



Township of Verona

**TOWNSHIP OF VERONA
ESSEX COUNTY, NEW JERSEY
REPORT ON
EXAMINATION OF ACCOUNTS
DECEMBER 31, 2015**

TOWNSHIP OF VERONA
COUNTY OF ESSEX, NEW JERSEY

CONTENTS

<u>PART I</u>	<u>PAGE</u>
Independent Auditor's Report.....	2

FINANCIAL STATEMENTS

CURRENT FUND

EXHIBIT

A	Comparative Balance Sheets	5
A-1	Comparative Statement of Operations and Change in Fund Balance.....	7
A-2	Statement of Revenue	8
A-2a	Revenue - Miscellaneous Revenue Anticipated	9
A-2b	Revenue - Analysis of Other Licenses, Other Fees and Permits	10
A-2c	Revenue - Analysis of Realized Tax Collections	11
A-2d	Revenue - Analysis of Nonbudget Revenue	12
A-3	Statement of Expenditures.....	13

TRUST FUNDS

B	Comparative Balance Sheets	20
B-1	Statement of Fund Balance - General Trust Fund.....	21

GENERAL CAPITAL FUND

C	Comparative Balance Sheets	22
C-1	Statement of Fund Balance	23

WATER/SEWER UTILITY

D	Comparative Balance Sheets	24
D-1	Comparative Statements of Operations and Change in Fund Balance - Operating Fund	26
D-2	Statement of Capital Fund Balance	27
D-3	Statement of Revenue	28
D-4	Statement of Expenditures.....	29

FINANCIAL STATEMENTS
(Continued)

<u>EXHIBIT</u>		<u>PAGE</u>
	<u>SWIMMING POOL UTILITY</u>	
E	Comparative Balance Sheets	30
E-1	Comparative Statements of Operations and Change in Fund Balance	31
E-2	Statement of Capital Fund Balance	32
E-3	Statement of Revenue	33
E-4	Statement of Expenditures	34
	<u>PUBLIC ASSISTANCE TRUST FUND</u>	
F	Comparative Balance Sheets	35
	<u>FREE PUBLIC LIBRARY</u>	
G	Comparative Balance Sheets	36
	<u>PAYROLL FUND</u>	
H	Comparative Balance Sheets	37
	<u>NOTES TO FINANCIAL STATEMENTS</u>	38 - 62

SUPPLEMENTARY INFORMATION

CURRENT FUND

<u>EXHIBIT</u>		<u>PAGE</u>
A-4	Cash Receipts and Disbursements.....	63
A-5	Cash Disbursements - Collector-Treasurer	64
A-6	Cash Receipts and Disbursements - Investments.....	65
A-7	Cash Savings.....	65
A-8	Change Funds.....	66
A-9	Petty Cash Funds.....	66
A-10	Due From (To) State of New Jersey - Veterans' and Senior Citizens' Tax Deductions	67
A-11	Taxes Receivable and Analysis of Property Tax Levy.....	68
A-11a	Tax Title Liens.....	69
A-12	Property Acquired for Taxes (At Assessed Valuation).....	69
A-13	Other Accounts Receivable	70
A-14	Revenue Accounts Receivable	71
A-15	Protested Checks.....	72
A-16	Interfunds Receivable	73
A-17	Appropriation Reserves.....	74
A-18	Reserve for Maintenance of Free Public Library with State Aid	79
A-19	Due to State of New Jersey - Marriage License Surcharge.....	79
A-20	Tax Overpayments.....	80
A-21	Local School District Tax.....	80
A-22	County Taxes	81
A-23	Accounts Payable	81
A-24	Interfunds Payable	82
A-25	Prepaid Taxes	82
A-26	Prepaid Revenue	83
A-27	Reserve for Sale of Township-Owned Property	83
A-28	Federal and State Grants Receivable.....	84
A-29	Interfunds Receivable	85
A-30	Appropriated Reserves for State Grants.....	86
A-31	Unappropriated Grant Reserves	87

TRUST FUNDS

B-2	Cash Receipts and Disbursements - Collector - Treasurer	88
B-3	Cash Receipts and Disbursements - Investments.....	89
B-4	Due from County of Essex (Community Development Block Grant)	90
B-5	Interfunds Payable	91
B-6	Special Deposits	92
B-7	Unemployment Compensation Insurance Fund	93
B-8	Reserve for Community Development Block Grant.....	93
B-9	Reserve for Animal Control Fund Expenditures	94
B-10	Escrow Deposits	95
B-11	Reserve for Health Clinic	96

SUPPLEMENTARY INFORMATION
(Continued)

GENERAL CAPITAL FUND

<u>EXHIBIT</u>		<u>PAGE</u>
C-2	Cash Receipts and Disbursements - Treasurer.....	97
C-3	Cash Receipts and Disbursements - Investment Account.....	98
C-4	Analysis of Capital Cash and Investments.....	99
C-5	Due from State of New Jersey - Grants and Aid.....	101
C-6	Due from Current Fund	101
C-7	Due From General Trust Fund	102
C-8	Deferred Charges to Future Taxation - Funded.....	103
C-9	Deferred Charges to Future Taxation – Unfunded	104
C-10	Capital Improvement Fund.....	105
C-11	Reserve for Payment of Debt Service.....	106
C-12	Reserve for Future Improvements	106
C-13	Reserve for State Grants and Aid Receivable	107
C-14	Reserve for Community Development Block Grant.....	107
C-15	Interfunds Payable	108
C-16	Improvement Authorizations	109
C-17	Bond Anticipation Notes.....	110
C-18	Green Acres Loan Payable.....	111
C-19	Serial Bonds	112
C-20	Bonds and Notes Authorized But Not Issued	113

WATER/SEWER UTILITY

D-5	Cash Receipts and Disbursements - Collector - Treasurer	114
D-6	Cash - Cash Management Fund	115
D-7	Analysis of Capital Cash	116
D-8	Interfund Accounts	117
D-9	Protested Checks.....	118
D-10	Water/Sewer Rents Receivable	118
D-11	Inventory - Materials and Supplies.....	119
D-12	Fixed Capital	119
D-13	Fixed Capital Authorized and Uncompleted.....	120
D-14	Appropriation Reserves.....	121
D-15	Accrued Interest on Notes	122
D-16	Accrued Interest on Bonds.....	123
D-17	Accrued Interest on Loans	124
D-18	Overpayments.....	125
D-19	Capital Improvement Fund.....	125
D-20	Reserve for Amortization.....	126
D-21	Deferred Reserve for Amortization	127
D-22	Improvement Authorizations	128
D-23	Bond Anticipation Notes.....	129
D-24	Waste Water Treatment Loans Payable.....	130
D-25	Serial Bonds	131
D-26	Bonds and Notes Authorized but Not Issued	132

SUPPLEMENTARY INFORMATION
(Continued)

EXHIBIT

PAGE

SWIMMING POOL UTILITY

E-5	Cash Receipts and Disbursements - Collector - Treasurer	133
E-6	Cash Receipts and Disbursements - New Jersey Cash Management Fund.....	134
E-7	Analysis of Capital Cash	135
E-8	Petty Cash Fund	136
E-9	Fixed Capital	137
E-10	Pool Utility Capital Fund.....	137
E-11	Fixed Capital Authorized and Uncompleted.....	138
E-12	Appropriation Reserves.....	139
E-13	Accrued Interest on Bonds.....	140
E-14	Accrued Interest on Notes.....	141
E-15	Capital Improvement Fund.....	142
E-16	Reserve for Amortization.....	142
E-17	Due to Pool Capital Fund	142
E-18	Deferred Reserve for Amortization	143
E-19	Improvement Authorizations	144
E-20	Bond Anticipation Notes.....	145
E-21	Serial Bonds.....	146
E-22	Bonds and Notes Authorized But Not Issued	147

PUBLIC ASSISTANCE TRUST FUND

F-1	Cash Receipts and Disbursements.....	148
F-2	Reserves for Expenditures.....	149

FREE PUBLIC LIBRARY

G-1	Statement of Operations and Change in Fund Balance	150
G-2	Cash Receipts and Disbursements.....	151

PAYROLL FUND

H-1	Cash Receipts and Disbursements.....	152
-----	--------------------------------------	-----

SUPPLEMENTARY INFORMATION
(Continued)

PAGE

PART II

REPORT ON INTERNAL CONTROL AND COMPLIANCE

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	153
---	-----

**SCHEDULE OF STATE FINANCIAL ASSISTANCE PROGRAMS, ROSTER OF OFFICIALS,
COMMENTS AND RECOMMENDATIONS**

Roster of Officials and Report on Surety Bonds at December 31, 2014.....	155
Comments	156
Recommendations.....	160

PART I
REPORT ON EXAMINATION
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2015

Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Council
Township of Verona
Verona, New Jersey**

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the various funds of the Township of Verona, County of Essex, New Jersey (the "Township") as of and for the year ended December 31, 2015, the statements of revenues, expenditures and changes in fund balances for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Township'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 accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and audit requirements as prescribed by the Division. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis 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 auditors' 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, the financial statements are prepared by the Township on a basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Modified Opinion

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, except for the omission of fixed assets which has no material effect on the financial statements, the respective financial position of the various funds of the Township of Verona, Essex County, New Jersey, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles and practices prescribed by the Division, as described in Note 1 to the financial statements.

Report on Summarized Comparative Information

We have previously audited the Township's 2014 financial statements, and our report dated May 15, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year end ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it had been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements that collectively comprise Township's basic financial statements. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statement. 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 sections are fairly stated, in all material respects, in relation to the basic financial statements as whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2016 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

May 30, 2016

John Lauria

John Lauria, RMA
Licensed Registered Municipal Accountant # 403

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

A
Sheet # 1

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Regular Fund</u>			
Current Assets:			
Cash - Checking	A-4	\$ 4,917,694.50	\$ 4,367,688.32
Cash - Money Market	A-6	3,488,408.85	3,467,500.00
Cash - Savings	A-7	20,000.00	20,000.00
Cash - Change Funds	A-8	425.00	425.00
Due from State of New Jersey, Ch. 129, P.L. 1976	A-10		263.07
		<u>8,426,528.35</u>	<u>7,855,876.39</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-11	552,810.78	542,256.97
Tax Title Liens Receivable	A-11a	576.96	
Property Acquired for Taxes at Assessed Valuation	A-12	267,817.00	267,817.00
Other Accounts Receivable	A-13	8,050.57	8,420.46
Revenue Accounts Receivable	A-14	16,293.99	13,072.51
Interfund Accounts Receivable	A-16	19,828.05	5,409.03
		<u>865,377.35</u>	<u>836,975.97</u>
		<u>9,291,905.70</u>	<u>8,692,852.36</u>
<u>Federal and State Grant Fund</u>			
State Grants Receivable	A-28	7,484.28	1,331.94
Interfunds Receivable	A-29	109,908.41	111,467.19
		<u>117,392.69</u>	<u>112,799.13</u>
		<u>\$ 9,409,298.39</u>	<u>\$ 8,805,651.49</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

A
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Regular Fund</u>			
Appropriation Reserves:			
Committed	A-3, A-17	\$ 429,664.57	\$ 640,068.79
Uncommitted	A-3, A-17	1,401,189.54	987,886.33
Due to State of New Jersey, Ch. 129, P.L. 1976	A-10	929.40	
Reserve for Maintenance of Free Public Library	A-18	6,940.76	9,110.76
Due to State of New Jersey	A-19	575.00	550.00
Tax Overpayments	A-20	111,086.57	80,807.88
Local School District Tax	A-21	3,000,000.00	2,750,000.00
County Taxes Payable	A-22		
Accounts Payable	A-23	46,463.74	83,926.26
Interfunds Payable	A-24	142,431.12	64,735.60
Prepaid Taxes	A-25	250,745.58	301,103.33
Prepaid Revenue	A-26	9,000.53	10,705.53
Sale of Township-Owned Property	A-27	19,248.19	19,248.19
		<u>5,418,275.00</u>	<u>4,948,142.67</u>
Reserve for Receivables		865,377.35	836,975.97
Fund Balance	A-1	3,008,253.35	2,907,733.72
		<u>9,291,905.70</u>	<u>8,692,852.36</u>
<u>Federal and State Grant Fund</u>			
Reserve for State Grants	A-30	114,199.63	40,760.08
Unappropriated Grant Reserves	A-31	3,193.06	72,039.05
		<u>117,392.69</u>	<u>112,799.13</u>
		<u>\$ 9,409,298.39</u>	<u>\$ 8,805,651.49</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014

A-1

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$2,828,000.00	\$2,885,000.00
Miscellaneous Revenue Anticipated	A-2	4,377,101.27	4,274,924.41
Receipts from Current Taxes	A-2c	59,913,803.39	58,473,470.58
Receipts from Delinquent Taxes	A-2c	542,990.89	548,488.54
Nonbudget Revenue	A-2d	64,006.04	302,109.61
Other Credits to Income:			
Other Accounts Receivable Liquidated	A-13	369.89	16,209.36
Unexpended Balance of Appropriation Reserves	A-17	968,577.00	644,689.33
Prior Year Interfunds Returned	A-16	5,409.03	
Accounts Payable Cancelled	A-23	37,462.52	
6% Delinquent Penalty	A-14	12,773.66	14,107.28
Payroll Reserves Cancelled			1,782.45
Tax Overpayments Cancelled	A-20	8,289.81	75,496.56
Increase in Deferred School Tax	A-21	456,362.25	368,280.10
		<u>69,215,145.75</u>	<u>67,604,558.22</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations:			
Salaries and Wages		7,816,471.00	7,901,680.00
Other Expenses		9,112,207.96	8,903,322.82
Capital Improvements		25,000.00	50,000.00
Statutory Expenditures and Deferred Charges		1,814,542.00	1,736,132.00
Debt Service		2,991,854.46	2,955,257.48
	A-3	<u>21,760,075.42</u>	<u>21,546,392.30</u>
Refund of Prior Year Revenue			24.31
Prior Year Senior Citizens' Exemptions Disallowed	A-10	1,000.00	1,679.40
Interfunds Receivable Established	A-16	19,828.05	5,409.03
Local School District Taxes	A-21	32,855,808.00	31,859,449.00
County Taxes	A-22	11,649,914.65	11,381,526.07
		<u>66,286,626.12</u>	<u>64,794,480.11</u>
Excess in Revenue		2,928,519.63	2,810,078.11
<u>Fund Balance</u>			
Balance, Beginning of Year	A	<u>2,907,733.72</u>	<u>2,982,655.61</u>
		5,836,253.35	5,792,733.72
Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>2,828,000.00</u>	<u>2,885,000.00</u>
Balance, End of Year	A	<u>\$3,008,253.35</u>	<u>\$2,907,733.72</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-2

	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess</u>
<u>General Revenue</u>				
Fund Balance Anticipated	A-1	\$ 2,828,000.00	\$ 2,828,000.00	\$
Miscellaneous Revenue	A-1, A-2a	4,326,872.96	4,377,101.27	50,228.31
Receipts from Delinquent Taxes	A-1, A-2c	540,000.00	542,990.89	2,990.89
Amount to be Raised by Taxes for Support of Municipal Budget	A-11, A-2c	<u>15,762,447.00</u>	<u>16,748,018.74</u>	<u>985,571.74</u>
Budget Totals	A-3	23,457,319.96	24,496,110.90	1,038,790.94
Nonbudget Revenue	A-1, A-2d	<u> </u>	<u>64,006.04</u>	<u>64,006.04</u>
Total Revenue		<u>\$ 23,457,319.96</u>	<u>\$ 24,560,116.94</u>	<u>\$1,102,796.98</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
MISCELLANEOUS REVENUE ANTICIPATED
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-2a

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Licenses:				
Alcoholic Beverages	A-14	\$ 9,700.00	\$ 9,790.00	\$ 90.00
Other	A-2b	14,000.00	17,497.00	3,497.00
Fees and Permits	A-2b	53,000.00	80,582.51	27,582.51
Fines and Costs:				
Municipal Court	A-14	88,000.00	98,784.49	10,784.49
Interest and Costs on Taxes	A-4	137,000.00	134,154.21	(2,845.79)
Parking Meters	A-14	33,000.00	22,461.71	(10,538.29)
Recreation Fees	A-14	276,000.00	285,355.00	9,355.00
Payments in Lieu of Taxes:				
Verona Senior Citizens' Associates				
HFA #661	A-14	189,000.00	176,787.70	(12,212.30)
Children's Institute	A-14	16,036.00	18,383.00	2,347.00
Hilltop - I	A-14	338,000.00	351,610.65	13,610.65
Hilltop - II	A-14	249,000.00	277,664.28	28,664.28
Community Center Rental	A-14	67,500.00	60,195.00	(7,305.00)
Energy Receipts Tax	A-14	1,087,394.00	1,087,394.00	0.00
Consolidated CMPTRA Allocation	A-14	72,228.00	72,228.00	0.00
Uniform Construction Code Fees	A-14	341,034.00	311,351.00	(29,683.00)
Interlocal Agreements - Roseland	A-14	127,293.00	127,293.00	0.00
Clean Communities Program	A-24	22,461.26	22,461.26	0.00
Municipal Alliance on Alcoholism and Drug				
Abuse	A-24	39,000.00	39,000.00	0.00
Sustainable Jersey Grant	A-24	10,000.00	10,000.00	0.00
Body Armor Replacement Fund	A-24	4,300.65	4,300.65	0.00
Medical Transport	A-24	43,843.51	43,843.51	0.00
DEA Equitable Share	A-24	28,145.54	28,145.54	0.00
Shaping New Jersey	A-24	10,000.00	10,000.00	0.00
Uniform Fire Safety Act	A-14	7,100.00	12,574.73	5,474.73
Comcast - Franchise Fee	A-14	96,316.00	93,334.32	(2,981.68)
Verizon - Franchise Fee	A-14	128,121.00	142,934.97	14,813.97
Local Recycling Program	A-14	16,400.00	8,492.80	(7,907.20)
Leaf Bag Sales	A-14	9,000.00	9,176.04	176.04
General Capital Surplus	A-14	700,000.00	700,000.00	0.00
Tower Lease	A-14	114,000.00	121,305.90	7,305.90
	A-2	<u>\$4,326,872.96</u>	<u>\$4,377,101.27</u>	<u>\$ 50,228.31</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF OTHER LICENSES, OTHER FEES AND PERMITS
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-2b

	<u>Ref.</u>		
Other Licenses:			
Township Clerk	A-14	\$ 3,895.00	
Construction Code Official	A-14	200.00	
Health Officer	A-14	13,180.00	
Registrar of Vital Statistics	A-14	<u>222.00</u>	
	A-2a		<u>\$ 17,497.00</u>
Other Fees and Permits:			
Township Clerk	A-14	\$ 2,877.17	
Public Works	A-14	22,195.97	
Registrar of Vital Statistics	A-14	6,090.00	
Health Transportation	A-14	11,456.00	
Tax Collector	A-14	10.00	
Parking Permits	A-14	19,526.75	
Police	A-14	3,021.62	
Fire	A-14	12,435.00	
Board of Adjustment	A-14	<u>2,970.00</u>	
	A-2a		<u>\$ 80,582.51</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF REALIZED TAX COLLECTIONS
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-2c

	<u>Ref.</u>		
<u>Receipts from Delinquent Taxes</u>			
Delinquent Tax Collections	A-1, A-11		\$ 542,990.89
<u>Allocation of Current Taxes</u>			
Due from State of New Jersey	A-11	\$ 94,250.00	
Overpayments Applied	A-11	325.47	
2014 Collections	A-11	301,103.33	
2015 Collections	A-11	59,518,124.59	
	A-1		\$ 59,913,803.39
Allocated to:			
Local School District Tax	A-11, A-21	32,855,808.00	
County Taxes	A-11, A-22	11,649,914.65	
			44,505,722.65
			15,408,080.74
Plus: Appropriation for "Reserve for Uncollected Taxes"	A-3		1,339,938.00
Amount for Support of Municipal Budget Appropriations	A-2		\$ 16,748,018.74

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF NON BUDGET REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-2d

Ref.

