.00	12,650.00	350.00	
Aid to Volunteer First Aid Squad		24,174.00	24,174.00	24,174.00		
Emergency Management Services:						
Salaries and Wages		10,500.00	10,500.00	10,500.00		
Other Expenses		4,100.00	4,100.00	3,530.89	569.11	
Streets and Roads:						
Road Repair and Maintenance						
Salaries and Wages		514,928.00	514,928.00	481,585.80	33,342.20	
Other Expenses		69,350.00	69,350.00	49,837.49	19,512.51	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Snow Removal:						
Salaries and Wages		60,000.00	65,000.00	64,995.12	4.88	
Other Expenses		97,400.00	97,400.00	72,195.93	25,204.07	
Sanitation						
Salaries and Wages		1,600.00	1,600.00	1,600.00		
Other Expenses		27,000.00	26,300.00	17,091.02	9,208.98	
Vehicle Maintenance						
Other Expenses		90,000.00	90,000.00	42,666.10	47,333.90	
Health and Welfare:						
Board of Health						
Other Expenses		1,800.00	1,800.00	1,646.95	153.05	
Mosquito and Gypsy Moth Control:						
Other Expenses		1.00	1.00		1.00	
Public Assistance:						
Other Expenses		1.00	1.00		1.00	
Occupational Health						
(Previously Blood Borne PEOSHA Requirement)						
Salaries and Wages		4,050.00	4,050.00	3,900.00	150.00	
Other Expenses		5,500.00	5,500.00	4,714.65	785.35	
Cencom						
Other Expenses		83,250.00	83,250.00	61,391.67	21,858.33	
Recreation and Education:						
Recreation:						
Salaries and Wages		16,320.00	16,320.00	16,209.95	110.05	
Other Expenses		17,250.00	15,250.00	7,022.46	8,227.54	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>					
Swimming Pool Maintenance:					
Salaries and Wages	51,500.00	55,660.00	55,430.48	229.52	
Other Expenses	20,000.00	20,000.00	18,624.80	1,375.20	
Parks and Playgrounds					
Salaries and Wages	65,197.00	65,197.00	63,632.83	1,564.17	
Other Expenses	30,000.00	27,840.00	24,962.76	2,877.24	
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	20,000.00	20,000.00	15,978.00	4,022.00	
Senior Citizens Transportation:					
Salaries and Wages	25,835.00	26,535.00	26,506.55	28.45	
Other Expenses	3,000.00	3,000.00	3,000.00		
Aid to Dennis Memorial Library (N.J.S.A. 49:54-35):					
Other Expenses	25.00	25.00		25.00	
Miscellaneous Operating Expenses					
Salaries and Wages	1.00	1.00		1.00	
Other Expenses	1,000.00				
Utility Expenses and Bulk Purchases					
Other Expenses	405,520.00	398,520.00	333,105.37	65,414.63	
Construction Official					
Salaries and Wages	26,324.00	26,324.00	25,062.82	1,261.18	
Other Expenses	1,400.00	1,400.00	970.78	429.22	
Accumulated Absences					
Salaries and Wages	5,000.00	5,000.00		5,000.00	
Total Operations Within "CAPS"	7,869,167.00	7,862,167.00	7,187,233.27	674,933.73	
Contingent	1.00	1.00		1.00	
Total Operations Including Contingent-Within "CAPS"	7,869,168.00	7,862,168.00	7,187,233.27	674,934.73	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Detail:						
Salaries and Wages	A-1	4,667,780.00	4,694,540.00	4,472,667.25	221,872.75	
Other Expenses (Including Contingent)	A-1	3,201,388.00	3,167,628.00	2,714,566.02	453,061.98	
Deferred Charges and Statutory Expenditures- Municipal Within "CAPS"						
Statutory Expenditures - Contribution to:						
Public Employees' Retirement System		295,359.00	295,359.00	295,359.00		
Social Security System (O.A.S.I.)		229,507.00	229,507.00	187,896.96	41,610.04	
Police and Fireman's Retirement System of NJ		571,949.00	571,949.00	571,949.00		
Defined Contribution Retirement Program		8,650.00	8,650.00	8,253.12	396.88	
Unemployment Compensation Insurance		5,000.00	5,000.00		5,000.00	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	1,110,465.00	1,110,465.00	1,063,458.08	47,006.92	
Total General Appropriations for Municipal Purposes within "CAPS"		8,979,633.00	8,972,633.00	8,250,691.35	721,941.65	
Other Operating - Excluded From CAPS Insurance						
Employee Group Health		48,368.00	48,368.00	48,368.00		
Length of Service Awards Program		45,000.00	45,000.00		45,000.00	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
General Appropriations					
Stormwater / Flood Control	12,200.00	19,200.00	11,451.33	7,748.67	
Other Expenses					
Recycling Tax	500.00	500.00	127.98	372.02	
Other Expenses	50,000.00	50,000.00	50,000.00		
Reserve for Tax Appeals	156,068.00	163,068.00	109,947.31	53,120.69	
Total Other Operations - Excluded From CAPS					
Shared Service Agreements					
Parking Authority Contract:					
Parking Meter Maintenance	45,000.00	45,000.00	44,407.42	592.58	
Salaries and Wages					
Animal Control Agreement					
Dog Regulations	5,000.00	5,000.00	5,000.00		
Other Expenses					
Green Township Court	40,000.00	40,000.00	40,000.00		
Salaries and Wages	10,000.00	10,000.00		10,000.00	
State Uniform Construction Code Agreement	100,000.00	100,000.00	89,407.42	10,592.58	
Shared Service Agreements					
Public and Private Programs Offset By Revenues					
State of N.J. Safe & Secure Neighborhood Program					
Police					
Salaries and Wages	25,811.00	25,811.00	25,811.00		
Matching Funds-Safe and Secure Neighborhood Program					
Police					
Salaries and Wages	98,032.00	98,032.00	98,032.00		
Other Expenses	1.00	1.00	1.00		
Group Insurance	9,872.00	9,872.00	9,872.00		

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Federal Body Armor						
Police						
Other Expenses		3,191.90	3,191.90	3,191.90		
Recycling Tonnage						
Sanitation						
Other Expenses		22,184.53	22,184.53	22,184.53		
Municipal Alliance Grant						
Other Expenses		20,772.00	20,772.00	20,772.00		
Matching Funds for Grants - Municipal Alliance		2,000.00	2,000.00	2,000.00		
Body Armor Fund						
Police						
Other Expenses		4,708.00	4,708.00	4,708.00		
Clean Communities Program						
Parks and Playgrounds						
Salaries and Wages		16,434.04	16,434.04	16,434.04		
Matching Funds For Grants		1.18	1.18		1.18	
Drunk Driving Enforcement						
Police:						
Salaries and Wages		1,610.26	1,610.26	1,610.26		
Drive Sober or Get Pulled Over						
Police						
Salaries and Wages		5,000.00	5,000.00	5,000.00		

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
General Appropriations						
Body Camera Grant						
Police						
Other Expenses		4,245.83	4,245.83	4,245.83		
Pedestrian Safety Grant						
Other Expense		14,146.00	14,146.00	14,146.00		
Total Public and Private Programs Offset						
By Revenues		228,009.74	228,009.74	228,008.56	1.18	
Total Operations - Excluded from "CAPS"		484,077.74	491,077.74	427,363.29	63,714.45	
Detail:						
Salaries and Wages	A-1	231,887.30	231,887.30	231,294.72	592.58	
Other Expenses	A-1	252,190.44	259,190.44	196,068.57	63,121.87	
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund		39,250.00	39,250.00	39,250.00		
Stormwater Pipe/Basin		5,000.00	5,000.00	2,755.89	2,244.11	
DPW Safety Equipment		5,000.00	5,000.00	3,527.16	1,472.84	
Fire- Pagers/Radios		5,000.00	5,000.00		5,000.00	
Refurbish OEM Explorer		7,000.00	7,000.00	2,872.54	4,127.46	
Pave Firehouse #2 Lot		10,000.00	10,000.00		10,000.00	
Police Base Station		6,000.00	6,000.00	5,550.00	450.00	
Police Handguns/Holsters		15,000.00	15,000.00	14,602.04	397.96	
Acquisition Office Equip (Copier)		8,000.00	8,000.00	7,867.00	133.00	
DPW 10 Ton Roller Trailer		10,000.00	10,000.00	6,055.00	3,945.00	
Parks - Leaf Vacuum		10,000.00	10,000.00	10,000.00		
Parks - Playground Equipment		5,250.00	5,250.00		5,250.00	
Parks - Babe Ruth Improve.		12,500.00	12,500.00	406.00	12,094.00	
Improve. Munic Bldg HVAC		20,000.00	20,000.00	20,000.00		
Fire Museum Improvements		13,000.00	13,000.00	13,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	171,000.00	171,000.00	125,885.63	45,114.37	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal		1,080,000.00	1,080,000.00	1,080,000.00		0.74
Interest on Bonds		747,372.00	747,372.00	747,371.26		
Payment of Bond Anticipation Notes		70,000.00	70,000.00	70,000.00		
Interest on Notes		34,021.00	34,021.00	34,020.98		0.02
Loan Repayment for Principal and Interest		19,492.00	19,492.00	19,490.92		1.08
Total Municipal Debt Service-Excluded from "CAPS" A-1	A-1	1,950,885.00	1,950,885.00	1,950,883.16		1.84
Deferred Charges:						
Special Emergency-- 5 Years		37,600.00	37,600.00	37,600.00		
Total Deferred Charges Municipal- Excluded from "C A-1		37,600.00	37,600.00	37,600.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		2,643,562.74	2,650,562.74	2,541,732.08	108,828.82	1.84
(O) Total General Appropriations - Excluded From "CAPS"		2,643,562.74	2,650,562.74	2,541,732.08	108,828.82	1.84
Subtotal General Appropriations		11,623,195.74	11,623,195.74	10,792,423.43	830,770.47	1.84
Reserve for Uncollected Taxes		489,446.30	489,446.30	489,446.30		
Total General Appropriations		12,112,642.04	12,112,642.04	11,281,869.73	830,770.47	1.84

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Adopted Budget	A-2		12,045,000.00			
Appropriated by N.J.S. 40A:4-87	A-2		<u>67,642.04</u>			
			<u>12,112,642.04</u>			
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			10,585,219.87		
Reserve for Uncollected Taxes	A-2			489,446.30		
Deferred Charges:						
Special Emergency Authorizations	A-10			37,600.00		
Accounts Payable	A-14			50,000.00		
Reserve for Federal and State Grants	A-21			<u>119,603.56</u>		
				<u>11,281,869.73</u>		
<u>Analysis of Appropriation Reserves</u>						
Unencumbered	A				643,027.66	
Encumbered	A				<u>187,742.81</u>	
					<u>830,770.47</u>	

Town of Newton, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-1	<u>16,255.75</u>	<u>14,904.48</u>
Other Trust Funds:			
Cash	B-1	1,039,616.41	996,472.55
Investment	B-2	<u>850.00</u>	<u>850.00</u>
		<u>1,040,466.41</u>	<u>997,322.55</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	306,301.65	280,825.25
Contributions Receivable	B-6	<u>42,262.50</u>	<u>27,427.50</u>
		<u>348,564.15</u>	<u>308,252.75</u>
Total Assets		<u><u>1,405,286.31</u></u>	<u><u>1,320,479.78</u></u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust Fund Expenditures	B-3	<u>16,255.75</u>	<u>14,904.48</u>
Other Trust Funds:			
Various Reserves	B-5	<u>1,040,466.41</u>	<u>997,322.55</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Position Available for Benefits	B-7	<u>348,564.15</u>	<u>308,252.75</u>
Total Liabilities, Reserves & Fund Balance		<u><u>1,405,286.31</u></u>	<u><u>1,320,479.78</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2;C-3	1,286,664.30	1,727,960.28
Federal & State Grants Receivable	C-4	237,500.00	330,000.00
Deferred Charges to Future Taxation			
Funded	C-5	16,021,037.25	17,118,248.82
Unfunded	C-6	4,615,000.00	4,197,575.00
		<u>22,160,201.55</u>	<u>23,373,784.10</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-7	2,223.98	11,117.38
General Serial Bonds Payable	C-8	15,920,000.00	17,000,000.00
Garden State Preservation Trust Loan Payable	C-9	101,037.25	118,248.82
Bond Anticipation Notes	C-10	4,139,000.00	3,411,575.00
Improvement Authorizations:			
Funded	C-11	114,559.62	219,355.27
Unfunded	C-11	1,049,328.31	2,331,633.07
Various Reserves	C-12	30,000.00	30,501.32
Encumbrances Payable	C-13	669,748.56	217,042.47
Fund Balance	C-1	134,303.83	34,310.77
		<u>22,160,201.55</u>	<u>23,373,784.10</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 in the amount of \$476,000.00 and \$786,000.00 per Exhibit C-14.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Years Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - January 1,	C	<u>34,310.77</u>	<u>21,959.51</u>
Increased by:			
Premium on Bond Anticipation Notes	C-2	35,446.23	12,351.00
Improvement Authorizations	C-11	107,546.83	
Cancellation of Reserve			0.26
		<u>142,993.06</u>	<u>12,351.26</u>
		<u>177,303.83</u>	<u>34,310.77</u>
Decreased by:			
Appropriated to Finance			
Improvement Authorizations	C-11	43,000.00	
		<u>43,000.00</u>	
Balance - December 31,	C	<u><u>134,303.83</u></u>	<u><u>34,310.77</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	2,089,041.75	2,094,911.09
Cash-Change Fund	D-7	100.00	100.00
		<u>2,089,141.75</u>	<u>2,095,011.09</u>
Receivables with Full Reserves:			
Consumer Accounts	D-8	243,455.44	212,607.39
Water/Sewer Liens Receivable	D-9	347.46	
Inventory	D-10	50,287.00	50,287.00
		<u>294,089.90</u>	<u>262,894.39</u>
Deferred Charges:			
Special Emergency Authorization (40A:4-53)	D-12	70,000.00	140,000.00
Emergency Authorization	D-13	220,000.00	
		<u>290,000.00</u>	<u>140,000.00</u>
Total Operating Fund		<u>2,673,231.65</u>	<u>2,497,905.48</u>
Assessment Trust Fund:			
Assessments Receivable	D-11	353,204.12	368,419.93
Total Assessment Trust Fund		<u>353,204.12</u>	<u>368,419.93</u>
Capital Fund:			
Cash	D-5;D-6	1,518,693.71	1,664,273.27
Fixed Capital*	D-14	37,346,844.44	37,346,844.44
Fixed Capital Authorized and Uncompleted*	D-15	2,217,076.26	2,217,076.26
Total Capital Fund		<u>41,082,614.41</u>	<u>41,228,193.97</u>
Total Assets		<u>43,755,846.06</u>	<u>43,726,099.45</u>

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-16	443,235.76	356,150.43
Encumbered	D-4;D-16	302,032.38	175,044.42
Accrued Interest on Bonds	D-20	62,778.45	75,790.95
Accounts Payable	D-18	62,513.98	98,838.42
Water/Sewer Overpayments	D-17	4,578.69	4,286.04
Reserve for:			
Hook-up Fees	D-23	356,680.00	318,680.00
Special Emergency - Sparta Glen	D-23	304,702.07	308,779.57
		<u>1,536,521.33</u>	<u>1,337,569.83</u>
Reserve for Receivables	Contra	294,089.90	262,894.39
Fund Balance	D-1	842,620.42	897,441.26
Total Operating Fund		<u>2,673,231.65</u>	<u>2,497,905.48</u>
Assessment Trust Fund:			
Bonds Payable	D-27	<u>353,204.12</u>	<u>368,419.93</u>
Total Assessment Trust Fund		<u>353,204.12</u>	<u>368,419.93</u>
Capital Fund:			
Reserve for Encumbrances	D-19	100,310.31	109,949.17
Bonds Payable	D-28	8,676,795.88	8,986,580.07
Improvement Authorizations:			
Funded	D-21	175,043.80	445,874.50
Unfunded	D-21	1,093,791.65	1,101,401.65
Capital Improvement Fund	D-24	328,282.52	243,282.52
Reserve for Amortization	D-25	28,959,273.67	28,649,489.48
Reserve for Deferred Amortization	D-26	727,851.15	727,851.15
Various Reserves	D-22	858,642.15	751,142.15
Fund Balance	D-2	<u>162,623.28</u>	<u>212,623.28</u>
Total Capital Fund		<u>41,082,614.41</u>	<u>41,228,193.97</u>
Total Liabilities, Reserves and Fund Balances		<u>43,755,846.06</u>	<u>43,726,099.45</u>

Footnote D: There were Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 in the amount of \$1,200,000.00 and \$1,200,000.00 per Exhibit D-29.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.

