

REPORT OF AUDIT
BOROUGH OF SUSSEX
COUNTY OF SUSSEX
DECEMBER 31, 2015



BOROUGH OF SUSSEX, N.J.
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YEAR ENDED DECEMBER 31, 2015

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BOROUGH OF SUSSEX

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Sussex
Sussex, New Jersey 07461

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are



Honorable Mayor and
Members of the Borough Council
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appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully describe in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2015, and 2014, stated as \$4,415,248.00 and \$4,384,885.00, respectively.

As described in Note 19 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$223,546.90 and \$208,902.33 for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

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

Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2016 on our consideration of the Borough of Sussex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Sussex's internal control over financial reporting and compliance.



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

Ferraioli, Wielkottz, Cerullo & Cuva, PA
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Certified Public Accountants

Newton, New Jersey

June 23, 2016



Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	536,995.55	473,433.07
Change Fund	A-5	100.00	100.00
Escrow on Purchase of 3 E Main St	A-6	1,000.00	
		<u>538,095.55</u>	<u>473,533.07</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	116,564.45	130,684.23
Tax Title Liens Receivable	A-8	90,226.10	42,699.07
Property Acquired for Taxes - Assessed Valuation	A-9	217,700.00	217,700.00
		<u>424,490.55</u>	<u>391,083.30</u>
Deferred Charges:			
Emergency Authorization (40:A4-55)	A-13	45,000.00	70,000.00
		<u>1,007,586.10</u>	<u>934,616.37</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-22	46,226.29	47,318.20
		<u>1,053,812.39</u>	<u>981,934.57</u>

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

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves			
Unencumbered	A-3;A-14	109,009.49	106,822.30
Encumbered	A-3;A-14	19,150.78	10,711.26
Interfunds Payable:			
Federal and State Grant Fund	A-11	46,226.29	47,318.20
Other Trust Fund	A-11	12.00	
General Capital	A-11	19,278.24	
Emergency Note	A-12	40,000.00	60,000.00
Tax Overpayments	A-15	2,493.87	2,198.01
Reserve for:			
Revaluation	A-15	27,742.12	32,222.12
Due to State of New Jersey:			
Marriage Surcharge	A-15	125.00	75.00
Senior Citizen and Veteran Deductions	A-16	2,574.97	2,574.97
Municipal Court - Fines and Penalties	A-17	150.00	
Prepaid Taxes	A-18	42,694.41	38,095.26
County Taxes Payable	A-19		399.25
		<u>309,457.17</u>	<u>300,416.37</u>
Reserve for Receivables	Contra	424,490.55	391,083.30
Fund Balance	A-1	<u>273,638.38</u>	<u>243,116.70</u>
		<u>1,007,586.10</u>	<u>934,616.37</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-24	41,350.60	33,015.28
Unappropriated Reserve for Grants	A-25	4,875.69	14,302.92
		<u>46,226.29</u>	<u>47,318.20</u>
		<u>1,053,812.39</u>	<u>981,934.57</u>

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

Borough of Sussex, N.J.

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	93,500.00	93,500.00
Miscellaneous Revenue Anticipated	A-2	279,646.40	273,270.33
Receipts from Delinquent Taxes	A-2	114,508.66	182,059.25
Receipts from Current Taxes	A-2	3,636,516.87	3,548,231.75
Non-Budget Revenue	A-2	43,763.76	62,042.50
Other Credits to Income:			
Interfunds Returned			4,021.02
Grant Appropriations Cancelled			90,909.09
Unexpended Balance of			
Appropriation Reserves	A-14	79,870.86	35,492.47
Cancellation of Various Reserves			14,736.00
Cancellation of Prepaid School Taxes			8,747.92
Total Revenues and Other Income		<u>4,247,806.55</u>	<u>4,313,010.33</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	179,347.00	142,205.00
Other Expenses	A-3	498,620.00	444,321.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within "CAPS"	A-3	25,070.00	42,887.05
Operations - Excluded From CAPS:			
Other Expenses	A-3	315,775.92	328,633.00
Capital Improvements - Excluded from Caps	A-3	101,000.00	91,000.00
Municipal Debt Service - Excluded from Caps	A-3	105,800.95	111,945.37
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	44,925.00	41,417.00
Grant Receivables Cancelled			99,483.00
Adjustment to Marriage Surcharge Payable			25.00
Regional School Tax	A-20	1,393,950.00	1,411,503.00
Regional High School Tax	A-21	817,789.00	792,304.00
County Taxes including Added Taxes	A-19	641,507.00	631,163.74
Total Expenditures		<u>4,123,784.87</u>	<u>4,136,887.16</u>
Statutory Excess to Fund Balance		124,021.68	176,123.17
Fund Balance, January 1,	A	<u>243,116.70</u>	<u>160,493.53</u>
		367,138.38	336,616.70
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>93,500.00</u>	<u>93,500.00</u>
Fund Balance, December 31,	A	<u><u>273,638.38</u></u>	<u><u>243,116.70</u></u>

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

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

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	<u>93,500.00</u>	<u>93,500.00</u>	<u> </u>
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-10	4,400.00	4,400.00	
Fees and Permits	A-10	12,600.00	13,612.00	1,012.00
Municipal Court	A-10	15,500.00	17,793.48	2,293.48
Parking Meters	A-10	12,425.00	11,750.00	(675.00)
Energy Receipts Tax	A-10	164,665.00	164,665.00	
Consolidated Municipal Property Tax Relief Aid	A-10	22,808.00	22,808.00	
Special Items of General Revenue Anticipated				
With Prior Written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Clean Communities	A-23	4,006.20	4,006.20	
Recycling Tonnage	A-23	10,296.72	10,296.72	
Other Special Items:				
Housing Inspection Fees	A-10	<u>26,900.00</u>	<u>30,315.00</u>	3,415.00
Total Miscellaneous Revenues	A-1	<u>273,600.92</u>	<u>279,646.40</u>	<u>6,045.48</u>
Receipts from Delinquent Taxes	A-1;A-2	<u>130,600.00</u>	<u>114,508.66</u>	<u>(16,091.34)</u>
Subtotal General Revenues		<u>497,700.92</u>	<u>487,655.06</u>	<u>(10,045.86)</u>
Amount to be Raised by Taxes for Support of				
Municipal Budget-Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes	A-2	<u>918,894.00</u>	<u>929,317.87</u>	<u>10,423.87</u>
Budget Totals		1,416,594.92	1,416,972.93	378.01
Non-Budget Revenue	A-1;A-2	<u> </u>	<u>43,763.76</u>	<u>43,763.76</u>
		<u>1,416,594.92</u>	<u>1,460,736.69</u>	<u>44,141.77</u>
	A-3			