Miscellaneous Revenue Not Anticipated:

Prior Year Reimbursement Hurricane Sandy	\$ 8,537.38
Interest Earned on Investments	11,127.20
Police Fee	579.09
Administrative Fee - Senior Citizens and Veterans	1,888.85
Stale Dated Checks Cancelled	1,340.45
Snow Removal	2,235.00
Maintenance Lien	445.00
Penalty Fees	3,666.60
Tree Removal	500.00
Protested Check Fees	3,605.00
Escrow Fees	250.00
Cost of Tax Sale	553.68
Duplicate Copies	303.00
Refund of Duplicate Payment	303.52
Public Works	1,800.00
Other	<u>5,080.04</u>

A-4 \$ 42,214.81

Interest Earned - Investment Account A-6 20,908.85

Interfunds Payable A-24 882.38

A-1, A-2 \$ 64,006.04

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-3
Sheet # 1

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages:						
Manager's Office	\$ 109,415.00	\$ 109,415.00	\$ 61,745.59	\$	\$ 22,669.41	\$ 25,000.00
Mayor and Council	13,500.00	13,500.00	13,238.16		261.84	
Township Clerk	114,600.00	113,900.00	113,313.72		586.28	
Other Expenses	45,750.00	44,850.00	38,034.50	4,325.85	2,489.65	
Elections:						
Other Expenses	27,737.00	29,337.00	27,786.30	141.60	1,409.10	
Financial Administration:						
Annual Audit	41,000.00	41,000.00	41,000.00			
Assessment of Taxes:						
Salaries and Wages	148,519.00	148,519.00	143,832.86		4,686.14	
Other Expenses	6,725.00	6,725.00	4,352.69	1,616.36	755.95	
Collection of Taxes:						
Salaries and Wages	337,090.00	337,090.00	296,499.03		10,590.97	30,000.00
Other Expenses:						
Tax Sale Costs	1,000.00	1,000.00	866.55		133.45	
Miscellaneous Other Expenses	42,000.00	42,000.00	34,369.05	4,532.76	3,098.19	
Liquidation of Tax Title Liens	2,000.00	2,000.00			2,000.00	
Legal Services and Costs:						
Salaries and Wages	49,211.00	49,211.00	45,875.04		3,335.96	
Other Expenses	259,900.00	259,900.00	250,776.90	1,983.42	7,139.68	
Public Buildings and Grounds:						
Salaries and Wages	515,122.00	515,122.00	489,330.04		25,791.96	
Other Expenses	195,200.00	195,200.00	161,096.86	27,440.69	6,662.45	
Tree Removal						
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board:						
Salaries and Wages	5,000.00	5,000.00	1,964.42		3,035.58	
Other Expenses	5,300.00	5,300.00	1,954.95		3,345.05	
Board of Adjustment:						
Salaries and Wages	5,000.00	5,000.00	1,548.80		3,451.20	
Other Expenses	16,625.00	16,625.00	4,966.71		11,658.29	

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-3
Sheet # 2

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Rent Leveling Board:						
Salaries and Wages	\$ 500.00	\$ 500.00	\$	\$	\$ 500.00	\$
Other Expenses	500.00	500.00	161.54		338.46	
Shade Trees:						
Other Expenses	125,000.00	125,000.00	111,245.00		13,755.00	
Municipal Court:		0.00				
Salaries and Wages	209,897.00	209,897.00	185,000.79		24,896.21	
Other Expenses	17,650.00	17,650.00	9,811.35	233.83	7,604.82	
Insurance (N.J.S.A. 40a:4-45(00) P.L. 2003, C92 S-906)		0.00				
General Liability	390,000.00	390,000.00	353,654.15		36,345.85	
Dental	125,000.00	125,000.00	115,114.45		9,885.55	
Employee Group Health	2,340,000.00	2,340,000.00	2,156,256.05		183,743.95	
	<u>5,149,241.00</u>	<u>5,149,241.00</u>	<u>4,663,795.50</u>	<u>40,274.51</u>	<u>390,170.99</u>	<u>55,000.00</u>
<u>PUBLIC SAFETY</u>						
Fire:						
Other Expenses:						
Miscellaneous Other Expenses	130,000.00	130,000.00	91,538.82	35,806.78	2,654.40	
Fire Prevention:						
Salaries and Wages	60,000.00	60,000.00	58,999.98		1,000.02	
Other Expenses	1,300.00	1,300.00	941.88		358.12	
Police:						
Salaries and Wages	3,993,067.00	3,953,067.00	3,655,791.68	50,000.00	47,275.32	200,000.00
Other Expenses	226,500.00	266,500.00	221,194.65	42,036.72	3,268.63	
Communications	244,300.00	244,300.00	211,668.38	4,645.69	27,985.93	
Other Expense Control						
Parking Meter Maintenance:						
Other Expenses	3,500.00	3,500.00	275.00	3,225.00		
Purchase Police Vehicle	25,000.00	25,000.00	25,000.00			
Rescue Squad:						
Other Expenses	55,000.00	55,000.00	39,610.00		15,390.00	
Police Dispatchers:						
Salaries and Wages	321,217.00	321,217.00	318,058.55		3,158.45	

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-3
Sheet # 3

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>PUBLIC SAFETY</u>						
Emergency Management Services:						
Other Expenses	\$ 2,000.00	2,000.00	\$	\$	\$ 2,000.00	\$
Road Repairs and Maintenance:						
Salaries and Wages	1,002,797.00	977,797.00	874,168.89	25,000.00	53,628.11	25,000.00
Other Expenses	418,250.00	443,250.00	374,273.57	68,935.22	41.21	
Street Lighting	220,000.00	220,000.00	180,728.12	18,375.00	20,896.88	
	<u>6,702,931.00</u>	<u>6,702,931.00</u>	<u>6,052,249.52</u>	<u>248,024.41</u>	<u>177,657.07</u>	<u>225,000.00</u>
<u>HEALTH AND WELFARE</u>						
Board of Health - Local Health Agency:						
Board of Health:						
Salaries and Wages	120,086.00	120,086.00	109,077.62		11,008.38	
Other Expenses	92,408.00	92,408.00	77,779.02	777.80	13,851.18	
Dog Regulation:						
Other Expenses	35,000.00	35,000.00			35,000.00	
Administration of Public Assistance:						
Salaries and Wages	3,000.00	3,000.00	2,999.52		0.48	
Other Expenses	100.00	100.00			100.00	
	<u>250,594.00</u>	<u>250,594.00</u>	<u>189,856.16</u>	<u>777.80</u>	<u>59,960.04</u>	
<u>RECREATION AND EDUCATION</u>						
Recreation:						
Salaries and Wages	652,126.00	652,126.00	609,410.09		22,715.91	20,000.00
Rental of School Facilities	10,000.00	10,000.00			10,000.00	
Other Expenses						
Field Maintenance	167,350.00	167,350.00	136,482.68	26,439.59	4,427.73	
Celebration of Public Event, Anniversary or Holiday:	25,000.00	25,000.00	21,785.32	239.00	2,975.68	
Other Expenses	82,000.00	82,000.00	79,249.01	374.02	2,376.97	
Contribution to Senior Citizens' Center (N.J.S.A. 40:48-9.4):						
Salaries and Wages	30,000.00	30,000.00	17,547.81		12,452.19	
Other Expenses	10,000.00	10,000.00	5,304.01	749.56	3,946.43	
	<u>976,476.00</u>	<u>976,476.00</u>	<u>869,778.92</u>	<u>27,802.17</u>	<u>58,894.91</u>	<u>20,000.00</u>

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-3
Sheet # 4

<u>Appropriation</u>	<u>Appropriations</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Modified Budget</u>		<u>Encumbered</u>	<u>Reserved</u>	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>MISCELLANEOUS AND OTHER</u>						
Mandatory Recycling:						
Salaries and Wages	\$ 11,000.00	\$ 11,000.00	\$ 2,654.75	\$	\$ 8,345.25	\$
Other Expenses	345,696.00	345,696.00	246,599.75	67,546.05	31,550.20	
Single Audit Act of 1984:						
Financial Administration:						
Other Expenses	8,500.00	8,500.00	5,777.36		2,722.64	
Garbage and Trash Removal - Contractual	1,492,000.00	1,492,000.00	1,214,499.09	14,840.45	262,660.46	
Commercial Revitalization:						
Other Expenses	7,500.00	7,500.00			7,500.00	
	<u>1,864,696.00</u>	<u>1,864,696.00</u>	<u>1,469,530.95</u>	<u>82,386.50</u>	<u>312,778.55</u>	
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u>						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
State Uniform Construction Code:						
Construction Official (Chief Administrator						
of Enforcement Agency):						
Salaries and Wages	366,421.00	366,421.00	358,438.05		7,982.95	
Other Expenses	21,425.00	21,425.00	8,294.06	1,820.54	11,310.40	
	<u>387,846.00</u>	<u>387,846.00</u>	<u>366,732.11</u>	<u>1,820.54</u>	<u>19,293.35</u>	

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-3
Sheet # 5

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>UNCLASSIFIED</u>						
Utilities:						
Electricity	\$ 220,000.00	\$ 220,000.00	\$ 155,566.95	\$ 11,115.00	\$ 53,318.05	\$
Gasoline	165,000.00	165,000.00	50,913.34	15,465.68	98,620.98	
Telephone and Telegraph	90,000.00	90,000.00	68,081.01		21,918.99	
Salary and Wage Adjustment	25,000.00	25,000.00			25,000.00	
Compensated Absences Liability	50,000.00	50,000.00	50,000.00			
	550,000.00	550,000.00	324,561.30	26,580.68	198,858.02	
<u>CONTINGENT</u>	25,000.00	25,000.00	3,069.86	1,997.96	19,932.18	
Total Operations Within "CAPS"	15,906,784.00	15,906,784.00	13,939,574.32	429,664.57	1,237,545.11	300,000.00
	15,906,784.00					
Detail:						
Salaries and Wages	7,882,671.00	7,816,471.00	7,041,436.84	75,000.00	280,368.91	
Other Expenses	8,024,113.00	8,090,313.00	6,898,137.48	354,664.57	957,176.20	300,000.00
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Deferred Charges:						
Contributions to:						
Public Employees' Retirement System	650,465.00	650,465.00	650,465.00			
Social Security System (OASI)	425,000.00	425,000.00	335,783.64		39,216.36	50,000.00
Police and Firemen's Retirement System of N.J.	784,077.00	784,077.00	784,077.00			
Defined Contribution Retirement Plan	5,000.00	5,000.00			5,000.00	
Total Deferred Charges and Statutory Expenditures	1,864,542.00	1,864,542.00	1,770,325.64		44,216.36	50,000.00
	1,864,542.00	1,864,542.00	1,770,325.64		44,216.36	50,000.00
Total Appropriations Within "CAPS"	17,771,326.00	17,771,326.00	15,709,899.96	429,664.57	1,281,761.47	350,000.00
	17,771,326.00	17,771,326.00	15,709,899.96	429,664.57	1,281,761.47	350,000.00

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-3
Sheet # 6

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER OPERATIONS</u>						
Maintenance of Free Public Library	\$ 884,037.00	\$ 884,037.00	\$ 859,022.71	\$	\$ 25,014.29	\$
Length of Service Award Program - LOSAP	40,000.00	40,000.00			40,000.00	
Recycling - State Tax	12,764.00	12,764.00			12,764.00	
Insurance - Employee Group Health						
Reserve for Tax Appeals	100,000.00	100,000.00	100,000.00			
	<u>1,036,801.00</u>	<u>1,036,801.00</u>	<u>959,022.71</u>		<u>77,778.29</u>	
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>						
Roseland:						
Construction Code Official	110,653.00	110,653.00	69,803.22		40,849.78	
Fire Sub-Code Official	16,640.00	16,640.00	15,840.00		800.00	
Communications		0.00			0.00	
	<u>127,293.00</u>	<u>127,293.00</u>	<u>85,643.22</u>		<u>41,649.78</u>	
<u>STATE AND FEDERAL PROGRAMS</u>						
<u>OFFSET BY REVENUES</u>						
Clean Communities - Ch. 187, P.L. 1986	22,461.26	22,461.26	22,461.26			
Municipal Alliance Committee Fund - Grant Award	39,000.00	39,000.00	39,000.00			
Sustainable NJ Grant	10,000.00	10,000.00	10,000.00			
EDA Equitable Share	28,195.54	28,195.54	28,195.54			
Shaping New Jersey Help Grant	10,000.00	10,000.00	10,000.00			
Body Armor Replacement Fund	4,300.65	4,300.65	4,300.65			
Medical Transport Grant	43,843.51	43,843.51	43,843.51			
	<u>157,800.96</u>	<u>157,800.96</u>	<u>157,800.96</u>			
Total Operations Excluded from "CAPS"	<u>1,321,894.96</u>	<u>1,321,894.96</u>	<u>1,202,466.89</u>		<u>119,428.07</u>	
Detail:						
Salaries and Wages						
Other Expenses	<u>1,321,894.96</u>	<u>1,321,894.96</u>	<u>1,202,466.89</u>		<u>119,428.07</u>	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00			

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

A-3
Sheet #7

<u>Appropriation</u>	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>					
<u>DEBT SERVICE</u>					
Payment of Bond Principal	\$ 2,065,000.00	\$ 2,065,000.00	\$ 2,065,000.00	\$	\$
Legal Installments	65,100.00	65,100.00	65,100.00		
Interest on Bonds	672,091.00	672,091.00	665,784.50		6,306.50
Interest on Notes	74,780.00	74,780.00	73,780.00		1,000.00
Loan Repayments for Principal and Interest	122,190.00	122,190.00	122,189.96		0.04
	<u>2,999,161.00</u>	<u>2,999,161.00</u>	<u>2,991,854.46</u>		<u>7,306.54</u>
<u>DEFERRED CHARGES</u>					
Emergency Authorizations					
Total Appropriations Excluded from "CAPS"	<u>4,346,055.96</u>	<u>4,346,055.96</u>	<u>4,219,321.35</u>		<u>119,428.07</u>
Sub-Total	22,117,381.96	22,117,381.96	19,929,221.31	429,664.57	1,401,189.54
Reserve for Uncollected Taxes	<u>1,339,938.00</u>	<u>1,339,938.00</u>	<u>1,339,938.00</u>		
Total General Appropriations	<u>\$ 23,457,319.96</u>	<u>\$ 23,457,319.96</u>	<u>\$ 21,269,159.31</u>	<u>\$ 429,664.57</u>	<u>\$ 1,401,189.54</u>
	A-2	Below	Below	A	A
	Ref.				Below
Adopted Budget	Above	\$ 23,457,319.96	\$		
Reserve for Uncollected Taxes	A-2c	(1,339,938.00)	1,339,938.00		
Cash Expenditures	A-5		19,641,079.39		
Petty Cash Reimbursements	A-9		240.96		
Interfunds Receivable	A-16		40,000.00		
Interfunds Payable	A-24		90,100.00		
Reserve for State Grants	A-24		157,800.96		
Canceled	Above	(357,306.54)			
		<u>\$ 21,760,075.42</u>	<u>\$ 21,269,159.31</u>		
	Ref.	A-1	Above		

TOWNSHIP OF VERONA
TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

B

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Animal Control Trust Fund</u>			
Cash - Checking	B-2	<u>\$ 16,577.39</u>	<u>\$ 41,202.44</u>
<u>Trust Other Fund</u>			
Cash - Checking	B-2	808,250.27	685,620.34
Cash - Investments	B-3	1,412,167.91	1,411,000.00
Due from Essex County	B-4	<u>442,214.00</u>	<u>217,476.00</u>
		<u>2,662,632.18</u>	<u>2,314,096.34</u>
<u>Special Health Fund</u>			
Cash - Checking	B-2	<u>11,410.43</u>	<u>11,410.43</u>
		<u>\$ 2,690,620.00</u>	<u>\$ 2,366,709.21</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Animal Control Trust Fund</u>			
Reserve for Expenditures	B-9	<u>\$ 16,577.39</u>	<u>\$ 41,202.44</u>
<u>Trust Other Fund</u>			
Interfunds Payable	B-5	518,786.96	264,207.59
Special Deposits	B-6	1,605,468.63	1,507,498.84
Unemployment Compensation Insurance Fund	B-7	392,846.43	405,428.19
Reserve for Community Development Block Grant	B-8	1.00	1.00
Escrow Deposits	B-10	145,528.78	136,960.34
Fund Balance	B-1	<u>0.38</u>	<u>0.38</u>
		<u>2,662,632.18</u>	<u>2,314,096.34</u>
<u>Special Health Fund</u>			
Reserve for Health Clinic	B-11	<u>11,410.43</u>	<u>11,410.43</u>
		<u>\$ 2,690,620.00</u>	<u>\$ 2,366,709.21</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
TRUST FUND

STATEMENT OF FUND BALANCE
GENERAL TRUST FUND
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

B-1

	<u>Ref.</u>	
Balance, December 31, 2014	B	<u>\$ 0.38</u>
Balance, December 31, 2015	B	<u><u>\$ 0.38</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	C-2	\$ 402,220.85	\$ 1,348,599.09
Investment Account	C-3	7,495,800.00	8,495,800.00
	C-4	<u>7,898,020.85</u>	<u>9,844,399.09</u>
Due from State of New Jersey:			
Grants and Aid	C-5	200,000.00	200,000.00
Due from General Trust Fund	C-7	326,214.00	217,476.00
Due from Current Fund	C-6	89,267.62	
Deferred Charges to Future Taxation:			
Funded	C-8	20,218,748.06	22,379,504.34
Unfunded	C-9	<u>11,978,300.00</u>	<u>9,319,994.11</u>
		<u>\$ 40,710,550.53</u>	<u>\$ 41,961,373.54</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-19	\$ 18,969,000.00	\$ 21,034,000.00
Bond Anticipation Notes	C-17	9,392,400.00	7,378,000.00
Green Acres Loan Payable	C-18	1,249,748.06	1,345,504.34
Capital Improvement Fund	C-10	560,231.65	745,231.65
Reserve for:			
Debt Service	C-11	1,131.81	1,131.81
Future Improvements	C-12	500,050.00	500,050.00
State Grants and Aid Receivable	C-13	200,000.00	200,000.00
Community Development Block Grants	C-14	110,214.00	217,476.00
Interfunds Payable	C-15		6,977.44
Improvement Authorizations:			
Funded	C-16	2,562,659.04	3,531,849.73
Unfunded	C-16	6,111,726.56	6,165,765.79
Fund Balance	C-1	<u>1,053,389.41</u>	<u>835,386.78</u>
		<u>\$ 40,710,550.53</u>	<u>\$ 41,961,373.54</u>
Bonds and Notes Authorized but Not Issued	C-20	<u>\$ 2,585,900.00</u>	<u>\$ 1,941,994.11</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

C-1

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$ 835,386.78
Increased by:			
Cash Receipts:			
Premium on Bond Anticipation Notes			
Issued	C-2	\$ 147,370.07	
Improvement Authorizations Canceled	C-16	<u>770,632.56</u>	
			<u>918,002.63</u>
			1,753,389.41
Decreased by:			
Amount Utilized in Current Fund Budget	C-2		<u>700,000.00</u>
Balance, December 31, 2015	C		<u><u>\$ 1,053,389.41</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

D
Sheet # 1

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Operating Fund</u>			
Cash - Checking	D-5	\$ 1,107,199.86	\$ 1,351,896.92
Cash - Cash Management Fund	D-6	686,618.51	684,000.00
		<u>1,793,818.37</u>	<u>2,035,896.92</u>
Change Fund		130.00	130.00
		<u>1,793,948.37</u>	<u>2,036,026.92</u>
Receivables and Inventory with Full Reserves:			
Water/Sewer Rents Receivable	D-10	520,194.42	306,587.49
Inventory - Materials and Supplies	D-11	195,735.61	195,735.61
		<u>715,930.03</u>	<u>502,323.10</u>
		<u>2,509,878.40</u>	<u>2,538,350.02</u>
<u>Capital Fund</u>			
Cash - Checking	D-5	80,003.82	207,987.70
Cash - Cash Management Fund	D-6	3,072,500.00	3,072,500.00
	D-7	<u>3,152,503.82</u>	<u>3,280,487.70</u>
Interfunds Receivable	D-8	181,000.00	11,462.64
Fixed Capital	D-12	43,801,378.10	42,896,608.84
Fixed Capital Authorized and Uncompleted	D-13	3,623,321.69	4,663,992.58
		<u>50,758,203.61</u>	<u>50,852,551.76</u>
		<u>\$ 53,268,082.01</u>	<u>\$ 53,390,901.78</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

D
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves:			
Committed	D-4, D-14	\$ 421,430.33	\$ 602,462.30
Uncommitted	D-4, D-14	502,744.69	118,729.18
Interfunds Payable	D-8	65,000.00	10,000.00
Accrued Interest on Notes	D-15	3,848.89	835.56
Accrued Interest on Bonds	D-16	42,072.54	46,329.84
Accrued Interest on Loans	D-17	16,570.32	17,520.70
Water/Sewer Overpayments	D-18	5,874.05	19,909.39
		<u>1,057,540.82</u>	<u>815,786.97</u>
Reserve for Receivables and Inventory		715,930.03	502,323.10
Fund Balance	D-1	736,407.55	1,220,239.95
		<u>2,509,878.40</u>	<u>2,538,350.02</u>
<u>Capital Fund</u>			
Serial Bonds	D-25	4,961,000.00	5,551,000.00
Environmental Infrastructure Loans Payable	D-24	1,486,436.74	1,655,115.41
Bond Anticipation Notes	D-23	433,000.00	188,000.00
Capital Improvement Fund	D-19	289,800.00	234,800.00
Reserve for:			
Amortization	D-20	39,095,463.05	38,550,686.01
Deferred Amortization	D-21	305,300.00	217,300.00
Improvement Authorizations:			
Funded	D-22	2,311,146.00	2,580,689.49
Unfunded	D-22	1,312,175.69	1,469,774.12
Fund Balance	D-2	563,882.13	405,186.73
		<u>50,758,203.61</u>	<u>50,852,551.76</u>
		<u>\$ 53,268,082.01</u>	<u>\$ 53,390,901.78</u>
 Bonds and Notes Authorized but Not Issued			
	D-26	<u>\$ 1,143,500.00</u>	<u>\$ 1,368,500.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - OPERATING FUND
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014

D-1

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	D-3	\$ 1,110,000.00	\$ 1,100,010.00
Water/Sewer Rents	D-3	4,969,921.39	5,198,252.96
Miscellaneous	D-3	97,060.43	166,616.83
Capital Surplus	D-3	100,000.00	
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves	D-14	437,408.88	269,457.34
		<u>6,714,390.70</u>	<u>6,734,337.13</u>
<u>Expenditures</u>			
Operating		4,908,342.00	4,279,013.00
Capital Improvements		55,000.00	45,000.00
Debt Service		973,926.10	1,130,466.12
Deferred Charges and Statutory			
Expenditures		150,955.00	143,134.00
	D-4	<u>6,088,223.10</u>	<u>5,597,613.12</u>
Excess in Revenue		626,167.60	1,136,724.01
<u>Fund Balance</u>			
Balance, Beginning of Year	D	1,220,239.95	1,183,525.94
		<u>1,846,407.55</u>	<u>2,320,249.95</u>
Decreased by:			
Amount Utilized in Operating Budget	D-3	<u>1,110,000.00</u>	<u>1,100,010.00</u>
Balance, End of Year	D	<u>\$ 736,407.55</u>	<u>\$ 1,220,239.95</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

D-2

	<u>Ref.</u>		
Balance, December 31, 2014	D		\$ 405,186.73
Increased by:			
Improvement Authorizations Canceled	D-22	\$ 251,901.63	
Premium on Sale of Notes	D-5	<u>6,793.77</u>	
			<u>258,695.40</u>
			663,882.13
Decreased by:			
Amount Anticipated in Operating Budget	D-5		<u>100,000.00</u>
Balance, December 31, 2015	D		<u>\$ 563,882.13</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

D-3

<u>Revenue</u>	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 1,110,000.00	\$ 1,110,000.00	\$
Rents	D-1, D-10	5,150,000.00	4,969,921.39	(180,078.61)
Water/Sewer Capital Surplus	D-1, D-5	100,000.00	100,000.00	
Miscellaneous	D-1, D-5,6	120,778.00	97,060.43	(23,717.57)
	D-4	<u>\$ 6,480,778.00</u>	<u>\$ 6,276,981.82</u>	<u>\$(203,796.18)</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2015

D-4

<u>Appropriations</u>	<u>Budget</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Expended</u> <u>Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>Operating</u>						
Salaries and Wages	\$ 1,939,292.00	\$ 1,939,292.00	\$ 1,641,257.15	\$ 75,000.00	\$ 173,034.85	\$ 50,000.00
Other Expenses	3,319,050.00	3,319,050.00	2,342,909.83	346,430.33	329,709.84	300,000.00
<u>Capital Improvements</u>						
Capital Improvement Fund	55,000.00	55,000.00	55,000.00			
<u>Debt Service</u>						
Payment of Bond Principal	590,000.00	590,000.00	590,000.00			
Payment of Bond Anticipation Notes	10,000.00	10,000.00	10,000.00			
Interest on Bonds	190,031.00	190,031.00	177,471.50			12,559.50
Interest on Notes	12,202.00	12,202.00	4,893.33			7,308.67
State of New Jersey:						
Loan Principal	168,679.00	168,679.00	168,678.67			0.33
Loan Interest	45,569.00	45,569.00	22,882.60			22,686.40
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System (OASI)	150,955.00	150,955.00	150,955.00			
Unemployment Compensation Insurance						
Total Water/Sewer Utility Appropriations	\$ 6,480,778.00	\$ 6,480,778.00	\$ 5,164,048.08	\$ 421,430.33	\$ 502,744.69	\$ 392,554.90
<u>Ref.</u>	D-3		Below	D	D	Below
<u>Ref.</u>						
Adopted Budget	D-3	\$ 6,480,778.00	\$			
Cash Disbursed	D-5		4,822,646.34			
Interfunds	D-8		136,154.31			
Accrued Interest on Notes	D-15		4,893.33			
Accrued Interest on Bonds	D-16		177,471.50			
Accrued Interest on Loans	D-17		22,882.60			
Canceled	Above	(392,554.90)				
		<u>\$ 6,088,223.10</u>	<u>\$ 5,164,048.08</u>			
<u>Ref.</u>	D-1		Above			