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

Water/Sewer Utility Operating Fund

Years Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-3	357,767.00	353,424.00
Rents	D-3	3,552,782.66	3,553,500.55
Miscellaneous	D-3	52,247.69	51,471.82
Non-Budget Revenues	D-3	101,379.91	151,309.51
Interest and Costs on Assessments	D-3	15,657.85	16,278.16
Water/Sewer Capital Fund Balance	D-3	50,000.00	50,000.00
Other Credits to Income:			
Cancellation of Accounts Payable	D-18	2,690.75	
Unexpended Balance of Appropriation Reserves	D-16	<u>183,204.49</u>	<u>328,474.66</u>
Total Income		<u>4,315,730.35</u>	<u>4,504,458.70</u>
Expenditures:			
Operating	D-4	2,919,200.00	2,612,670.00
Capital Improvements	D-4	513,000.00	590,000.00
Debt Service	D-4	650,784.19	674,714.50
Deferred Charges and Statutory Expenditures	D-4	<u>149,800.00</u>	<u>155,715.00</u>
Total Expenditures		<u>4,232,784.19</u>	<u>4,033,099.50</u>
Excess in Revenue over Expenditures to Surplus		82,946.16	471,359.20
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years		<u>220,000.00</u>	
Statutory Excess to Surplus		302,946.16	471,359.20
Fund Balance - January 1,	D	<u>897,441.26</u>	<u>779,506.06</u>
		1,200,387.42	1,250,865.26
Decreased by:			
Utilized as Anticipated Revenue		<u>357,767.00</u>	<u>353,424.00</u>
Fund Balance - December 31,	D	<u><u>842,620.42</u></u>	<u><u>897,441.26</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.
Comparative Statement of Fund Balance - Regulatory Basis
Water/Sewer Utility Capital Fund
Years Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Balance - January 1,	D	212,623.28	104,566.03
Increased by:			
Cancellation of Reserves		212,623.28	158,057.25
Decreased by:			262,623.28
Anticipated as Item of Revenue	D-5	50,000.00	50,000.00
Balance - December 31,	D	162,623.28	212,623.28

D-3

Statement of Revenues - Regulatory Basis
Water/Sewer Utility Operating Fund
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>(Deficit)</u>
Operating Surplus Anticipated	D-1	357,767.00	357,767.00	
Rents	D-1;D-8	3,553,500.15	3,552,782.66	(717.49)
Miscellaneous	D-1	51,075.00	52,247.69	1,172.69
Interest and Costs on Assessments	D-1;D-5	15,657.85	15,657.85	
Water/Sewer Capital Fund Balance	D-1;D-5	50,000.00	50,000.00	
Non-Budget Revenues	D-1		101,379.91	101,379.91
Budget Totals		4,028,000.00	4,129,835.11	101,835.11
		D-4		
<u>Analysis of Miscellaneous Revenue Anticipated</u>				
Meters Sold / Tested		1,150.00		
Frozen Meters		5,695.55		
Water On/Off		5,271.14		
Final Readings		2,856.00		
Sprinklers/Hydrants		37,275.00		
	D-5		52,247.69	
<u>Analysis of Non-Budget Revenues</u>				
Interest on Deposits		7,496.91		
Water Tower Rental		90,286.91		
Returned Check Fees		360.63		
Construction Water		200.00		
Miscellaneous		3,035.46		
	D-5		101,379.91	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis
Water/Sewer Operating Fund
Year Ended December 31, 2015

	Ref.	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
		Budget	Budget		Paid or Charged	Reserved	
Operating:							
Salaries and Wages		799,310.00		799,310.00	761,402.51	37,907.49	
Other Expenses		1,899,890.00		2,119,890.00	1,740,786.71	379,103.29	
Total Operating	D-1	<u>2,699,200.00</u>		<u>2,919,200.00</u>	<u>2,502,189.22</u>	<u>417,010.78</u>	
Capital Improvements:							
Capital Improvement Fund		85,000.00		85,000.00	85,000.00		
Capital Outlay		15,000.00		15,000.00	15,000.00		
Acquisition of Water Meters/Hydrants		30,000.00		30,000.00	29,999.98	0.02	
Sewer Rehabilitation / Improvements		10,000.00		10,000.00	10,000.00		
Improvements to Morris Lake Dam		3,000.00		3,000.00	1,865.00	1,135.00	
Valve Replacement		10,000.00		10,000.00	10,000.00		
STP - 1 RBC Replacement		340,000.00		340,000.00	19,220.81	320,779.19	
Pump Station Improvements		20,000.00		20,000.00	20,000.00		
Total Capital Improvements	D-1	<u>513,000.00</u>		<u>513,000.00</u>	<u>191,085.79</u>	<u>321,914.21</u>	
Debt Service:							
Payment of Bond Principal		325,000.00		325,000.00	309,784.19	15,215.81	
Interest on Bonds		341,000.00		341,000.00	341,000.00		
Total Debt Service	D-1	<u>666,000.00</u>		<u>666,000.00</u>	<u>650,784.19</u>	<u>15,215.81</u>	

Town of Newton, N.J.
Statement of Expenditures - Regulatory Basis
Water/Sewer Operating Fund
Year Ended December 31, 2015

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures						
Deferred Charges						
Emergency Authorizations (N.J.S. 40A:4-55)		70,000.00	70,000.00	70,000.00		
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		14,500.00	14,500.00	14,500.00	4,200.00	
Unemployment		4,200.00	4,200.00		2,143.15	
Social Security System (O.A.S.I.)		61,100.00	61,100.00	58,956.85	6,343.15	
Total Deferred Charges and Statutory Expenditures	D-1	149,800.00	149,800.00	143,456.85	6,343.15	
Total Water/Sewer Utility Appropriations		4,028,000.00	4,248,000.00	3,487,516.05	745,268.14	15,215.81
Adopted Budget	D-3		4,028,000.00			
Emergency Authorizations (40A:4-46)	D-13		220,000.00			
			4,248,000.00			
Unencumbered	D				443,235.76	
Encumbered	D				302,032.38	
					745,268.14	
Cash Disbursed	D-5			3,076,516.05		
Special Emergency Authorizations	D-12			70,000.00		
Accrued Interest on Bonds	D-20			341,000.00		
				3,487,516.05		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Town of Newton, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

(Unaudited)

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets</u>		
Land	\$ 3,347,740.00	\$ 3,347,740.00
Buildings	35,011,164.00	35,011,164.00
Improvements	2,800,402.00	2,489,986.00
Machinery and Equipment (Including Vehicles)	<u>8,348,798.00</u>	<u>8,045,312.00</u>
	<u>49,508,104.00</u>	<u>48,894,202.00</u>
Investment In General Fixed Assets	<u>\$49,508,104.00</u>	<u>\$ 48,894,202.00</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

TOWN OF NEWTON, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Town of Newton have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Town accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Town of Newton (the "Town") operates under a Manager/Council form of government. The Town's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, general administrative services and water/sewer operations.

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

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Town do not include the Volunteer Fire Department, the First Aid Squad and the Newton Parking Authority which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

The Town uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Town functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Town has the following funds and account groups:

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

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

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

Animal Control Trust - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

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

Water/Sewer Operating, Water/Sewer Assessment and Water/Sewer Capital Funds - These funds account for the operations and acquisition of capital facilities of the municipally owned water/sewer utility.

General Fixed Assets Account Group - To account for all fixed assets of the Town. The Town's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Town of Newton. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Town. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Town. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Town's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

Budget and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund and water/sewer operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Town and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

General Capital Fund
Trust Fund

Water/Sewer Utility Capital Fund
Animal Control Trust Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015, the Town Council increased the original current fund budget by \$67,642.04. The increase was for ten special items of revenue inserted into the budget. They are as follows: Federal Body Armor Grant \$3,191.90; Clean Communities Grant \$16,434.04; Municipal Alliance \$20,772.00; State of New Jersey Body Armor \$2,352.27; Pedestrian Safety Grant \$14,146.00; Drive Sober or Get Pulled Over \$5,000.00; Body Camera Grant \$4,245.83; Municipal Alliance Cash Match: Andover Borough \$500.00, Andover Township \$500.00, Green Township \$500.00. In addition, several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

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

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

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

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

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

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

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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

No depreciation has been provided for in the financial statements.

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

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

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

Use of Estimates - The preparation of financial statements requires management of the Town to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Recent Accounting Pronouncements

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

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

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

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

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

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

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

In June 30, 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Town is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

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

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Town is currently reviewing what effects, if any, this Statement might have on future financial statements.

C. Basic Financial Statements

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2015 statutory budget included a reserve for uncollected taxes in the amount of \$489,446.30. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 statutory budget was \$776,048.00.

Interdepartment budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Town Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2015, Federal Body Armor Grant, Clean Communities Grant, Municipal Alliance, State of New Jersey Body Armor, Pedestrian Safety Grant, Drive Sober or Get Pulled Over, Body Camera Grant, and Municipal Alliance Cash Match were inserted into the Budget.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2015, there were no special emergency appropriations.

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Added</u> <u>in 2015</u>	<u>2016 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding Years</u>
Current Fund	<u>\$73,200.00</u>	<u>\$ -</u>	<u>\$25,600.00</u>	<u>\$47,600.00</u>
Water/Sewer Utility	\$70,000.00 <u>-</u>	\$ - <u>220,000.00</u>	\$ 70,000.00 <u>220,000.00</u>	\$ - <u>-</u>
Total Water/Sewer Utility	<u>\$70,000.00</u>	<u>\$220,000.00</u>	<u>\$290,000.00</u>	<u>\$ -</u>

NOTE 4: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2015.

	<u>Balance as of</u> <u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of</u> <u>12/31/15</u>
Land	\$ 3,347,740.00	\$ -	\$ -	\$ 3,347,740.00
Buildings	35,011,164.00	-	-	35,011,164.00
Improvements	2,489,986.00	310,416.00	-	2,800,402.00
Equipment, Furniture and Vehicles	<u>8,045,312.00</u>	<u>305,662.00</u>	<u>2,176.00</u>	<u>8,348,798.00</u>
	<u>\$48,894,202.00</u>	<u>\$616,078.00</u>	<u>\$2,176.00</u>	<u>\$49,508,104.00</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT

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

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
General Capital Fund:					
Bonds Payable	17,000,000.00		1,080,000.00	15,920,000.00	1,135,000.00
Garden Trust Preservation Trust Loan Payable	<u>118,248.82</u>	<u> </u>	<u>17,211.57</u>	<u>101,037.25</u>	<u>17,557.51</u>
	<u>17,118,248.82</u>	<u> </u>	<u>1,097,211.57</u>	<u>16,021,037.25</u>	<u>1,152,557.51</u>
Water Sewer Assessment Trust Fund:					
Bonds Payable	<u>368,419.93</u>	<u> </u>	<u>15,215.81</u>	<u>353,204.12</u>	<u>15,862.48</u>
Water/Sewer Capital Fund:					
Bonds Payable	<u>8,986,580.07</u>	<u> </u>	<u>309,784.19</u>	<u>8,676,795.88</u>	<u>294,137.52</u>
Compensated Absences Payable	<u>428,168.00</u>	<u>27,686.00</u> (1)	<u> </u>	<u>455,854.00</u>	<u> </u>
Capital Lease Payable	<u>51,634.48</u>	<u> </u>	<u>32,808.86</u>	<u>18,825.62</u>	<u>9,303.04</u>
	<u>26,953,051.30</u>	<u>27,686.00</u>	<u>1,455,020.43</u>	<u>25,525,716.87</u>	<u>1,471,860.55</u>

(1) Net of additions and deletions during the year.

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

Net Debt \$16,466,062.25 divided by average equalized valuation basis per N.J.S. 40A:2-2 as amended, 623,908,400.67 = 2.639%.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF AVERAGE EQUALIZED VALUATION PER N.J.S. 40A:2-2

2015	623,908,400.67		
2014		642,938,762.00	
2013			675,929,457.00

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

3 ½% of Average Equalized Valuation Basis	\$21,836,794.02
Net Debt	<u>16,466,062.25</u>
Remaining Borrowing Power	<u>\$ 5,370,731.77</u>

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

		<u>Water/Sewer</u>
Cash Receipts from Fees, Rents or Other Charges for Year		\$4,079,835.11
Deductions:		
Operating and Maintenance Cost	2,999,000.00	
Debt Service	<u>650,784.19</u>	
		<u>3,649,784.19</u>
Excess in Revenue		<u>\$ 430,050.92</u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The Town's debt is summarized as follows:

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
Issued			
General Capital Fund:			
Bonds, Notes and Loans	20,160,037.25	20,529,823.82	20,041,171.25
Water/Sewer Assessment Bonds, Notes and Loans	353,204.12	368,419.93	383,015.43
Water-Sewer Utility Fund:			
Bonds, Notes and Loans	<u>8,676,795.88</u>	<u>8,986,580.07</u>	<u>9,321,984.57</u>
Total Issued	<u>29,190,037.25</u>	<u>29,884,823.82</u>	<u>29,746,171.25</u>
<u>Authorized But Not Issued</u>			
General Capital Fund:			
Bonds and Notes	476,000.00	786,000.00	786,000.00
Water-Sewer Utility Fund:			
Bonds and Notes	<u>1,200,000.00</u>	<u>1,200,000.00</u>	<u>1,110,658.37</u>
Total Authorized But Not Issued	<u>1,676,000.00</u>	<u>1,986,000.00</u>	<u>1,896,658.37</u>
Net Bonds & Notes Issued & Authorized But Not Issued	<u>30,866,037.25</u>	<u>31,870,823.82</u>	<u>31,642,829.62</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

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 2.639%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	7,150,000.00	7,150,000.00	-
Water-Sewer Utility Debt	10,230,000.00	10,230,000.00	-
General Debt	<u>20,636,037.25</u>	<u>4,170,000.00</u>	<u>16,466,037.25</u>
	<u>38,016,037.25</u>	<u>21,550,000.00</u>	<u>16,466,037.25</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

Details of Long-Term debt as of December 31, 2015 is as follows:

Outstanding debt whose principle and interest are paid from the Current Fund Budget of the Town:

General Improvement Bonds of 2006 dated 4/1/06, in the amount of \$4,041,000.00 - Interest is paid semi-annually at a rate of 4.000% - 4.125% per annum. The remaining balance as of December 31, 2015 was \$225,000.00.