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

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

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>		
Revenue from Collections	A-1;A-7		3,636,516.87
Allocated to School and County Taxes	A-7		<u>2,853,246.00</u>
Balance for Support of Municipal Budget Appropriations			783,270.87
Add : Appropriation - Reserve for Uncollected Taxes	A-3		<u>146,047.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>929,317.87</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes			
Taxes Receivable	A-7	106,431.78	
Tax Title Liens Receivable	A-8	<u>8,076.88</u>	
			<u><u>114,508.66</u></u>
			A-2
<u>Analysis of Non-budget Revenues</u>			
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Tax Collector	A-10	26,364.83	
Interest on Investments	A-10	<u>1,113.44</u>	
			27,478.27
Cable TV. Franchise Fee		8,000.00	
Planning Board Applications		5,950.00	
Veteran & Sr. Citizen Admin. Fees		265.00	
Zoning Applications		800.00	
Bulk Waste Fees		547.50	
Reimbursements		676.54	
Miscellaneous		<u>46.45</u>	
	A-4		<u>16,285.49</u>
	A-2		<u><u>43,763.76</u></u>

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

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Operations Within "CAPS"						
Administrative and Executive						
Salaries and Wages		106,000.00	106,000.00	101,337.39	4,662.61	
Other Expenses		48,185.00	48,185.00	41,939.84	6,245.16	
Elections						
Other Expenses		1,500.00	1,500.00	1,038.92	461.08	
Financial Administration						
Other Expenses		5,500.00	5,500.00	4,788.40	711.60	
Annual Audit		20,000.00	20,000.00	11,650.00	8,350.00	
Collection of Taxes						
Other Expenses		1,550.00	1,550.00	1,156.11	393.89	
Legal Services and Costs						
Other Expenses		51,000.00	44,270.00	29,388.86	14,881.14	
Engineering Services and Costs						
Other Expenses		45,000.00	30,500.00	18,988.01	11,511.99	
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board						
Salaries and Wages		3,000.00	3,000.00	2,750.00	250.00	
Other Expenses		10,900.00	17,400.00	17,132.96	267.04	

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

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Insurance:						
Group Insurance Plan for Employees		51,000.00	53,500.00	53,314.19	185.81	
Workers Compensation Insurance		12,000.00	12,000.00	11,612.68	387.32	
Surety Bonds		1.00	1.00		1.00	
Other Insurance Premiums		61,000.00	61,000.00	59,418.40	1,581.60	
Health Benefit Waiver		3,000.00	3,000.00	3,000.00		
Police						
Salaries and Wages		23,500.00	23,500.00	23,009.20	490.80	
Other Expenses		250.00	250.00		250.00	
Office of Emergency Management						
Salaries and Wages		1,127.00	1,127.00	1,125.10	1.90	
Other Expenses		3.00	3.00		3.00	
Fire						
Aid to Volunteer Fire Department		45,020.00	45,020.00	45,019.92	0.08	
Streets and Roads:						
Road Repairs and Maintenance						
Salaries and Wages		27,720.00	27,720.00	22,247.78	5,472.22	
Other Expenses		53,000.00	65,000.00	55,822.89	9,177.11	
Street Lighting						
Other Expenses		28,000.00	28,000.00	19,264.32	8,735.68	
Garbage and Trash Removal						
Other Expenses		3,700.00	3,700.00	3,199.40	500.60	

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

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Public Buildings and Grounds						
Salaries and Wages		5,000.00	5,000.00	3,267.10	1,732.90	
Other Expenses		36,200.00	36,200.00	30,957.76	5,242.24	
Health and Welfare:						
Board of Health		75.00	75.00	5.40	69.60	
Other Expenses		2.00	2.00		2.00	
Registrar						
Other Expenses		2,503.00	2,503.00	289.03	2,213.97	
Board of Recreation						
Other Expenses		150.00	150.00		150.00	
Shade Tree						
Other Expenses		1,300.00	1,310.00	1,310.00		
Property Maintenance Board						
Other Expenses		500.00	500.00	62.40	437.60	
Celebration of Public Event						
Other Expenses						

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Zoning Official						
Salaries and Wages		13,000.00	13,000.00	12,053.91	946.09	
Other Expenses		500.00	500.00		500.00	
Unclassified:						
Reserve for Pending Tax Appeals						
Other Expenses		1.00	1.00		1.00	
Clove Lake Restoration						
Other Expenses		1,000.00	1,000.00	543.60	456.40	
Gasoline & Diesel Fuel		16,000.00	16,000.00	7,957.87	8,042.13	
Total Operations within "CAPS"		<u>678,187.00</u>	<u>677,967.00</u>	<u>583,651.44</u>	<u>94,315.56</u>	
Total Operations within "CAPS" Including Contingent		<u>678,187.00</u>	<u>677,967.00</u>	<u>583,651.44</u>	<u>94,315.56</u>	
Detail:						
Salaries and Wages	A-1	179,347.00	179,347.00	165,790.48	13,556.52	
Other Expenses	A-1	498,840.00	498,620.00	417,860.96	80,759.04	