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

E

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Operating Fund</u>			
Cash - Checking Accounts	E-5	\$ 125,845.59	\$ 145,647.17
Cash - New Jersey Cash Management Fund	E-6	285,900.00	285,900.00
		<u>411,745.59</u>	<u>431,547.17</u>
<u>Capital Fund</u>			
Cash - Checking Account	E-5	58,425.71	85,669.05
Cash - New Jersey Cash Management Fund	E-6	297,678.00	297,678.00
	E-7	356,103.71	383,347.05
Interfunds Receivable	E-10	36,000.00	7,181.78
Fixed Capital	E-9	4,532,626.18	4,532,626.18
Fixed Capital Authorized and Uncompleted	E-11	317,165.09	282,165.09
		<u>5,241,894.98</u>	<u>5,205,320.10</u>
		<u>\$ 5,653,640.57</u>	<u>\$ 5,636,867.27</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves:			
Encumbered	E-4, E-12	\$ 20,057.65	\$ 9,054.79
Uncommitted	E-4, E-12	100,433.30	102,213.37
Accrued Interest on Bonds	E-13	17,502.63	18,814.08
Interfunds Payable	E-17	36,000.00	5,999.22
Accrued Interest on Notes	E-14	1,289.67	671.33
		<u>175,283.25</u>	<u>136,752.79</u>
Fund Balance	E-1	236,462.34	294,794.38
		<u>411,745.59</u>	<u>431,547.17</u>
<u>Capital Fund</u>			
Serial Bonds	E-21	1,473,000.00	1,618,000.00
Bond Anticipation Notes	E-20	146,000.00	152,000.00
Capital Improvement Fund	E-15	221,925.00	191,925.00
Reserve for Amortization	E-16	3,115,341.27	2,970,341.27
Deferred Reserve for Amortization	E-18	46,750.00	40,750.00
Improvement Authorizations:			
Funded	E-19	60,198.81	82,529.06
Unfunded	E-19	174,673.04	148,058.65
Fund Balance	E-2	4,006.86	1,716.12
		<u>5,241,894.98</u>	<u>5,205,320.10</u>
		<u>\$ 5,653,640.57</u>	<u>\$ 5,636,867.27</u>
Bonds and Notes Authorized but Not Issued	E-22	\$ 68,700.00	\$ 33,700.00

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

E-1

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	E-3	\$ 215,467.00	\$ 198,554.00
Membership Fees	E-3	452,135.00	470,330.75
Miscellaneous	E-3	73,402.07	77,770.57
Pool Capital Surplus	E-3	10,000.00	13,000.00
Appropriation Reserves	E-12	105,717.78	65,622.34
		<u>856,721.85</u>	<u>825,277.66</u>
<u>Expenditures</u>			
Operating		438,765.00	403,962.00
Capital Improvements		30,000.00	30,000.00
Capital Outlay		5,000.00	5,000.00
Debt Service		200,588.89	202,987.32
Statutory Expenditures and Deferred Charges		25,233.00	18,469.00
	E-4	<u>699,586.89</u>	<u>660,418.32</u>
Excess in Revenue		157,134.96	164,859.34
<u>Fund Balance</u>			
Balance, Beginning of Year	E	294,794.38	328,489.04
		<u>451,929.34</u>	<u>493,348.38</u>
Decreased by:			
Amount Utilized in Operating Budget	Above	<u>215,467.00</u>	<u>198,554.00</u>
Balance, End of Year	E	<u>\$ 236,462.34</u>	<u>\$ 294,794.38</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

E-2

	<u>Ref.</u>		
Balance, December 31, 2014	E		\$ 1,716.12
Increased by:			
Premium on Sale of Notes	E-5	\$ 2,290.74	
Improvement Authorizations Canceled	E-19	<u>10,000.00</u>	
			<u>12,290.74</u>
			14,006.86
Decreased by:			
Cash Disbursements - Anticipated Revenue	E-5		<u>10,000.00</u>
Balance, December 31, 2015	E		<u><u>\$ 4,006.86</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

E-3

	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance Anticipated	E-1	\$ 215,467.00	\$ 215,467.00	\$
Membership Fees	E-1, E-5	460,500.00	452,135.00	(8,365.00)
Pool Capital Surplus	E-1, E-5	10,000.00	10,000.00	
Miscellaneous	E-1	<u>75,000.00</u>	<u>73,402.07</u>	<u>(1,597.93)</u>
	E-4	<u>\$ 760,967.00</u>	<u>\$ 751,004.07</u>	<u>\$ (9,962.93)</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

E-4

Appropriations	Budget	Modified Budget	Expended			Unexpended Balance Canceled
			Paid or Charged	Encumbered	Reserved	
<u>Operating</u>						
Salaries and Wages	\$ 251,695.00	\$ 251,695.00	\$ 169,183.85	\$	\$ 57,511.15	\$ 25,000.00
Other Expenses	237,070.00	237,070.00	155,090.20	20,057.65	36,922.15	25,000.00
<u>Capital Improvements</u>						
Capital Improvement Fund	30,000.00	30,000.00	30,000.00			
Capital Outlay	5,000.00	5,000.00			5,000.00	
<u>Debt Service</u>						
Payment of Bond Principal	145,000.00	145,000.00	145,000.00			
Payment of Bond Anticipation Notes	10,237.00	10,237.00	6,000.00			4,237.00
Interest on Bonds	52,782.00	52,782.00	47,450.55			5,331.45
Interest on Notes	3,950.00	3,950.00	2,138.34			1,811.66
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System (OASI)	24,233.00	24,233.00	24,233.00			
Unemployment Compensation Insurance (N.J.S.A. 43:54-3 et seq):	1,000.00	1,000.00			1,000.00	
Total Appropriations	\$ 760,967.00	\$ 760,967.00	\$ 579,095.94	\$ 20,057.65	\$ 100,433.30	\$ 61,380.11

Ref.	E-3	Below	Below	E	E	Below
------	-----	-------	-------	---	---	-------

Ref.

Budget Appropriation	E-3	\$ 760,967.00	\$
Canceled	Above	(61,380.11)	
Cash Disbursed	E-5		493,507.05
Interfunds	E-17		36,000.00
Accrued Interest on Bonds	E-13		47,450.55
Accrued Interest on Notes	E-14		2,138.34
		<u>\$ 699,586.89</u>	<u>\$ 579,095.94</u>

Ref.	E-1	Above
------	-----	-------

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

F

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash - Checking	F-1	<u>\$ 2,937.60</u>	<u>\$ 2,922.96</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Reserves for Expenditures	F-2	<u>\$ 2,937.60</u>	<u>\$ 2,922.96</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

G

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash - Fees Account	G-2	\$ 52,155.83	\$ 51,364.18
Cash - Memorial Account	G-2	<u>138,401.62</u>	<u>138,347.30</u>
		<u>\$ 190,557.45</u>	<u>\$ 189,711.48</u>
 <u>FUND BALANCE</u>			
Fund Balances:			
Fees Account	G-1	\$ 52,155.83	\$ 51,364.18
Memorial Account	G-1	<u>138,401.62</u>	<u>138,347.30</u>
		<u>\$ 190,557.45</u>	<u>\$ 189,711.48</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
PAYROLL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

H

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash - Checking Account	H-1	<u>\$ 3,013.84</u>	<u>\$ 3,131.92</u>
 <u>LIABILITIES AND RESERVES</u>			
Due to Current Fund	H-1	\$	\$ 1,076.79
Accounts Payable	H-1	26.88	
Payroll Taxes and Deductions Payable	H-1	<u>2,986.96</u>	<u>2,055.13</u>
		<u>\$ 3,013.84</u>	<u>\$ 3,131.92</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Township of Verona, Essex County, New Jersey (the "Township") is organized as a Council-Manager municipality under the provisions of N.J.S.A. 40:69A-81 et seq. The Township is governed by an elected Council and by an appointed Municipal Manager, and by such other officers and employees as may be duly appointed. The Council shall consist of five members elected at large by voters of the municipality and shall serve for a term of four years beginning on the first day of July next following their election and that the Mayor shall be elected by the members of the Council.

Each member of the Council carries a legislative vote.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by the provisions of N.J.S.A. 40A:5-5.

Description of Funds

The GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Township conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). These principles are a reporting framework which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. 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 Township accounts for its financial transactions through the following separate funds that differ from the fund structure required by GAAP:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund, General Trust Fund and Special Health Trust Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Utilities Funds - Water and Sewer and Swimming Pool Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity. The Water and Sewer Utilities were consolidated into one fund beginning with calendar year 1996. Budget appropriations are combined, but separate records are maintained for rents receivable and capital activity.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Free Public Library (the "Library") - Budget Appropriations and State Aid are transferred to the Free Public Library bank account and are expended with the approval of the Library for its purposes. Interest on investments, Library fines and other revenue are retained by the Library and expended therefrom.

Payroll Fund - Net salaries, payroll deductions and social security contributions of municipal and utility operations are deposited into the bank account of the Payroll Fund. A Payroll Fund does not exist under GAAP.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in the Township are summarized as follows:

Property Taxes and Other Revenue

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become subject to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township budget. GAAP requires such revenue to be recognized in the accounting period when they become subject to accrual.

Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

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.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

As of January 1, 1986, all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31st are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves

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 sick, vacation and compensatory 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

Property acquired for taxes ("Foreclosed Property") is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the capital fixed assets at market value on the date of acquisition.

Interfunds Receivable/Payable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

Materials and supplies purchased by all Funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Sewer and Swimming Pool Utilities is required, by regulation, to be prepared by Township personnel for inclusion on the Water and Sewer and Swimming Pool Utility Operating Funds balance sheets. Annual changes in valuations, offset with a reserve account, are not considered as affecting current results of operations. Materials and supplies of other funds are not inventoried, nor included, on their respective balance sheets.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Fixed Assets

General:

In accordance with the Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Township has developed a fixed asset accounting and reporting system.

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

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record. Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Township.

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water and Sewer and Swimming Pool Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the Utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility, but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift, as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are as recorded in the records of the Township and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Basic Financial Statements

The GASB 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 Township presents the financial statements, which are required by the Division and differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

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

The Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

By regulation of the Division, municipalities are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey ("GUDPA"), public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Investments

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

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury Bills, Notes and Bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

As of December 31, 2015, the Township had funds invested and on deposit in checking and New Jersey Cash Management Accounts and Certificates of Deposit. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 3.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation (the "Board") by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey Statutes. The Township may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years:

Comparative Schedule of Tax Rates

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$ 3.000</u>	<u>\$ 2.946</u>	<u>\$ 2.801</u>	<u>\$ 2.678</u>	<u>\$ 2.550</u>
Apportionment of					
Tax Rate:					
Municipal	\$ 0.748	\$ 0.785	\$ 0.740	\$ 0.720	\$ 0.694
Library	0.037				
County	0.578	0.568	0.529	0.502	0.483
School	<u>1.637</u>	<u>1.593</u>	<u>1.532</u>	<u>1.456</u>	<u>1.373</u>

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

3. TAXES AND TAX TITLE LIENS RECEIVABLE (continued)

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2015	\$ 2,007,568,600.00
2014	2,000,963,500.00
2013	2,007,841,900.00
2012	2,064,221,500.00
2011	2,141,243,800.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	Percentage of <u>Collections</u>
2015	\$ 60,499,570.17	\$ 59,913,803.39	99.03 %
2014	59,068,647.94	58,473,470.58	98.99
2013	56,330,146.32	55,720,124.85	98.91
2012	55,339,999.01	54,630,214.80	98.72
2011	54,658,928.74	53,923,183.47	98.65

Delinquent Taxes and Tax Title Liens

<u>Year</u>	Amount of <u>Tax Title Liens</u>	Amount of <u>Delinquent Taxes</u>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
2015	\$ 576.96	\$ 552,810.76	\$ 553,387.72	0.91 %
2014		542,256.97	542,256.97	0.91
2013		549,471.23	549,471.23	0.98
2012		670,957.77	670,957.77	1.21
2011		678,485.40	678,485.40	1.24

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2015	\$ 267,817.00
2014	267,817.00
2013	267,817.00
2012	267,817.00
2011	267,817.00

5. WATER/SEWER CONSUMER ACCOUNTS RECEIVABLE

The Township maintains a Utility fund for the billing and collection of water/sewer rents. The Township is divided into three sections for the purposes of billings which are done on a quarterly basis.

A comparison of Water/Sewer billings and collections for the past five years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection*</u>
2015	\$ 5,183,528.32	\$ 4,969,921.39
2014	5,156,593.38	5,198,252.96
2013	4,816,236.03	4,894,007.67
2012	4,882,146.17	4,742,103.23
2011	4,839,149.25	4,754,070.74

*Collections of prior year balances are included in the above sum amounts.

6. SWIMMING POOL MEMBERSHIP FEES

A comparison of Swimming Pool Membership Fees for the past five years are as follows:

<u>Year</u>	<u>Collections</u>
2015	\$ 452,135.00
2014	470,330.75
2013	462,100.00
2012	454,730.00
2011	442,000.00

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. FUND BALANCES APPROPRIATED

Year	Current Fund		Swimming Pool Utility Operating Fund		Water Sewer Utility Operating Fund	
	Balance	Utilized in	Balance	Utilized in	Balance	Utilized in
	Dec. 31st	Budget of Succeeding Year	Dec. 31st	Budget of Succeeding Year	Dec. 31st	Budget of Succeeding Year
2015	\$ 3,008,253.35	\$ 2,822,500.00	\$236,462.34	\$ 200,000.00	\$ 736,407.55	\$ 700,000.00
2014	2,907,733.72	2,828,000.00	294,794.38	215,467.00	1,220,239.95	1,110,000.00
2013	2,982,655.61	2,850,000.00	328,489.04	198,554.00	1,183,525.94	1,100,010.00
2012	2,793,683.97	2,650,000.00	270,906.48	154,114.00	942,890.46	783,000.00
2011	2,632,170.93	2,500,000.00	225,802.59	163,576.00	724,994.38	600,000.00

8. PENSION PLANS

Public Employee Retirement System

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	166,637
Inactive plan members entitled to but not yet receiving benefits	703
Active plan members	<u>259,161</u>
Total	<u>426,501</u>

Contributing Employers – 1,710

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2015, the State was required to make a minimum contribution representing 4/7th of the actuarially determined contribution amount based on the July 1, 2013 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

8. PENSION PLANS (continued)

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2015 the Township's total payroll for all employees was \$10,681,288. Total PERS covered payroll was \$2,901,274. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014 and increased to 6.92 for State fiscal year 2015, commencing July 1, 2015. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Township payments to PERS for the years ending December 31, 2014 and 2015 consisted of the following:

	<u>2015</u>	<u>2014</u>
Total Regular Billing	604,322	567,215

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. PENSION PLANS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2015, the PERS reported a net pension liability of \$22,447,996,119 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$15,779,128 or 0.07029192%. At June 30, 2014, the PERS reported a net pension liability of \$18,722,735,003 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$13,037,721 or 0.06880457%.

For the year ended December 31, 2015, the Township recognized PERS expense of \$604,322. At December 31, 2015 the Township would have reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources, if GASB #68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expensed and actual experience	\$ 376,435	\$ -
Changes in assumptions	1,694,552	-
Net difference between projected and actual earnings on pension plan investments	-	253,698
Changes in proportion and differences between Township contributions and proportionate share of contributions	313,614	-
Township contributions subsequent to the measurement date	604,322	-

\$604,322 shown as deferred outflows of resources related to PERS resulting from Township contributions subsequent to the measurement date (December 31, 2015) should have been recognized as a reduction of net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS should have been recognized in pension expense as follows, if GASB #68 was recognized:

<u>Year ended December 31,</u>	<u>Amount</u>
2016	\$ 399,257
2017	399,257
2018	399,257
2019	591,183
2020	341,941
Thereafter	
Total	\$ 2,130,903

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

8. PENSION PLANS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.15-4.40% Based on age
Thereafter	3.15-5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	
Cash	1.04%
U.S. Treasuries	1.64%
Investment Grade Credit	1.79%
Mortgages	1.62%
High Yield Bonds	4.03%
Inflation-Indexed Bonds	3.25%
Broad US Equities	8.52%
Developed Foreign Equities	6.88%
Emerging Market Equities	10.00%
Private Equity	12.41%
Hedge Funds/Absolute Return	4.72%
Real Estate (Property)	6.83%
Commodities	5.32%
Global Debt Ex U.S.	-0.40%
REIT	5.12%

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 4.90%

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
Township's proportionate share	\$19,611,525	\$15,779,128	\$12,566,074

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

8. *PENSION PLANS (continued)*

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2015 was \$28,553,566,906. Information regarding the portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group was not available.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	44,252
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>40,359</u>
Total	<u>84,662</u>

Contributing Employers – 585

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2015, the State was required to make a minimum contribution representing 4/7th of the actuarially determined contribution amount based on the July 1, 2013 actuarial valuation.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2015 the Township's total payroll for all employees was \$10,681,288. Total PFRS covered payroll was \$2,901,274. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Township payments to PFRS made in the years ending December 31, 2014 and 2015 consisted of the following:

Total PFRS Payment - Regular	<u>\$749,837</u>	<u>\$736,803</u>
------------------------------	------------------	------------------

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. PENSION PLANS (continued)

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PFRS:

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2015, the PFRS reported a net pension liability of \$18,117,234,618 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$15,365,267, or 0.09224779%. At June 30, 2014, the PFRS reported a net pension liability of \$13,933,627,128 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$12,067,012, or 0.09592926%.

For the year ended December 31, 2015, the Township recognized PFRS expense of \$749,837. At December 31, 2015 the Township would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB #68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience		\$132,530
Changes in assumptions	\$2,836,810	
Net difference between projected and actual earnings on pension plan investments		267,419
Changes in proportion and differences between Township contributions and proportionate share of contributions		492,968
Township contributions subsequent to the measurement date	797,251	

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

8. PENSION PLANS (continued)

\$797,251 shown as deferred outflows of resources related to PFRS resulting from Township contributions subsequent to the measurement date (December 31, 2015) should have been recognized as a reduction of net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS should have been recognized in pension expense as follows, if GASB #68 was recognized:

<u>Year ended December 31,</u>	<u>Amount</u>
2016	\$424,390
2017	424,390
2018	424,390
2019	732,240
2020	250,046
Thereafter	
Total	\$2,255,456

Actuarial Assumptions- The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.60-9.48% based on age
Thereafter	3.60-10.48% based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	
Cash	1.04%
U.S. Treasuries	1.64%
Investment Grade Credit	1.79%
Mortgages	1.62%
High Yield Bonds	4.03%
Inflation-Indexed Bonds	3.25%
Broad US Equities	8.52%
Developed Foreign Equities	6.88%
Emerging Market Equities	10.00%
Private Equity	12.41%
Hedge Funds/Absolute Return	4.72%
Real Estate (Property)	6.83%
Commodities	5.32%
Global Debt Ex U.S.	-0.40%
REIT	5.12%

Discount Rate – The discount rate used to measure the pension liabilities of PFRS was 5.79%

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

8. PENSION PLANS (continued)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At current discount rate</u>	<u>At 1% increase</u>
PFRS	\$20,256,300	\$15,365,267	\$11,377,067

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2015 was \$25,106,858,921.

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2014, the membership in the DCRP, based on the information within the Division's database, was 28,270.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

9. HEALTH BENEFITS

P.L. 2011 Ch. 78 Section 39 established guidelines for implementing employee contributions to the cost of their health insurance coverage.

The benefit cost of coverage is the premium. For State Health Benefit Plan ("SHBP") employers, the cost of coverage is the cost of medical and prescription coverage. For non-SHBP employers, the law requires that the cost of coverage includes all health care benefits; medical, prescription, dental, vision etc.

The base salary of the employees determines the percent of premium cost that is contributed.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. HEALTH BENEFITS (continued)

The contribution is phased in at 25% per year:

- a) Immediately, for employees hired on June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect
- b) when a CNA that is in effect on June 28, 2011 expires or is in almost any way modified

Full contribution (Year 4) takes effect immediately for employees hired after June 28, 2011 who are not covered by a CNA or would be covered by a CNA that has expired.

When contributions begin, if the 1.5% of base salary calculation under Ch. 2 is greater than the standard contribution that amount is paid until the new contribution percentage is greater.

10. POST-RETIREMENT BENEFITS

The Township contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment health care plan administered by the Division of Pensions. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employees in 1964. Local employers are required to adopt a resolution to participate in the SHBP and in November 2005, the Township authorized participation the SHBP's post-retirement benefits program through resolution number 148B, effective January 1, 2006. In 1989, the Township agreed to provide medical insurance coverage for all police officers who retire from the Verona Police Department with 25 or more years of credited police service, or who are authorized a disability retirement. This medical coverage benefit shall be administered by the Township at no cost to the retiree. Participation is mandatory for all officers and 2.10% of their annual base compensation is deducted for two years. Contributions to pay for the health premiums of participating retirees are billed to the Township on a monthly basis.

Effective June 1, 1993, all other employees were offered a "window" to participate for 60 days. Participation was voluntary and 2.10% of their annual base compensation was deducted for two years. Employees hired after December 31, 2005, are not eligible for retiree's medical coverage. In 2007, another "window" was offered from May to August for any employee employed in 1993, and still active, to buy in at 2.10% for two years.

The State Health Benefits Commission is the executive body established by Statute to be responsible for the operation of the SHBP. The Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information of the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-09295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf.

Funding Policy: 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 insurance premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township assumes cost through taxation.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

10. POST-RETIREMENT BENEFITS (continued)

The Township contributions to SHBP for the years ended December 31, 2015, 2014, and 2013 were \$854,529.12 and \$761,391.72 respectively, which equaled the required contributions for each year. There were approximately 49 and 47 retired participants eligible at December 31, 2015, 2014 and 2013, respectively.

11. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within 10 years and 5 months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 29,611,148.06	\$ 29,757,504.34	\$ 28,037,373.85
Water/Sewer Utility:			
Bonds, Notes and Loans	6,880,436.74	7,394,115.41	8,282,521.94
Swimming Pool Utility:			
Bonds and Notes	1,619,000.00	1,770,000.00	1,919,000.00
	<u>38,110,584.80</u>	<u>38,921,619.75</u>	<u>38,238,895.79</u>
Less:			
Reserve to Pay Debt Service:			
Water/Sewer			
General	1,131.81	1,131.81	1,131.81
	<u>1,131.81</u>	<u>1,131.81</u>	<u>1,131.81</u>
Net Debt Issued	<u>38,109,452.99</u>	<u>38,920,487.94</u>	<u>38,237,763.98</u>
<u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	2,585,900.00	1,941,994.11	5,220,594.11
Water/Sewer Utility:			
Bonds and Notes	1,143,500.00	1,368,500.00	500.00
Swimming Pool Utility:			
Bonds and Notes	68,700.00	33,700.00	700.00
Total Authorized but Not Issued	<u>3,798,100.00</u>	<u>3.00</u>	<u>5,221,794.11</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 41,907,552.99</u>	<u>\$ 42,264,682.05</u>	<u>\$ 43,459,558.09</u>

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. MUNICIPAL DEBT (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.443%:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 40,080,000.00	\$ 40,080,000.00	\$
Water/Sewer Utility Debt	8,023,936.74	8,023,936.74	
Swimming Pool Utility			
Debt	1,687,700.00	1,687,700.00	
General Debt	<u>32,197,048.06</u>	<u>1,131.81</u>	<u>32,195,916.25</u>
	<u>\$ 81,988,684.80</u>	<u>\$ 49,792,768.55</u>	<u>\$ 32,195,916.25</u>

Net debt, \$32,195,916.25 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,231,168,429.33 equals 1.443%.