MCIA Loan Program Bond of 2009 dated 10/1/09, in the amount of \$4,285,000.00 - Interest is paid semi-annually at a rate of 2.00% to 5.00% per annum. The remaining balance as of December 31, 2015 was \$2,685,000.00.

General Obligation Redevelopment Area Bonds of 2010 dated 10/28/10, in the amount of \$4,350,000.00 - Interest is paid semi-annually at a rate of 1.60% - 5.45% per annum. The remaining balance as of December 31, 2015 was \$4,170,000.00.

General Obligation Loan - Memory Park Development Project - dated 4/1/03, in the amount of \$286,600.00 with the State of New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments of \$19,490.92 through 1/15/21. Interest is calculated at 2.00% and is included in the semi-annual installments. The remaining balance as of December 31, 2015 was \$101,037.25.

General Refunding Bonds of 2011 dated 8/30/11, in the amount of \$3,875,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2015 was \$3,485,000.00.

General Improvement Bonds of 2011 dated 8/30/11, in the amount of \$2,735,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2015 was \$1,875,000.00.

General Refunding Bonds of 2012 dated 6/27/12, in the amount of \$1,685,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2015 was \$1,295,000.00.

General Refunding Bonds of 2014 dated 8/7/14, in the amount of \$2,185,000.00 - Interest is paid semi-annually at a rate of 3.00% - 5.00% per annum. The remaining balance as of December 31, 2015 was \$2,185,000.00.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

Outstanding debt whose principal and interest are paid from the Water/Sewer Utility Operating Fund Budget of the Town:

Refunding Bonds of 2012 dated 6/27/12, in the amount of \$8,525,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2015 was \$7,386,795.88.

Refunding Bonds of 2014 dated 8/7/14, in the amount of \$1,445,000.00 - Interest is paid semi-annually at a rate of 2.00% - 5.00% per annum. The remaining balance as of December 31, 2015 was \$1,290,000.00.

Outstanding debt whose principal and interest are paid from the Water/Sewer Assessment Trust Fund:

Assessment Bonds of 2012 dated 6/27/12, in the amount of \$427,843.95 - Interest is paid semi-annually at a rate of 4.25%. The remaining balance as of December 31, 2015 was \$353,204.12.

Total General Capital Bonds and Loans - listed above	<u>\$16,021,037.25</u>
Total Water/Sewer Utility Capital Bonds and Loans - listed above	<u>\$ 8,676,795.88</u>
Total Water/Sewer Assessment Bonds - listed above	<u>\$ 353,204.12</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST LONG TERM DEBT ISSUED AND OUTSTANDING

Calendar Year	<u>General</u>		<u>Water/Sewer</u>		<u>Water/Sewer Assessment Trust</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	1,152,557.51	707,529.64	294,137.52	329,401.33	15,862.48	15,011.17
2017	1,202,910.42	662,801.74	308,463.37	318,275.48	16,536.63	14,337.02
2018	1,213,270.42	614,091.74	317,760.56	306,278.28	17,239.44	13,634.22
2019	1,223,637.66	564,452.00	292,027.89	293,998.47	17,972.11	12,901.53
2020	1,269,012.27	507,434.88	311,264.07	280,049.77	18,735.93	12,137.73
2021-2025	4,919,648.97	1,725,231.49	1,768,677.42	1,168,779.33	106,322.58	48,045.67
2026-2030	3,505,000.00	823,320.00	2,129,080.06	821,807.95	130,919.94	23,448.30
2031-2035	1,535,000.00	83,020.00	2,105,384.99	447,853.86	29,615.01	1,258.64
2036-2039	-	-	1,150,000.00	56,800.00	-	-
	<u>16,021,037.25</u>	<u>5,687,881.49</u>	<u>8,676,795.88</u>	<u>4,023,244.47</u>	<u>353,204.12</u>	<u>140,774.28</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 5: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST LONG TERM DEBT ISSUED AND OUTSTANDING (continued)

	Yearly Total	
	Principal	Interest
2016	1,462,557.51	1,051,942.14
2017	1,527,910.42	995,414.24
2018	1,548,270.42	934,004.24
2019	1,533,637.66	871,352.00
2020	1,599,012.27	799,622.38
2021-2025	6,794,648.97	2,942,056.49
2026-2030	5,765,000.00	1,668,576.25
2031-2035	3,670,000.00	532,132.50
2036-2039	1,150,000.00	56,800.00
	<u>25,051,037.25</u>	<u>9,851,900.24</u>

NOTE 6: BOND ANTICIPATION NOTES

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

The following activity related to Bond Anticipation Notes occurred during the calendar year ended December 31, 2015:

	Balance Dec. 31, 2014	Additions	Reductions	Balance Dec. 31, 2015
General Capital:				
Jeffries LLC	3,411,575.00	-	3,411,575.00	-
TD Bank	-	4,139,000.00	-	4,139,000.00
	<u>3,411,575.00</u>	<u>4,139,000.00</u>	<u>3,411,575.00</u>	<u>4,139,000.00</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 6: BOND ANTICIPATION NOTES

The Town has outstanding at December 31, 2015, a bond anticipation note in the amount of \$4,139,000.00 payable to TD Securities. This note will mature on August 26, 2016 and it is the intent of the Town Council to renew this note for another one year period. The current interest rate on this note is 1.50%. Principal and interest on this note is paid from the Current Fund Budget of the Town.

NOTE 7: DUE TO/FROM OTHER FUNDS

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

\$34,422.50 Due to Current Fund from Federal and State Grant Fund for various receipts and disbursements made in Current Fund for Federal and State Grant Fund.

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

NOTE 8: FUND BALANCES APPROPRIATED

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

	<u>2016</u>	<u>2015</u>
Current Fund	<u>\$810,876.00</u>	<u>\$776,048.00</u>
Water/Sewer Utility Operating Fund	<u>\$303,000.00</u>	<u>\$357,767.00</u>

NOTE 9: 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. The Town of Newton has not elected to defer school taxes

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

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

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

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

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Description of Systems: (continued)

members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

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

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

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

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

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

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Description of Systems: (continued)

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

Defined Contribution Retirement Program

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

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

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

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

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

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

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

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

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2015	\$312,905.57	\$571,949.00	\$8,253.12
2014	309,859.00	527,189.00	16,990.19
2013	284,334.00	551,294.00	3,701.83

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements. The following pension information is as of June 30, 2014 which is the latest information available. This information is eighteen months prior to December 31, 2015. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2015, the Town had a liability of \$7,037,251.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At June 30, 2014, the Town's proportion was 0.0375866595 percent, which was an increase/(decrease) of 0.0014467283 percent from its proportion measured as of June 30, 2013.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (continued)

For the year ended December 31, 2015, the Town recognized pension expense of \$312,905.57. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$221,289.00	\$ -
Net difference between projected and actual earnings on pension plan investments	-	419,382.00
Changes in proportion and differences between Town contributions and proportionate share of contributions	233,564.00	-
Town contributions subsequent to the measurement date	<u>330,349.00</u>	<u>-</u>
Total	<u>\$785,202.00</u>	<u>\$419,382.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(\$64,167.00)
2017	(64,167.00)
2018	(64,167.00)
2019	40,678.00
Thereafter	17,898.00

TOWN OF NEWTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Additional Information

Local Group Collective balances at June 30, 2014 and June 30, 2013 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$ 952,194,675	Not Available
Collective deferred inflows of resources	1,479,224,662	Not Available
Collective net pension liability	18,722,735,003	\$19,111,986,111
Town's Proportion	0.0375866595%	0.0361399312%

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

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

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U. S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	<u>4.25%</u>	5.12%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1 -percentage-point higher than the current rate:

	<u>June 30, 2014</u>		
	<u>1%</u> <u>Decrease</u> <u>4.39%</u>	<u>At Current</u> <u>Discount Rate</u> <u>5.39%</u>	<u>1%</u> <u>Increase</u> <u>6.39%</u>
Town's proportionate share of the pension liability	\$8,853,101.00	\$7,037,251.00	\$5,512,399.00

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Town had a liability of \$9,367,111.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At June 30, 2014, the Town's proportion was 0.0744658293 percent, which was an increase/(decrease) of 0.0022063610 percent from its proportion measured as of June 30, 2013

For the year ended December 31, 2015, the Town recognized pension expense of \$571,949.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes of assumptions	\$351,673.00	\$ -
Net difference between projected and actual earnings on pension plan investments	-	955,882.00
Changes in proportion and differences between Town contributions and proportionate share of contributions	245,777.00	-
Town contributions subsequent to the measurement date	<u>620,370.00</u>	<u>-</u>
Total	<u>\$1,217,820.00</u>	<u>\$955,882.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(\$170,949.00)
2017	(170,949.00)
2018	(170,949.00)
2019	68,022.00
Thereafter	11,564.00

Additional Information

Local Group Collective balances at June 30, 2014 and June 30, 2013 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$ 750,532,959	Not Available
Collective deferred inflows of resources	1,561,923,934	Not Available
Collective net pension liability	13,933,627,178	\$14,533,269,004
Town's Proportion	0.0744658293%	0.0722594683%

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	3.95-8.62 Percent (based on age)
Thereafter	4.95-9.62 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2014 are summarized in the following table:

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

Long-Term Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U. S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	<u>4.25%</u>	5.12%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.32% and 6.45% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 10: PENSION PLANS (CONTINUED)

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

	<u>June 30, 2014</u>		
	<u>1%</u> <u>Decrease</u> <u>5.32%</u>	<u>At Current</u> <u>Discount Rate</u> <u>6.32%</u>	<u>1%</u> <u>Increase</u> <u>7.32%</u>
Town's proportionate share of the pension liability	\$13,982,713.00	\$9,367,111.00	\$7,394,759.00

Pension Plan Fiduciary Net Position

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

NOTE 11: ACCRUED SICK AND VACATION BENEFITS

The Town has permitted employees to accrue unused sick pay, which may be taken as time off or paid upon retirement or separation at the employee's current rate at such termination. It is estimated that current cost of such unpaid compensation would approximate \$455,854.00.

This amount is not reported either as an expenditure or a liability. The Town has reserved \$175,544.32 previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. See Exhibit B-5 for an analysis. It is expected that any remaining cost of such unpaid compensation the would be included in the Town's budget operating expenditures in the year in which it is used.

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015, \$311,016.65 of the Town's bank balance of \$9,079,238.44 was exposed to custodial credit risk. In comparison, as of December 31, 2014, \$280,825.25 of the Town's bank balance of \$9,063,110.27 was exposed to custodial credit risk.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

Investment Rate Risk

The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

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

Concentration of Credit Risk

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

Unaudited Investments

As more fully described in Note 18, the Town has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Town. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2015 and 2014 amounted to \$311,016.65 and \$280,825.25 respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Investments under 5%	\$43,366.65	\$30,071.60
Fixed	240,208.56	225,506.82
LVIP SSgA S&P 500 Index Fund	<u>27,441.44</u>	<u>25,246.83</u>
Total	<u>\$311,016.65</u>	<u>\$280,825.25</u>

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 13: RISK MANAGEMENT

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

NOTE 14: LEASES

In 2014, the Town entered into a lease agreement for the purchase of a 2014 Ford Utility Police Interceptor. The lease is for a three year term. The interest rate for the lease is 2.360%. A payment, in the amount of \$9,747.45, was made on the date of inception of the lease.

The following is a schedule of future minimum lease payments as of December 31, 2015:

Total minimum lease payment	\$19,494.64
Less: Amount representing interest	<u>669.02</u>
Present value of net minimum lease payments	<u>\$18,825.62</u>

<u>Payment Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payment</u>
2016	\$9,303.04	\$444.28	\$ 9,747.32
2017	<u>9,522.58</u>	<u>224.74</u>	<u>9,747.32</u>
	<u>\$18,825.62</u>	<u>\$669.02</u>	<u>\$19,494.64</u>

NOTE 15: PUBLIC ASSISTANCE

The Town of Newton has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Town of Newton no longer has a public assistance director.

NOTE 16: HEALTH INSPECTIONS

The Town of Newton has elected to have the County of Sussex, Department of Health, perform all inspections. Therefore, the Town of Newton does not have a health inspector.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 17. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Balance</u> <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$412,341.79</u>	<u>\$101,825.77</u>
Cash Liability for Taxes Collected in Advance	<u>\$412,341.79</u>	<u>\$101,825.77</u>

NOTE 18: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On May 24, 2004 the Division of Local Government Services approved the Town's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Town's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plans contribution requirements are as follows: the contribution for each participating active volunteer member shall be between the minimum contributions of \$115.00 and the maximum contribution of \$1,150.00 commencing 2004. The Town's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2015 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 19: POST-RETIREMENT BENEFITS

Plan Description

The Town of Newton contributes to the New Jersey Municipal Employee Benefits Fund (NJMEBF), a public entity joint insurance fund whereby various town and school boards combine their employee and retiree populations and coverage needs to negotiate better rates due to the number of lives in the fund. This plan replaced the State Health Benefits Program (SHBP) effective January 1, 2010 adopted on October 14, 2009 by Resolution # 202-2009. The Town as a participant in the Fund will be able to duplicate all medical coverage formerly provided to both active and retirees offered through the State Health Benefits Program by participating in health insurance as defined pursuant to N.J.S.A. 17B:17-4, the NJMEBF bylaws and Plan of Risk Management.

Through the NJMEBF active and retired employees and dependents have access to a variety of health plans that provide medical, prescription drugs, mental health/substance abuse. The Town also reimburses retirees and their covered dependents for Medicare Part B.

Eligible retired employees and their dependents covered under the program, including surviving spouses will receive benefits based on their collective bargaining agreement defining eligibility for retirement medical insurance or by Resolution # 39-2011 adopted March 14, 2011 for the Non-Union employees. Under Resolution # 39-2011:

- Non-Union employees hired before December 31, 2010 that are not retired on a disability pension must be at least 50 years of age; have 25 years or more of service credited in a retirement system administered by a New Jersey municipality or by the State of New Jersey and have 15 years or more of service with the Town of Newton.
- Non-Union employees hired after January 1, 2011 that are not retired on a disability pension must be at least 62 years of age; have 25 years or more of service credited in a retirement system administered by a New Jersey municipality or by the State of New Jersey and have 15 years or more of service with the Town of Newton.
- Non-Union employees hired on or after January 1, 2015, regardless of full-time or part-time status, shall not be eligible for, or have access to the following: 1) any post-retirement medical benefits (including but not limited to: hospitalization, major medical, medical/surgical, prescription, dental, vision) provided by the Town of Newton; and 2) any payment or reimbursement for Medicare or Medigap coverage by the Town of Newton.

Eligibility exceptions include employees who elected deferred retirement but include the employees who retired on disability pensions based on fewer years of credited service and also will be reimbursed for their premium charges under Part B of the Federal Medicare Program covering the retired employees and their spouses.

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 19: POST-RETIREMENT BENEFITS (CONTINUED)

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

Contributions to pay for the health premiums of participating retirees in the NJMEBF are billed to the Town of Newton on a monthly basis. Funds for retiree health premiums are raised each year in the municipality via property taxes. There is no cost sharing policies that the current retirees contribute.