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

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		10,499.00	10,719.00	10,717.80	1.20	
Social Security System (O.A.S.I.)		12,850.00	12,850.00	12,819.46	30.54	
Unemployment Compensation Insurance		1,500.00	1,500.00	950.03	549.97	
Defined Contribution Retirement Program		1.00	1.00		1.00	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	24,850.00	25,070.00	24,487.29	582.71	
Total General Appropriations for Municipal Purposes within "CAPS"		703,037.00	703,037.00	608,138.73	94,898.27	
Operations - Excluded from "CAPS"						
Aid to Vol. Fire Department LOSAP		18,000.00	18,000.00	250.00	17,750.00	
Total Other Operations - Excluded From Caps		18,000.00	18,000.00	250.00	17,750.00	

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

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Interlocal Municipal Service Agreements						
Township of Wantage:						
Tax Collector		8,490.00	8,490.00	8,490.00		
Other Expenses						
Tax Assessor						
Other Expenses		10,700.00	10,700.00	10,600.00	100.00	
Municipal Court						
Other Expenses		39,780.00	39,780.00	39,780.00		
Township of Hardyston:						
Road Department		179,200.00	179,200.00	169,400.00	9,800.00	
Other Expenses						
Construction Agreement						
Other Expenses		5,000.00	5,000.00		5,000.00	
Township of Vernon						
"911" Dispatching Communication						
Other Expenses		16,053.00	16,053.00	16,053.00		
Animal Control Agreement						
Other Expenses		10,500.00	10,500.00	9,888.00	612.00	
Animal Census						
Other Expenses		1,750.00	1,750.00	1,750.00		

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

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Township of Lafayette						
Finance Office						
Other Expenses		12,000.00	12,000.00	12,000.00		
Total Public and Private Program Offset by Revenue		<u>283,473.00</u>	<u>283,473.00</u>	<u>267,961.00</u>	<u>15,512.00</u>	
Public and Private Programs Offset by Revenues						
Recycling Tonnage Grant						
Other Expenses		10,296.72	10,296.72	10,296.72		
Clean Communities Grant						
Other Expenses		4,006.20	4,006.20	4,006.20		
Total Public and Private Program Offset By Revenues		<u>14,302.92</u>	<u>14,302.92</u>	<u>14,302.92</u>		
Total Operations - Excluded from "CAPS"		<u>315,775.92</u>	<u>315,775.92</u>	<u>282,513.92</u>	<u>33,262.00</u>	
Detail:						
Other Expenses	A-1	<u>315,775.92</u>	<u>315,775.92</u>	<u>282,513.92</u>	<u>33,262.00</u>	

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

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Capital Improvements:						
Capital Improvement Fund		38,000.00	38,000.00	38,000.00		
Improvements to Streets and Roads		11,000.00	11,000.00	11,000.00		
Purchases of Equipment		12,000.00	12,000.00	12,000.00		
Improvements to Municipal Properties		15,000.00	15,000.00	15,000.00		
Purchase of Fire Truck		25,000.00	25,000.00	25,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	101,000.00	101,000.00	101,000.00		
Municipal Debt Service:						
Payment of Bond Principal		27,000.00	27,000.00	27,000.00		
Interest on Bonds		1,283.00	1,283.00	1,276.02		6.98
Payment of Bond Anticipation Notes and Capital Notes		65,730.00	65,730.00	65,730.00		
Interest on Notes		2,722.00	2,722.00	2,720.18		1.82
Loan Repayments Principal and Interest		8,445.00	8,445.00	8,444.75		0.25
Interest on Special Emergency Note Payable		630.00	630.00	630.00		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	105,810.00	105,810.00	105,800.95		9.05

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

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Deferred Charges:						
Special Emergency Authorizations- 5 Years (N.J.S. 40A:4-55)		25,000.00	25,000.00	25,000.00		
Deferred Charges to Future Taxation Unfunded: Ordinance # 09-17		19,925.00	19,925.00	19,925.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	44,925.00	44,925.00	44,925.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		567,510.92	567,510.92	534,239.87	33,262.00	9.05
Subtotal General Appropriations		1,270,547.92	1,270,547.92	1,142,378.60	128,160.27	9.05
Reserve for Uncollected Taxes		146,047.00	146,047.00	146,047.00		
Total General Appropriations		1,416,594.92	1,416,594.92	1,288,425.60	128,160.27	9.05

A-2

Borough of Sussex, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			146,047.00		
Cash Disbursed	A-4			1,083,797.44		
Schedule of Interfunds	A-11			19,278.24		
Reserve for Federal and State Grants	A-24			14,302.92		
Deferred Charges - Special Emergency	A-13			25,000.00		
				<u>1,288,425.60</u>		
<u>Analysis of Appropriation Reserves</u>						
Unencumbered	A				109,009.49	
Encumbered	A				<u>19,150.78</u>	
					<u>128,160.27</u>	

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

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-1	8,124.20	5,515.60
Interfund - Other Trust Fund	B-2	246.46	
		8,370.66	5,515.60
Other Trust Funds:			
Cash	B-1	65,254.42	63,717.59
Due from Current Fund	B-10	12.00	
		65,266.42	63,717.59
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-1	205,796.90	191,652.33
Contributions Receivable	B-11	17,750.00	17,250.00
		223,546.90	208,902.33
		297,183.98	278,135.52

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

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Encumbrances	B-4		480.00
Reserve for Animal Control			
Trust Expenditures	B-5	6,117.20	5,031.40
Due To Current Fund	B-6	2,249.86	
Due to State Department of Health	B-7	3.60	4.20
		<u>8,370.66</u>	<u>5,515.60</u>
Other Trust Fund:			
Due to Animal Control Fund	B-3	246.46	
Reserve for Various Reserves	B-8	64,859.96	57,171.07
Encumbrances Payable	B-9	160.00	6,546.52
		<u>65,266.42</u>	<u>63,717.59</u>
Emergency Services Volunteer Length of			
Service Award Program (Unaudited):			
Net Position Available for Benefits	B-12	223,546.90	208,902.33
		<u>297,183.98</u>	<u>278,135.52</u>