Summary of Statutory Debt Condition - Annual Debt Statement Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis	\$ 78,090,895.02
Net Debt	<u>32,195,916.25</u>
Remaining Borrowing Power	<u>\$ 45,894,978.77</u>

School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local District.

Calculation of "Self-Liquidating Purposes" Water/Sewer Utility per N.J.S.A. 40A:2-45

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 6,176,981.82
Deductions:		
Operating and Maintenance Costs	\$ 5,114,297.00	
Debt Service per Water/Sewer Utility	<u>973,926.10</u>	
		<u>6,088,223.10</u>
Excess in Revenue		<u>\$ 88,758.72</u>

As there is an excess in revenue, all Water/Sewer Utility Debt is deductible for Debt Statement purposes.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. MUNICIPAL DEBT (continued)

Calculation of "Self-Liquidating Purposes" Swimming Pool Utility Per N.J.S.A. 40A:2-45

Surplus and Cash Receipts from Fees,		
Rent or Other Charges for Year		\$ 741,004.07
Deductions:		
Operating and Maintenance Costs	\$ 498,998.00	
Debt Service per Swimming Pool		
Utility Operating Fund	200,588.89	
		<u>699,586.89</u>
Excess in Revenue		<u>\$ 41,417.18</u>

As there is an excess in revenue, all Swimming Pool Utility Debt is deductible for Debt Statement purposes.

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

General Capital Improvement Bonds

As of December 31, 2015, the Township's long-term debt is as follows:

General Obligation Bonds

\$5,764,000, 2004 Bonds due in annual installments of \$449,000 to \$450,000 through November 2020, interest ranging from 3.50% to 4.00%	\$ 2,249,000.00
\$6,827,000, 2008 Bonds due in annual installments of \$600,000 to \$602,000 through May 2023, interest ranging from 3.45% to 5.00%	4,802,000.00
\$8,665,000, 2010 Bonds due in annual installments of \$640,000 to \$750,000 through May 2023, interest ranging from 2.00% to 3.25%	5,890,000.00
\$6,558,000, 2013 Bonds due in annual installments of \$500,000 to \$528,000 through July 2027, interest ranging from 2.50% to 3.00%	<u>6,028,000.00</u>
	<u>\$ 18,969,000.00</u>

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. MUNICIPAL DEBT (continued)

Water/Sewer Utility Bonds

\$858,000, 2004 Bonds due in annual installments of \$68,000 to \$70,000 through November 2019, interest ranging from 3.50% to 3.80%	\$ 278,000.00
\$2,886,000, 2008 Bonds due in annual installments of \$200,000 to \$226,000 through May 2023, interest ranging from 3.45% to 5.00%	1,746,000.00
\$1,819,000, 2010 Bonds due in annual installments of \$150,000 to \$200,000 through November 2021, interest ranging from 2.00% to 3.00%	1,094,000.00
\$2,043,000, 2013 Bonds due in annual installments of \$118,000 to \$150,000 through July 2028, interest ranging from 2.50% to 3.00%	1,843,000.00
	<u>\$ 4,961,000.00</u>

Swimming Pool Utility Bonds

\$462,000, 2004 Bonds due in remaining annual installments of \$22,000 to \$40,000 through November 2017, interest ranging from 3.50% to 3.60%	\$ 62,000.00
\$272,000, 2008 Bonds due in annual installments of \$40,000 to \$62,000 through May 2018, interest at 5.00%	162,000.00
\$1,379,000, 2013 Bonds due in remaining annual installments of \$65,000 to \$130,000 through July 2026, interest ranging from 2.50% to 3.00%	1,249,000.00
	<u>\$ 1,473,000.00</u>

A schedule of annual debt service for future principal and interest for bonded debt is as follows:

Year	Cash Basis						
	General		Water/Sewer Utility		Swimming Pool Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 2,300,000.00	\$ 597,812.50	\$ 590,000.00	\$ 157,396.50	\$ 145,000.00	\$ 43,737.00	\$ 3,833,946.00
2017	2,300,000.00	524,562.50	590,000.00	137,321.50	147,000.00	38,212.00	3,737,096.00
2018	2,302,000.00	448,937.50	596,000.00	116,589.00	147,000.00	32,745.00	3,643,271.50
2019	2,300,000.00	371,887.50	638,000.00	96,179.00	130,000.00	29,070.00	3,565,136.50
2020	2,299,000.00	298,937.50	570,000.00	76,200.00	130,000.00	25,820.00	3,399,957.50
2021	1,850,000.00	224,827.50	539,000.00	58,695.00	130,000.00	22,570.00	2,825,092.50
2022	1,850,000.00	168,227.50	370,000.00	41,955.00	130,000.00	19,320.00	2,579,502.50
2023	1,740,000.00	107,740.00	350,000.00	29,740.00	130,000.00	15,420.00	2,372,900.00
2024	500,000.00	60,840.00	150,000.00	21,540.00	130,000.00	11,520.00	873,900.00
2025	500,000.00	45,840.00	150,000.00	17,040.00	130,000.00	7,620.00	850,500.00
2026	500,000.00	30,840.00	150,000.00	12,540.00	124,000.00	3,720.00	821,100.00
2027	528,000.00	15,840.00	150,000.00	8,040.00			701,880.00
2028			118,000.00	3,540.00			121,540.00
	\$ 18,969,000.00	\$ 2,896,292.50	\$ 4,961,000.00	\$ 776,776.00	\$ 1,473,000.00	\$ 249,754.00	\$ 29,325,822.50

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. MUNICIPAL DEBT (continued)

A schedule of annual debt service for future principal and interest for Green Acres debt is as follows:

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 97,680.98	\$ 24,508.99	\$ 122,189.97
2017	99,644.37	22,545.60	122,189.97
2018	101,647.22	20,542.75	122,189.97
2019	103,690.33	18,499.63	122,189.96
2020	105,774.50	16,415.46	122,189.96
2021	107,900.58	14,289.40	122,189.98
2022	110,069.37	12,120.59	122,189.96
2023	112,281.77	9,908.20	122,189.97
2024	114,538.64	7,651.34	122,189.98
2025	116,840.86	5,349.11	122,189.97
2026	119,189.36	3,000.60	122,189.96
2027	60,490.08	604.90	61,094.98
	<u>\$ 1,249,748.06</u>	<u>\$ 155,436.57</u>	<u>\$ 1,405,184.63</u>

Waste Water Treatment Loans:

Loan Number 3:

On November 1, 2002, loan agreements were entered into by the Township for the construction of potable ground wells and other improvements. Loans payable in the amount of \$1,435,250.00 were originally authorized detailed as follows:

Fund Share	\$ 700,000.00
Trust Share	735,250.00

Loan Number 4:

On November 1, 2004, loan agreements were entered into by the Township for the continued construction of potable ground wells and other improvements. Loans payable in the amount of \$1,714,348.00 were originally authorized detailed as follows:

Environmental Infrastructure Loans:

Fund Share	\$ 864,348.00
Trust Share	850,000.00

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. MUNICIPAL DEBT (continued)

Schedules of future annual principal and interest payments remaining for the two combined loans are detailed as follows:

Year	Loan Number 3		Loan Number 4		Total
	Principal	Interest	Principal	Interest	
2016	\$ 77,018.70	\$ 16,612.50	\$ 89,185.25	\$ 23,156.26	\$ 205,972.71
2017	83,980.40	14,612.50	88,018.32	21,356.26	207,967.48
2018	82,509.12	12,362.50	94,801.13	19,106.26	208,779.01
2019	89,307.34	10,112.50	93,180.39	16,606.26	209,206.49
2020	87,672.60	7,612.50	99,801.12	14,106.26	209,192.48
2021	86,037.86	5,112.50	98,018.32	11,356.26	200,524.94
2022	92,672.80	2,612.50	104,476.98	8,606.26	208,368.54
2023			110,773.57	5,606.26	116,379.83
2024			108,982.84	2,843.76	111,826.60
	<u>\$ 599,198.82</u>	<u>\$ 69,037.50</u>	<u>\$ 887,237.92</u>	<u>\$ 122,743.84</u>	<u>\$ 1,678,218.08</u>

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	Maturity Date	Interest Date	Amount
General Capital	7/22/16	2.00%	<u>\$ 9,392,400.00</u>
Water/Sewer Utility	7/22/16	2.00%	<u>\$ 433,000.00</u>
Swimming Pool Utility	7/22/16	2.00%	<u>\$ 146,000.00</u>

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	Balance Dec. 31, 2015	Balance Dec. 31, 2014
General Capital Fund:		
General Improvements	<u>\$ 2,585,900.00</u>	<u>\$ 1,941,994.11</u>
Water/Sewer Utility Capital Fund:		
General Improvements	<u>\$ 1,143,500.00</u>	<u>\$ 1,368,500.00</u>
Swimming Pool Utility Capital Fund:		
General Improvements	<u>\$ 68,700.00</u>	<u>\$ 33,700.00</u>

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

12. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 19,828.05	\$ 142,431.12
Federal and State Grant Fund	109,908.41	
General Trust Fund		518,786.96
General Capital Fund	415,481.62	
Water/Sewer Operating Fund		65,000.00
Water/Sewer Capital Fund	181,000.00	
Swimming Pool Operating Fund		36,000.00
Swimming Pool Capital Fund	36,000.00	
	<u>\$ 762,218.08</u>	<u>\$ 762,218.08</u>

13. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, there were no deferred charges.

14. DEFERRED SCHOOL TAX

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows:

	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2014</u>	<u>Increase (Decrease)</u>
*Balance of Tax	\$ 12,234,270.26	\$ 11,527,908.01	\$ 706,362.25
Amount of Deferred	<u>9,234,270.26</u>	<u>8,777,908.01</u>	<u>456,362.25</u>
Total Payable (Cash Liability)	<u>\$ 3,000,000.00</u>	<u>\$ 2,750,000.00</u>	<u>\$ 250,000.00</u>

*Required for school operations for the six month period following December 31st.

15. RISK MANAGEMENT

The Township is a member of the North Jersey Intergovernmental Insurance Fund for various insurance coverages.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

16. CONTINGENT LIABILITIES

a. Compensated Absences

The Township permits its employees to accrue unused vacation and sick pay, which may be taken as compensatory time off or paid at a later date, at an agreed upon rate. It is estimated that the sum of \$2,129,416.88 is due and payable to employees and officials of the Township as of December 31, 2015 upon their retirements or other separations. This amount was not verified by audit.

The Township has set aside a reserve of \$206,396.63 in the General Trust Fund to fund a portion of the liability.

b. Tax Appeals

As of May 30, 2016, the Township Attorney indicated that there were 30 State Tax Appeals pending before the New Jersey Tax Court. These appeals have an assessed valuation totaling \$143,506,500.

Judgments, adverse to the Township, would apply to the year of appeal plus at least two subsequent years. Refunds or tax credits, including statutory interest thereon, would be chargeable to operations or future budget appropriations.

County taxes paid on the reductions in assessed valuations are subject to credits against County Tax Levy of the year subsequent to the year in which appeals were adjudicated.

c. Federal and State Awards

The Township participates in several Federal and State grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grant, refunds of any money received may be required and the collectability of any related receivable at December 31, 2014 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

d. Litigation

The Township is involved in claims incidental to its operation which has been referred to and are being handled by the Township's liability insurance carrier. No claims appear to be in excess of insurance coverage limits.

17. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2015 through the date of May 30, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that no subsequent events have occurred which require disclosure in the financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2015

A-4

	<u>Ref.</u>	<u>Regular Fund</u>	
Balance, December 31, 2014	A		\$ 4,367,688.32
Increased by:			
Interest and Cost on Taxes	A-2a	\$ 134,154.21	
Miscellaneous Revenue Not Anticipated	A-2d	42,214.81	
Transferred from Cash Management Fund	A-6	3,000,000.00	
Petty Cash Fund Returned	A-9	259.04	
Due from State of New Jersey - Senior Citizens' and Veterans' Tax Deductions	A-10	94,442.47	
Taxes Receivable	A-11	60,061,115.48	
Other Accounts Receivable	A-13	20,649.50	
Revenue Accounts Receivable	A-14	4,087,264.23	
Protested Checks	A-15	147,430.74	
Interfunds Receivable	A-16	580,833.76	
State Library Aid	A-18	5,830.00	
Due to State of New Jersey License Surcharges	A-19	1,850.00	
Tax Overpayments	A-20	49,471.72	
Interfunds Payable	A-24	82,752.63	
Prepaid Taxes	A-25	250,745.58	
Prepaid Revenue	A-26	9,000.53	
Contra Items:			
Appropriation Refunds	Contra	<u>1,088,537.41</u>	
			<u>69,656,552.11</u>
			74,024,240.43
Decreased by:			
Disbursements per Schedule	A-5	68,018,008.52	
Contra Items	Contra	<u>1,088,537.41</u>	
			<u>69,106,545.93</u>
Balance, December 31, 2015	A		<u><u>\$ 4,917,694.50</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

CASH DISBURSEMENTS - COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2015

A-5

	<u>Ref.</u>	<u>Regular Fund</u>
Budget Appropriations	A-3	\$ 19,641,079.39
Transferred to Cash Management Fund	A-6	3,000,000.00
Petty Cash Funds	A-9	500.00
Other Accounts Receivable	A-13	20,279.61
Protested Checks	A-15	147,430.74
Interfunds Receivable	A-16	635,252.78
Appropriation Reserves	A-17	659,378.12
Reserve for Maintenance of Free Public Library with State Aid	A-18	8,000.00
Due to State of New Jersey Surcharge	A-19	1,825.00
Tax Overpayments Refunded	A-20	10,577.75
Local School District Tax	A-21	32,149,445.75
County Taxes	A-22	11,649,914.65
Interfunds Payable	A-24	<u>94,324.73</u>
	A-4	<u>\$ 68,018,008.52</u>

TOWNSHIP OF VERONA
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS-INVESTMENTS
YEAR ENDED DECEMBER 31, 2015

A-6

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 3,467,500.00
Increased by:			
Transferred from Checking Account	A-5	\$ 3,000,000.00	
Interest Earned	A-2d	<u>20,908.85</u>	
			<u>3,020,908.85</u>
			6,488,408.85
Decreased by:			
Transferred to Checking Account	A-4		<u>3,000,000.00</u>
Balance, December 31, 2015	A		<u><u>\$ 3,488,408.85</u></u>

CASH SAVINGS
YEAR ENDED DECEMBER 31, 2015

A-7

	<u>Ref.</u>		
Balance, December 31, 2014	A		<u>\$ 20,000.00</u>
Balance, December 31, 2015	A		<u><u>\$ 20,000.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

CHANGE FUND
DECEMBER 31, 2015

A-8

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 425.00
Balance, December 31, 2015	A	\$ 425.00

Analysis of Balance

Municipal Court		\$ 100.00
Tax Collector		75.00
Library		75.00
Recreation		50.00
Clerk		25.00
Construction Code Official		50.00
Public Works		50.00
		<u>50.00</u>
		<u>\$ 425.00</u>

PETTY CASH FUNDS
DECEMBER 31, 2015

A-9

	<u>Ref.</u>		
Increased by:			
Petty Cash Funds Advanced:			
Administration		\$ 250.00	
Library		100.00	
Recreation		100.00	
Board of Health		50.00	
	A-5	<u>50.00</u>	\$ 500.00
Decreased by:			
Charge to Budget Appropriation	A-3	240.96	
Petty Cash Funds Returned	A-4	259.04	
		<u>500.00</u>	<u>500.00</u>
			<u>\$</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

DUE FROM (TO) STATE OF NEW JERSEY
VETERANS AND SENIOR CITIZENS TAX DEDUCTIONS
YEAR ENDED DECEMBER 31, 2015

A-10

	<u>Ref.</u>		
Balance, December 31, 2014 (Due From)	A		\$ 263.07
Increased by:			
Tax Deductions:			
Per Tax Duplicate:			
Senior Citizens		\$ 7,750.00	
Veterans		<u>85,000.00</u>	
Allowed by Tax Collector:			
Senior Citizens		250.00	
Veterans		<u>1,250.00</u>	
	A-11		<u>94,250.00</u>
			<u>94,513.07</u>
Decreased by:			
Prior Year Tax Deduction Disallowed	A-1	1,000.00	
Collections	A-4	<u>94,442.47</u>	
			<u>95,442.47</u>
Balance, December 31, 2015 (Due To)	A		<u>\$ (929.40)</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2015

A-11

Year	Balance Dec. 31, 2014	2015 Levy	Added Taxes	Collected 2014	2015	Due from State of New Jersey	Transfer to Tax Title Lien	Overpayments Applied	Cancelled	Balance Dec. 31, 2015
2013	\$ 2,228.73	\$	\$	\$	\$ 2,228.73	\$	\$	\$	\$	\$
2014	540,028.24		1,000.00		540,762.16		265.14		0.94	
	542,256.97		1,000.00		542,990.89		265.14		0.94	
2015		60,499,570.17		301,103.33	59,518,124.59	94,250.00	270.00	325.47	32,686.00	552,810.78
	\$ 542,256.97	\$ 60,499,570.17	\$ 1,000.00	\$ 301,103.33	\$ 60,061,115.48	\$ 94,250.00	\$ 535.14	\$ 325.47	\$ 32,686.94	\$ 552,810.78
Ref.	A	Below	Reserve	A-2c, A-25	A-2c, A-4	A-2c, A-10	A-11a	A-2c,20	Reserve	A

ANALYSIS OF 2015 PROPERTY TAX LEVY

Ref.

Tax Yield

General Purpose Tax:

Tax Levy

Added Taxes

\$ 60,227,058.00
272,512.17

Above

\$ 60,499,570.17

Tax Levy

Local School District Tax (Abstract)

A-2c, A-21

\$ 32,855,808.00

County Taxes:

County Tax (Abstract)

A-22

\$ 11,597,408.15

Due County for Added Taxes

(N.J.S.A. 54:4-63.1)

A-22

52,506.50

A-2c

11,649,914.65

Local Tax for Municipal Purpose (Budget)

A-2

15,762,447.00

Plus: Additional Taxes Levied

231,400.52

15,993,847.52

Above

\$ 60,499,570.17

TOWNSHIP OF VERONA
CURRENT FUND

A-11a

TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2015

	Ref	
Increased by:		
Transferred from Taxes Receivable	A-11	\$ 535.14
Interest and Cost on Taxes	Reserve	<u>41.82</u>
Balance, December 31, 2015	A	<u>\$ 576.96</u>

PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)
DECEMBER 31, 2015

A-12

	<u>Ref.</u>	
Balance, December 31, 2014	A	<u>\$ 267,817.00</u>
Balance, December 31, 2015	A	<u>\$ 267,817.00</u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	
42	51	\$ 6,800.00
86	106	6,300.00
58	15	10,200.00
62	100.01	69,563.00
62	100.04	12,004.00
68	12	7,200.00
112	87	3,600.00
127	8	4,350.00
128	22	103,000.00
39	43	11,700.00
42	48	25,500.00
42	52	3,000.00
59	8	1,500.00
86	106	2,100.00
88-01	9	<u>1,000.00</u>
		<u>\$ 267,817.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

OTHER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

A-13

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 8,420.46
Increased by:		
Cash Disbursed	A-5	20,279.61
		<u>28,700.07</u>
Decreased by:		
Collections	A-4	20,649.50
		<u>20,649.50</u>
Balance, December 31, 2015	A	<u>\$ 8,050.57</u>
 <u>Net Credit to Operations</u>		
Collections		\$ 20,649.50
Disbursements		<u>20,279.61</u>
Net Credit to Operations	A-1	<u>\$ 369.89</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

A-14

		Balance		Collections		Balance
	Ref.	December 31, 2014	Accrued	2014	2015	December 31, 2015
Township Clerk:						
Alcoholic Beverage Licenses	A-2a	\$	\$ 9,790.00	\$	\$ 9,790.00	\$
Other Business Licenses	A-2b		3,895.00		3,895.00	
Other Fees and Permits	A-2b		2,877.17		2,877.17	
Construction Code Official:						
Other Licenses	A-2b		200.00		200.00	
Building Fees and Permits	A-2a		311,351.00		311,351.00	
Health Department:						
Health Licenses	A-2b		13,180.00		13,180.00	
Fire Department:						
State of New Jersey Rebate	A-2a		12,574.73		12,574.73	
Fire Detectors	A-2b		12,435.00		12,435.00	
Registrar of Vital Statistics:						
Marriage Licenses	A-2b		222.00		222.00	
Fees and Permits	A-2b		6,090.00		6,090.00	
Tax Collector:						
Fees and Permits	A-2b		10.00		10.00	
Parking Permits	A-2b		19,526.75	6,415.00	13,111.75	
Parking Meters	A-2a		22,461.71		22,461.71	
Health Transport Fees	A-2b		11,456.00		11,456.00	
6% Delinquent Penalty	A-1	13,072.51	15,995.14		12,773.66	16,293.99
Public Works Department:						
Fees and Permits	A-2b		22,195.97		22,195.97	
Police Department:						
Fees and Permits	A-2b		3,021.62		3,021.62	
Board of Adjustment:						
Fees and Permits	A-2b		2,970.00		2,970.00	
Recreation Department:						
Fees and Permits	A-2a		285,355.00		285,355.00	
Municipal Court:						
Fines and Costs	A-2a		98,784.49		98,784.49	
Treasurer:						
Community Center Rental	A-2a		60,195.00		60,195.00	
Comcast Cablevision Franchise Fee	A-2a		93,334.32		93,334.32	
Payments in Lieu of Taxes:						
Senior Citizens' Associates	A-2a		176,787.70		176,787.70	
Children's Institute	A-2a		18,383.00		18,383.00	
Hilltop - I	A-2a		351,610.65		351,610.65	
Hilltop - II	A-2a		277,664.28		277,664.28	
Recycling	A-2a		8,492.80		8,492.80	
Verizon Franchise Fee	A-2a		142,934.97		142,934.97	
General Capital Surplus	A-2a		700,000.00		700,000.00	
Leaf Bag Sales	A-2a		9,176.04		9,176.04	
Tower Lease	A-2a		121,305.90	4,290.53	117,015.37	
Interlocal Agreements:						
Roseland	A-2a		127,293.00		127,293.00	
State of New Jersey:						
Net CMPTRA Allocation	A-2a		72,228.00		72,228.00	
Energy Receipts Tax	A-2a		1,087,394.00		1,087,394.00	
		<u>\$ 13,072.51</u>	<u>\$ 4,101,191.24</u>	<u>\$ 10,705.53</u>	<u>\$ 4,087,264.23</u>	<u>\$ 16,293.99</u>
	Ref.	A	Reserve	A-26	A-4	A

TOWNSHIP OF VERONA
CURRENT FUND

PROTESTED CHECKS
YEAR ENDED DECEMBER 31, 2015

A-15

Balance, December 31, 2014	<u>Ref.</u>	
Increased by:		
Returned by Depository	A-5	\$ 147,430.74
Decreased by:		
Collections	A-4	<u>147,430.74</u>
Balance, December 31, 2015		<u><u>\$</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