Results of Valuation

- *Actuarial Accrued Liability*

The Actuarial Accrued Liability (“AAL”) as of December 31, 2014 is \$29,918,987 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2014.

- *Annual Required Contribution*

The Annual Required Contribution (“ARC”) is the measure of annual cost on an accrual basis. It is comprised of the “Normal Cost” which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability (“UAAL”). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

The ARC as of December 31, 2014 is \$2,866,294 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2014. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 1,029,521
(2) Actuarial Accrued Liability	\$ 29,918,987
(3) Assets	\$ -
(4) UAAL = (2) - (3)	\$ 29,918,987
(5) 30 year amortization of UAAL at Discount Rate	\$ 1,836,773
(6) ARC = (1) + (5)	\$ 2,866,294

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 19: POST-RETIREMENT BENEFITS (CONTINUED)

Basis of Valuation

This valuation has been conducted as of December 31, 2014 based upon census, plan design and claims information provided by the Fund. Census includes 52 participants currently receiving retiree benefits, and 57 active participants of whom 6 are eligible to retire as of the valuation date. The average age of the active population is 44 and the average age of the retiree population is 67.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

Demographic assumptions were selected based on those used in the State Division of Pensions and Benefits in calculation pension benefits taken from the July 1, 2013 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2012 report from Aon Consultants.

Key Actuarial Assumptions

Mortality	RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years
Turnover	NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility
Assumed Retirement Age	At first eligibility after completing age 50 (62 for those 2011 and later) with 15 years of employment and 25 years of pension service
Full Attribution Period	Service to Assumed Retirement Age and all 25 years of pension service being earned at Newton
Annual Discount Rate	4.50%
Medical Trend	8% in 2014, reducing by 0.5% per annum, leveling at 5% per annum in 2020
Medical Cost Aging Factor	NJ SHBP Medical Morbidity Rates

TOWN OF NEWTON

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

NOTE 19: POST-RETIREMENT BENEFITS (CONTINUED)

- Attribution period - This attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per capita cost methods - The valuation reflects per capita net premium costs based on actual 2014 medical, prescription drug, and dental husband and spouse premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (44) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payer of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of combined medical/prescription drug costs. 2014 employer contributions for retiree benefits as reported by the Fund are 1.095 million.
- Retiree contribution - Retirees contribute 12% of the amount of premium in excess of the single rate. For valuation purposes we assumed that this level of contribution does not overstate the required aggregate contribution collections under NJ Chapter 78 and therefore do not understate the actuarial measurements.
- Actuarial valuation method - Projected Unit Credit Funding Method.

NOTE 20: COMMITMENTS AND CONTINGENT LIABILITIES

Town Counsel has advised us there are no unsettled pending or threatened litigation, claims and assessments.

NOTE 21: SUBSEQUENT EVENT

The Town has evaluated subsequent events through May 10, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

TOWN OF NEWTON, N.J.
OFFICIALS IN OFFICE AND SURETY BONDS
 YEAR ENDED DECEMBER 31, 2015

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

<u>Name</u>	<u>Title</u>
E. Kevin Elvidge	Mayor to 6/30/2015; Councilperson from 7/1/2015
Daniel G. Flynn	Deputy Mayor to 6/30/2015; Mayor from 7/1/2015
Sandra Lee Diglio	Councilperson to 6/30/2015; Deputy Mayor from 7/1/2015
Kristen S. Becker	Councilperson
Wayne F. Levante	Councilperson
Thomas S. Russo, Jr.	Town Manager
Debra J. Millikin	Deputy Town Manager; Qualified Purchasing Agent
Lorraine A. Read	Municipal Clerk; Registrar
Teresa A. Oswin	Deputy Municipal Clerk
Janien Roberts	Deputy Registrar
Lucy DeLoreto	Court Administrator
Melinda Pflug	Deputy Court Administrator to 4/28/2015
Kyle Bucenec	Deputy Court Administrator from 6/29/2015
John E. Mulhern	Municipal Judge
Dawn L. Babcock	Finance Director; Chief Financial Officer
Ginny Raftery	Treasurer
Linda A. Roth	Tax Collector
Jacquelyn Shackleton	Water/Sewer Collector
Scott J. Holzhauer	Tax Assessor
Michael S. Richards	Police Chief
Ursula H. Leo	Town Attorney
Harold E. Pellow	Town Engineer
Jessica Caldwell	Town Planner
Joseph Butto	Construction Official
Katherine Citterbart	Planning/Zoning Administrator; Zoning Officer
Thomas M. Ferry, C.P.A., R.M.A.	Auditor

Blanket Bond coverage is provided for all Officials and Employees in the amount of \$1,000,000 as provided by the Statewide Insurance Fund. The type of coverage provided by the blanket bond is for employee theft, forgery and alteration.

All of the bonds were examined and were properly executed.

Town of Newton
 Schedule of Expenditures of State Financial Assistance
 For the Year Ended December 31, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2014		12/31/2015		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance	(Receivable)	Reserve Balance	
NI Department of Solid Waste Administration:								
Clean Communities								
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	16,434.04	1/1/15-12/31/15		4,330.77	16,434.04	2,167.24	14,266.80
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	10,174.64	1/1/11-12/31/11		7,669.44			10,174.64
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	7,669.44	1/1/12-12/31/12		7,669.44			7,669.44
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	7,637.33	1/1/13-12/31/13		7,637.33			7,637.33
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	22,184.53	1/1/14-12/31/14		22,184.53			
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	13,973.69	1/1/15-12/31/15		41,822.07	13,973.69	10,813.35	
Total NJ Department of Solid Waste Administration						30,407.73	26,954.28	39,748.21
New Jersey Emergency Management								
Body Armor Replacement	1020-718-066-1020-001-YCJS-6120	2,459.77	1/1/11-12/31/11		706.55			2,459.77
Body Armor Replacement	1020-718-066-1020-001-YCJS-6120	4,249.13	1/1/13-12/31/13					4,249.13
Body Armor Replacement	1020-718-066-1020-001-YCJS-6120	2,355.73	1/1/14-12/31/14		2,355.73			2,355.73
Body Armor Replacement	1020-718-066-1020-001-YCJS-6120	2,352.27	1/1/15-12/31/15		3,062.28	2,352.27	187.15	
Total New Jersey Emergency Management								11,229.75
NJ Division of Motor Vehicles:								
Drunk Driving Enforcement	6400-100-076-6400-YYY	3,175.18	1/1/11-12/31/11		797.52			3,175.18
Drunk Driving Enforcement	6400-100-076-6400-YYY	2,322.26	1/1/12-12/31/12		1,763.91			2,322.26
Drunk Driving Enforcement	6400-100-076-6400-YYY	1,763.91	1/1/14-12/31/14		1,610.26			1,763.91
Drunk Driving Enforcement	6400-100-076-6400-YYY	1,610.26	1/1/15-12/31/15		1,610.26			1,610.26
Pedestrian Safety, Education & Enforcement	PS-16-01-24	14,146.00	7/1/15-5/31/16		4,171.69			14,146.00
Total NJ Division of Motor Vehicles:								9,125.00
NJ Division of Criminal Justice:								
Safe and Secure Communities	1020-100-066-1020-232-YCJS-6120	25,811.00	1/1/14-12/31/14	(12,429.00)		12,429.00		25,811.00
Safe and Secure Communities	1020-100-066-1020-232-YCJS-6120	25,811.00	1/1/15-12/31/15	(12,429.00)		14,042.00		25,811.00
Total NJ Division of Criminal Justice:						26,471.00		50,211.00
NJ Highlands Water Protection & Planning Council								
Transfer Development Right Feasibility Grant	14-033-080-1915	40,000.00	1/1/14-12/31/14	(40,000.00)				40,000.00
Total NJ Highlands Water Protection & Planning Council								40,000.00
State Parks Service:								
Historic Grant	4875-100-042-4875-114-V74B-6120	2,000.00	1/1/08-12/31/08		2,000.00			2,000.00
Total State Parks Service:								2,000.00
GENERAL CAPITAL FUND								
Department of Environmental Protection								
Trail Grant	Ord#2010-07	25,000.00		(25,000.00)				25,000.00
TOTAL GENERAL CAPITAL FUND								
TOTAL STATE AID:								
						59,231.00	37,389.21	131,558.79

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 15-08.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	776,048.00	2.72%	841,461.00	2.96%
Miscellaneous - From Other Than				
Local Property Tax Levies	2,414,020.10	8.46%	2,731,318.74	9.61%
Collection of Delinquent Taxes				
and Tax Title Liens	516,660.01	1.81%	377,544.80	1.33%
Collection of Current				
Tax Levy	24,029,766.83	84.18%	23,483,299.04	82.59%
Other Credits to Income	809,611.75	2.84%	999,300.97	3.51%
	<u>28,546,106.69</u>	<u>100.00%</u>	<u>28,432,924.55</u>	<u>100.00%</u>
<u>Total Revenue and Other Income Realized</u>				
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	11,623,193.90	41.86%	11,722,665.49	42.39%
Local School Taxes	12,851,303.00	46.29%	12,555,058.00	45.40%
County Taxes	3,265,337.85	11.76%	3,266,844.79	11.81%
Other Expenditures	24,340.00	0.17%	112,308.28	0.38%
	<u>27,764,174.75</u>	<u>100.00%</u>	<u>27,656,876.56</u>	<u>100.00%</u>
<u>Total Expenditures</u>				
Statutory Excess to Fund Balance	781,931.94		776,047.99	
Fund Balance, January 1,	<u>1,498,339.59</u>		<u>1,563,752.60</u>	
	2,280,271.53		2,339,800.59	
Less:				
Utilized as Anticipated Revenue	<u>776,048.00</u>		<u>841,461.00</u>	
Fund Balance, December 31,	<u>1,504,223.53</u>		<u>1,498,339.59</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER / SEWER UTILITY OPERATING FUND

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Surplus Anticipated	357,767.00	8.29%	353,424.00	7.85%
Collection of Water/Sewer Rents	3,552,782.66	82.32%	3,553,500.55	78.89%
Miscellaneous - From Other				
Than Water Rents	52,247.69	1.21%	51,471.82	1.14%
Other Credits to Income	<u>352,933.00</u>	<u>8.18%</u>	<u>546,062.33</u>	<u>12.12%</u>
<u>Total Revenue and Other Income Realized</u>	<u>4,315,730.35</u>	<u>100.00%</u>	<u>4,504,458.70</u>	<u>100.00%</u>
 <u>Total Revenue and Other Income Realized</u>				
Budget Expenditures:				
Operating	2,919,200.00	68.97%	2,612,670.00	64.78%
Capital Improvements	513,000.00	12.12%	590,000.00	14.63%
Debt Service	650,784.19	15.37%	674,714.50	16.73%
Deferred Charges and Statutory Expenditures	<u>149,800.00</u>	<u>5.04%</u>	<u>155,715.00</u>	<u>3.86%</u>
<u>Total Expenditures</u>	<u>4,232,784.19</u>	<u>100.00%</u>	<u>4,033,099.50</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	82,946.16		471,359.20	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by				
 Statute Deferred Charges to Budget of				
 Succeeding Years				
	<u>220,000.00</u>			
Statutory Excess to Fund Balance	302,946.16		471,359.20	
Fund Balance, January 1,	<u>897,441.26</u>		<u>779,506.06</u>	
	1,200,387.42		1,250,865.26	
Decreased by:				
Utilized as Anticipated Revenue	<u>357,767.00</u>		<u>353,424.00</u>	
Fund Balance, December 31,	<u>842,620.42</u>		<u>897,441.26</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>4.060</u>	<u>3.976</u>	<u>3.397</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.394	1.356	1.151
County	.541	.541	.490
Local School	2.125	2.079	1.756

Assessed Valuation:

2015	604,669,025		
2014		603,870,714	
2013			687,090,410

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

<u>Year</u>	<u>Dec. 31, Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2015	24,576,742.30	24,029,766.83	97.77%
2014	24,026,561.45	23,483,299.04	97.73%
2013	23,353,969.08	22,888,126.88	98.00%

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.

DELINQUENT TAXES AND TAX TITLE LIENS

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	512,495.80	58,761.06	571,256.86	2.32%
2014	519,622.10	39,310.20	558,932.30	2.32%
2013	368,744.60	34,034.05	402,778.65	1.72%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2015	558,650.00
2014	558,650.00
2013	558,650.00

COMPARISON OF WATER/SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2015	3,583,978.17	3,553,130.12
2014	3,616,169.85	3,553,500.55
2013	3,576,984.15	3,565,486.92

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund:	2015	1,504,223.53	810,876.00
	2014	1,498,339.59	776,048.00
	2013	1,563,752.60	841,461.00
	2012	1,542,318.12	776,000.00
	2011	979,773.88	641,000.00
Water/Sewer Utility Operating Fund:	2015	842,620.42	303,000.00
	2014	897,441.26	357,767.00
	2013	779,506.06	353,424.00
	2012	931,674.74	438,274.00
	2011	790,634.87	371,588.00

Town of Newton, N.J.

Schedule of Cash

Current Fund

Year Ended December 31, 2015

	Ref.	Current Fund <u>Treasurer</u>	Federal and State <u>Grant Fund</u>
Balance - December 31, 2014	A	<u>2,152,497.07</u>	<u>26,560.36</u>
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	553,898.43	
Taxes Receivable	A-6	24,392,601.07	
Revenue Accounts Receivable	A-9	2,287,579.54	
Due From State - Senior Citizen and Veteran Deductions	A-11	51,250.00	
Interfunds	A-12	17,429.00	
Various Cash Liabilities and Reserves	A-14	8,966.02	
Prepaid Taxes	A-15	412,341.79	
Grants Receivable	A-20		118,325.46
Unappropriated Grants	A-22		13,973.69
		<u>27,724,065.85</u>	<u>132,299.15</u>
		<u>29,876,562.92</u>	<u>158,859.51</u>
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	10,585,219.87	
Interfunds	A-12	41,769.00	
Appropriation Reserves	A-13	321,482.71	
Various Cash Liabilities and Reserves	A-14	12,190.84	
County Taxes Payable	A-16	3,263,982.13	
Local School District Taxes Payable	A-17	12,851,303.00	
Encumbrances Payable - Grant Fund	A-19		124,890.84
Grants Expended	A-21		13,306.13
		<u>27,075,947.55</u>	<u>138,196.97</u>
Balance - December 31, 2015	A	<u><u>2,800,615.37</u></u>	<u><u>20,662.54</u></u>

Town of Newton, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	<u>400.00</u>
Balance - December 31, 2015	A	<u>400.00</u>
<u>Analysis of Balance:</u>		
Cashier		100.00
Clerk		100.00
Municipal Court		<u>200.00</u>
		<u>400.00</u>

Town of Newton, N.J.
Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31,	Levy	Added Taxes		Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2015
			2014	2015	2014	2015				
2013	2,265.91									2,265.91
2014	517,356.19		20,585.33	516,660.01				4,508.78		11,307.52
	519,622.10		20,585.33	516,660.01				4,508.78		13,573.43
2015		24,549,562.42	27,179.88	101,825.77	23,875,941.06	52,000.00	13,264.02	34,789.08		498,922.37
		24,549,562.42	47,765.21	101,825.77	24,392,601.07	52,000.00	18,729.23	39,297.86		512,495.80
A				A-2;A-15	A-2;A-4	A-2;A-11		A-7		A

Analysis of Tax Levy

Ref.