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

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2;C-3	115,927.61	109,878.30
Interfund - Current Fund	C-4	19,278.24	
Grants Receivable:			
New Jersey Department of Transportation	C-5	35,014.25	40,000.00
Deferred Charges to Future Taxation:			
Funded	C-6	16,475.64	51,470.74
Unfunded	C-7	285,022.09	275,677.09
		<u>471,717.83</u>	<u>477,026.13</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-8	9,760.01	50,812.00
Improvement Authorizations:			
Funded	C-9	105,405.69	18,273.08
Unfunded	C-9	95,000.00	4,388.93
Bond Anticipation Notes Payable	C-10	131,457.00	197,187.00
Serial Bonds Payable	C-11		27,000.00
Green Acres Trust Loan Payable	C-12	16,475.64	24,470.74
Reserve for Encumbrances	C-13	2,025.25	21,635.38
Reserve for Various Reserves	C-14	111,037.24	90,759.00
Fund Balance	C-1	557.00	42,500.00
		<u>471,717.83</u>	<u>477,026.13</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 in the Amount of \$153,565.09 and \$78,490.09 per Exhibit C-15.

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

Borough of Sussex, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2015</u>
Balance - January 1,	C	42,500.00
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>41,943.00</u>
Balance - December 31,	C	<u><u>557.00</u></u>

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

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-4	496,703.93	521,071.34
Due From Water/Sewer Utility Capital Fund	D-14	0.45	
		<u>496,704.38</u>	<u>521,071.34</u>
Receivables with Full Reserves:			
Consumer Accounts	D-6	825,895.01	859,934.42
Other Receivables	D-7	4,500.00	4,500.00
Water/Sewer Liens Receivable	D-8	19,339.51	16,305.69
		<u>849,734.52</u>	<u>880,740.11</u>
Deferred Charges:			
Emergency Authorizations	D-17		24,939.38
Operating Deficit	D-1	47,334.81	
		<u>47,334.81</u>	<u>24,939.38</u>
Total Operating Fund		<u>1,393,773.71</u>	<u>1,426,750.83</u>
Capital Fund:			
Cash	D-4;D-5	474,555.23	553,845.77
Fixed Capital*	D-9	15,790,486.16	15,790,486.16
Fixed Capital Authorized and Uncompleted*	D-10	4,180,000.00	2,980,000.00
NJ Environmental Infrastructure Trust Receivable	D-11	299,252.00	299,252.00
NJ Department of Transportation Receivable	D-15	6,935.00	
Total Capital Fund		<u>20,751,228.39</u>	<u>19,623,583.93</u>
Total Assets		<u>22,145,002.10</u>	<u>21,050,334.76</u>

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

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

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

	December 31,		
	<u>Ref</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve:			
Unencumbered	D-3;D-13	40,167.65	28,497.32
Encumbered	D-3;D-13	85,384.01	16,923.52
Water/Sewer Overpayments	D-12	3,510.60	4,006.86
Accrued Interest on Bonds, Loans and Notes	D-16	17,203.13	15,763.22
		<u>146,265.39</u>	<u>65,190.92</u>
Reserve for Receivables	Contra	849,734.52	880,740.11
Fund Balance	D-1	397,773.80	480,819.80
Total Operating Fund		<u>1,393,773.71</u>	<u>1,426,750.83</u>
Capital Fund:			
Interfund Payable			
Water / Sewer Utility Operating Fund	D-14	0.45	
Improvement Authorizations:			
Funded	D-18	435,072.98	435,072.98
Unfunded	D-18	1,911,054.86	884,889.40
Capital Improvement Fund	D-19	98,320.00	29,138.00
Reserve for Amortization	D-20	10,976,878.30	10,632,496.31
Reserve for Deferred Amortization	D-21	281,250.00	251,250.00
Serial Bonds Payable	D-22	5,378,000.00	5,633,000.00
Bond Anticipation Notes Payable	D-23	225,000.00	255,000.00
General Obligation Loans Payable:			
NJ Environment Infrastructure Trust Loan Payable	D-24	1,329,357.86	1,408,043.30
Reserve for:			
Capital Outlay	D-25	47,181.69	22,181.69
Encumbrances	D-26	23,228.46	26,628.46
Debt Service	D-27	45,883.79	45,883.79
Total Capital Fund		<u>20,751,228.39</u>	<u>19,623,583.93</u>
Total Liabilities, Reserves and Fund Balances		<u>22,145,002.10</u>	<u>21,050,334.76</u>

Footnote D: There Were \$1,780,000.00 and \$590,696.55 Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 as per Exhibit D-28.

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

Borough of Sussex, N.J.

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

Water/Sewer Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-2	83,046.00	
Water/Sewer Rents	D-2	2,286,254.02	2,029,563.15
Water/Sewer Liens Redeemed	D-2	4,885.00	
Miscellaneous Revenues Anticipated	D-2	33,674.44	38,682.72
Miscellaneous Revenues Not Anticipated	D-2	13,530.21	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-13	836.45	1,726.71
Total Income		<u>2,422,226.12</u>	<u>2,069,972.58</u>
Expenditures:			
Operating	D-3	1,721,675.00	1,399,661.38
Capital Improvements	D-3	120,000.00	75,000.00
Debt Service	D-3	581,150.00	570,971.19
Deferred Charges and Statutory Expenditures	D-3	46,735.93	7,754.00
Cancel Interfund Receivable			15,500.00
Total Expenditures		<u>2,469,560.93</u>	<u>2,068,886.57</u>
Operating Deficit to be Raised in Budget of Succeeding Year	D	<u>47,334.81</u>	
Excess (Deficit) in Revenue over Expenditures			1,086.01
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Years			24,939.38
Statutory Excess to Surplus			<u>26,025.39</u>
Fund Balance - January 1,	D	480,819.80	<u>454,794.41</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>83,046.00</u>	
Fund Balance - December 31,	D	<u>397,773.80</u>	<u>480,819.80</u>

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

Borough of Sussex, N.J.