INTERFUNDS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

A-16

<u>Interfund Account</u>	<u>Balance</u> <u>December 31, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>December 31, 2015</u>
General Trust Fund	\$	\$ 91,134.31	\$ 71,306.26	\$ 19,828.05
Water/Sewer Utility Operating Fund		71,154.31	71,154.31	
Payroll Fund	1,076.79	174,184.16	175,260.95	0.00
General Capital Fund	<u>4,332.24</u>	<u>298,780.00</u>	<u>303,112.24</u>	<u>0.00</u>
	<u>\$ 5,409.03</u>	<u>\$ 635,252.78</u>	<u>\$ 620,833.76</u>	<u>\$ 19,828.05</u>
<u>Ref.</u>	A, A-1	A-5	Below	A, A-1
	<u>Ref.</u>			
Cash Receipts	A-4		\$ 580,833.76	
Budget Appropriation	A-3		40,000.00	
			<u>\$ 620,833.76</u>	

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 1

APPROPRIATION RESERVES
DECEMBER 31, 2015

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2014</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Committed</u>	<u>Uncommitted</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages:					
Manager's Office	\$	\$ 26,163.35	\$ 26,163.35	\$ 6,437.35	\$ 19,726.00
Mayor and Council		261.84	261.84		261.84
Township Clerk		5,846.38	5,846.38	5,101.00	745.38
Other Expenses	13,843.27	15,900.68	29,743.95	15,132.33	14,611.62
Elections:					
Other Expenses	925.00	6,365.61	7,290.61	925.00	6,365.61
Assessment of Taxes:					
Salaries and Wages		2,000.74	2,000.74		2,000.74
Other Expenses	1,294.86	2,611.63	3,906.49	1,285.04	2,621.45
Collection of Taxes:					
Salaries and Wages		31,551.07	31,551.07	1,207.50	30,343.57
Other Expenses:					
Tax Sale Costs		392.28	392.28	92.54	299.74
Miscellaneous Other Expenses	3,014.89	2,255.40	5,270.29	3,148.36	2,121.93
Liquidation of Tax Title Liens		2,000.00	2,000.00		2,000.00
Legal Services and Costs:					
Salaries and Wages		3,936.04	3,936.04		3,936.04
Other Expenses	5,672.59	88,491.91	94,164.50	21,111.33	73,053.17
Public Buildings and Grounds:					
Salaries and Wages		36,316.65	36,316.65	15,276.38	21,040.27
Other Expenses	23,256.64	2,262.35	25,518.99	25,518.99	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages		2,954.66	2,954.66		2,954.66
Other Expenses	1,210.17	575.20	1,785.37	1,207.32	578.05
Board of Adjustment:					
Salaries and Wages		2,702.86	2,702.86	370.07	2,332.79
Other Expenses	373.72	5,117.01	5,490.73		5,490.73
Rent Leveling Board:					
Salaries and Wages		500.00	500.00		500.00
Other Expenses	398.01	101.99	500.00	398.01	101.99

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 2

APPROPRIATION RESERVES
DECEMBER 31, 2015

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2014</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Committed</u>	<u>Uncommitted</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Shade Trees:					
Other Expenses	\$ 17,500.00	\$ 30.00	\$ 17,530.00	\$ 17,500.00	\$ 30.00
Municipal Court:					
Salaries and Wages		14,277.35	14,277.35		14,277.35
Other Expenses	989.67	5,661.60	6,651.27	1,930.84	4,720.43
Insurance:					
General Liability		1,440.67	1,440.67		1,440.67
Dental		53,817.14	53,817.14		53,817.14
Employee Group Health		4,329.76	4,329.76		4,329.76
<u>PUBLIC SAFETY</u>					
Fire:					
Other Expenses:					
Miscellaneous Other Expenses	12,930.80	25,114.05	38,044.85	11,830.86	26,213.99
Fire Prevention:					
Salaries and Wages		11,529.24	11,529.24		11,529.24
Other Expenses		560.06	560.06		560.06
Police:					
Salaries and Wages		18,872.59	18,872.59		18,872.59
Other Expenses	26,977.73	23,158.55	50,136.28	35,359.29	14,776.99
Communication	14,606.62	6,934.24	21,540.86	13,303.02	8,237.84
Parking Meter Maintenance:					
Other Expenses		918.10	918.10		918.10
Rescue Squad:					
Other Expenses		9,190.00	9,190.00		9,190.00
Police Dispatchers:					
Salaries and Wages		20,559.54	20,559.54	1,599.36	18,960.18
Office of Emergency Management:					
Other Expenses	760.19	839.81	1,600.00	760.19	839.81
Road Repairs and Maintenance:					
Salaries and Wages		48,312.77	48,312.77	5,733.67	42,579.10
Other Expenses	72,412.54	39,339.98	111,752.52	92,385.70	19,366.82
Street Lighting	36,241.18	26,779.50	63,020.68	36,121.88	26,898.80

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 3

APPROPRIATION RESERVES
DECEMBER 31, 2015

Appropriation	Balance December 31, 2014		Balance After Transfers	Paid or Charged	Balance Lapsed
	Committed	Uncommitted			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>HEALTH AND WELFARE</u>					
(Board of Health - Local Health Agency):					
Board of Health:					
Salaries and Wages	\$	\$	\$	\$	\$
Other Expenses	1,495.08	12,113.26 10,600.74	12,113.26 12,095.82	50.00 1,402.18	12,063.26 10,693.64
<u>RECREATION AND EDUCATION</u>					
Recreation:					
Salaries and Wages		31,667.70	31,667.70	303.00	31,364.70
Other Expenses	19,531.54	5,398.20	24,929.74	19,205.56	5,724.18
Field Maintenance	205.51	760.80	966.31	205.51	760.80
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses	26.55	17,241.63	17,268.18	3,483.63	13,784.55
Contribution to Senior Citizens' Center					
(N.J.S.A. 40:48-9.4):					
Salaries and Wages		18,435.22	18,435.22	94.50	18,340.72
Other Expenses	43.84	2,802.66	2,846.50	55.10	2,791.40
<u>MISCELLANEOUS AND OTHER</u>					
Mandatory Recycling:					
Salaries and Wages		6,897.50	6,897.50		6,897.50
Other Expenses	86,323.82	27,461.58	113,785.40	84,494.54	29,290.86

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 4

APPROPRIATION RESERVES
DECEMBER 31, 2015

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2014</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Committed</u>	<u>Uncommitted</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>MISCELLANEOUS AND OTHER</u>					
Garbage and Trash Removal - Contractual	\$ 200,349.44	\$ 541.91	\$ 200,891.35	\$ 158,594.06	\$ 42,297.29
Commercial Revitalization:					
Other Expenses		7,275.00	7,275.00		7,275.00
<u>UNIFORM CONSTRUCTION CODE -</u> <u>APPROPRIATIONS OFFSET BY</u> <u>DEDICATED REVENUES (N.J.A.C.</u> <u>5:23-4.17)</u>					
State Uniform Construction Code:					
Construction Official (Chief Administrator					
of Enforcement Agency):					
Salaries and Wages		4,276.85	4,276.85		4,276.85
Other Expenses	4,055.14	642.11	4,697.25	3,937.08	760.17
<u>UNCLASSIFIED</u>					
Utilities:					
Electricity	27,669.08	41,551.89	69,220.97	26,688.12	42,532.85
Telephone and Telegraph	17,798.99	63,320.33	81,119.32	12,297.19	68,822.13
Gasoline	8,044.63	12,304.63	20,349.26	7,658.76	12,690.50
Salary and Wage Adjustment		25,000.00	25,000.00		25,000.00
<u>CONTINGENT</u>		18,144.17	18,144.17		18,144.17

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 5

APPROPRIATION RESERVES
DECEMBER 31, 2015

<u>Appropriation</u>	Balance December 31, 2014		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Committed</u>	<u>Uncommitted</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>STATUTORY EXPENDITURES</u>					
Contributions to:					
Social Security System (OASI)	\$ 37,456.48	\$ 9,454.81	\$ 46,911.29	\$ 10,298.45	\$ 36,612.84
Defined Contribution Retirement Plan		5,000.00	5,000.00		5,000.00
Total Appropriations Within "CAPS"	<u>635,407.98</u>	<u>870,963.59</u>	<u>1,506,371.57</u>	<u>642,503.71</u>	<u>863,867.86</u>
<u>OTHER OPERATIONS</u>					
Maintenance of Free Public Library	\$ 4,660.81	\$ 37,091.74	41,752.55	13,289.41	28,463.14
Recycling - State Tax		12,764.00	12,764.00		12,764.00
Insurance - Employee Group Health		30,360.00	30,360.00		30,360.00
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>					
Roseland:					
Construction Code Official		31,897.00	31,897.00	800.00	31,097.00
Fire Sub-Code Official		160.00	160.00	160.00	
Communications		4,650.00	4,650.00	2,625.00	2,025.00
Total Appropriations Excluded from "CAPS"	<u>4,660.81</u>	<u>116,922.74</u>	<u>121,583.55</u>	<u>16,874.41</u>	<u>104,709.14</u>
Total Appropriations	<u>\$ 640,068.79</u>	<u>\$ 987,886.33</u>	<u>\$ 1,627,955.12</u>	<u>\$ 659,378.12</u>	<u>\$ 968,577.00</u>
<u>Ref.</u>	A	A		A-5	A-1

TOWNSHIP OF VERONA
CURRENT FUND

RESERVE FOR MAINTENANCE OF FREE PUBLIC LIBRARY
WITH STATE AID

YEAR ENDED DECEMBER 31, 2015

A-18

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 9,110.76
Increased by:		
Receipts	A-4	5,830.00
		<u>14,940.76</u>
Decreased by:		
Payments	A-5	8,000.00
		<u>8,000.00</u>
Balance, December 31, 2015	A	<u>\$ 6,940.76</u>

DUE TO STATE OF NEW JERSEY
MARRIAGE LICENSE SURCHARGE
YEAR ENDED DECEMBER 31, 2015

A-19

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 550.00
Increased by:		
Receipts	A-4	1,850.00
		<u>2,400.00</u>
Decreased by:		
Payments	A-5	1,825.00
		<u>1,825.00</u>
Balance, December 31, 2015	A	<u>\$ 575.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2015

A-20

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 80,807.88
Increased by:			
Collections	A-4	<u>\$ 49,471.72</u>	
			<u>49,471.72</u>
			130,279.60
Decreased by:			
Cancelled	A-1	8,289.81	
Refunds	A-5	10,577.75	
Applied to:			
Taxes Receivable	A-11	<u>325.47</u>	
			<u>19,193.03</u>
Balance, December 31, 2015	A		<u>\$ 111,086.57</u>

LOCAL SCHOOL DISTRICT TAX
YEAR ENDED DECEMBER 31, 2015

A-21

	<u>Ref.</u>	<u>School Tax Payable</u>	<u>Deferred School Tax</u>
Balance, December 31, 2014	A	\$ 2,750,000.00	\$ 8,777,908.01
Increased by:			
Levy for Fiscal Year 2015-2016	A-1, A-2c, A-11	32,855,808.00	
School Tax Deferred	Reserve		456,362.25
		<u>35,605,808.00</u>	<u>9,234,270.26</u>
Decreased by:			
Payments	A-5	32,149,445.75	
Increase in Deferred School Taxes	A-1	<u>456,362.25</u>	
		<u>32,605,808.00</u>	
Balance, December 31, 2015	A	<u>\$ 3,000,000.00</u>	<u>\$ 9,234,270.26</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

COUNTY TAXES
YEAR ENDED DECEMBER 31, 2015

A-22

	<u>Ref.</u>		
Balance, December 31, 2014	A		
Increased by:			
General Levy	A-11	\$ 11,258,840.32	
County Open Space	A-11	338,567.83	
Due County for Added Taxes per N.J.S.A. 54:4-63.1 et seq.	A-11	52,506.50	
	A-1,2c	<u>11,649,914.65</u>	11,649,914.65
			<u>11,649,914.65</u>
Decreased by:			
Payments	A-5		<u>11,649,914.65</u>
Balance, December 31, 2015			<u>\$</u>

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2015

A-23

	<u>Ref.</u>		
Balance, December 31, 2014	A	\$ 83,926.26	
Decreased by:			
Canceled	A-1	<u>37,462.52</u>	
Balance, December 31, 2015	A, Below	<u>\$ 46,463.74</u>	
<u>Analysis of Balance</u>			
Accounting Services - LOSAP		\$ 15,000.00	
County of Essex - 5% PILOT		<u>31,463.74</u>	
	Above	<u>\$ 46,463.74</u>	

TOWNSHIP OF VERONA
CURRENT FUND

INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2015

A-24

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 64,735.60
Increased by:			
Grant Budget	A-3	\$ 157,800.96	
Budget Appropriation	A-3	90,100.00	
Cash Receipts	A-4	<u>82,752.63</u>	
			<u>330,653.59</u>
			395,389.19
Decreased by:			
Cash Disbursements	A-5	94,324.73	
Grant Anticipated Revenue	A-2a	157,750.96	
Miscellaneous Revenue not Anticipated	A-2d	<u>882.38</u>	
			<u>252,958.07</u>
Balance, December 31, 2015	A		<u><u>\$ 142,431.12</u></u>
<u>Analysis of Balance</u>			
General Capital Fund			\$ 89,267.62
Due Federal/State Grant Fund			<u>53,163.50</u>
			<u><u>\$ 142,431.12</u></u>

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2015

A-25

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 301,103.33
Increased by:			
Collections	A-4		<u>250,745.58</u>
			551,848.91
Decreased by:			
Applied to Taxes Receivable	A-11		<u>301,103.33</u>
Balance, December 31, 2015	A		<u><u>\$ 250,745.58</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

PREPAID REVENUE
YEAR ENDED DECEMBER 31, 2015

A-26

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 10,705.53
Increased by:		
Prepaid Fees	A-4	<u>9,000.53</u> 19,706.06
Decreased by:		
Realized as Current Year Revenue	A-14	<u>10,705.53</u>
Balance, December 31, 2015	A	<u><u>\$ 9,000.53</u></u>

RESERVE FOR SALE OF TOWNSHIP-OWNED PROPERTY
YEAR ENDED DECEMBER 31, 2015

A-27

	<u>Ref.</u>	
Balance, December 31, 2014	A	<u>\$ 19,248.19</u>
Balance, December 31, 2015	A	<u><u>\$ 19,248.19</u></u>

TOWNSHIP OF VERONA
CURRENT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

A-28

	<u>Balance</u> <u>December 31, 2014</u>	<u>Budget</u> <u>Revenue</u> <u>Realized</u>	<u>Collections</u>	<u>Balance</u> <u>December 31, 2015</u>
Municipal Alliance on Alcoholism and Drug Abuse	\$ 136.32	\$ 39,000.00	\$ 38,815.87	\$ 320.45
Medical Transport		43,843.51	43,843.51	
Clean Communities Program		22,461.26	22,461.26	
Body Armor Grant	720.62	4,300.65	2,857.44	2,163.83
DEA Equitable Sharing		28,145.54	28,145.54	
Sustainable New Jersey		10,000.00	5,000.00	5,000.00
Shaping New Jersey		10,000.00	10,000.00	
Environmental Grant	475.00		475.00	
	<u>\$ 1,331.94</u>	<u>\$ 157,750.96</u>	<u>\$ 151,598.62</u>	<u>\$ 7,484.28</u>

Ref.

A

A-30

Below

A

Ref.

Due from Current Fund
Unappropriated Grant Reserves

A-29

\$ 79,609.57

A-31

71,989.05

Above

\$ 151,598.62

TOWNSHIP OF VERONA
FEDERAL/STATE GRANT FUND

INTERFUNDS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

A-29

	<u>Ref.</u>	<u>Federal and State Grant Fund</u>
Balance, December 31, 2014	A	\$111,467.19
Increased by:		
Grants Receivable	A-28	\$ 79,609.57
Unappropriated Revenue	A-31	3,143.06
Grant Match	A-30	<u>9,500.00</u>
		<u>92,252.63</u>
		203,719.82
Decreased by:		
Expenses Paid Through Current Fund	A-30	<u>93,811.41</u>
Balance, December 31, 2015	A	<u><u>\$109,908.41</u></u>
<u>Analysis of Balance</u>		
Due from Current Fund		\$ 53,163.50
Due from General Trust Fund		<u>56,744.91</u>
		<u><u>\$109,908.41</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

APPROPRIATED RESERVES FOR STATE GRANTS
YEAR ENDED DECEMBER 31, 2015

A-30

<u>Grant</u>	<u>Balance</u> <u>December 31, 2014</u>	<u>Transferred</u> <u>from Budget</u> <u>Appropriations</u>	<u>Local</u> <u>Match</u>	<u>Expended</u>	<u>Balance</u> <u>December 31, 2015</u>
Municipal Alliance Committee - DARE	\$	\$ 39,000.00	\$ 9,500.00	\$ 48,500.00	\$
Clean Communities Program	9,645.17	22,461.26		9,645.17	22,461.26
Drunk Driving Enforcement Fund	13,399.46			3,587.69	9,811.77
United Way Medical Transport	4,368.08				4,368.08
Body Armor Grant	7,918.27	4,300.65			12,218.92
Library Grant	4,162.99			1,516.57	2,646.42
Environmental Grant	1,266.11			313.41	952.70
Medical Transport		43,843.51		15,556.00	28,287.51
Sustainable New Jersey		10,000.00		3,530.00	6,470.00
Shaping New Jersey		10,000.00		4,971.96	5,028.04
DEA Equitable Sharing		28,145.54		6,190.61	21,954.93
	<u>\$ 40,760.08</u>	<u>\$ 157,750.96</u>	<u>\$ 9,500.00</u>	<u>\$ 93,811.41</u>	<u>\$ 114,199.63</u>
<u>Ref.</u>	A	A-28	A-29	A-29	A

TOWNSHIP OF VERONA
CURRENT FUND

UNAPPROPRIATED GRANT RESERVES
YEAR ENDED DECEMBER 31, 2015

A-31

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 72,039.05
Increased by:		
Due from Current Fund	A-29	<u>3,143.06</u>
		75,182.11
Decreased by:		
Realized as Revenue	A-28	<u>71,989.05</u>
Balance, December 31, 2015	A	<u><u>\$ 3,193.06</u></u>
 <u>Analysis of Balance</u>		
Clean Communities		\$ 3,143.06
Medical Transport		<u>50.00</u>
		<u><u>\$ 3,193.06</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2015

B-2

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>General Trust Fund</u>	<u>Special Health Fund</u>
Balance, December 31, 2014	B	\$ 41,202.44	\$ 685,620.34	\$ 11,410.43
Increased by Receipts:				
Interfund Accounts	B-5		\$ 59,281.19	
Special Deposits	B-6		796,050.98	
State Unemployment Compensation				
Insurance Fund	B-7		21,276.99	
Dog and Cat License Fees	B-9	6,660.40		
Escrow Deposits	B-10		15,483.47	
		<u>6,660.40</u>	<u>892,092.63</u>	
		47,862.84	1,577,712.97	11,410.43
Decreased by Disbursements:				
Interfund Accounts	B-5		621.05	
Special Deposits	B-6		728,067.87	
Reserve for Unemployment Insurance	B-7		33,858.75	
Expenditures Under R.S. 41:19-15.11	B-9	31,285.45		
Escrow Deposits	B-10		6,915.03	
		<u>31,285.45</u>	<u>769,462.70</u>	
Balance, December 31, 2015	B	<u>\$ 16,577.39</u>	<u>\$ 808,250.27</u>	<u>\$ 11,410.43</u>

TOWNSHIP OF VERONA
TRUST FUNDS

CASH RECEIPTS AND DISBURSEMENTS - INVESTMENTS
YEAR ENDED DECEMBER 31, 2015

B-3

	<u>Ref.</u>	
Balance, December 31, 2014	B	\$ 1,411,000.00
Increased by:		
Interest Earned	B-5	<u>1,167.91</u>
Balance, December 31, 2015	B	<u><u>\$ 1,412,167.91</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

DUE FROM COUNTY OF ESSEX
(COMMUNITY DEVELOPMENT BLOCK GRANT)
YEAR ENDED DECEMBER 31, 2015

B-4

	<u>Ref.</u>	
Balance, December 31, 2014	B	\$ 217,476.00
Increased by:		
Grant Award	B-5	<u>332,000.00</u>
		549,476.00
Decreased by:		
Grants Cancelled	B-5	<u>107,262.00</u>
Balance, December 31, 2015	B	<u><u>\$ 442,214.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2015

B-5

	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>	<u>Federal/State Grant Fund</u>	<u>Water/Sewer Capital Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2014	B	\$ 264,207.59	\$	\$ 46,731.59	\$	\$ 217,476.00
Increased by:						
Interest Earned	B-3	1,167.91	1,167.91			
Special Deposits - DARE	B-6	10,013.32		10,013.32		
Cash Receipts	B-2	59,281.19	59,281.19			
CDBG Grant - Net	B-4	224,738.00			116,000.00	108,738.00
		<u>559,408.01</u>	<u>60,449.10</u>	<u>56,744.91</u>	<u>116,000.00</u>	<u>326,214.00</u>
Decreased by:						
Cash Disbursements	B-2	621.05	621.05			
Special Deposits - LOSAP	B-6	40,000.00	40,000.00			
		<u>40,621.05</u>	<u>40,621.05</u>			
Balance, December 31, 2015	B	<u>\$ 518,786.96</u>	<u>\$ 19,828.05</u>	<u>\$ 56,744.91</u>	<u>\$ 116,000.00</u>	<u>\$ 326,214.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2015

B-6

	Balance Dec. 31, 2014	Increase	Decrease	Balance Dec. 31, 2015
State Construction Code Fees	\$ 2,851.32	\$ 20,047.00	\$ 19,187.00	\$ 3,711.32
Reserve for Hilltop	32,930.25	150,000.00		182,930.25
Senior Citizen - Donations	8.60	3,066.74		3,075.34
Law Enforcement Escrow Funds	6,328.13			6,328.13
Crime Prevention	1,765.55			1,765.55
Children's Fund	57,726.35	7,627.00	8,420.00	56,933.35
WTC 9/11 Fund	5,912.84	552.49	600.00	5,865.33
Firemen's Pension	110,675.00	40,000.00	30,475.00	120,200.00
Comcast	24,583.85		2,643.25	21,940.60
Reserve for Terminal Leave	400,342.83	155,000.00	348,946.20	206,396.63
Swim Team	65.86	980.00	980.00	65.86
Fire Code Penalties	861.71			861.71
Environmental Commission	235.00	4,000.00	2,228.67	2,006.33
Reserve for Eric Mortenson Scholarship	16,843.57	18,665.00	15,862.50	19,646.07
Community Center	99.68			99.68
Reserve for Recreation	2,892.63		37.07	2,855.56
Elevator Inspections	4,544.00			4,544.00
Recycling	81,405.99			81,405.99
Reserve for Repairs to AT&T Tower	30,000.00			30,000.00
Reserve for Snow Removal	121,925.31	30,000.00		151,925.31
Shade Tree Special Fund	14,604.30			14,604.30
Commercial - Revitalization	372.48	3,421.00		3,793.48
Security Deposit - Tower Lease	12,855.88			12,855.88
COAH Contribution	178,270.91	103,387.70		281,658.61
Reserve for MAC	27,896.21	250.00	16,304.17	11,842.04
Reserve for DARE	103.44			103.44
Parking Adjudication Account	8,120.20	658.00		8,778.20
Self-Insurance Reserve - General	53,875.36		14,305.24	39,570.12
Reserve TTL	17,909.83	147,371.05	146,837.09	18,443.79
Reserve Premium on Tax Sale	171,800.00	148,700.00	128,200.00	192,300.00
Reserve for Tax Appeals	118,545.22		3,055.00	115,490.22
Concert Series	750.00	2,325.00		3,075.00
Lion's Club Library Donation	396.54			396.54
	<u>\$ 1,507,498.84</u>	<u>\$ 836,050.98</u>	<u>\$ 738,081.19</u>	<u>\$ 1,605,468.63</u>

Ref.