Tax yield:	
General Purpose Tax	24,549,562.42
Added Tax (R.S. 54:4-63.1 et seq.)	27,179.88
	<u>24,576,742.30</u>

Tax Levy:		
County Tax	A-16	3,261,714.96
Added County Taxes	A-16	<u>3,622.89</u>
Local District School Tax	A-17	3,265,337.85
	A-2	<u>12,851,303.00</u>
		16,116,640.85
Local Tax for Municipal Purposes		8,434,016.00
Additional Taxes		<u>26,085.45</u>
		8,460,101.45
		<u>24,576,742.30</u>

Town of Newton, N.J.

Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	A		39,310.20
Increased by:			
Transferred from 2014 Taxes Receivable	A-6	5,465.21	
Transferred from 2015 Taxes Receivable	A-6	13,264.02	
Interest and Costs		<u>791.72</u>	
			<u>19,520.95</u>
			58,831.15
Decreased by:			
Cancelled			<u>70.09</u>
Balance - December 31, 2015	A		<u><u>58,761.06</u></u>

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Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	<u><u>558,650.00</u></u>
Balance - December 31, 2015	A	<u><u>558,650.00</u></u>

Town of Newton, N.J.
Schedule of Revenue Accounts Receivable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	14,670.00	14,670.00
Other	A-2	18,777.00	18,777.00
Fees and Permits	A-2	167,643.12	167,643.12
Municipal Court :			
Fines and Costs	A-2	184,730.48	184,730.48
Tax Collector:			
Interest and Costs on Taxes	A-2	106,900.32	106,900.32
Interest on Investments and Deposits	A-2	11,732.47	11,732.47
Energy Receipts Tax	A-2	1,013,467.00	1,013,467.00
Consolidated Municipal Property Tax			
Relief Aid	A-2	3,910.00	3,910.00
Hotel Tax	A-2	80,443.83	80,443.83
Certificates of Compliance	A-2	9,775.00	9,775.00
Garden State Trust Fund	A-2	8,539.00	8,539.00
Parking Authority Contract	A-2	45,000.00	45,000.00
Reimbursement for Dispatching Services	A-2	40,000.00	40,000.00
Cable Franchise TV Fees	A-2	29,350.00	29,350.00
Thor Labs PILOT - Offset Debt Service	A-2	281,140.00	281,140.00
Thor Labs PILOT - Miscellaneous Revenues	A-2	271,000.00	271,000.00
Reserve for Sale of Municipal Assets	A-2	6,837.00	6,837.00
Reserve for Redevelopment/Planning	A-2	501.32	501.32
		<u>2,294,416.54</u>	<u>2,294,416.54</u>
Cash Receipts	A-4		2,287,579.54
Various Liabilities and Reserves	A-14		6,837.00
			<u>2,294,416.54</u>

Town of Newton, N.J.

Schedule of Deferred Charges

N.J.S. 40A:4-53 Special Emergency

Year Ended December 31, 2015

<u>Date</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2014</u>	<u>Amount in 2015 Budget</u>	<u>Balance, Dec. 31, 2015</u>
10/13/10	Reassessment of Real Property	60,000.00	12,000.00	12,000.00	12,000.00	0.00
08/13/12	Codification of Ordinance	18,000.00	3,600.00	10,800.00	3,600.00	7,200.00
05/13/13	Reassessment of Real Property	110,000.00	22,000.00	88,000.00	22,000.00	66,000.00
				<u>110,800.00</u>	<u>37,600.00</u>	<u>73,200.00</u>
				A	A-3	A

Town of Newton, N.J.

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

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	21,793.40
Increased by:		
State Share of Senior Citizens and Veteran Sr. Citizen Deduction Refunded by Homeowners Deductions Received in Cash	A-4	51,250.00
		<u>73,043.40</u>
Decreased by:		
Senior Citizens' Deductions Per Tax Billing		10,500.00
Veterans' Deductions Per Tax Billing		<u>42,750.00</u>
		53,250.00
Less:		
Senior Citizens' & Veterans Deductions Disallowed by Tax Collector - 2015 Taxes	A-6	<u>(1,250.00)</u>
		<u>52,000.00</u>
Balance - December 31, 2015	A	<u><u>21,043.40</u></u>

Town of Newton, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2015

Fund	Ref.	Due From/(To) Balance		Decreased	Due From/(To) Balance Dec. 31, 2015
		Dec. 31, 2014	Increased		
Federal and State Grants	A	<u>10,082.50</u>	<u>41,769.00</u>	<u>17,429.00</u>	<u>34,422.50</u>
<u>Analysis</u>					
Due to Current Fund	A-1	<u>10,082.50</u>			<u>34,422.50</u>
Received	A-4			17,429.00	
Disbursed	A-4		<u>41,769.00</u>	<u>17,429.00</u>	

Town of Newton, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS"				
General Administration	3.11	3.11		3.11
Human Resources	643.30	643.30	315.10	328.20
Mayor and Council	680.82	680.75	663.03	17.72
Township Clerk	6,083.29	733.29	620.57	112.72
Financial Administration	680.75	680.82		680.82
Assessment of Taxes	29.66	29.66		29.66
Collection of Taxes	587.05	587.05	109.40	477.65
Municipal Court	5,059.53	1,059.53	101.00	958.53
Planning Board	28.62	28.62		28.62
Community Development	970.80	970.80	164.00	806.80
Code Enforcement	122.23	122.23	122.00	0.23
Police	40,442.27	15,442.27	13,116.25	2,326.02
Parking Meter Maintenance	1.00	1.00		1.00
Streets and Roads:				
Road Repair and Maintenance	9,987.87	3,987.87	462.85	3,525.02
Snow Removal	8,488.24	8,488.24	8,411.54	76.70
Recreation	0.07	0.07		0.07
Swimming Pool Maintenance	4.17	4.17		4.17
Parks and Playgrounds	1,268.10	1,268.10		1,268.10
Senior Citizens Transportation	1,496.58	496.58	340.96	155.62
Construction Official	140.35	140.35	54.10	86.25
Accumulated Absences	5,000.00	40,000.00	40,000.00	
Total Salaries and Wages Within "CAPS"	81,717.81	75,367.81	64,480.80	10,887.01
Other Expenses Within "CAPS"				
General Administration	771.52	771.52	680.27	91.25
Human Resources	854.16	854.16	30.00	824.16
Mayor and Council	0.55	0.55		0.55
Town Clerk	1,887.80	1,887.80	1,256.50	631.30
Elections	279.16	279.16		279.16
Financial Administration	1,210.78	1,210.78	225.42	985.36
Audit Services	10,690.00	10,690.00	10,590.00	100.00
Assessment of Taxes	255.38	255.38	90.40	164.98
Collection of Taxes	3,560.42	3,560.42	3,306.97	253.45
Legal Services and Costs	29,309.57	34,809.57	34,199.62	609.95
Municipal Court	6,872.39	6,872.39	3,433.56	3,438.83
Engineering Services and Costs	5,353.00	5,353.00	3,186.25	2,166.75

Town of Newton, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Public Buildings and Grounds	21,949.34	21,949.34	4,350.79	17,598.55
Planning Board	5,970.11	5,970.11	3,790.28	2,179.83
Historical Commission	129.55	129.55		129.55
Community Development	2,949.64	2,949.64	57.50	2,892.14
Code Enforcement	5.30	5.30		5.30
Industrial Commission	1.00	1.00		1.00
Shade Tree Commission	202.03	202.03		202.03
Economic Development Commission	250.00	250.00		250.00
Insurance:				
Group Insurance for Employees	46,061.34	45,661.34	3,738.89	41,922.45
Health Benefit Waiver	1,327.85	1,327.85		1,327.85
Worker's Compensation Insurance	17.84	17.84		17.84
Surety Bond Premiums	1.00	1.00		1.00
Other Insurance Premiums	11,518.84	11,518.84	750.00	10,768.84
Public Safety:				
Fire	11,058.76	11,058.76	10,421.64	637.12
Police	15,647.73	15,647.73	12,243.48	3,404.25
Aid to Volunteer Fire Companies	650.00	650.00		650.00
Emergency Management Services	0.16	0.16		0.16
Streets and Roads:				
Road Repair and Maintenance	19,466.60	19,466.60	1,853.52	17,613.08
Machinery Repair & Maintenance				
Machinery Repair & Maintenance	9,417.98	9,417.98	4,637.49	4,780.49
Snow Removal	6,930.76	6,930.76	6,608.34	322.42
Sanitation	7,083.97	4,583.97	2,936.93	1,647.04
Vehicle Maintenance	23,755.61	23,755.61	22,746.23	1,009.38
Health and Welfare/Board of Health	662.24	662.24	203.00	459.24
Mosquito and Gypsy Moth Control	1.00	1.00		1.00
Public Assistance	1.00	1.00		1.00
Occupational Health (Blood Borne PEOSHA Requirement)	680.00	1,680.00	1,678.00	2.00
Recreation	10,413.60	10,413.60	6,267.20	4,146.40
Swimming Pool Maintenance	5,769.40	5,769.40	5,740.47	28.93
Parks and Playgrounds	7,085.15	7,085.15	4,949.68	2,135.47
Celebration of Public Events,	7.00	7.00		7.00
Aid to Dennis Memorial Library	50.00	50.00		50.00
Utility Expenses and Bulk Purchases	45,315.20	45,315.20	36,386.46	8,928.74
Spring Street Merchants Group	1,794.96	1,794.96	700.00	1,094.96

Town of Newton, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers	Paid or Charged	Balance Lapsed
Construction Official	1,716.39	1,716.39	1,242.80	473.59
Contingent	1.00	1.00		1.00
Total Other Expenses Within "CAPS"	<u>318,937.08</u>	<u>322,537.08</u>	<u>188,301.69</u>	<u>134,235.39</u>
Deferred Charges and Statutory Expenditures-Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Public Employees' Retirement System	29,444.00	29,444.00	3,821.25	25,622.75
Police and Fireman's Retirement System of NJ	36,441.00	36,441.00		36,441.00
Social Security System (O.A.S.I.)	9,247.10	9,247.10	2,100.20	7,146.90
Defined Contribution Retirement Program	213.46	613.46	595.20	18.26
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>75,345.56</u>	<u>75,745.56</u>	<u>6,516.65</u>	<u>69,228.91</u>
Total General Appropriation Reserves - Municipal Within "CAPS"	<u>476,000.45</u>	<u>473,650.45</u>	<u>259,299.14</u>	<u>214,351.31</u>
Other Expenses Excluded From "CAPS":				
Length of service awards program	57,500.00	57,500.00	30,302.50	27,197.50
Recycling Tax	346.85	346.85	25.26	321.59
Stormwater/Flood Control	4.12	2,354.12	2,351.50	2.62
Total Other Expenses Excluded from "CAPS"	<u>57,850.97</u>	<u>60,200.97</u>	<u>32,679.26</u>	<u>27,521.71</u>
Interlocal Municipal Service Agreements				
Parking Authority Contract:				
Parking Meter Maintenance				
Salaries and Wages	1,102.22	1,102.22	157.33	944.89
Dispatching Contracts:				
Police				
Salaries and Wages	362.02	362.02		362.02

Town of Newton, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
911 Costs:				
Police:				
Salaries and Wages	8,423.96	8,423.96	6,401.74	2,022.22
Other Expenses	26,266.88	26,266.88	23,199.80	3,067.08
Miscellaneous Operating Expense				
Salaries and Wages	42.26	42.26	32.94	9.32
State Uniform Construction Code Agreement	4.85	4.85		4.85
Total Interlocal Municipal Service Agreements	<u>36,202.19</u>	<u>36,202.19</u>	<u>29,791.81</u>	<u>6,410.38</u>
Matching Funds For Grants	<u>3.37</u>	<u>3.37</u>		<u>3.37</u>
Capital Improvements				
Acquisition of Street Signs	2,571.75	2,571.75		2,571.75
Stormwater Pipe/Basin	3,870.80	3,870.80		3,870.80
AED's	984.00	984.00		984.00
Total Capital Improvements	<u>7,426.55</u>	<u>7,426.55</u>		<u>7,426.55</u>
Total General Appropriation Reserves - Municipal Excluded from "CAPS"	<u>101,483.08</u>	<u>103,833.08</u>	<u>62,471.07</u>	<u>41,362.01</u>
Total General Appropriation Reserves	<u><u>577,483.53</u></u>	<u><u>577,483.53</u></u>	<u><u>321,770.21</u></u>	<u><u>255,713.32</u></u>
				A-1
Analysis of Appropriation Reserves	<u>Ref.</u>			
Unencumbered	A 417,069.92			
Encumbered	A 160,413.61			
	<u>577,483.53</u>			
		<u>Ref.</u>		
Cash Disbursement		A-4 321,482.71		
Accounts Payable		A-14 287.50		
		<u>321,770.21</u>		

Town of Newton, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
<u>Liabilities and Reserves</u>				
<u>Liabilities:</u>				
Due State of NJ - Marriage License Fees	300.00	1,350.00	1,225.00	425.00
Due State of NJ - Burial Fees	5.00	30.00	15.00	20.00
Accounts Payable	45,000.00	287.50		45,287.50
Tax Overpayments	3,269.90	4,469.02	4,563.34	3,175.58
<u>Reserves for:</u>				
Revaluation	6,575.69		6,387.50	188.19
Tax Appeals Pending		50,000.00		50,000.00
Sale of Municipal Assets	6,837.02	3,117.00	6,837.00	3,117.02
	<u>61,987.61</u>	<u>59,253.52</u>	<u>19,027.84</u>	<u>102,213.29</u>
	A			A
<u>Ref:</u>				
Appropriation Payable		50,000.00		
Receipts		8,966.02		
Disbursed			12,190.84	
Realized as Anticipated Revenue			6,837.00	
Appropriation Reserves		287.50		
		<u>59,253.52</u>	<u>19,027.84</u>	

Town of Newton, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	101,825.77
Increased by:		
Receipts - Prepaid 2016 Taxes	A-4	<u>412,341.79</u> 514,167.56
Decreased by:		
Applied to 2015 Taxes	A-6	<u>101,825.77</u>
Balance - December 31, 2015	A	<u><u>412,341.79</u></u>

Town of Newton, N.J.
Schedule of County Taxes Payable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	A		2,267.17
Increased by:			
Levy	A-6	3,261,714.96	
Added and Omitted Taxes	A-6	3,622.89	
	A-1	3,265,337.85	
			3,267,605.02
Decreased by:			
Payments	A-4		3,263,982.13
Balance - December 31, 2015	A		3,622.89

Schedule of Local School District Taxes Payable
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Increased by:			
Levy- 2015	A-1;A-6		12,851,303.00
Decreased by:			
Payments	A-4		12,851,303.00

Town of Newton, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	<u>Due From/(To)</u> <u>Balance</u>			<u>Due From/(To)</u> <u>Balance</u>
		<u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2015</u>
Current Fund	A	<u>(10,082.50)</u>	<u>132,895.00</u>	<u>108,555.00</u>	<u>(34,422.50)</u>
Grants Expended	A-21		132,745.00		
Cancellation of Grants Receivable	A-20			150.00	
Cancellation of Appropriated Reserves	A-21		150.00		
Matching Funds for Grants	A-21			<u>108,405.00</u>	
			<u>132,895.00</u>	<u>108,555.00</u>	