Statement of Revenues - Regulatory Basis

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	83,046.00	83,046.00	
Water/Sewer Rents	D-1;D-6	2,356,516.00	2,286,254.02	(70,261.98)
Water/Sewer Liens Redeemed	D-1;D-8		4,885.00	4,885.00
Miscellaneous Revenue	D-1;D-2	30,000.00	33,674.44	3,674.44
Budget Totals		2,469,562.00	2,407,859.46	(61,702.54)
Non-Budget Revenue	D-1		13,530.21	13,530.21
		<u>2,469,562.00</u>	<u>2,421,389.67</u>	<u>(48,172.33)</u>
		D-3		
<u>Analysis of Miscellaneous Revenue Anticipated</u>				
Interest and Penalties		30,906.19		
Miscellaneous		2,768.25		
Total Miscellaneous Revenue	D-4		33,674.44	
			D-2	
<u>Analysis of Non-Budget Revenues</u>				
Fire Hydrant Servicing		4,723.46		
Hook-ups		7,800.00		
Connection Application		100.00		
Interest on Investments		906.75		
	D-4		13,530.21	
			D-2	

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

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

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:						
Salaries and Wages		43,500.00	43,500.00	39,796.93	3,703.07	
Other Expenses		1,678,175.00	1,678,175.00	1,556,945.52	121,229.48	
Total Operating	D-1	<u>1,721,675.00</u>	<u>1,721,675.00</u>	<u>1,596,742.45</u>	<u>124,932.55</u>	
Capital Improvements:						
Capital Improvement Fund		95,000.00	95,000.00	95,000.00		
Capital Outlay		25,000.00	25,000.00	25,000.00		
Total Capital Improvements	D-1	<u>120,000.00</u>	<u>120,000.00</u>	<u>120,000.00</u>		
Debt Service:						
Payment of Bond Principal		255,000.00	255,000.00	255,000.00		
Payment of Bond Anticipation Notes and Capital Notes		30,000.00	30,000.00	30,000.00		
Interest on Bonds		188,250.00	188,250.00	188,250.00		
Interest on Notes		1,738.00	1,738.00	1,738.00		
NJIT Principal Payments		78,686.00	78,686.00	78,686.00		
NJIT Interest Payments		27,476.00	27,476.00	27,476.00		
Total Debt Service	D-1	<u>581,150.00</u>	<u>581,150.00</u>	<u>581,150.00</u>		
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
Emergency Authorization		24,940.00	24,940.00	24,939.38		0.62
12-09 Repairs to Water Treatment Plant		10,697.00	10,697.00	10,696.55		0.45

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

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

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended</u>	<u>Unexpended Balance Cancelled</u>
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		7,000.00	7,000.00	6,999.00	1.00	
Social Security System (O.A.S.I.)		3,600.00	3,600.00	3,166.09	433.91	
Unemployment Compensation Insurance		500.00	500.00	315.80	184.20	
Total Deferred Charges and Statutory Expenditures	D-1	<u>46,737.00</u>	<u>46,737.00</u>	<u>46,116.82</u>	<u>619.11</u>	<u>1.07</u>
 Total Water/Sewer Utility Appropriations		<u>2,469,562.00</u>	<u>2,469,562.00</u>	<u>2,344,009.27</u>	<u>125,551.66</u>	<u>1.07</u>
D-2						
<u>Analysis of Paid or Charged</u>						
	D-4			2,101,605.89		
	D-16			217,464.00		
	D-17			24,939.38		
				<u>2,344,009.27</u>		
 <u>Analysis of Appropriation Reserves</u>						
	D				40,167.65	
	D				85,384.01	
					<u>125,551.66</u>	

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

Borough of Sussex, N.J.

General Fixed Assets Account Group

Comparative Balance Sheet

December 31,

(UNAUDITED)

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Land, Building and Building Improvements	2,141,800.00	2,141,800.00
Machinery and Equipment	<u>2,273,448.00</u>	<u>2,243,085.00</u>
	<u>4,415,248.00</u>	<u>4,384,885.00</u>
<u>RESERVES</u>		
Investment in Fixed Assets	<u>4,415,248.00</u>	<u>4,384,885.00</u>

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Borough of Sussex have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 Borough accounts for its financial transactions through separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Borough has the following funds and account groups:

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

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

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

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

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

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

Public Assistance Fund - The Borough transferred administration of the general assistance program to the Sussex County Board of Social Services.

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Basis of Accounting

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

Budgets and Budgetary Accounting

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

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

Animal Control Trust Fund	Trust Fund
General Capital Fund	Water/Sewer Utility Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the calendar year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015, the Governing Body did not increase the Current Fund or Water/Sewer budgets. In addition, several budget transfers were approved by the governing body.

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

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

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

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

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

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

Recent Accounting Pronouncements

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

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Recent Accounting Pronouncements (continued)

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

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Recent Accounting Pronouncements (continued)

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

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

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

C. Basic Financial Statements

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 2: BUDGETARY INFORMATION

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

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

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2015, there were no special items of revenue and appropriation inserted into the annual budget.

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

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

NOTE 3: GENERAL FIXED ASSETS (UNAUDITED)

The following schedule is a summarization of changes in the general fixed assets account group for the year 2015.