B

Below

Below

B

Ref.

Due to Federal/State Grant Fund
Cash Receipts
Due from Current Fund
Cash Disbursements

B-5

B-2

B-5

B-2

\$

\$ 10,013.32

796,050.98

40,000.00

728,067.87

\$ 836,050.98

\$ 738,081.19

TOWNSHIP OF VERONA
TRUST FUNDS

UNEMPLOYMENT COMPENSATION INSURANCE FUND
YEAR ENDED DECEMBER 31, 2015

B-7

	<u>Ref.</u>	
Balance, December 31, 2014	B	\$ 405,428.19
Increased by:		
Employee Deductions	B-2	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">21,276.99</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		426,705.18
Decreased by:		
Payments:		
Quarterly Premiums and Claims	B-2	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">33,858.75</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2015	B	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 392,846.43</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2015

B-8

	<u>Ref.</u>	
Balance, December 31, 2014	B	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 1.00</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2015	B	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 1.00</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2015

B-9

	<u>Ref.</u>	
Balance, December 31, 2014	B	\$ 41,202.44
Increased by:		
License Fees:		
2015 Collections:		
Dog		\$ 6,286.20
Cat		374.20
	B-2	<u>6,660.40</u>
		47,862.84
Decreased by:		
Expenditures Under R.S. 4:19-15.11	B-2	<u>31,285.45</u>
Balance, December 31, 2015	B	<u><u>\$ 16,577.39</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

ESCROW DEPOSITS
YEAR ENDED DECEMBER 31, 2015

B-10

	<u>Ref.</u>	
Balance, December 31, 2014	B	\$ 136,960.34
Increased by:		
Deposits	B-2	<u>15,483.47</u>
		152,443.81
Decreased by:		
Refunds	B-2	<u>6,915.03</u>
Balance, December 31, 2015	B	<u><u>\$ 145,528.78</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

RESERVE FOR HEALTH CLINIC
YEAR ENDED DECEMBER 31, 2015

B-11

	<u>Ref.</u>	
Balance, December 31, 2014	B	<u>\$ 11,410.43</u>
Balance, December 31, 2015	B	<u><u>\$ 11,410.43</u></u>

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2015

C-2

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$ 1,348,599.09
Increased by Collections:			
Premium on Sale of Notes and Bonds	C-1	\$ 147,370.07	
Transferred from Investment Account	C-3	1,005,162.42	
Bond Anticipation Notes Purchased	C-16	9,392,400.00	
Interfunds	C-15	298,780.00	
Contra	Below		
			10,843,712.49
			12,192,311.58
Decreased by Disbursements:			
Fund Balance Utilized in Current			
Fund Budget	C-1	700,000.00	
Transferred to Investment Account	C-3	4,330.04	
Due to Current Fund	C-15	80,757.44	
Improvement Authorizations	C-16	3,627,003.25	
Bond Anticipation Notes Matured	C-17	7,378,000.00	
Contra	Above		
			11,790,090.73
Balance, December 31, 2015	C		\$ 402,220.85

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS
INVESTMENT ACCOUNT
YEAR ENDED DECEMBER 31, 2015

C-3

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$ 8,495,800.00
Increased by:		
Transferred from Checking Account	C-2	4,330.04
Interest Earned	C-6	832.38
		<u>8,500,962.42</u>
Decreased by:		
Transferred to Checking Account	C-2	<u>1,005,162.42</u>
Balance, December 31, 2015	C	<u><u>\$ 7,495,800.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2015

C-4
Sheet # 1

	Ordinance Number	Balance December 31, 2014		Receipts	Disbursements		Transfers		Balance December 31, 2015
					Improvement Authorizations	Other	From	To	
<u>Improvement Authorizations - General</u>									
Various Capital Improvements	6-99	\$	412.05	\$	\$	\$	\$	\$	\$ 412.05
Acquisition of Land	10-01		2,711.43						2,711.43
Various Capital Improvements	1-02		27,531.23						27,531.23
Various Capital Improvements	13-03		30,380.47		5,869.70		23,310.77		1,200.00
Various Capital Improvements	5-04		26,248.42						26,248.42
Various Capital Improvements	19-04		7,213.25		5,345.00		1,868.25		0.00
Various Capital Improvements	18-05		7,559.29		1,969.55				5,589.74
Various Capital Improvements	5-06		35,357.73		4,925.00		7,976.90		22,455.83
Various Capital Improvements	8-07		48,213.82		13,336.85		1,763.43		33,113.54
Various Capital Improvements	1-08		67,506.16		4,900.00				62,606.16
Various Capital Improvements	5-08		150,889.29		500.00		150,389.29		
Various Capital Improvements	1-09		12,390.62				0.05		12,390.57
Various Capital Improvements	5-09		201,731.29		58,836.25		128,721.53		14,173.51

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2015

C-4
Sheet # 2

	Ordinance Number	Balance December 31, 2014	Receipts	Disbursements		Transfers		Balance December 31, 2015
				Improvement Authorizations	Other	From	To	
<u>Improvement Authorizations - General</u>								
Various Capital Improvements	1-10	\$ 129,818.38	\$	\$ 43,623.30	\$	\$	\$	\$ 86,195.08
Various Capital Improvements	2-10	1,191,129.46		17,092.00		109,506.12		1,064,531.34
Various Capital Improvements	6-10	595,152.24		60,142.00				535,010.24
Various Capital Improvements	3-11	726,196.21		17,489.42		346,938.84		361,767.95
Various Capital Improvements	7-11	193,008.39		57,950.76		157.38		134,900.25
Various Capital Improvements	3-12	1,340,700.31		23,163.95				1,317,536.36
Various Capital Improvements	1-13	142,347.52		276,343.21			225,000.00	91,004.31
Construction of Hilltop Park - II	3-13	2,449,183.79		2,341,331.69			1,546,000.00	1,653,852.10
Various Capital Improvements	9-13	176,540.06		41,401.49				135,138.57
Purchase of Ambulance	2-14	193,400.00		185,956.17				7,443.83
Various Capital Improvements	4-15			451,648.61			556,500.00	104,851.39
Various Capital Improvements	6-15			15,178.30			115,000.00	99,821.70
Various Capital Improvements	15-15						288,000.00	288,000.00
<u>General Accounts</u>								
Fund Balance		835,386.78	147,370.07		700,000.00		770,632.56	1,053,389.41
CDBG Grant Receivable						216,000.00		(216,000.00)
Due from/to Pool Capital Fund		1,182.56			1,182.56			
Capital Improvement Fund		745,231.65				210,000.00	25,000.00	560,231.65
Reserve for Debt Service		1,131.81						1,131.81
Reserve for Future Improvements		500,050.00						500,050.00
Due to Current Fund		4,332.24	299,612.38		78,112.24	315,100.00		(89,267.62)
Due to Water/Sewer Capital Fund		1,462.64			1,462.64			
Bond Anticipation Notes			9,392,400.00		7,378,000.00	2,079,500.00	65,100.00	
		<u>\$ 9,844,399.09</u>	<u>\$ 9,839,382.45</u>	<u>\$ 3,627,003.25</u>	<u>\$ 8,158,757.44</u>	<u>\$ 3,591,232.56</u>	<u>\$ 3,591,232.56</u>	<u>\$ 7,898,020.85</u>
<u>Ref.</u>		C	C-2	C-2	C-2	Contra	Contra	C, Below
							Ref.	
					Cash - Checking		C-2	\$ 402,220.85
					Cash - Investment Account		C-3	7,495,800.00
							C	<u>\$ 7,898,020.85</u>

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DUE FROM STATE OF NEW JERSEY GRANTS AND AID
YEAR ENDED DECEMBER 31, 2015

C-5

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$ 200,000.00
Increased by:		
2015 Grant Awards	C-15	<div style="display: flex; justify-content: flex-end;"> 225,000.00 </div> <div style="display: flex; justify-content: flex-end; border-top: 1px solid black;"> 425,000.00 </div>
Decreased by:		
Due from Current Fund	C-13	<div style="display: flex; justify-content: flex-end; border-top: 1px solid black;"> 225,000.00 </div>
Balance, December 31, 2015	C, Below	<div style="display: flex; justify-content: flex-end; border-top: 1px solid black; border-bottom: 3px double black;"> \$ 200,000.00 </div>

Analysis of Balance

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>
4-15	Department of Transportation - Reconstruction of Section III of Linden Avenue	<div style="display: flex; justify-content: flex-end; border-top: 1px solid black; border-bottom: 3px double black;"> \$ 200,000.00 </div>

Ref. Above

DUE FROM CURRENT FUND
YEAR ENDED DECEMBER 31, 2015

C-6

	<u>Ref.</u>	
Increased by:		
Capital Improvement Fund	C-10	\$ 25,000.00
Paydown of Bond Anticipation Note	C-9	<div style="display: flex; justify-content: flex-end;"> 65,100.00 </div> <div style="display: flex; justify-content: flex-end; border-top: 1px solid black;"> 90,100.00 </div>
Decreased by:		
Interest Earned - Investment Account	C-3	<div style="display: flex; justify-content: flex-end; border-top: 1px solid black;"> 832.38 </div>
Balance, December 31, 2015	C	<div style="display: flex; justify-content: flex-end; border-top: 1px solid black; border-bottom: 3px double black;"> \$ 89,267.62 </div>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DUE FROM GENERAL TRUST FUND
YEAR ENDED DECEMBER 31, 2015

C-7

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$ 217,476.00
Increased by:		
Community Development Block Grant Awards	C-13	<div>216,000.00</div> <div><u>433,476.00</u></div>
Decreased by:		
Canceled	C-14	<div>107,262.00</div> <div><u>107,262.00</u></div>
Balance, December 31, 2015	C, Below	<div>\$ 326,214.00</div> <div><u><u>\$ 326,214.00</u></u></div>

Analysis of Balance

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>
15-15	CDBG - ADA Improvements to Library	\$ 217,476.00
	CDBG - Sidewalk Reconstruction	<div>108,738.00</div> <div><u>108,738.00</u></div>
		<div>\$ 326,214.00</div> <div><u><u>\$ 326,214.00</u></u></div>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DEFERRED CHARGES ON FUTURE TAXATION - FUNDED C-8
YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$ 22,379,504.34
Decreased by:			
Serial Bonds Redeemed	C-19	\$ 2,065,000.00	
Green Acres Loan	C-18	<u>95,756.28</u>	
			<u>2,160,756.28</u>
Balance, December 31, 2015	C		<u>\$ 20,218,748.06</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2015

C-9

Improvement Description	<u>Ordinance</u>		Balance December 31, 2014	2015 Authorizations	Decrease	Balance December 31, 2015	Analysis of Balance December 31, 2015	
	Number	Date					Bond Anticipation Notes	Improvement Authorization Unfunded
Various Capital Improvements	2-10	3-15-10	\$ 95,094.11	\$	\$ 95,094.11	\$	\$	\$
Various Capital Improvements	3-12	5-21-12	2,029,000.00		65,100.00	1,963,900.00	1,963,900.00	
Various Capital Improvements	1-13	3-04-13	1,470,500.00		225,000.00	1,245,500.00	1,170,000.00	75,500.00
Various Capital Improvements	3-13	7-15-13	5,125,000.00			5,125,000.00	5,125,000.00	
Various Capital Improvements	9-13	1-06-14	485,400.00			485,400.00	485,000.00	400.00
Purchase of Ambulance	2-14	4-07-14	115,000.00			115,000.00	115,000.00	
Various Capital Improvements	4-15	3-02-15		1,433,500.00		1,433,500.00	533,500.00	900,000.00
Various Capital Improvements	15-15	11-16-15		1,610,000.00		1,610,000.00		1,610,000.00
			<u>\$ 9,319,994.11</u>	<u>\$ 3,043,500.00</u>	<u>\$ 385,194.11</u>	<u>\$ 11,978,300.00</u>	<u>\$ 9,392,400.00</u>	<u>\$ 2,585,900.00</u>
	<u>Ref.</u>		C	C-16	C-9,16	C	C-16	C-15

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

C-10

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$ 745,231.65
Increased by:		
Current Fund Budget Appropriation	C-6	<u>25,000.00</u>
		770,231.65
Decreased by:		
Appropriation to Finance Improvement Authorization	C-16	<u>210,000.00</u>
Balance, December 31, 2015	C	<u><u>\$ 560,231.65</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2015

C-11

	<u>Ref.</u>	
Balance, December 31, 2014	C	<u>\$ 1,131.81</u>
Balance, December 31, 2015	C	<u><u>\$ 1,131.81</u></u>

RESERVE FOR FUTURE IMPROVEMENTS
YEAR ENDED DECEMBER 31, 2015

C-12

	<u>Ref.</u>	
Balance, December 31, 2014	C	<u>\$ 500,050.00</u>
Balance, December 31, 2015	C	<u><u>\$ 500,050.00</u></u>
<u>Analysis of Balance</u>		
Hilltop Development		\$ 440,050.00
Rescue Squad		<u>60,000.00</u>
		<u><u>\$ 500,050.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

RESERVE FOR STATE GRANTS AND AID RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

C-13

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$ 200,000.00
Increased by:		
Grant Award	C-5	225,000.00
		<u>425,000.00</u>
Decreased by:		
Applied to Deferred Charges Unfunded	C-9	225,000.00
Balance, December 31, 2015	C	<u>\$ 200,000.00</u>

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2015

C-14

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$ 217,476.00
Decreased by:		
Canceled	C-7	107,262.00
Balance, December 31, 2015	C	<u>\$ 110,214.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2015

C-15

	<u>Ref.</u>	<u>Total</u>	<u>Water/Sewer Capital Fund</u>	<u>Current Fund</u>	<u>Pool Capital Fund</u>
Balance December 31, 2014	C	\$ 6,977.44	\$ 1,462.64	\$ 4,332.24	\$ 1,182.56
Increased by:					
Cash Receipts	C-2	298,780.00		298,780.00	
		<u>305,757.44</u>	<u>1,462.64</u>	<u>303,112.24</u>	<u>1,182.56</u>
Decreased by:					
Grant Received in Current Fund	C-5	225,000.00		225,000.00	
Cash Disbursements	C-2	80,757.44	1,462.64	78,112.24	1,182.56
		<u>305,757.44</u>	<u>1,462.64</u>	<u>303,112.24</u>	<u>1,182.56</u>
Balance December 31, 2015	C	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015

C-16

Improvement Description	Ordinance			Balance		2015 Authorizations	Paid or Charged	Canceled	Balance	
	Number	Date	Amount	Funded	Unfunded				Funded	Unfunded
Various Capital Improvements	6-99	8-16-99	2,541,000.00	\$ 412.05	\$	\$	\$	\$	\$ 412.05	\$
Acquisition of Land	10-01	9-24-01	100,000.00	2,711.43					2,711.43	
Various Capital Improvements	1-02	3-21-02	1,344,000.00	27,531.23					27,531.23	
Various Capital Improvements	13-03	11-03-03	593,000.00	30,380.47			5,869.70	23,310.77	1,200.00	
Various Capital Improvements	5-04	5-03-04	1,037,850.00	26,248.42					26,248.42	
Various Capital Improvements	19-04	12-20-04	786,500.00	7,213.25			5,345.00	1,868.25	0.00	
Various Capital Improvements	18-05	11-07-05	2,084,500.00	7,559.29			1,969.55		5,589.74	
Various Capital Improvements	5-06	7-10-06	8,829,000.00	35,357.73			4,925.00	7,976.90	22,455.83	
Various Capital Improvements	8-07	5-21-07	2,809,000.00	48,213.82			13,336.85	1,763.43	33,113.54	
Various Capital Improvements	1-08	3-03-08	1,820,000.00	67,506.16			4,900.00		62,606.16	
Various Capital Improvements	5-08	6-02-08	2,155,000.00	150,889.29			500.00	150,389.29	0.00	
Various Capital Improvements	1-09	3-16-09	2,414,550.00	12,390.62				0.05	12,390.57	
Various Capital Improvements	5-09	6-01-09	1,757,000.00	201,731.29			58,836.25	128,721.53	14,173.51	
Various Capital Improvements	1-10	1-29-10	1,049,000.00	129,818.38			43,623.30		86,195.08	
Various Capital Improvements	2-10	3-15-10	2,984,500.00	1,191,129.46	95,094.11		17,092.00	204,600.23	1,064,531.34	
Various Capital Improvements	6-10	6-21-10	2,354,000.00	595,152.24			60,142.00		535,010.24	
Various Capital Improvements	3-11	3-7-11	2,187,522.00	726,196.21			17,489.42	346,938.84	361,767.95	
Various Capital Improvements	7-11	8-15-11	434,500.00	193,008.39			57,950.76	157.38	134,900.25	
Various Capital Improvements	3-12	5-21-12	2,592,000.00		1,340,700.31		23,163.95			1,317,536.36
Various Capital Improvements	1-13	3-04-13	1,512,000.00		442,847.52		276,343.21			166,504.31
Construction of Hilltop Park - II	3-13	4-15-13	5,125,000.00		3,995,183.79		2,341,331.69			1,653,852.10
Various Capital Improvements	9-13	1-6-14	510,950.00		176,940.06		41,401.49			135,538.57
Purchase of Ambulance	2-14	4-7-14	195,000.00	78,400.00	115,000.00		185,956.17			7,443.83
Various Capital Improvements	4-15	3-2-15	1,456,500.00			1,456,500.00	451,648.61			1,004,851.39
Various Capital Improvements	6-15	7-1-15	115,000.00			115,000.00	15,178.30		99,821.70	
Various Capital Improvements	15-15	11-16-15	1,898,000.00			1,898,000.00			72,000.00	1,826,000.00
				<u>\$ 3,531,849.73</u>	<u>\$ 6,165,765.79</u>	<u>\$ 3,469,500.00</u>	<u>\$ 3,627,003.25</u>	<u>\$ 865,726.67</u>	<u>\$ 2,562,659.04</u>	<u>\$ 6,111,726.56</u>

Ref.

C

C

Below

C-2

Below

C

C

Ref.

Fund Balance
Due from Essex County
Deferred Charges to Future Taxation - Unfunded
Capital Improvement Fund

C-1 \$
C-7 216,000.00
C-9 3,043,500.00
C-10 210,000.00

Above \$ 3,469,500.00

\$ 770,632.56

95,094.11

\$ 865,726.67

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2015

C-17

<u>Ordinance</u> <u>Number</u>	<u>Date</u>	<u>Description</u>	<u>Date of</u> <u>Issue of</u> <u>Original</u> <u>Note</u>	<u>Date of</u> <u>Maturity</u>	<u>Rate of</u> <u>Interest</u>	<u>Balance</u> <u>December 31, 2014</u>	<u>Notes</u> <u>Issued</u>	<u>Decrease</u>	<u>Balance</u> <u>December 31, 2015</u>
3-12	5-21-12	Various Improvements	8-9-12	7-22-16	2.00 %	\$ 2,029,000.00	\$ 1,963,900.00	\$ 2,029,000.00	\$ 1,963,900.00
1-13	3-04-13	Various Improvements	7-25-13	7-22-16	2.00	1,170,000.00	1,170,000.00	1,170,000.00	1,170,000.00
3-13	8-15-11	Phase II Hilltop Park	7-25-14	7-22-16	2.00	3,579,000.00	3,579,000.00	3,579,000.00	3,579,000.00
			7-23-15	7-22-16	2.00		1,546,000.00		1,546,000.00
9-13	5-21-12	Various Improvements	7-25-14	7-22-16	2.00	485,000.00	485,000.00	485,000.00	485,000.00
2-14	4-07-14	Purchase of Ambulance	7-25-14	7-22-16	2.00	115,000.00	115,000.00	115,000.00	115,000.00
4-15	3-02-15	Various Improvements	7-23-15	7-22-16	2.00		533,500.00		533,500.00
						<u>\$ 7,378,000.00</u>	<u>\$ 9,392,400.00</u>	<u>\$ 7,378,000.00</u>	<u>\$ 9,392,400.00</u>
						<u>Ref.</u>	<u>C</u>	<u>C-2, C-20</u>	<u>C</u>

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2015

C-18

<u>Date of Loan</u>	<u>Amount of Loan</u>	<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Loan Paid</u>	<u>Balance December 31, 2015</u>
9-18-07	\$ 1,965,000.00	2.00 %	<u>\$ 1,345,504.34</u>	<u>\$ 95,756.28</u>	<u>\$ 1,249,748.06</u>
		<u>Ref.</u>	C	C-8	C

TOWNSHIP OF VERONA
GENERAL CAPITAL BONDS

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2015

C-19

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance	Bonds Redeemed	Balance
			December 31, 2015					
			Date	Amount				
General Bonds of 2004	11-01-04	\$5,764,000.00	11-01-16	\$ 450,000.00	3.50 %			
			11-01-17	450,000.00	3.60			
			11-01-18	450,000.00	3.70			
			11-01-19	450,000.00	3.80			
			11-01-20	449,000.00	4.00	\$ 2,699,000.00	\$ 450,000.00	\$ 2,249,000.00
General Bonds of 2008	5-01-08	6,827,000.00	5-01-16/17	600,000.00	5.00			
			5-01-18	602,000.00	5.00			
			5-01-19	600,000.00	3.45			
			5-01-20	600,000.00	3.50			
			5-01-21	600,000.00	3.55			
			5-01-22	600,000.00	3.65			
			5-01-23	600,000.00	3.70	5,402,000.00	600,000.00	4,802,000.00
General Bonds of 2010	11-01-10	8,665,000.00	11-01-16	750,000.00	2.00			
			11-01-17	750,000.00	2.25			
			11-01-18/21	750,000.00	3.00			
			11-01-22	750,000.00	3.125			
			11-01-23	640,000.00	3.25	6,640,000.00	750,000.00	5,890,000.00
General Bonds of 2013	7-15-13	6,558,000.00	7-15-16/21	500,000.00	2.50			
			7-15-22/26	500,000.00	3.00			
			7-15-27	528,000.00	3.00	6,293,000.00	265,000.00	6,028,000.00
						\$ 21,034,000.00	\$ 2,065,000.00	\$ 18,969,000.00
Ref.						C	C-8	C