A-19

Schedule of Reserve for Encumbrances

Federal and State Grant Fund

Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> A	64,041.81
Increased by:		
Charges to Grants	A-21	<u>81,151.73</u>
		145,193.54
Decreased by:		
Cash Disbursements	A-4	<u>124,890.84</u>
Balance - December 31, 2015	A	<u>20,302.70</u>

Town of Newton, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

Grant	Balance Dec. 31, 2014	Budget Revenue	Received	Transfer from Unappropriated Reserves	Canceled	Balance Dec. 31, 2015
Federal Grants:						
Federal Body Armor		3,191.90	3,191.90			
State Grants:						
Clean Communities Program		16,434.04	16,434.04			
Safe and Secure Communities	12,429.00	25,811.00	26,471.00			11,769.00
Municipal Alliance	18,772.00	20,772.00	20,400.25			19,143.75
Municipal Alliance - Municipal Share						
Andover, Andover, and Green		1,500.00	1,500.00			
State of NJ- Body Armor Grant		4,708.00	2,352.27	2,355.73		
Drunk Driving Enforcement		1,610.26		1,610.26		
NJ OEM Emergency Management	43,126.00		43,126.00			
Recycling Tonnage Grant		22,184.53		22,184.53		
TDR Study	40,000.00					40,000.00
Pedestrian Safety		14,146.00				14,146.00
Drive Sober or Get Pulled Over		5,000.00	4,850.00		150.00	
Police Body Cameras		4,245.83				4,245.83
	<u>114,327.00</u>	<u>119,603.56</u>	<u>118,325.46</u>	<u>26,150.52</u>	<u>150.00</u>	<u>89,304.58</u>
	A	A-2	A-4	A-22	A-18	A

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

Grant	Balance Dec. 31, 2014	Transfer From 2015 Budget	Expended	Cancel	Balance Dec. 31, 2015
Federal Grants:					
Federal Body Armor	3,191.90	3,191.90			
State Grants:					
Clean Communities Program		16,434.04	14,266.80		2,167.24
Safe and Secure Communities:					
State Share		25,811.00	25,811.00		
Local Share		107,905.00	107,905.00		
Municipal Alliance					
State Share	14,846.01	20,772.00	20,126.30		15,491.71
Local Share		2,000.00	500.00		1,500.00
OEM NJ Emergency Management					
State Share	861.00				861.00
Historic Preservation	2,000.00				2,000.00
Drunk Driving Enforcement	2,561.43	1,610.26	944.91		3,226.78
Pedestrian Safety		14,146.00	9,125.00		5,021.00
Recycling Tonnage	19,637.54	22,184.53	31,008.72		10,813.35
State Of NJ - Body Armor	706.55	4,708.00	5,227.40		187.15
Drive Sober or Get Pulled Over		5,000.00	4,850.00	150.00	
Police Body Cameras		4,245.83	4,245.83		
	<u>40,612.53</u>	<u>228,008.56</u>	<u>227,202.86</u>	<u>150.00</u>	<u>41,268.23</u>
	A			A-18	A
Cash Disbursements			13,306.13		
Interfund Current Fund			132,745.00		
Reserve for Encumbrances			81,151.73		
State and Federal Grants		119,603.56			
Matching Funds for Grants		<u>108,405.00</u>			
		<u>228,008.56</u>	<u>227,202.86</u>		

Ref.
 A-4
 A-18
 A-19
 A-3
 A-18

Town of Newton, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	<u>Balance Dec. 31, 2014</u>	<u>Transfer To Appropriated Reserves</u>	<u>Received</u>	<u>Balance Dec. 31, 2015</u>
Recycling	22,184.53	22,184.53	13,973.69	13,973.69
Body Armor Grant	2,355.73	2,355.73		
Drunk Driving Enforcement	1,610.26	1,610.26		
	<u>26,150.52</u>	<u>26,150.52</u>	<u>13,973.69</u>	<u>13,973.69</u>
	A	A-20	A-4	A

Town of Newton, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Emergency Services Volunteer Length of Service Award Program</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2014	B	<u>280,825.25</u>	<u>14,904.48</u>	<u>996,472.55</u>
Increased by Receipts:				
Dog License Fees - Town	B-3		9,618.60	
Cat License Fees - Town	B-3		1,908.00	
Dog License Late Fees	B-3		2,190.00	
Raised in Current Budget	B-3		5,000.00	
Dog License Fees - State Share	B-4		1,076.40	
Other Trust Funds	B-5			6,806,580.91
Town Contributions	B-6	25,300.00		
LOSAP Net Position	B-7	8,201.40		
Total Receipts		<u>33,501.40</u>	<u>19,793.00</u>	<u>6,806,580.91</u>
		<u>314,326.65</u>	<u>34,697.48</u>	<u>7,803,053.46</u>
Decreased by Disbursements:				
Reserve for Animal Control Trust Expenditures	B-3		17,365.33	
State Share - Dog Licenses	B-4		1,076.40	
Other Trust Funds	B-5			6,763,437.05
LOSAP Net Position	B-7	8,025.00		
Total Disbursements		<u>8,025.00</u>	<u>18,441.73</u>	<u>6,763,437.05</u>
Balance - December 31, 2015	B	<u><u>306,301.65</u></u>	<u><u>16,255.75</u></u>	<u><u>1,039,616.41</u></u>

Town of Newton, N.J.

Schedule of Investment

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u><u>850.00</u></u>
Balance - December 31, 2015	B	<u><u>850.00</u></u>

<u>Company</u>	<u>Number of Shares</u>	<u>Value At Acquisition</u>
International Business Machine Company	8	<u><u>850.00</u></u>

Town of Newton, N.J.

Reserve/(Deficit) for Animal Control Trust Fund Expenditures

Animal Control Trust Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		14,904.48
Increased by:			
Dog License Fees	B-1	9,618.60	
License Late Fees	B-1	2,190.00	
Cat License Fees	B-1	1,908.00	
Raised in Current Budget	B-1	<u>5,000.00</u>	
			<u>18,716.60</u>
			<u>33,621.08</u>
Decreased by:			
Expenditures R.S. 4:19-1511	B-1		<u>17,365.33</u>
Balance - December 31, 2015	B		<u><u>16,255.75</u></u>
	<u>Year</u>		
	2014		11,607.00
	2013		<u>11,629.20</u>
			<u><u>23,236.20</u></u>

Town of Newton, N.J.

Schedule of Due to State Department of Health

Animal Control Trust Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
State Fees Collected	B-1	<u>1,076.40</u>
Decreased by:		
Paid to State	B-1	<u>1,076.40</u>

Town of Newton, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2015</u>
Reserve for:				
Accumulated Absences	117,544.32	58,000.00		175,544.32
Payroll		5,964,472.42	5,964,472.42	
Snow Removal	59,619.62	16,000.00	24,786.76	50,832.86
Recreation	13,641.08	20,570.49	18,062.86	16,148.71
Recycling	3,497.28	4,587.58	5,653.00	2,431.86
Fire Prevention Fees/Fines	12,511.70		692.00	11,819.70
Municipal Court P.O.A.A. Fees	614.51	440.00		1,054.51
Night Out	862.13			862.13
Public Defender	615.28	8,510.00	7,978.98	1,146.30
Police Escrows	30,304.96	116,794.67	116,858.17	30,241.46
Various Donations	1,944.96	1,780.00	1,499.71	2,225.25
Reserve for Forfeiture Property	109.00			109.00
Performance Bonds	101,128.80			101,128.80
Affordable Housing - COAH	129,523.94	12,381.67	26,636.00	115,269.61
Review Fees	68,794.23	79,101.92	66,874.23	81,021.92
Redevelopment Escrow Fees	9,734.99	8,500.00	11,824.77	6,410.22
Unemployment	102,340.09	7,280.13	36,939.53	72,680.69
Performance Deposits	47,666.68	36,110.87	38,335.32	45,442.23
Housing Rehab Rev Trust	10,888.32			10,888.32
Community Development	21.85			21.85
Tax Sale Premiums	236,300.00	141,098.27	121,798.27	255,600.00
Outside Liens	1,069.21	194,659.52	194,660.03	1,068.70
Encumbrances	48,589.60	136,293.37	126,365.00	58,517.97
	<u>997,322.55</u>	<u>6,806,580.91</u>	<u>6,763,437.05</u>	<u>1,040,466.41</u>
	B	B-1	B-1	B

Town of Newton, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		27,427.50
Increased by:			
Town Contributions			
For the Year 2015	B-7		42,262.50
			<u>69,690.00</u>
Decreased by:			
Receipts	B-1	25,300.00	
Adjustment to 2014 Contribution	B-7	<u>2,127.50</u>	
			<u>27,427.50</u>
Balance - December 31, 2015	B		<u><u>42,262.50</u></u>

B-7

Schedule of Net Position Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		308,252.75
Increased by:			
Town Contributions	B-6	42,262.50	
Increase (Decrease) in Investment Value	B-1	<u>8,201.40</u>	
			<u>50,463.90</u>
			358,716.65
Decreased by:			
Accounting Charge		1,150.00	
Distributions/Withdrawals		<u>6,875.00</u>	
	B-1	8,025.00	
Adjustment to 2014 Contribution	B-6	<u>2,127.50</u>	
			<u>10,152.50</u>
Balance - December 31, 2015	B		<u><u>348,564.15</u></u>

Town of Newton, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C;C-3		1,727,960.28
Increased by Receipts:			
Fund Balance	C-1	35,446.23	
Federal and State Grants Receivable	C-4	217,500.00	
Capital Improvement Fund	C-7	39,250.00	
Bond Anticipation Notes Issued	C-10	797,450.00	
Various Capital Reserves	C-12	45,000.00	
		<u>1,134,646.23</u>	<u>2,862,606.51</u>
Decreased by Disbursements:			
Improvement Authorizations	C-11	1,374,971.14	
Various Reserves	C-12	501.32	
Encumbrances Payable	C-13	200,469.75	
		<u>1,575,942.21</u>	<u>1,286,664.30</u>
Balance - December 31, 2015	C;C-3		<u><u>1,286,664.30</u></u>

Town of Newton, N.J.
Analysis of Cash
General Capital Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Receipts			Disbursements			Transfers		Balance Dec. 31, 2015
		Bond Antic. Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	To	From		
Fund Balance	34,310.77									134,303.83
Capital Improvement Fund	11,117.38		39,250.00	35,446.23			107,546.83	43,000.00		2,223.98
Various Capital Reserves	30,501.32		45,000.00		501.32		2,256.60	50,400.00		30,000.00
Encumbrances Payable	217,042.47				200,469.75		667,723.56	14,547.72		669,748.56
Grant Receivable	(330,000.00)			217,500.00				125,000.00		(237,500.00)
<u>Improvement Authorizations</u>										
Ord.										
08-26 Acquisition of Newton Armory	(78,845.32)				20,456.12				689.80	(99,991.24)
09-29 Imp. Within Sparta Ave. Plan Area	88,626.21						788.00	89,414.21		10,966.04
10-07 Various Capital Improvements	31,740.58				14,888.46		755.92	6,642.00		85,961.76
11-05 Various Capital Improvements	97,045.87				400.50			10,683.61		28,577.48
12-13 Various Capital Improvements	17,568.68				1,625.00			12,633.80		
12-14 Various Capital Improvements	36.60							36.60		
13-07 Public Works Equipment	807.01							807.01		
13-11 Various Improvements	227,022.62				10,056.46					216,966.16
13-18 Reconstruction of Sidewalks and Replastering of Pool	1,099.00				1,099.00					
14-03 Pool Improvements	30,928.55				15,840.24			6,962.00		8,126.31
14-06 Various Capital Improvements	1,222,570.89				552,052.47			433,509.81		237,008.61
14-20 Improvement to Spring Street	126,387.65				111,707.23			2,983.21		11,697.21
15-05 Acq. Of Add'l Fire Truck Equipment					32.40			25,000.00		1,513.94
15-16 Various Capital Improvements		744,250.00			561,931.14			190,600.00		170,943.78
15-18 Imp. To the Newton Fire Museum					28,882.12			45,000.00		16,117.88
15-20 Imp. To Trinity St. & Traffic Signals		53,200.00			56,000.00			2,800.00		
	<u>1,727,960.28</u>	<u>797,450.00</u>	<u>84,250.00</u>	<u>252,946.23</u>	<u>1,374,971.14</u>	<u>200,971.07</u>	<u>1,055,104.71</u>	<u>1,055,104.71</u>	<u>1,055,104.71</u>	<u>1,286,664.30</u>

C

Town of Newton, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	330,000.00
Increased by:		
Grant Agreements	C-11	125,000.00
		<u>455,000.00</u>
Decreased by:		
Cash Receipts	C-2	217,500.00
		<u>217,500.00</u>
Balance - December 31, 2015	C	<u><u>237,500.00</u></u>

Analysis of Balance

New Jersey Department of Transportation:		
Sidewalk Construction:		
Madison Street		140,000.00
Spring Street		41,250.00
Repaving:		
Trinity Street		31,250.00
New Jersey Department of Environmental Protection:		
Trail Grant		25,000.00
		<u><u>237,500.00</u></u>

Town of Newton, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C		17,118,248.82
Decreased by:			
Serial Bonds Payable	C-8	1,080,000.00	
Garden State Preservation Trust Loan Payable	C-9	<u>17,211.57</u>	
			<u>1,097,211.57</u>
Balance - December 31, 2015	C		<u><u>16,021,037.25</u></u>

Town of Newton, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C		11,117.38
Increased by:			
Budget Appropriation	C-2	39,250.00	
Improvements Authorizations Cancelled	C-11	1,886.60	
Cancellation of Encumbrances	C-13	<u>370.00</u>	
			<u>41,506.60</u>
			52,623.98
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-11		<u>50,400.00</u>
Balance - December 31, 2015	C		<u><u>2,223.98</u></u>

Town of Newton, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015	Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
General Improvement Bonds 2006	4/1/2006	4,041,000	225,000	4.00%	450,000.00	225,000.00	225,000.00
Loan Program Bonds 2009	10/1/2009	4,285,000	320,000	4.00%			
	10/1/2016		345,000	5.00%			
	10/1/2017		360,000	5.00%			
	10/1/2018		380,000	5.00%			
	10/1/2019		385,000	4.00%			
	10/1/2020-2022		405,000	5.00%			
	10/1/2023		85,000	5.00%			
					2,990,000.00	305,000.00	2,685,000.00
General Obligation Redevelopment Area Bonds 2010	10/28/2010	4,350,000	100,000	2.65%			
	5/15/2016		110,000	3.00%			
	5/15/2017		120,000	3.25%			
	5/15/2018		130,000	3.65%			
	5/15/2019		140,000	3.85%			
	5/15/2020		150,000	4.00%			
	5/15/2021		180,000	4.30%			
	5/15/2022		190,000	4.30%			
	5/15/2023		230,000	4.75%			
	5/15/2024		250,000	4.75%			
	5/15/2025		270,000	5.30%			
	5/15/2026		300,000	5.30%			
	5/15/2027		320,000	5.40%			
5/15/2028		360,000	5.40%				
5/15/2029		400,000	5.45%				
5/15/2030		470,000	5.45%				
5/15/2031		450,000	4.50%				
5/15/2032			-5.45%				
					4,250,000.00	80,000.00	4,170,000.00