	<u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2015</u>
Land and Buildings	\$2,141,800.00	\$ -	\$ -	\$2,141,800.00
Machinery & Equipment	<u>2,243,085.00</u>	<u>35,762.00</u>	<u>5,399.00</u>	<u>2,273,448.00</u>
	<u>\$4,384,885.00</u>	<u>\$35,762.00</u>	<u>\$5,399.00</u>	<u>\$4,415,248.00</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 4: MUNICIPAL DEBT

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

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Amount Due</u> <u>Within One Year</u>
General Capital Fund:					
General Improvements	\$ 27,000.00	\$ -	\$ 27,000.00	\$ -	\$ -
Green Trust Loan Payable	<u>24,470.74</u>	<u>-</u>	<u>7,995.10</u>	<u>16,475.64</u>	<u>8,155.80</u>
	<u>51,470.74</u>	<u>-</u>	<u>34,995.10</u>	<u>16,475.64</u>	<u>8,155.80</u>
Water/Sewer Capital Fund:					
General Bonds	5,633,000.00	-	255,000.00	5,378,000.00	260,000.00
NJ Environmental Infrastructure Loan Payable	<u>1,408,043.30</u>	<u>-</u>	<u>78,685.44</u>	<u>1,329,357.86</u>	<u>78,815.40</u>
	<u>7,041,043.30</u>	<u>-</u>	<u>333,685.44</u>	<u>6,707,357.86</u>	<u>338,815.40</u>
Compensated Absences Payable	<u>5,854.63</u>	<u>1,945.54(1)</u>	<u>-</u>	<u>7,800.17</u>	<u>-</u>
Total	<u>\$7,098,368.67</u>	<u>\$1,945.54</u>	<u>\$368,680.54</u>	<u>\$6,731,633.67</u>	<u>\$346,971.20</u>

(1) Net of days allowed and days used.

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

**SUMMARY OF MUNICIPAL DEBT -
(EXCLUDING CURRENT AND OPERATING DEBT AND TYPE II SCHOOL DEBT)**

<u>Issued:</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
General:			
Bonds, Notes and Loans	\$ 147,932.64	\$ 248,657.74	\$ 352,225.31
Water/Sewer Utility:			
Bonds, Notes and Loans	<u>6,932,357.86</u>	<u>7,296,043.30</u>	<u>7,494,626.49</u>
Total Issued	<u>7,080,290.50</u>	<u>7,544,701.04</u>	<u>7,846,851.80</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 4: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT -
(EXCLUDING CURRENT AND OPERATING DEBT AND TYPE II SCHOOL DEBT)

<u>Authorized but not Issued::</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
General:			
Bonds and Notes	\$ 153,565.09	\$ 78,490.09	\$ 96,112.09
Water/Sewer Utility:			
Bonds and Notes	<u>1,780,000.00</u>	<u>590,696.55</u>	<u>10,696.55</u>
Total Authorized but not Issued	<u>1,933,565.09</u>	<u>669,186.64</u>	<u>106,808.64</u>
Net Bonds & Notes Issued and Authorized but not Issued	<u>9,013,855.59</u>	<u>8,213,887.68</u>	<u>7,953,660.44</u>
Less Applicable Deductions	<u>8,712,357.86</u>	<u>7,886,739.85</u>	<u>7,505,323.04</u>
Net Debt	<u>\$ 301,497.73</u>	<u>\$ 327,147.83</u>	<u>\$ 448,337.40</u>

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

2015	122,832,969.33		
2014		125,495,621.33	
2013			132,014,659.67

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of 0.245%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School Debt	\$ -	\$ -	\$ -
Water/Sewer Utility Debt	8,712,357.86	8,712,357.86	-
General Debt	<u>301,497.73</u>	<u>-</u>	<u>301,497.73</u>
	<u>\$9,013,855.59</u>	<u>\$8,712,357.86</u>	<u>\$301,497.73</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 4: MUNICIPAL DEBT (CONTINUED)

Net Debt \$301,497.73 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, 122,832,969.33 = 0.245 %.

BORROWING POWER UNDER N.J.S. 40A:20-6 AS AMENDED

3½ of Equalized Valuation Basis (Municipal)	\$4,299,153.93
Net Debt	<u>301,497.73</u>
Remaining Borrowing Power	<u>\$3,997,656.20</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$2,407,859.46
Deductions:	
Operating and Maintenance Costs	\$1,768,410.93
Debt Service Per Water/Sewer Account	<u>581,150.00</u>
Total Deductions	<u>2,349,560.93</u>
Excess In Revenue	<u>\$ 58,298.53</u>

FOOTNOTE: If there is an "excess in revenue", all such utility debt is deductible.

The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

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

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

Green Acres Loan Payable

On April 1, 2002, the Borough of Sussex entered into an agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection Fund (the "Fund"), in the aggregate amount of \$112,071.00, which represents a direct loan obligation of the Borough. The loan agreement was obtained to finance improvements to Clove Lake Dam.

BOROUGH OF SUSSEX, N.J.

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

NOTE 4: MUNICIPAL DEBT (CONTINUED)

Green Acres Loan Payable (continued)

Principal payments on the loan commenced on April 22, 2002, and will continued on an annual basis over 15 years at 2.00% interest. The remaining balance as of December 31, 2015 was \$16,475.64.

Outstanding debt whose principle and interest are paid from the Water/Sewer Utility Operating Budget of the Borough:

General Obligation Bonds of 2005 dated 11/01/05, in the amount of \$1,193,000.00 - Interest is paid semi-annually at a rate of 4.50% - 5.00% per annum. The remaining balance as of December 31, 2015 was \$593,000.00.

On February 22, 2012, the Borough issued \$5,515,000.00 in Water/Sewer Refunding Bonds to refund a FHA Loan for four USDA Loans. Interest is paid semi-annually at a rate of 2.00% - 3.75%, with an final maturity on January 1, 2030. The remaining balance, as of December 31, 2015 was \$4,785,000.00.

NJ Environmental Infrastructure Loans Payable

On February 17, 2010, the Borough of Sussex entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the revised aggregate amounts of \$596,000.00 which represents a direct obligations of the Borough. The loan agreements were obtained to finance the repair and painting of water storage tanks.