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015

C-20

General Improvements	Ordinance Number	Date	Debt Authorized	Balance December 31, 2014	2015 Authorization	Notes Issued	Canceled and Grants Received	Balance December 31, 2015
Various Improvements	2-10	3-15-10	\$ 2,948,500.00	\$ 95,094.11	\$	\$	\$ 95,094.11	\$
Various Improvements	1-13	3-4-13	1,470,000.00	300,500.00			225,000.00	75,500.00
Various Improvements	3-13	7-15-13	6,595,500.00	1,546,000.00		1,546,000.00		
Various Improvements	9-13	1-6-14	485,400.00	400.00				400.00
Various Improvements	4-15	3-2-15	1,433,500.00		1,433,500.00	533,500.00		900,000.00
Various Improvements	15-15	11-16-15	1,610,000.00		1,610,000.00			1,610,000.00
				<u>\$ 1,941,994.11</u>	<u>\$ 3,043,500.00</u>	<u>\$ 2,079,500.00</u>	<u>\$ 320,094.11</u>	<u>\$ 2,585,900.00</u>
		<u>Ref.</u>		C	C-9	C-17		C

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

CASH RECEIPTS AND DISBURSEMENTS COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2015

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2014	D	\$ 1,351,896.92	\$ 207,987.70
Increased by Receipts:			
Premium on Sale of Notes	D-2		\$ 6,793.77
Miscellaneous Revenue	D-3	\$ 94,441.92	
Water/Sewer Capital Fund Balance	D-3	100,000.00	
Interfund Accounts	D-8		11,462.64
Protested Checks Honored	D-9	3,516.79	
Rents Receivable	D-10	4,950,012.00	
Utility Rent Overpayments	D-18	5,874.05	
Bond Anticipation Notes Issued	D-23		433,000.00
		<u>5,153,844.76</u>	<u>451,256.41</u>
		6,505,741.68	659,244.11
Decreased by Disbursements:			
Anticipated in Operating Fund	D-2		100,000.00
Budget Appropriations	D-4	4,822,646.34	
Interfund Accounts	D-8	81,154.31	
Checks Returned by Depository	D-9	3,516.79	
Appropriation Reserves	D-14	283,782.60	
Payment of Interest on Notes	D-15	1,880.00	
Payment of Interest on Bonds	D-16	181,728.80	
Payment of Interest on Loans	D-17	23,832.98	
Improvement Authorizations	D-22		291,240.29
Bond Anticipation Notes Matured	D-23		188,000.00
		<u>5,398,541.82</u>	<u>579,240.29</u>
Balance, December 31, 2015	D	<u>\$ 1,107,199.86</u>	<u>\$ 80,003.82</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

CASH - CASH MANAGEMENT FUND
YEAR ENDED DECEMBER 31, 2015

D-6

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2014	D	\$ 684,000.00	\$ 3,072,500.00
Increased by:			
Interest Earned	D-3	<u>2,618.51</u>	<u></u>
Balance, December 31, 2015	D	<u>\$ 686,618.51</u>	<u>\$ 3,072,500.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2015

D-7

	Balance December 31, 2014	Receipts	Disbursements		Transfers		Balance December 31, 2015
			Improvement Authorizations	Other	From	To	
Fund Balance	\$ 405,186.73	\$ 6,793.77	\$	\$ 100,000.00	\$	\$ 251,901.63	\$ 563,882.13
Capital Improvement Fund	234,800.00					55,000.00	289,800.00
Due from Water/Sewer Utility							
Operating Fund	(10,000.00)	10,000.00			65,000.00		(65,000.00)
Due from General Capital Fund	(1,462.64)	1,462.64					
Bond Anticipation Note		433,000.00		188,000.00	255,000.00	10,000.00	
<u>Water/Sewer Improvements</u>							
Ordinance #19-05	50,000.00						50,000.00
Ordinance #10-07	218,169.88						218,169.88
Ordinance #06-08	99,486.73		1,533.00				97,953.73
Ordinance #07-08	252,401.63		500.00		251,901.63		
Ordinance #06-09	375,784.97		13,861.00				361,923.97
Ordinance #07-09	116,357.13						116,357.13
Ordinance #07-10	61,201.67						61,201.67
Ordinance #08-10	695,263.59						695,263.59
Ordinance #08-11	149,763.73		46,029.45				103,734.28
Ordinance #09-11	712,023.89		1,747.86				710,276.03
Ordinance #05-14	(25,605.61)		138,668.98			255,000.00	90,725.41
Ordinance #06-14	(52,884.00)		88,900.00				(141,784.00)
	<u>\$ 3,280,487.70</u>	<u>\$ 451,256.41</u>	<u>\$ 291,240.29</u>	<u>\$ 288,000.00</u>	<u>\$ 571,901.63</u>	<u>\$ 571,901.63</u>	<u>\$ 3,152,503.82</u>
Ref.	D	D-5	D-5	D-5	Contra	Contra	D

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2015

D-8

	Ref.	Water/Sewer Operating			Water Capital		
		Total	Water/Sewer Capital Fund	Current Fund	Water/Sewer Operating Fund	General Capital Fund	General Trust Fund
Balance December 31, 2014							
From		\$	\$	\$	\$ 10,000.00	\$ 1,462.64	\$
(To)		(10,000.00)	(10,000.00)				
Increased by:							
Cash Disbursements	D-5	81,154.31	10,000.00	71,154.31			
Community Development Block Grant	D-21						116,000.00
Capital Improvement Fund	D-19				55,000.00		
Pay down of Bond Anticipation Note	D-21				10,000.00		
		<u>71,154.31</u>	<u></u>	<u>71,154.31</u>	<u>65,000.00</u>	<u>1,462.64</u>	<u>116,000.00</u>
Decreased by:							
Budget Appropriation	D-4	136,154.31	65,000.00	71,154.31			
Cash Receipts	D-5				10,000.00	1,462.64	
		<u>136,154.31</u>	<u>65,000.00</u>	<u>71,154.31</u>	<u>10,000.00</u>	<u>1,462.64</u>	<u></u>
Balance December 31, 2015							
Due From	D	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 65,000.00</u>	<u>\$</u>	<u>\$116,000.00</u>
(Due To)	D	<u>\$ (65,000.00)</u>	<u>\$ (65,000.00)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

PROTESTED CHECKS
YEAR ENDED DECEMBER 31, 2015

D-9

	<u>Ref.</u>	
Balance, December 31, 2014		
Increased by:		
Checks Returned by Depository:		
Redeposited	D-5	\$ 3,516.79
Decreased by:		
Checks Honored	D-5	<u>3,516.79</u>
Balance, December 31, 2015		<u><u>\$</u></u>

WATER/SEWER RENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

D-10

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 306,587.49
Increased by:		
Billings	Reserve	<u>5,183,528.32</u>
		5,490,115.81
Decreased by:		
Collections	D-5	\$ 4,950,012.00
Overpayments Applied	D-18	<u>19,909.39</u>
	D-3	<u>4,969,921.39</u>
Balance, December 31, 2015	D	<u><u>\$ 520,194.42</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

INVENTORY - MATERIALS AND SUPPLIES
YEAR ENDED DECEMBER 31, 2015

D-11

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 195,735.61
Balance, December 31, 2015	D	<u>\$ 195,735.61</u>

FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2015

D-12

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 42,896,608.84
Increased by:		
Transferred from Fixed Capital		
Authorized and Uncompleted	D-13	<u>904,769.26</u>
Balance, December 31, 2015	D	<u>\$ 43,801,378.10</u>

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2015

D-13

Ordinance Number	Improvement Description	Ordinance		Balance December 31, 2014	Increase	Decrease	Balance December 31, 2015
		Date	Amount				
	<u>Water/Sewer Improvements</u>						
19-05	Various Water/Sewer Capital Improvements	11-07-05	\$ 462,500.00	\$ 180,783.42	\$	\$ 130,783.42	\$ 50,000.00
10-07	Various Sewer Capital Improvements	5-21-07	342,000.00	218,169.88			218,169.88
06-08	Improvement of Water System	6-02-08	410,000.00	158,862.73		60,909.00	97,953.73
07-08	Various Sewer Capital Improvements	6-02-08	785,000.00	251,878.60		251,878.60	
06-09	Improvement of Water System	6-01-09	445,000.00	395,937.96		34,013.99	361,923.97
07-09	Various Sewer Capital Improvements	6-01-09	274,000.00	177,376.06		61,018.93	116,357.13
07-10	Improvement of Water System	6-21-10	660,000.00	254,866.93		193,665.26	61,201.67
08-10	Various Sewer Capital Improvements	6-21-10	764,500.00	725,305.84		30,042.25	695,263.59
08-11	Improvement of Water System	8-15-11	209,000.00	185,090.68		80,856.40	104,234.28
09-11	Various Sewer Capital Improvements	8-15-11	723,800.00	717,720.48		7,444.45	710,276.03
5-14	Various Sewer Capital Improvements	7-14-14	1,255,000.00	1,255,000.00		164,274.59	1,090,725.41
6-14	Improvement of Water System	7-14-14	143,000.00	143,000.00		141,784.00	1,216.00
14-15	Improvement of Water System	11-16-15	116,000.00		116,000.00		116,000.00
				<u>\$ 4,663,992.58</u>	<u>\$ 116,000.00</u>	<u>\$ 1,156,670.89</u>	<u>\$ 3,623,321.69</u>
<u>Ref.</u>				D	D-22	Below	D
					<u>Ref.</u>		
Transferred to Fixed Capital					D-12	\$ 904,769.26	
Improvement Authorizations Canceled					D-22	251,901.63	
					Above	<u>\$ 1,156,670.89</u>	

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

D-14

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2014</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Expenditures</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Committed</u>	<u>Uncommitted</u>			
<u>Operating</u>					
Salaries and Wages	\$	\$ 44,268.58	\$ 44,268.58	\$ 1,547.68	\$ 42,720.90
Other Expenses	602,462.30	74,460.60	676,922.90	282,234.92	394,687.98
	<u>\$ 602,462.30</u>	<u>\$ 118,729.18</u>	<u>\$ 721,191.48</u>	<u>\$ 283,782.60</u>	<u>\$ 437,408.88</u>
<u>Ref.</u>	D	D		D-5	D-1

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

ACCRUED INTEREST ON NOTES
YEAR ENDED DECEMBER 31, 2015

D-15

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 835.56
Increased by:		
Budget Appropriation	D-4	<u>4,893.33</u> 5,728.89
Decreased by:		
Interest Payments	D-5	<u>1,880.00</u>
Balance, December 31, 2015	D	<u>\$ 3,848.89</u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance December 31, 2015</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
7-25-15	\$ 433,000.00	2.00%	7-25-15	12-31-15	160 Days	<u>\$ 3,848.89</u> <u>\$ 3,848.89</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

ACCRUED INTEREST ON BONDS
YEAR ENDED DECEMBER 31, 2015

D-16

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 46,329.84
Increased by:		
Budget Appropriation	D-4	177,471.50
		<u>223,801.34</u>
Decreased by:		
Interest Payments	D-5	181,728.80
		<u>181,728.80</u>
Balance, December 31, 2015	D	<u>\$ 42,072.54</u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance December 31, 2015</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
11-1-04	\$ 70,000.00	3.500 %	11-1-15	12-31-15	2.00 Months	\$ 408.33
	70,000.00	3.600	11-1-15	12-31-15	2.00	420.00
	70,000.00	3.700	11-1-15	12-31-15	2.00	431.67
	68,000.00	3.800	11-1-15	12-31-15	2.00	430.67
5-1-08	440,000.00	5.00	11-1-15	12-31-15	2.00	3,666.67
	226,000.00	5.00	11-1-15	12-31-15	2.00	1,883.33
	220,000.00	3.45	11-1-15	12-31-15	2.00	1,265.00
	220,000.00	3.50	11-1-15	12-31-15	2.00	1,283.33
	220,000.00	3.55	11-1-15	12-31-15	2.00	1,301.67
	220,000.00	3.65	11-1-15	12-31-15	2.00	1,338.33
	200,000.00	3.70	11-1-15	12-31-15	2.00	1,233.33
11-1-10	175,000.00	2.00	11-1-15	12-31-15	2.00	583.33
	175,000.00	2.25	11-1-15	12-31-15	2.00	656.25
	744,000.00	3.00	11-1-15	12-31-15	2.00	3,720.00
7-15-13	825,000.00	2.50	7-15-15	12-31-15	5.50	9,453.13
	<u>1,018,000.00</u>	3.00	7-15-15	12-31-15	5.50	<u>13,997.50</u>
	<u>\$ 4,961,000.00</u>			As of 12/31/2015		<u>\$ 42,072.54</u>

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

ACCRUED INTEREST ON LOANS
YEAR ENDED DECEMBER 31, 2015

D-17

	<u>Ref.</u>	
	D	
Balance, December 31, 2014		\$ 17,520.70
Increased by:	D-4	
Budget Appropriation		22,882.60
		<u>40,403.30</u>
Decreased by:	D-5	
Interest Payments		23,832.98
	D	
Balance, December 31, 2015		<u>\$ 16,570.32</u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance Due February 2016</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
11-01-02	\$ 8,306.25	8-01	12-31	5 Months	\$ 6,921.88
11-01-04	11,578.13	8-01	12-31	5 Months	<u>9,648.44</u>
					<u>\$ 16,570.32</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2015

D-18

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 19,909.39
Increased by:		
Cash Received	D-5	5,874.05
		<u>25,783.44</u>
Decreased by:		
Applied to Rents	D-10	19,909.39
Balance, December 31, 2015	D	<u>\$ 5,874.05</u>

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2015

D-19

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 234,800.00
Increased by:		
Budget Appropriation	D-8	55,000.00
Balance, December 31, 2015	D	<u>\$ 289,800.00</u>

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2015

D-20

	<u>Ref.</u>		
Balance, December 31, 2014	D		\$ 38,550,686.01
Increased by:			
Transferred from Deferred Reserve for Amortization	D-21	\$ 38,000.00	
Repayment of State Loan	D-24	168,678.67	
Serial Bonds Redeemed	D-25	<u>590,000.00</u>	
			<u>796,678.67</u>
			39,347,364.68
Decreased by:			
Funded Improvement Authorization Cancelled	D-2		<u>251,901.63</u>
Balance, December 31, 2015	D		<u><u>\$ 39,095,463.05</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2015

D-21

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2015</u>
	<u>Water/Sewer Improvements</u>					
10-07	Various Sewer Improvements	5-21-07	\$ 16,500.00	\$	\$	\$ 16,500.00
7-08	Various Sewer Improvements	6-02-08	38,000.00		38,000.00	
6-09	Various Water Improvements	6-01-09	23,000.00			23,000.00
7-09	Various Sewer Improvements	6-01-09	14,000.00			14,000.00
7-10	Various Water Improvements	6-21-10	32,000.00			32,000.00
8-10	Various Sewer Improvements	6-21-10	37,500.00			37,500.00
8-11	Various Water Improvements	8-15-11	20,500.00	10,000.00		30,500.00
9-11	Various Sewer Improvements	8-15-11	35,800.00			35,800.00
14-15	Various Water Improvements	11-16-15		116,000.00		116,000.00
			<u>\$ 217,300.00</u>	<u>\$ 126,000.00</u>	<u>\$ 38,000.00</u>	<u>\$ 305,300.00</u>
		<u>Ref.</u>	D	D-22	D-20	D

TOWNSHIP OF VERONA
WATER/SEWER UTILITY

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015

D-22

Improvement Description	Ordinance		Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2015	
	Number	Amount	Funded	Unfunded				Funded	Unfunded
<u>Water/Sewer Improvements</u>									
Various Water Capital Improvements	19-05	462,500.00	\$ 50,000.00	\$	\$	\$	\$	\$ 50,000.00	\$
Various Sewer Capital Improvements	10-07	342,000.00	218,169.88					218,169.88	
Various Water Capital Improvements	06-08	410,000.00	99,486.73			1,533.00		97,953.73	
Various Sewer Capital Improvements	07-08	785,000.00	252,401.63			500.00	251,901.63		
Various Water Capital Improvements	06-09	445,000.00	375,784.97			13,861.00		361,923.97	
Various Sewer Capital Improvements	07-09	274,000.00	116,357.13					116,357.13	
Various Water Capital Improvements	07-10	660,000.00	61,201.67					61,201.67	
Various Sewer Capital Improvements	08-10	764,500.00	695,263.59					695,263.59	
Various Water Capital Improvements	08-11	209,000.00		150,263.73		46,029.45			104,234.28
Various Sewer Capital Improvements	09-11	723,800.00	712,023.89			1,747.86		710,276.03	
Various Sewer Capital Improvements	5-14	1,255,000.00		1,229,394.39		138,668.98			1,090,725.41
Various Water Capital Improvements	6-14	143,000.00		90,116.00		88,900.00			1,216.00
Various Water Capital Improvements	14-15	116,000.00			116,000.00				116,000.00
			<u>\$ 2,580,689.49</u>	<u>\$ 1,469,774.12</u>	<u>\$ 116,000.00</u>	<u>\$ 291,240.29</u>	<u>\$ 251,901.63</u>	<u>\$ 2,311,146.00</u>	<u>\$ 1,312,175.69</u>
	Reference		D	D	D-13	D-5	D-2	D	D

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2015

D-23

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Balance December 31, 2014</u>	<u>Notes Issued</u>	<u>Notes Paid</u>	<u>Balance December 31, 2015</u>
8-11	Improvement of Water System	12/14/11	7/23/16	2.00%	\$ 188,000.00	\$ 178,000.00	\$ 188,000.00	\$ 178,000.00
5-14	Various Sewer Improvements	7/24/15	7/23/16	2.00%		255,000.00		255,000.00
					<u>\$ 188,000.00</u>	<u>\$ 433,000.00</u>	<u>\$ 188,000.00</u>	<u>\$ 433,000.00</u>
				<u>Ref.</u>	D	D-5	D-5	D

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

WASTE WATER TREATMENT LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2015

D-24

	<u>Original Issue</u>				
	<u>Date</u>	<u>Amount</u>	<u>Balance December 31, 2014</u>	<u>Decrease</u>	<u>Balance December 31, 2015</u>
New Jersey Waste Water Treatment					
Loan Program:					
Loan Number 3:					
Trust Share	11-01-02	\$ 700,000.00	\$ 375,000.00	\$ 40,000.00	\$ 335,000.00
Fund Share	11-01-02	735,250.00	302,525.32	38,326.50	264,198.82
Loan Number 4:					
Trust Share	11-01-04	850,000.00	535,000.00	45,000.00	490,000.00
Fund Share	11-01-04	864,348.00	442,590.09	45,352.17	397,237.92
			<u>\$ 1,655,115.41</u>	<u>\$ 168,678.67</u>	<u>\$ 1,486,436.74</u>

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2015

D-25

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2014	Bonds Redeemed	Balance December 31, 2015
			Outstanding December 31, 2015					
			Date	Amount				
Water/Sewer Improvements	11-01-04	858,000.00	11-01-16	\$ 70,000.00	3.50 %			
			11-01-17	70,000.00	3.60			
			11-01-18	70,000.00	3.70			
			11-01-19	68,000.00	3.80	\$ 348,000.00	\$ 70,000.00	\$ 278,000.00
Water/Sewer Improvements	5-01-08	2,886,000.00	5-01-16/17	220,000.00	5.00			
			5-01-18	226,000.00	5.00			
			5-01-19	220,000.00	3.45			
			5-01-20	220,000.00	3.50			
			5-01-21	220,000.00	3.55			
			5-01-22	220,000.00	3.65			
			5-01-23	200,000.00	3.70	1,966,000.00	220,000.00	1,746,000.00
Water/Sewer Improvements	11-01-10	1,819,000.00	11-01-16	175,000.00	2.00			
			11-01-17	175,000.00	2.25			
			11-01-18	175,000.00	3.00			
			11-01-19/20	200,000.00	3.00			
			11-01-21	169,000.00	3.00	1,269,000.00	175,000.00	1,094,000.00
Water/Sewer Improvements	7-15-13	2,043,000.00	01-15-16/18	125,000.00	2.50			
			01-15-19/21	150,000.00	2.50			
			01-15-22/27	150,000.00	3.00			
			01-15-28	118,000.00	3.00	1,968,000.00	125,000.00	1,843,000.00
						<u>\$ 5,551,000.00</u>	<u>\$ 590,000.00</u>	<u>\$ 4,961,000.00</u>
Ref.						D	D-20	D

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015

D-26

Authorizations	Ordinance		Debt Authorized	Balance December 31, 2014	Adjustment	Notes Issued	Balance December 31, 2015
	Number	Date					
Various Sewer Improvements	8-11	8-15-11	\$ 198,500.00	\$ 500.00	\$	\$	\$ 500.00
Various Sewer Improvements	5-14	7-14-14	1,225,000.00	1,225,000.00	30,000.00	255,000.00	1,000,000.00
Various Water Improvements	6-14	7-14-14	143,000.00	143,000.00			143,000.00
				<u>\$ 1,368,500.00</u>	<u>\$ 30,000.00</u>	<u>\$ 255,000.00</u>	<u>\$ 1,143,500.00</u>
<u>Ref.</u>				D		D-23	D

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2015

E-5

	Ref.	Operating Fund	Capital Fund
Balance, December 31, 2014	E	\$ 145,647.17	\$ 85,669.05
Increased by Receipts:			
Premium on Sale of Notes	E-2	\$	\$ 2,290.74
Membership Fees	E-3	452,135.00	
Miscellaneous Revenue	E-3	73,402.07	
Pool Capital Surplus	E-3	10,000.00	
Petty Cash Returned	E-8	100.00	
Interfunds	E-10		7,181.78
Bond Anticipation Notes Issued	E-20		146,000.00
Contra Items:			
Protested Checks	Below		
		535,637.07	155,472.52
		<u>681,284.24</u>	<u>241,141.57</u>
Decreased by Disbursements:			
Budget Appropriations	E-4	493,507.05	
Petty Cash Advanced	E-8	100.00	
Appropriation Reserves	E-12	5,550.38	
Interest on Notes	E-14	1,520.00	
Interest on Bonds	E-13	48,762.00	
Due Pool Capital Fund	E-17	5,999.22	
Improvement Authorizations	E-19		20,715.86
Bond Anticipation Notes Redeemed	E-20		152,000.00
Fund Balance - Anticipated Revenue	E-2		10,000.00
Contra Items	Above		
		555,438.65	182,715.86
Balance, December 31, 2015	E	<u>\$ 125,845.59</u>	<u>\$ 58,425.71</u>

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

CASH RECEIPTS AND DISBURSEMENTS
NEW JERSEY CASH MANAGEMENT FUND
YEAR ENDED DECEMBER 31, 2015

E-6

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2014	E	<u>\$ 285,900.00</u>	<u>\$ 297,678.00</u>
Balance, December 31, 2015	E	<u><u>\$ 285,900.00</u></u>	<u><u>\$ 297,678.00</u></u>

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2015

E-7

	Ordinance Number	Balance December 31, 2014	Receipts	Disbursements		Transfers		Balance December 31, 2015
				Improvement Authorizations	Other	From	To	
<u>Improvement Authorizations - General</u>								
Improvements to Pool Facility	8-09	\$ (700.00)	\$	\$	\$	\$	\$	\$ (700.00)
Improvements to Pool Facility	9-10	82,529.06		12,330.25		10,000.00		60,198.81
Improvements to Pool Facility	10-11	58,497.88		1,000.00				57,497.88
Improvements to Pool Facility	2-13	57,208.77		1,000.00				56,208.77
Improvements to Pool Facility	7-14	(648.00)		6,385.61				(7,033.61)
<u>General Accounts</u>								
Fund Balance		1,716.12	2,290.74		10,000.00		10,000.00	4,006.86
Capital Improvement Fund		191,925.00					30,000.00	221,925.00
Bond Anticipation Notes			146,000.00		152,000.00		6,000.00	
Due from Swimming Pool Utility		(5,999.22)	5,999.22			36,000.00		(36,000.00)
Due from General Capital Fund		(1,182.56)	1,182.56					
		<u>\$ 383,347.05</u>	<u>\$ 155,472.52</u>	<u>\$ 20,715.86</u>	<u>\$ 162,000.00</u>	<u>\$ 46,000.00</u>	<u>\$ 46,000.00</u>	<u>\$ 356,103.71</u>
Ref.	E		E-5	E-5	E-5	Contra	Contra	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