Town of Newton, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015	Interest Rate	Balance	
					Dec. 31, 2014	Dec. 31, 2015
Refunding Bonds of 2011	8/30/2011	3,875,000	Amount			
	8/15/2016		140,000	4.000%		
	8/15/2017		145,000	4.000%		
	8/15/2018		150,000	4.000%		
	8/15/2019		155,000	5.000%		
	8/15/2020		165,000	4.500%		
	8/15/2021		175,000	4.500%		
	8/15/2022		180,000	4.500%		
	8/15/2023		190,000	5.000%		
	8/15/2024		200,000	5.000%		
	8/15/2025		215,000	3.000%		
	8/15/2026		220,000	3.000%		
	8/15/2027		225,000	5.000%		
8/15/2028		240,000	5.000%			
8/15/2029		250,000	5.000%			
8/15/2030		265,000	4.375%			
8/15/2031		280,000	4.375%			
8/15/2032		290,000	4.375%			
					3,615,000.00	3,485,000.00
General Improvement Bonds of 2011	8/30/2011	2,735,000				
	8/15/2016		235,000	4.00%		
	8/15/2017		245,000	4.00%		
	8/15/2018		255,000	4.00%		
	8/15/2019		265,000	5.00%		
	8/15/2020		280,000	4.50%		
8/15/2021		290,000	4.50%			
8/15/2022		305,000	4.50%			
					2,105,000.00	1,875,000.00
					130,000.00	3,485,000.00

Town of Newton, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015	Interest Rate	Balance	
					Dec. 31, 2014	Dec. 31, 2015
General Improvement Refunding Bonds of 2012	6/27/2012	1,685,000	5/1/2016 115,000 4.00% 5/1/2017 120,000 4.00% 5/1/2018 90,000 4.00% 5/1/2019 60,000 4.50% 5/1/2020 65,000 5.00% 5/1/2021 65,000 5.00% 5/1/2022 70,000 5.00% 5/1/2023 75,000 4.00% 5/1/2024 75,000 3.25% 5/1/2025 80,000 3.25% 5/1/2026 80,000 3.25% 5/1/2027 85,000 3.25% 5/1/2028 85,000 3.50% 5/1/2029 90,000 3.50% 5/1/2030 95,000 3.50% 5/1/2031 45,000 3.50%		1,405,000.00 1,295,000.00	
Refunded Bonds of 2014	8/07/2014	2,185,000	4/1/2017-4/1/2018 220,000 3.00%-4.00% 4/1/2019-4/1/2022 215,000 3.00%-4.00% 4/1/2023-4/1/2024 220,000 5.00% 4/1/2025 225,000 4.00% 4/1/2026 220,000 4.00%		1,10,000.00 2,185,000.00	
Grand Total					17,000,000.00 1,080,000.00 15,920,000.00	

Town of Newton, N.J.

Schedule of Garden State Preservation Trust Loan Payable

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	118,248.82
Decreased by:		
Paid by Budget Appropriation	C-5	<u>17,211.57</u>
Balance - December 31, 2015	C	<u><u>101,037.25</u></u>

Town of Newton, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2015

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance		Decreased	Increased	Balance Dec. 31, 2015
						Dec. 31, 2014	Dec. 31, 2015			
12-13	Various Capital Improvements	08/29/12	08/28/14	08/27/15	1.00%	950,000.00		950,000.00		880,000.00
13-11	Various Capital Improvements	08/29/13	08/27/15	08/26/16	1.50%	860,050.00		860,050.00		860,050.00
14-03	Pool Improvements	08/28/14	08/27/15	08/26/16	1.50%	128,250.00		128,250.00		128,250.00
14-06	Various Capital Improvements	08/28/14	08/28/14	08/27/15	1.00%	1,473,275.00		1,473,275.00		1,473,250.00
15-16	Various Capital Improvements	08/27/15	08/27/15	08/26/16	1.50%		1,473,250.00		744,250.00	744,250.00
15-20	Imp. To Trinity St. and Traffic Signals	08/27/15	08/27/15	08/26/16	1.50%		53,200.00		53,200.00	53,200.00
						<u>3,411,575.00</u>	<u>4,139,000.00</u>	<u>3,411,575.00</u>	<u>4,139,000.00</u>	<u>4,139,000.00</u>
						C				C

Ref.

Renewals	Ref.
Issued for Cash	C-2;C-14
Paid By Budget Appropriation	C-6
	3,341,550.00
	797,450.00
	<u>4,139,000.00</u>
	<u>3,411,575.00</u>

Town of Newton, N.J.
 Schedule of Improvement Authorizations
 General Capital Fund
 Year Ended December 31, 2015

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Purchase Order Adjustment	Canceled	Balance Dec. 31, 2015	
				Funded	Unfunded					Funded	Unfunded
08-26	Acquisition of Newton Armory	11/10/08	500,000.00	397,154.68			21,145.92	788.00	399,414.21		376,008.76
09-29	Imp. Within Sparta Ave. Plan Area	12/14/09	4,660,000.00	88,626.21	310,000.00				6,642.00		10,966.04
10-07	Various Capital Improvements	06/14/10	2,356,000.00	31,740.58			14,888.46	755.92	10,683.61		85,961.76
11-05	Various Capital Improvements	04/25/11	1,360,000.00	97,045.87			400.50				
12-13	Various Capital Improvements	04/09/12	1,000,000.00	17,568.68			1,625.00	12,633.80			28,577.48
12-14	Various Capital Improvements	04/23/12	30,500.00	36.60					36.60		
13-07	Public Works Equipment	02/25/13	29,000.00	807.01					807.01		
13-11	Various Improvements	04/22/13	1,079,000.00	227,022.62			10,056.46				216,966.16
13-18	Reconstruction of Sidewalks and Replastering of Pool	05/29/13	148,000.00	1,099.00			1,099.00				
14-03	Pool Improvements	03/10/14	135,000.00	30,928.55			22,802.24				8,126.31
14-06	Various Capital Improvements	04/14/14	1,912,000.00	1,222,570.89			985,562.28				237,008.61
14-20	Improvement to Spring Street	10/15/14	131,000.00	126,387.65			114,690.44				11,697.21
15-05	Acq. Of Add'l Fire Truck Equipment	03/23/15	25,000.00		25,000.00		23,486.06				1,513.94
15-16	Various Capital Improvements	04/27/15	970,000.00		970,000.00		762,056.22				170,943.78
15-18	Imp. To the Newton Fire Museum	06/22/15	45,000.00		45,000.00		28,882.12				16,117.88
15-20	Imp. To Trinity St. & Traffic Signals	06/22/15	56,000.00		56,000.00		56,000.00				
				<u>219,355.27</u>	<u>2,331,633.07</u>	<u>1,096,000.00</u>	<u>2,042,694.70</u>	<u>14,177.72</u>	<u>454,583.43</u>	<u>114,559.62</u>	<u>1,049,328.31</u>
				C	C		C-13		C		C
	General Capital Fund Balance	Ref.							107,546.83		
	Deferred Charges to Future Taxation - Unfunded	C-1							345,150.00		
	Capital Improvement Fund	C-6							<u>1,886.60</u>		
		C-7							<u>454,583.43</u>		
	Disbursed Reserve For Encumbrances	C-2					1,374,971.14				
		C-13					<u>667,723.56</u>				
							<u>2,042,694.70</u>				
	General Capital Fund Balance	C-1									43,000.00
	Federal and State Grants Receivable	C-4									125,000.00
	Deferred Charges to Future Taxation - Unfunded	C-6									832,600.00
	Capital Improvement Fund	C-7									50,400.00
	Various Reserves	C-12									<u>45,000.00</u>
											<u>1,096,000.00</u>

Town of Newton, N.J.
Schedule of Encumbrances
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C		217,042.47
Increased by:			
Improvement Authorizations	C-11		<u>667,723.56</u>
			884,766.03
Decreased by:			
Disbursements	C-2	200,469.75	
Capital Improvement Fund	C-7	370.00	
Purchase order Adjustments	C-11	<u>14,177.72</u>	
			<u>215,017.47</u>
Balance - December 31, 2015	C		<u><u>669,748.56</u></u>

Town of Newton, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

Ord. No.	Improvement Description	Balance		Notes Issued	Canceled	Balance Dec. 31, 2015
		Dec. 31, 2014	2015 Authorizations			
<u>General Improvements:</u>						
08-26	Acquisition of Newton Armory	476,000.00			310,000.00	476,000.00
09-29	Imp. Within Sparta Ave. Plan Area	310,000.00	779,400.00	744,250.00	35,150.00	
15-16	Various Capital Improvements		53,200.00	53,200.00		
15-20	Imp. To Trinity St. & Traffic Signals		832,600.00	797,450.00	345,150.00	
		<u>786,000.00</u>	<u>832,600.00</u>	<u>797,450.00</u>	<u>345,150.00</u>	<u>476,000.00</u>
		Footnote C	C-6	C-10	C-6	Footnote C

Town of Newton, N.J.

Schedule of Cash

Water/Sewer Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Operating</u>	<u>Assessment Trust</u>	<u>Capital</u>
Balance - December 31, 2014	D	<u>2,094,911.09</u>		<u>1,664,273.27</u>
Increased by Receipts:				
Miscellaneous Revenue Anticipated	D-3	52,247.69		
Miscellaneous Revenue Not Anticipated	D-3	101,379.91		
Interest and Costs on Assessments	D-3	15,657.85		
Water/Sewer Capital Fund Balance	D-3	50,000.00		
Consumer Accounts/Liens Receivable	D-8	3,548,571.62		
Assessments Receivable	D-11		15,215.81	
Various Reserves	D-22			107,500.00
Reserve for Hook-up Fees	D-23	50,000.00		
Capital Improvement Fund	D-24			85,000.00
Water/Sewer Overpayments	D-17	<u>4,578.69</u>		
		<u>3,822,435.76</u>	<u>15,215.81</u>	<u>192,500.00</u>
		<u>5,917,346.85</u>	<u>15,215.81</u>	<u>1,856,773.27</u>
Decreased by Disbursements:				
Water/Sewer Capital Surplus	D-2			50,000.00
Budget Appropriations	D-4	3,076,516.05		
Appropriation Reserves	D-16	337,008.63		
Water/Sewer Overpayments	D-17	75.00		
Accounts Payable	D-18	44,615.42		
Encumbrances Payable - Water/Sewer Capital	D-19			64,650.36
Accrued Interest	D-20	354,012.50		
Improvement Authorizations	D-21			223,429.20
Water/Sewer Operating Reserves	D-23	16,077.50		
Assessment Bonds Payable	D-27		15,215.81	
		<u>3,828,305.10</u>	<u>15,215.81</u>	<u>338,079.56</u>
Balance - December 31, 2015	D	<u><u>2,089,041.75</u></u>	<u><u>15,215.81</u></u>	<u><u>1,518,693.71</u></u>

Town of Newton, N.J.

Analysis of Cash

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2015
	Miscellaneous	Miscellaneous	Miscellaneous	Improvement Authorizations	(From)	To	
Fund Balance							162,623.28
Capital Improvement Fund			50,000.00				328,282.52
Reserve for Water Tower	85,000.00						20,967.78
Reserve for Water Tank							105,000.00
Reserve for Water Filtration Plant							216,178.00
Reserve for Valve Replacement	10,000.00						187,496.37
Reserve for Capital Outlay	67,500.00						67,500.00
Reserve for RBC Replacement							160,000.00
Reserve for Morris Lake Dam							16,500.00
Reserve for Forestry Plan							5,000.00
Reserve for Sewer Rehabilitation	10,000.00						20,000.00
Reserve for Pump Station Improvements	20,000.00						60,000.00
Reserve for Encumbrances			64,650.36		186.50	55,198.00	100,310.31
Ord. No.							
08-09			Improvement Authorizations				72,300.00
13-10			Various Utility Capital Imp.				40,000.00
13-13			Howard St. Watermain Upgrade		62.50		3,011.65
13-19			Fox Hollow Lake Watermain		7,734.00		(108,589.40)
14-04			Sewer Treatment Plant Modifications		164,476.20		55,263.35
14-05			Fox Hollow Lake Transmission Main		293.50		(630.60)
14-21			Engineering/Survey At Water Reservoir		50,863.00		3,541.45
14-28			Water Treatment Plant Roofs		55,198.00		3,939.00
	192,500.00		114,650.36		55,384.50		1,518,693.71
							D

D-9

Town of Newton, N.J.

Schedule of Tax Title Liens

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

Increased by:

Transfers from Consumer Accounts
Receivable

D-8

347.46

Balance - December 31, 2015

D

347.46

D-10

Schedule of Inventory

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

Ref.

Balance - December 31, 2014

D

50,287.00

Balance - December 31, 2015

D

50,287.00

Town of Newton, N.J.

Schedule of Assessments Receivable

Water/Sewer Utility Assessment Trust Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Due Dates</u>	<u>Balance Dec. 31 2014</u>	<u>Collected</u>	<u>Balance Dec. 31 2015</u>	<u>Balance Pledged to Assessment Bonds</u>
2008-06	Trinity/Mill Street Waterline	1/23/2012	20.00	3/23/16-31	368,419.93	15,215.81	353,204.12	353,204.12
					D	D-5	D	D-27

Town of Newton, N.J.

Schedule of Deferred Charges

N.J.S. 40A:4-53 Special Emergency

Year Ended December 31, 2015

<u>Date</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, Dec. 31, 2014</u>	<u>Amount in 2015 Budget</u>	<u>Balance, Dec. 31, 2015</u>
11/1/2011	Hurricane Irene Damage	350,000.00	70,000.00	140,000.00	70,000.00	70,000.00
				D	D-4	D

N.J.S. 40A:4-46 Emergency Authorization

Year Ended December 31, 2015

<u>Date</u>	<u>Purpose</u>	<u>Added in 2015</u>	<u>Balance, Dec. 31, 2015</u>
11/9/2015	Sewer Main Break	220,000.00	220,000.00
		D-4	D

Town of Newton, N.J.

Schedule of Fixed Capital

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Dome, Pipes, Reservoirs	414,818.30	414,818.30
Lake, Land and Water Shed	504,692.17	504,692.17
Meters	88,252.63	88,252.63
Equipment	261,184.03	261,184.03
Water and Sewer Lines	10,700,927.41	10,700,927.41
Building and Appurtenances	1,166,461.96	1,166,461.96
Studies and Engineering	436,821.12	436,821.12
Sewer Treatment Plant	12,507,951.78	12,507,951.78
Water Filtration Plant	6,933,713.53	6,933,713.53
Construction of Water Tower	3,600,000.00	3,600,000.00
Water Treatment Plant	520,000.00	520,000.00
Repairs to Water System	84,952.00	84,952.00
Bonding Costs	127,069.51	127,069.51
	<u>37,346,844.44</u>	<u>37,346,844.44</u>
	D	D

Town of Newton, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Ord. No.	Description	Ordinance		Balance,	Balance,
		Date	Amount	Dec. 31, 2014	Dec. 31, 2015
08-06	Trinity/Mill Street Waterline	04/28/08	2,000,000.00		
08-09	Various Utility Capital Imp.	05/28/08	234,000.00	234,000.00	234,000.00
12-10	Maple Avenue Project	04/09/12	450,000.00		
13-10	Various Utility Capital Imp.	04/23/13	400,000.00	289,225.11	289,225.11
13-13	Howard St. Watermain Upgrade	05/13/13	95,000.00	95,000.00	95,000.00
13-19	Fox Hollow Lake Watermain	06/10/13	900,000.00	900,000.00	900,000.00
14-04	Sewer Treatment Plant Modifications	03/24/14	281,851.15	281,851.15	281,851.15
14-05	Fox Hollow Lake Transmission Main	04/14/14	300,000.00	300,000.00	300,000.00
14-21	Engineering/Survey At Water Reservoir	10/27/14	7,000.00	7,000.00	7,000.00
14-28	Water Treatment Plant Roofs	12/22/14	110,000.00	110,000.00	110,000.00
				<u>2,217,076.26</u>	<u>2,217,076.26</u>
				D	D

Town of Newton, N.J.