Principal payments to the "Fund" commenced August 1, 2010, and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The balances remaining as of December 31, 2015 are \$117,290.01 and \$318,203.41.

On December 2, 2010, the Borough of Sussex entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the revised aggregate amounts of \$1,110,400.00 which represents a direct obligations of the Borough. The loan agreements were obtained to finance the repair and painting of water storage tanks.

BOROUGH OF SUSSEX, N.J.

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

NOTE 4: MUNICIPAL DEBT (CONTINUED)

NJ Environmental Infrastructure Loans Payable (continued)

Principal payments to the "Fund" commenced August 1, 2011, and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The balances remaining as of December 31, 2015 are \$455,000.00 and \$438,864.44.

Also, an annual administrative fee of fifteen hundredths of one percent (.15%) of the initial amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

Total General Capital Bonds and Loans listed above - \$ 16,475.64

Total Water/Sewer Utility Capital Bonds and Loans listed above - \$6,707,357.86

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT
ISSUED AND OUTSTANDING**

<u>Calendar Year</u>	<u>General</u>		<u>Water/Sewer Utility</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	8,155.80	288.94	338,815.40	205,203.12	346,971.20	205,492.06
2017	8,319.84	125.01	348,971.10	197,097.42	357,290.94	197,222.43
2018	-	-	359,150.61	187,742.90	359,150.61	187,742.90
2019	-	-	359,347.62	176,995.90	359,347.62	176,995.90
2020	-	-	369,564.78	166,961.24	369,564.78	166,961.24
2021-2025	-	-	1,859,794.47	663,448.12	1,859,794.47	663,448.12
2026-2030	-	-	1,541,713.88	397,341.78	1,541,713.88	397,341.78
2031-2035	-	-	1,260,000.00	169,337.50	1,260,000.00	169,337.50
2036-2037	-	-	<u>270,000.00</u>	<u>7,312.50</u>	<u>270,000.00</u>	<u>7,312.50</u>
Total	<u>16,475.64</u>	<u>413.95</u>	<u>6,707,357.86</u>	<u>2,171,440.48</u>	<u>6,723,833.50</u>	<u>2,171,854.43</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 5: BOND ANTICIPATION NOTES

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

On December 31, 2015, the Borough had \$131,457.00 in outstanding General Capital Bond Anticipation Notes. This note will mature on February 12, 2016 and it is the intent of the Borough Council to renew this note for another one year period. The interest rate on this note is 1.15%. Principal and interest on this note is paid from the Current Fund budget of the Borough. The Borough renewed this note on February 11, 2016, totaling \$160,729.00, which includes a pay-down of \$65,728.00 and new notes of \$95,00.00 issued. The interest rate on this note is 1.35%.

On December 31, 2015, the Borough had \$225,000.00 in Outstanding Water/Sewer Capital Bond Anticipation Notes. This note will mature on May 6, 2016. The interest rate on this note is 1.15%. Principal and interest on this note is paid from the Water/Sewer Fund budget of the Borough. The Borough renewed this note on May 6, 2016, totaling \$75,000.00, payable to Sussex Bank with an interest rate on this note is 1.40%. The \$150,000.00 reduction included \$15,000.00 from the 2016 budget and the cancellation of Bond Ordinance 2014-03 with it's related \$135,000.00 BAN.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2015.

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/15</u>
General Capital Fund:				
Sussex Bank	\$ -	\$131,457.00	\$ -	\$131,457.00
PNC Bank	197,187.00	-	197,187.00	-
Water/Sewer Capital Fund:				
PNC Bank	255,000.00	-	255,000.00	-
Sussex Bank	<u>-</u>	<u>225,000.00</u>	<u>-</u>	<u>225,000.00</u>
	<u>\$452,187.00</u>	<u>\$356,457.00</u>	<u>\$452,187.00</u>	<u>\$356,457.00</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance Dec. 31, 2015</u>	<u>2016 Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
Current Fund:			
Emergency Authorization	<u>\$45,000.00</u>	<u>\$25,000.00</u>	<u>\$20,000.00</u>
Water/Sewer Utility Operating Fund:			
Emergency Authorization	<u>\$47,832.00</u>	<u>\$47,832.00</u>	<u>\$ -</u>

The appropriations in the 2016 budget are not less that required by statute.

NOTE 7: SPECIAL EMERGENCY NOTE

A Special Emergency Note, in the amount of \$100,000.00, was issued August 30, 2013. The interest is payable annually at 1.05%. The balance remaining as of December 31, 2015 was \$40,000.00.

NOTE 8: FUND BALANCES APPROPRIATED

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

	<u>2016</u>	<u>2015</u>
Current Fund	<u>\$103,500.00</u>	<u>\$ 93,500.00</u>
Water/Sewer Utility Fund	<u>\$ 83,000.00</u>	<u>\$ 83,046.00</u>

NOTE 9: LOCAL AND REGIONAL DISTRICT SCHOOL TAXES

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

The Borough of Sussex has elected not to defer school taxes.

BOROUGH OF SUSSEX, N.J.

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

NOTE 10: PENSION PLAN

Description of System:

Substantially all of the Borough's employees participate in the following contributory defined benefit public employee retirement system which have been established by State statute: the Public Employees' Retirement System (PERS). This system is sponsored and administered by the State of New Jersey. The Public Employees' Retirement System is considered a cost sharing multiple-employer plan. According to the State of New Jersey Administrative Code, all obligations of the system will be assumed by the State of New Jersey should the system terminate.

Public Employees' Retirement System (PERS)

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

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 10: PENSION PLAN (CONTINUED)

Description of System: (continued)

Public Employees' Retirement System (PERS)

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

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

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

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

Defined Contribution Retirement Program

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

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 10: PENSION PLAN (CONTINUED)

Defined Contribution Retirement Program

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

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

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

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

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

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$17,863.00	\$ -0-
2014	13,536.00	-0-
2013	21,823.00	87.98

BOROUGH OF SUSSEX, N.J.