PETTY CASH FUND
YEAR ENDED DECEMBER 31, 2015

E-8

	<u>Ref.</u>	<u>Operating</u>
Increased by:		
Petty Cash Funds Advanced	E-5	\$ 100.00
Decreased by:		
Petty Cash Funds Returned	E-5	<u>100.00</u>
		<u>\$</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2015

E-9

	<u>Ref.</u>	
Balance, December 31, 2014	E	<u>\$ 4,532,626.18</u>
Balance, December 31, 2015	E	<u><u>\$ 4,532,626.18</u></u>

INTERFUNDS RECEIVABLE
POOL UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2015

E-10

	<u>Ref.</u>	<u>Pool Operating Fund</u>	<u>General Capital Fund</u>
Balance, December 31, 2014	E	\$ 5,999.22	\$ 1,182.56
Increased by:			
Paydown of Bond Anticipation Note	E-18	6,000.00	
Capital Improvement Fund	E-15	30,000.00	
		<u>41,999.22</u>	<u>1,182.56</u>
Decreased by:			
Cash Receipts	E-5	<u>5,999.22</u>	<u>1,182.56</u>
Balance, December 31, 2015	E	<u><u>\$ 36,000.00</u></u>	<u><u>\$</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2015

E-11

	<u>Number</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance December 31, 2014</u>	<u>2015 Authorizations</u>	<u>Balance December 31, 2015</u>
<u>General Improvements</u>						
Improvements to Municipal Pool	09-10	06-21-10	\$ 517,000.00	\$ 110,712.03	\$	\$ 110,712.03
Improvements to Municipal Pool	10-11	08-15-11	88,000.00	59,703.06		59,703.06
Improvements to Municipal Pool	2-13	2-19-13	78,750.00	78,750.00		78,750.00
Improvements to Municipal Pool	7-14	7-14-14	33,000.00	33,000.00		33,000.00
Improvements to Municipal Pool	13-15	11-16-15	35,000.00		35,000.00	35,000.00
				<u>\$ 282,165.09</u>	<u>\$ 35,000.00</u>	<u>\$ 317,165.09</u>
		<u>Ref.</u>		E	E-19	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

E-12

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2014</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Expenditures</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Uncommitted</u>			
<u>Operating</u>					
Salaries and Wages	\$	\$ 50,006.99	\$ 50,006.99	\$	\$ 50,006.99
Other Expenses	9,054.79	46,030.07	55,084.86	5,550.38	49,534.48
<u>Capital Improvements</u>					
Capital Outlay		5,000.00	5,000.00		5,000.00
<u>Statutory Expenditures</u>					
Social Security System (OASI)		176.31	176.31		176.31
Unemployment Compensation Insurance		1,000.00	1,000.00		1,000.00
	<u>\$ 9,054.79</u>	<u>\$ 102,213.37</u>	<u>\$ 111,268.16</u>	<u>\$ 5,550.38</u>	<u>\$ 105,717.78</u>
<u>Ref.</u>	E	E		E-5	E-1

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

ACCRUED INTEREST ON BONDS
YEAR ENDED DECEMBER 31, 2015

E-13

	<u>Ref.</u>	
Balance, December 31, 2014	E	\$ 18,814.08
Increased by:		
Budget Appropriation	E-4	47,450.55
		<u>66,264.63</u>
Decreased by:		
Payments	E-5	48,762.00
		<u>48,762.00</u>
Balance, December 31, 2015	E	<u>\$ 17,502.63</u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance December 31, 2015</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
11/1/04	\$ 40,000.00	3.50 %	11-01-15	12-31-15	2 Months	\$ 233.33
	22,000.00	3.60	11-01-15	12-31-15	2 Months	132.00
5/1/08	162,000.00	5.00	11-01-15	12-31-15	2 Months	1,350.00
7/15/13	605,000.00	2.50	7-15-15	12-31-15	5.5 Months	6,932.29
	644,000.00	3.00	7-15-15	12-31-15	5.5 Months	8,855.00
	<u>\$ 1,473,000.00</u>					<u>\$ 17,502.63</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

ACCRUED INTEREST ON NOTES
YEAR ENDED DECEMBER 31, 2015

E-14

	<u>Ref.</u>	
Balance, December 31, 2014	E	\$ 671.33
Increased by:		
Budget Appropriation	E-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">2,138.34</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Decreased by:		
Payments	E-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">1,520.00</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2015	E	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 1,289.67</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance December 31, 2015</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
07/23/15	\$ 75,000.00	2.00%	7-24-15	12-31-15	160 Days	\$ 662.50
07/23/15	71,000.00	2.00%	7-24-15	12-31-15	160 Days	627.17
	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div>					<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div>
	\$ 146,000.00					\$ 1,289.67

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2015

E-15

	<u>Ref.</u>		
Balance, December 31, 2014	E		\$ 191,925.00
Increased by:			
Due from Operating Fund	E-10		<u>30,000.00</u>
Balance, December 31, 2015	E		<u><u>\$ 221,925.00</u></u>

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2015

E-16

	<u>Ref.</u>		
Balance, December 31, 2014	E		\$ 2,970,341.27
Increased by:			
2015 Budget Appropriation:			
Bonds Redeemed	E-21	<u>\$ 145,000.00</u>	<u>145,000.00</u>
Balance, December 31, 2015	E		<u><u>\$ 3,115,341.27</u></u>

DUE TO POOL CAPITAL FUND
YEAR ENDED DECEMBER 31, 2015

E-17

	<u>Ref.</u>		<u>Pool Utility Operating</u>
Balance, December 31, 2014	E		\$ 5,999.22
Increased by:			
Budget Appropriation	E-4	30,000.00	
Budget Appropriation	E-4	<u>6,000.00</u>	<u>36,000.00</u>
			41,999.22
Decreased by:			
Cash Disbursement	E-5		<u>5,999.22</u>
Balance, December 31, 2015	E		<u><u>\$ 36,000.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2015

E-18

	<u>Ref.</u>	
Balance, December 31, 2014	E	\$ 40,750.00
Increased by:		
Required Paydown on Bond Anticipation Note	E-10	<u>6,000.00</u>
Balance, December 31, 2015	E	<u><u>\$ 46,750.00</u></u>

Analysis of Balance

<u>Improvement</u>	<u>Ordinance Number</u>	<u>Amount</u>
Improvement to Pool Facility	09-10	\$ 26,000.00
Improvement to Pool Facility	10-11	17,000.00
Improvement to Pool Facility	2-13	3,750.00
		<u><u>\$ 46,750.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2015

E-19

Improvement	Number	Ordinance		Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Canceled	Balance Dec. 31, 2015	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
<u>General Improvements</u>										
Improvements to Pool Facility	9-10	6-21-10	\$ 517,000.00	\$ 82,529.06	\$	\$	\$ 12,330.25	\$ 10,000.00	\$ 60,198.81	\$
Improvements to Pool Facility	10-11	8-15-11	88,000.00		58,497.88		1,000.00			57,497.88
Improvements to Pool Facility	2-13	2-19-13	78,750.00		57,208.77		1,000.00			56,208.77
Improvements to Pool Facility	7-14	7-14-14	33,000.00		32,352.00		6,385.61			25,966.39
Improvements to Pool Facility	13-15	11-16-15	35,000.00			35,000.00				35,000.00
				<u>\$ 82,529.06</u>	<u>\$ 148,058.65</u>	<u>\$ 35,000.00</u>	<u>\$ 20,715.86</u>	<u>\$ 10,000.00</u>	<u>\$ 60,198.81</u>	<u>\$ 174,673.04</u>
Ref				E	E	E-11	E-5	E-2	E	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2015

E-20

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Notes Issued</u>	<u>Notes Paid</u>	<u>Balance December 31, 2015</u>
10-11	Improvement of Pool Utility	8-15-11	7-22-16	2.00 %	\$ 77,000.00	\$ 71,000.00	\$ 77,000.00	\$ 71,000.00
2-13	Improvement of Pool Utility	7-2-13	7-22-16	2.00	75,000.00	75,000.00	75,000.00	75,000.00
					<u>\$ 152,000.00</u>	<u>\$ 146,000.00</u>	<u>\$ 152,000.00</u>	<u>\$ 146,000.00</u>
				<u>Ref.</u>	E	E-5	E-5	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2015

E-21

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2015		Interest Rate	Balance December 31, 2014	Bonds Redeemed	Balance December 31, 2015
			Date	Amount				
Improvements to Pool Facilities	11-01-04	\$ 462,000.00	11-01-16	\$ 40,000.00	3.50 %			
			11-01-17	22,000.00	3.60	\$ 102,000.00	\$ 40,000.00	\$ 62,000.00
Improvements to Pool Facilities	5-01-08	272,000.00	5-01-16	40,000.00	5.00			
			5-01-17	60,000.00	5.00			
			5-01-18	62,000.00	5.00	202,000.00	40,000.00	162,000.00
Improvements to Pool Facilities	7-15-13	1,379,000.00	7-15-16/17	65,000.00	2.50			
			7-15-18	85,000.00	2.50			
			7-15-19/21	130,000.00	2.50			
			7-15-22/25	130,000.00	3.00			
			7-15-26	124,000.00	3.00	1,314,000.00	65,000.00	1,249,000.00
						<u>\$ 1,618,000.00</u>	<u>\$ 145,000.00</u>	<u>\$ 1,473,000.00</u>
Ref.						E	E-16	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015

E-22

<u>Authorizations</u>	<u>Ordinance</u>		<u>Debt Authorized</u>	<u>Balance December 31, 2014</u>	<u>2015 Authorizations</u>	<u>Balance December 31, 2015</u>
	<u>Number</u>	<u>Date</u>				
Various Pool Improvements	8-09	6-01-2009	\$ 94,000.00	\$ 700.00	\$	\$ 700.00
Various Pool Improvements	7-14	7-14-2014	33,000.00	33,000.00		33,000.00
Various Pool Improvements	13-15	11-16-15	35,000.00		35,000.00	35,000.00
				<u>\$ 33,700.00</u>	<u>\$ 35,000.00</u>	<u>\$ 68,700.00</u>
			<u>Ref.</u>	E	E-19	E

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2015

F-1

	<u>Ref.</u>	
Balance, December 31, 2014	F	\$ 2,922.96
Increased by Receipts:		
Interest on Deposits	F-2	<u>14.64</u>
Balance, December 31, 2015	F	<u><u>\$ 2,937.60</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

RESERVES FOR EXPENDITURES
YEAR ENDED DECEMBER 31, 2015

F-2

	<u>Ref.</u>	
Balance December 31, 2014	F	\$ 2,922.96
Increased by:		
Interest on Deposits	F-1	<u>14.64</u>
Balance December 31, 2015	F	<u><u>\$ 2,937.60</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2015

G-1

	<u>Ref.</u>	<u>Fees Account</u>	<u>Memorial Fund</u>
Balance, December 31, 2014	G	<u>\$ 51,364.18</u>	<u>\$ 138,347.30</u>
Increased by:			
Miscellaneous Library Revenue	G-2	11,543.66	
Interest in Investments and Savings Account	G-2	<u>258.96</u>	<u>54.32</u>
		<u>11,802.62</u>	<u>54.32</u>
		<u>63,166.80</u>	<u>138,401.62</u>
Decreased by:			
Expenditures:			
Purchases of Books, Magazine Subscriptions, Records, etc.	G-2	<u>11,010.97</u>	
		<u>11,010.97</u>	
Balance, December 31, 2015	G	<u><u>\$ 52,155.83</u></u>	<u><u>\$ 138,401.62</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

CASH RECEIPT AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2015

G-2

	<u>Ref.</u>	<u>Fees Account</u>	<u>Memorial Account</u>
Balance, December 31, 2014	G	\$ 51,364.18	\$ 138,347.30
Increased by Receipts:			
Fees and Fines	G-1	\$ 6,860.10	\$
Book Sales and Miscellaneous	G-1	2,318.86	
Donations	G-1	2,005.44	
Lost Book Fees	G-1	359.36	
Interest on Fees Account	G-1	258.86	
Interest on Memorial Fund	G-1		54.32
		<u>11,802.62</u>	<u>54.32</u>
		63,166.80	138,401.62
Decreased by Disbursements:			
Books, Compact Discs, Supplies, Dues, Registrations, Refunds, Postage, Subscriptions and Programs	G-1	<u>11,010.97</u>	
		<u>11,010.97</u>	
Balance, December 31, 2015	G	<u>\$ 52,155.83</u>	<u>\$ 138,401.62</u>

TOWNSHIP OF VERONA
PAYROLL FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2015

H-1

	Balance December 31, 2014	Gross Payroll	Other Receipts	Disbursements	Adjustments	Balance December 31, 2015
Net Salaries and Wages	\$	\$ 6,649,186.95	\$	\$ 6,649,186.95	\$	\$
Federal Income Tax	105.25	1,442,364.33	4,110.79	1,446,580.37		
New Jersey State Income Tax	12.86	384,449.78	73.37	384,462.64	(73.37)	
Social Security	53.16	408,351.08	408,466.74	816,808.63	53.16	115.51
Medicare	12.42	146,571.17	145,798.14	292,444.91	12.42	(50.76)
Family Leave	417.07	3,896.61	5,514.88	9,828.46	(0.10)	
State Unemployment Compensation Insurance		18,397.25	40.74	18,397.25	(40.74)	
Pennsylvania State Income Tax	(544.96)	3,487.75		3,520.28	577.49	
Public Employees' Retirement System	1,306.30	416,930.39	650,465.00	1,067,600.50	131.04	1,232.23
Public Employees' Retirement System - Insurance	95.61	24,851.27		24,868.37	9.71	88.22
Public Employees' Retirement System - Annuity	0.00	7,584.00		7,584.00		
Police and Firemen's Retirement System	326.10	408,082.31	784,077.00	1,192,579.17	93.76	
PBA Dues		16,775.00		16,775.00		
VALIC		279,059.54		279,409.54	250.00	(100.00)
VOYA		17,550.00		17,550.00		
County Educators FCU		41,540.00		41,540.00		
Life Insurance		4,250.00		4,250.00		
Colonial Life		6,831.69	200.64	6,663.71		368.62
OPEIU (Union Dues)		26,087.60	117.60	26,166.00	(39.20)	
Roth - IRA		225.00		225.00		
College Fund		5,975.00		5,975.00		
VALIC 401A Profit Sharing		2,527.32		2,527.32		
State Health Benefits		286,761.83	785.66	286,214.35		1,333.14
AFLAC	271.32	17,137.77	344.16	17,275.82	(477.43)	
FSA Medical		2,499.90		2,499.90		
Garnishments		59,914.32		59,914.32		
Medical Contribution Upon Retirement						
Gross Payroll	2,055.13	10,681,287.86	1,999,994.72	12,680,847.49	496.74	2,986.96
Other:						
Interfund			170,000.00		170,000.00	
Due To/(From) Current Fund	1,076.79			237.61	(839.18)	
Accounts Payable					26.88	26.88
	1,076.79		170,000.00	237.61	(839.18)	26.88
	\$ 3,131.92	\$ 10,681,287.86	\$ 2,169,994.72	\$ 12,681,085.10	\$ (342.44)	\$ 3,013.84
Ref.	H				Ref.	H
			Due to Various Agencies		H	\$ 2,986.96
			Due to Current Fund		H	26.88
					Above	\$ 3,013.84

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

**The Honorable Mayor and Members
of the Township Council
Township of Verona
Verona, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds of the Township of Verona, Essex County, New Jersey (the "Township"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 30, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

May 30, 2016

John Lauria

John Lauria, RMA
Licensed Registered Municipal Accountant # 403

PART II

**REPORT ON INTERNAL CONTROL
AND OTHER MATTERS**

ROSTER OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS AT DECEMBER 31, 2015

<u>Name</u>	<u>Title</u>	<u>Amount of Surety</u>
Kevin Ryan	Mayor	\$
Michael Nochimson	Deputy Mayor	
Jay Sniatkowski	Councilman	
Bob Manley	Councilman	
Alex Roman	Councilman	
Matthew Cavallo	Township Manager	
Mitchell Stern	Director of Public Safety	
Jennifer Kiernan	Dog License Official	
	Municipal Clerk	
Matthew Laracy	Chief Financial Officer	1,000,000.00
Jennifer Muscara	Water Rent Collector – Tax Collector	1,000,000.00
	Tax Search Officer	
George Librizzi	Assessor	
Brian Aloia	Township Attorney	
John A. Paparazzo	Magistrate	1,000,000.00
	Court Clerk	1,000,000.00
	Prosecutor	
Thomas Jacobsen	Construction Code Enforcement Officer	
Constance Pifher	Director of Public Welfare	
Jim Cunningham	Director of Community Services	
Sue Portuese	Health Officer	
James Helb	Township Engineer	
Lenny Waterman	Buildings and Grounds Superintendent	
Cheryl Ashley	Interim Library Director	
Diane Lundy	Treasurer of Library Board of Trustees	10,000.00

Public Employee Dishonesty coverage in the amount of \$25,000.00, per loss, covers all other employees.

All policies were provided through the North Jersey Intergovernmental Insurance Fund.

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

N.J.S.A. 40A:11-4, as amended, states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c), except by contract or agreement."

It is pointed out that the Township Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

The bidding threshold for the period under audit was \$36,000.00 through June 30th and \$40,000.00 after July 1st in accordance with the provisions of N.J.S.A. 40A:11-3c based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40A:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay to Play Law", provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold, known as "window contracts", can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity. The Township did not participate in this process.

The minutes indicate that proposals were solicited for "Professional Services" in accordance with N.J.S.A. 19:44A-20-5.

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

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$5,400.00 through June 30th and \$6,000.00 after July 1st at least two quotations as to the cost of price are required. Quotations, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder.

It was noted that purchases exceeding the quote threshold were made without any documentation showing that quotes were obtained.

It is recommended that:

Quotes be obtained for all purchased exceeding \$5,400.00 in accordance with N.J.S.A. 40A:11-6.1.

Collection of Interest on Delinquent Taxes and Other Municipal Charges

N.J.S.A. 54:4-47, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body, on January 4, 1999, adopted the following resolution authorizing interest to be charged on delinquent taxes, assessments and utility bills:

"WHEREAS, R.S. 54:4-66 regulates the due dates for the payment of taxes and assessments, and

WHEREAS, Chapter 105, P.L. 1965, amending R.S. 54:4-67 authorizes the municipalities to provide a grace period not exceeding ten (10) days.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Township of Verona that the Collector is hereby authorized to allow a period of ten (10) days grace from the installment due date before charging interest; after ten (10) days, interest reverts back to the due date, and

BE IT FURTHER RESOLVED that the rate of interest to be charged for the payment of taxes or assessments or sewer and water utility bills, when they become delinquent, shall be at the rate of eight percent (8%) per annum on the first \$1,500.00 of the delinquency, and eighteen percent (18%) per annum in the excess of \$1,500.00 and an additional penalty of six percent (6%) on any delinquency in excess of \$10,000.00 for the prior year.

Tests of the Tax Collector's records indicate that interest was generally collected in accordance with the provisions of the foregoing ordinance.

Delinquent Taxes and Tax Title Liens

A tax sale was held in 2015 and was complete.

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary. No exceptions noted.

Expenditures

A review of the purchase order system of the Township disclosed that a number of purchase orders were created after the invoice date. This could result in the Township over-expending the budget line amount.

It is recommended that:

Purchase orders requisitions be prepared before purchases are made.

Police Special Duty

A review of activity for police special duty work disclosed that fees are not being collected from vendors before the work is scheduled as required. This has resulted in the Township paying the cost for police special duty work.

It is recommended that:

That vendor's pay in advance for projects in which police officers are scheduled to provide traffic patrol duties.

Dedication by Rider

Certain accounts classified herein as Special Deposits in the General Trust Fund may be subject to the provisions of Dedication by Rider, N.J.S.A. 40A:4-39.

Statutory regulations require that resolutions be adopted by the Governing Body and subsequent approval by the Division of Local Government Services for any accounts dedicated by rider to the municipal budget.

It is recommended that certain trust accounts be reviewed by Township officials for possible inclusion in the municipal budget under the provisions of Dedication by Rider, N.J.S.A. 40A:4-39.

Capital Fixed Assets

The Division of Local Government Services in the Department of Community Affairs in the State of New Jersey requires all municipalities in the State to establish and maintain sets of accounts and inventories reflecting costs of other valuations of all of its fixed assets, including land, buildings, improvements, machinery, furniture and equipment. Such accounts, to be included under "Capital Fixed Assets", would ensure complete fiscal reliability of records, establish a basis for claims of losses and other insurance purposes, augment protective measures against the misuse or theft of property and furnish data on aging, anticipated life and other information on assets. Failure to maintain fixed asset records could jeopardize the Township's eligibility for future Federal and State Grants. The Township did not maintain a fixed asset ledger for 2015.

It is recommended that:

A fixed asset ledger be established and maintained on a current basis.

Corrective Action Plan

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A Corrective Action Plan was prepared for the 2014 audit.

Status of Prior Years' Audit Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all with the exception of the following, which is included in this year's recommendations:

General

That vendor's pay in advance for projects in which police officers are scheduled to provide traffic patrol duties.

That certain trust accounts be reviewed by Township officials for possible inclusion in the municipal budget under the provisions of Dedication by Rider, N.J.S.A. 40A:4-39.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Registers of fixed assets by title or account grouping are not maintained in the Water/Sewer and Swimming Pool Utility Capital Funds. The fixed capital reported on Exhibits D-14 and E-9 is as taken from municipal records and does not necessarily reflect the true condition of such fixed capital.

The propriety of deductions for pensions, withholding tax, social security and other purposes from individual employee salaries was not verified as part of this examination.

Activity of the State Unemployment Compensation Insurance Trust Fund, established for the accumulation of pertinent payroll deductions, municipal contributions and interest on deposits, appears in Section "B" of the report.

A copy of this report was filed with the New Jersey Division of Local Government Services.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

RECOMMENDATIONS

Purchasing

That quotes be obtained for goods/services exceeding the quote threshold of \$5,400.00 through June 30th and \$6,000.00 after July 1st.

Financial Reporting

That purchase orders/requisitions be prepared prior to the purchases being made.

That vendor's pay in advance for projects in which police officers are scheduled to provide traffic patrol duties.

Dedication by Rider

That certain trust accounts be reviewed by Township officials for possible inclusion in the municipal budget under the provisions of Dedication by Rider, N.J.S.A. 40A:4-39.

A fixed asset inventory system be maintained on a current basis.

* * *

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report and to assist in the implementation of recommendations.

We desire to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.

Respectfully submitted,

PKF O'Connor Davies, LLP
John Lauria

John Lauria, RMA
Licensed Registered Municipal Accountant # 403

May 30, 2016