Schedule of Overpayments

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	4,286.04
Increased by:		
Collections	D-5	4,578.69
		<u>8,864.73</u>
Decreased by:		
Refunded	D-5	75.00
Realized as Water/Sewer Rents	D-8	4,211.04
		<u>4,286.04</u>
Balance - December 31, 2015	D	<u><u>4,578.69</u></u>

Town of Newton, N.J.

Schedule of Accounts Payable

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	98,838.42
Increased by:		
Charges to Appropriation Reserves	D-16	10,981.73
		<u>109,820.15</u>
Decreased by:		
Cancelled to Fund Balance	D-1	2,690.75
Cash Disbursement	D-5	44,615.42
		<u>47,306.17</u>
Balance - December 31, 2015	D	<u><u>62,513.98</u></u>

Schedule of Encumbrances Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	109,949.17
Increased by:		
Charges to Improvement Authorizations	D-21	55,198.00
		<u>165,147.17</u>
Decreased by:		
Cash Disbursements	D-5	64,650.36
Purchase order Adjustment	D-21	186.50
		<u>64,836.86</u>
Balance - December 31, 2015	D	<u><u>100,310.31</u></u>

Town of Newton, N.J.
 Schedule of Accrued Interest on Bonds
 Water/Sewer Utility Operating Fund
 Year Ended December 31, 2015

	<u>Ref.</u>	<u>Bonds</u>
Balance - December 31, 2014	D	75,790.95
Increased by:		
Budget Appropriations	D-4	341,000.00
		<u>416,790.95</u>
Decreased by:		
Disbursements	D-5	354,012.50
		<u>62,778.45</u>
Balance - December 31, 2015	D	<u><u>62,778.45</u></u>

	<u>From</u>	<u>To</u>	<u>Period</u> <u>in Days</u>	<u>Required</u> <u>Amount</u>	<u>Excess/</u> <u>(Deficit)</u>	<u>Actual</u> <u>Amount</u>
<u>Principal</u>						
Outstanding						
December 31, 2015						
<u>Bonds Payable</u>						
7,386,795.88	11/01/15	12/31/15	60	50,293.76	401.50	50,695.26
1,290,000.00	10/01/15	12/31/15	91	11,987.49	95.70	12,083.19
				<u>62,281.25</u>	<u>497.20</u>	<u>62,778.45</u>

Town of Newton, N.J.

Schedule of Improvement Authorizations

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2014		Expended	Purchase Order Adjustment	Balance Dec. 31, 2015	
				Funded	Unfunded			Funded	Unfunded
08-09	Various Utility Capital Imp.	05/28/08	234,000.00	-	-	-	-	72,300.00	-
13-10	Various Utility Capital Imp.	04/23/13	400,000.00	-	-	-	-	40,000.00	-
13-13	Howard St. Watermain Upgrade	05/13/13	95,000.00	2,887.65	-	62.50	186.50	-	3,011.65
13-19	Fox Hollow Lake Watermain	06/10/13	900,000.00	799,144.60	-	7,734.00	-	-	791,410.60
14-04	Sewer Treatment Plant Modifications	03/24/14	281,851.15	-	-	164,476.20	-	55,263.35	-
14-05	Fox Hollow Lake Transmission Main	04/14/14	300,000.00	299,369.40	-	-	-	-	299,369.40
14-21	Engineering/Survey At Water Reservoir	10/27/14	7,000.00	-	-	293.50	-	3,541.45	-
14-28	Water Treatment Plant Roofs	12/22/14	110,000.00	-	-	106,061.00	-	3,939.00	-
				<u>445,874.50</u>	<u>1,101,401.65</u>	<u>278,627.20</u>	<u>186.50</u>	<u>175,043.80</u>	<u>1,093,791.65</u>
				D	D		D-19	D	D

Ref. D-5 223,429.20
 D-19 55,198.00
278,627.20

Town of Newton, N.J.
Schedule of Various Reserves
Water/Sewer Utility Capital Fund
Year Ended December 31, 2015

<u>Description</u>	Balance <u>Dec. 31,2014</u>	<u>Receipts</u>	Balance <u>Dec. 31,2015</u>
Reserve for Forestry Plan	5,000.00		5,000.00
Reserve for Water Tank	105,000.00		105,000.00
Reserve for Morris Lake Dam	16,500.00		16,500.00
Reserve for Valve Replacement	177,496.37	10,000.00	187,496.37
Reserve for Water Filtration Plant	216,178.00		216,178.00
Reserve for Capital Outlay	-	67,500.00	67,500.00
Reserve for RBC Replacement	160,000.00		160,000.00
Reserve for Pump Station Imp.	40,000.00	20,000.00	60,000.00
Reserve for Sewer Rehabilitation	10,000.00	10,000.00	20,000.00
Reserve for Water Tower	20,967.78		20,967.78
	<u>751,142.15</u>	<u>107,500.00</u>	<u>858,642.15</u>
	D	D-5	D

Town of Newton, N.J.
Schedule of Reserves
Water/Sewer Utility Operating Fund
Year Ended December 31, 2015

<u>Description</u>	Balance <u>Dec. 31,2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31,2015</u>
Reserve for:				
Special Emergency - Sparta Glen	308,779.57		4,077.50	304,702.07
Hook-up Fees	318,680.00	50,000.00	12,000.00	356,680.00
	<u>627,459.57</u>	<u>50,000.00</u>	<u>16,077.50</u>	<u>661,382.07</u>
	D	D-5	D-5	D

Town of Newton, N.J.
Schedule of Capital Improvement Fund
Water/Sewer Utility Capital Fund
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> D	243,282.52
Increased by:		
Budget Appropriation	D-5	<u>85,000.00</u>
Balance - December 31, 2015	D	<u><u>328,282.52</u></u>

Schedule of Reserve for Amortization
Water/Sewer Utility Capital Fund
Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> D	28,649,489.48
Increased by:		
Serial Bonds Paid by Operating Budget	D-28	<u>309,784.19</u>
Balance - December 31, 2015	D	<u><u>28,959,273.67</u></u>

Town of Newton, N.J.

Schedule of Deferred Reserve for Amortization

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2014</u>	<u>Balance, Dec. 31, 2015</u>
08-09	Various Utility Capital Improvements	05/28/08	234,000.00	234,000.00
13-13	Howard St. Watermain Upgrade	05/13/13	95,000.00	95,000.00
14-04	Sewer Treatment Plant Modifications	03/24/14	281,851.15	281,851.15
14-21	Engineering/Survey At Water Reservoir	10/27/14	7,000.00	7,000.00
14-28	Water Treatment Plant Roofs	12/22/14	110,000.00	110,000.00
			<u>727,851.15</u>	<u>727,851.15</u>
			D	D

Town of Newton, N.J.

Schedule of Water/Sewer Serial Bonds Payable

Water/Sewer Utility Assessment Trust Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31,		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
Assessment Bonds of 2012	6/27/2012	427,843.95	3/23/2016	15,862.48	4.250%			
			3/23/2017	16,536.63	4.250%			
			3/23/2018	17,239.44	4.250%			
			3/23/2019	17,972.11	4.250%			
			3/23/2020	18,735.93	4.250%			
			3/23/2021	19,532.21	4.250%			
			3/23/2022	20,362.33	4.250%			
			3/23/2023	21,227.72	4.250%			
			3/23/2024	22,129.90	4.250%			
			3/23/2025	23,070.42	4.250%			
			3/23/2026	24,050.91	4.250%			
			3/23/2027	25,073.09	4.250%			
			3/23/2028	26,138.68	4.250%			
		3/23/2029	27,249.58	4.250%				
		3/23/2030	28,407.68	4.250%				
		3/23/2031	29,615.01	4.250%				
						368,419.93	15,215.81	353,204.12
						D	D-5	D

Town of Newton, N.J.

Schedule of Water/Sewer Serial Bonds Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
Refunding Bonds of 2012	5/1/2016	8,525,000.00	5/1/2016	204,137.52	4.000%			
	5/1/2017		5/1/2017	213,463.37	4.000%			
	5/1/2018		5/1/2018	217,760.56	4.000%			
	5/1/2019		5/1/2019	227,027.89	4.500%			
	5/1/2020		5/1/2020	241,264.07	5.000%			
	5/1/2021		5/1/2021	255,467.79	5.000%			
	5/1/2022		5/1/2022	264,637.67	5.000%			
	5/1/2023		5/1/2023	278,772.28	4.000%			
	5/1/2024		5/1/2024	287,870.10	0.033%			
	5/1/2025		5/1/2025	296,929.58	3.250%			
	5/1/2026		5/1/2026	305,949.09	3.250%			
	5/1/2027		5/1/2027	319,926.91	3.250%			
	5/1/2028		5/1/2028	328,861.32	3.500%			
	5/1/2029		5/1/2029	337,750.42	3.500%			
	5/1/2030		5/1/2030	351,592.32	3.500%			
	5/1/2031		5/1/2031	365,384.99	3.500%			
	5/1/2032		5/1/2032	410,000.00	4.000%			
	5/1/2033		5/1/2033	425,000.00	4.000%			
5/1/2034		5/1/2034	445,000.00	4.000%				
5/1/2035		5/1/2035	460,000.00	4.000%				
5/1/2036		5/1/2036	480,000.00	4.000%				
5/1/2037		5/1/2037	495,000.00	4.000%				
5/1/2038		5/1/2038	175,000.00	4.000%				
						7,581,580.07	194,784.19	7,386,795.88

Town of Newton, N.J.

Schedule of Water/Sewer Serial Bonds Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31,		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
Refunding Bonds of 2014	8/7/2014	1,445,000.00	4/1/16	90,000.00	2.000%			
			4/1/17	95,000.00	4.000%			
			4/1/18	100,000.00	3.000%			
			4/1/19	65,000.00	4.000%			
			4/1/20-4/1/22	70,000.00	4.00% to 5.00%			
			4/1/23-4/1/24	80,000.00	5.000%			
			4/01/25	85,000.00	4.000%			
			4/01/26	95,000.00	4.000%			
			4/01/17	90,000.00	3.000%			
			4/1/28-4/1/30	100,000.00	3.13% to 3.38%			
						1,405,000.00	115,000.00	1,290,000.00
						8,986,580.07	309,784.19	8,676,795.88
						D	D-25	D

Town of Newton, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2014</u>	<u>Balance, Dec. 31, 2015</u>
13-19	Fox Hollow Lake Watermain	900,000.00	900,000.00
14-05	Fox Hollow Lake Transmission Main	300,000.00	300,000.00
		<u>1,200,000.00</u>	<u>1,200,000.00</u>
		Footnote D	Footnote D

TOWN OF NEWTON

*** * * * ***

PART II

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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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

Honorable Mayor and
Members of the Town Council
Town of Newton
County of Sussex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Town of Newton in the County of Sussex as of and for the year ended December 31, 2015 and the related notes to the financial statements, and have issued our report thereon dated May 10, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Fixed Asset account group and the Length of Services Award Program not being audited.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Town Council
Page 2

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

Compliance and Other Matters

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

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

Purpose of this Report

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



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Ferraioli, Wielkotz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

May 10, 2016



GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2015, and at May 10, 2016, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

Contracts and Agreements Required to be Advertised for N.J.S.A. 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 contracts 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.40A:11-2), 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. That 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 subsection 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."

GENERAL COMMENTS (CONTINUED)

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$40,000.00.

The Governing Body of the Town of Newton have 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 the bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for Town Appraiser, Engineer, Auditor, Attorney, Municipal Prosecutor, Town Planner, Special Prosecutor, Insurance Agent and Bond Counsel.

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

Our review of the Town's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

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

Collection of Interest on Delinquent Taxes and Utility Charges

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

The governing body adopted the following resolutions on December 14, 2015 authorizing interest to be charged on delinquent taxes.

"Establish Rate of Interest to be charged for Non-Payment of Taxes on or before the Due Date"

WHEREAS, N.J.S.A. 54:4-67 permits the Governing Body of each municipality to fix the rate of interest to be charged for late payment of taxes as provided by law, and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate at eight percent (8%) per annum for the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on amounts in excess of \$1,500.00, and allows for an additional penalty of six percent (6%) to be collected for delinquencies in excess of \$10,000.00 from property owners who fail to pay the delinquency prior to the end of the calendar year;

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Utility Charges (continued)

NOW THEREFORE BE IT RESOLVED by the Town Council of the Town of Newton as follows:

- 1) The Tax Collector is hereby authorized and directed to charge an 8% rate of interest per annum on the first \$1,500.00 of taxes which become delinquent after the tax due date, and a rate of interest of 18% per annum on any amount of taxes in excess of \$1,500.00 which becomes delinquent after the tax due date.
- 2) That if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st of each calendar year, an additional penalty of 6% shall be charged against the delinquency.
- 3) That the ten day grace period for quarterly tax payments due shall remain in effect.
- 4) That any payment of taxes not made on or before the due date in accordance with this resolution shall be charged interest from the due date as set forth by law.
- 5) That this resolution shall take effect immediately.

The following Ordinance (15-4.3) for delinquent utility charges was adopted during the calendar year, 1973;

Delinquent utility charges - Interest is to be charged on delinquent utility charges at the rate of 10% on the current billing charge if not paid within 30 days of billing.

It appears from an examination of the Tax Collector's records and of the Utility Collector's records that interest was collected in accordance with the forgoing resolutions.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 29, 2015 and was complete, except for properties in Bankruptcy Court.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2015	9
2014	4
2013	4

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.

GENERAL COMMENTS (CONTINUED)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The result of the test which was made as of December 31, 2015 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

Municipal Court

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Judge, Town Clerk and Division of Local Government Services. We noted however, that there are internal control problems that are throughout the State of New Jersey Municipal Court System caused by the implementation of the Automated Traffic System and the Automated Complaint System.

- 1) May and June monies to other agencies were not turned over by the 15th of the following month.

Management Response:

Care will be taken to ensure that court receipts are disbursed by the 15th of the following month.

General Capital Fund

- 1) There is an ordinance that is unfunded over 5 years old.

Management Response:

The ordinance in question will be reviewed for possible cancellation or funded.

RECOMMENDATIONS

- 1) That all Municipal Court funds collected be turned over to other agencies on or before the 15th of the following month.
- 2) That the unfunded ordinance in the General Capital Fund, over 5 years old, be funded or cancelled if not needed.

* * * * *

Status of Prior Year's Auditing Findings/Recommendations

A review was performed on all prior year's recommendations. Corrective action was taken on the prior year's recommendation, with the exception of the following:

- 1) That the unfunded ordinance in the General Capital Fund, over 5 years old, be funded or cancelled if not needed.

The problems and weaknesses noted in this review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to these comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Appreciation

We wish to express our appreciation of the assistance and courtesies rendered by the Town officials during the course of the audit.

Very truly yours,



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Registered Municipal Accountant
No. 497

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