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

NOTE 10: PENSION PLAN (CONTINUED)

Contribution Requirements (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2015, the Borough had a liability of \$455,340.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0020284233 percent, which was an increase/(decrease) of 0.0001107527 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$17,863.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$10,863.00	\$ -
Changes of assumptions	48,900.00	-
Net difference between projected and actual earnings on pension plan investments	-	7,321.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	68,680.00	-
Borough contributions subsequent to the measurement date	<u>-</u>	<u>19,505.00</u>
Total	<u>\$128,443.00</u>	<u>\$26,826.00</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 10: PENSION PLAN (CONTINUED)

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

Public Employees Retirement System (PERS) (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$9,547.00
2017	9,547.00
2018	9,547.00
2019	15,205.00
2020	8,595.00

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough's Proportion	0.0020284233 %	0.0019176706%

Actuarial Assumptions

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

BOROUGH OF SUSSEX, N.J.

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

NOTE 10: PENSION PLAN (CONTINUED)

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

Public Employees Retirement System (PERS) (continued)

Mortality Rates

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

Long-Term Rate of Return

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 10: PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	<u>June 30, 2015</u>		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
Borough's proportionate share of the pension liability	\$565,932.00	\$455,340.00	\$362,621.00

Pension Plan Fiduciary Net Position

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 11: ACCRUED SICK AND VACATION BENEFITS

The Borough of Sussex has adopted a policy that allows Borough employees to accrue sick and vacation time. The current cost of such unpaid compensation would be payable upon termination or separation from the Borough approximates \$7,800.17. The amount is reported neither as an expenditure or a liability. However, it is expected that the cost of such unpaid compensation would be included in the Boroughs operating budget in the year in which it is used.

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015, \$205,796.90 of the Borough's bank balance of \$1,891,515.86 was exposed to custodial credit risk. In comparison, as of December 31, 2014, \$191,652.33 of the Borough's bank balance of \$1,786,881.56 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

BOROUGH OF SUSSEX, N.J.

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

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

Unaudited Investments

As more fully described in NOTE 19, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2015 and 2014 amounted to \$205,796.90 and \$191,652.33 respectively.

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

	<u>2015</u>	<u>2014</u>
LVIP SSgA S&P 500 Index Fund	\$111,432.62	\$106,555.75
Fixed	89,582.18	80,925.72
Investments under 5%	<u>4,782.10</u>	<u>4,170.86</u>
Total	<u>\$205,796.90</u>	<u>\$191,652.33</u>

NOTE 13: RISK MANAGEMENT

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

NOTE 14: PUBLIC ASSISTANCE

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 15: HEALTH INSPECTIONS

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

NOTE 16: DUE TO/FROM OTHER FUNDS

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

\$46,226.29	Due to Federal and State Grant Fund from Current Fund for receipts and disbursements in the Current Fund.
12.00	Due to Other Trust fund from Current Fund for POAA receipts in Current Fund.
19,278.24	Due to General Capital Fund from Current Fund for unexpected Capital Improvements in Current Fund Budget.
<u>0.45</u>	Due to Water/Sewer Operating Fund from Water/Sewer Capital Fund for excess deferred charges budgeted in Water/Sewer Operating Fund.
<u>\$65,516.98</u>	

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

NOTE 17: OPERATING LEASES

The Borough has a commitment to lease a postage meter under an operating lease that expires in 2015. Total operating lease payments made during the year were \$1,320.00. In December 2014, the lease was renewed for another five years. Future operating lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$1,320.00
Total future operating lease payments	<u>\$1,320.00</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 18: TAXES COLLECTED IN ADVANCE

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

	<u>Balance Dec 31, 2015</u>	<u>Balance Dec 31, 2014</u>
Prepaid Taxes	<u>\$42,694.41</u>	<u>\$38,095.26</u>
Cash Liability for Taxes Collected in Advance	<u>\$42,694.41</u>	<u>\$38,095.26</u>

**NOTE 19: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN
(LOSAP)**

On February 4, 2004, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

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

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

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 20: POST-RETIREMENT BENEFITS

Plan Description

The Borough of Sussex contributes to the State Health Benefits Program (SHBP), a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. 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. 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 employers in 1964. Local employers must adopt a resolution to participate in SHBP.

Eligible retired employees and their dependents covered under the program, including surviving spouses will receive benefits based on 25 years or more of service credited in such retirement system, excepting the employees who elected deferred retirement but including the employees who retired on disability pensions based on fewer years of service credited, and also to reimburse such retired employees for their premium charges under Part B of the Federal Medicare Program covering the retired employees and their spouse in accordance with the regulations of the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for 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 08625-0295 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 premiums of participating retirees in the SHBP are billed to the Borough of Sussex on a monthly basis. Funds for retiree health premiums are raised each year in the municipality via property taxes. There are no cost sharing policies that the current retirees contribute.

The Borough of Sussex contributions for SHBP for the years ended December 31, 2015, 2014 and 2013, were \$24,174.96, \$22,071.25, and \$28,488.24, respectively, which equaled the required contributions for each year. There was 1 retired participant (with a spouse, and 2 spouses) eligible at December 31, 2015 and 2014 and 3 retired participants (and 2 spouses) eligible at December 31, 2013.

BOROUGH OF SUSSEX, N.J.

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

NOTE 21: COMMITMENTS AND CONTINGENT LIABILITIES

Borough Counsel advises us there are three (3) claims, all of which have been referred to the Borough's Insurance Agent.

NOTE 22: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 23, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF SUSSEX, N.J.

OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2015

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

<u>Name</u>	<u>Title</u>
Jonathan Rose	Mayor to 11/21/15
Linda Masson	Council President; presided 11/21/15 to 12/21/15
Edward Meyer	Mayor from 12/21/15
Mario Poggi	Councilperson to 11/3/15
Frank Dystra	Councilperson from 11/4/15
Annette Stendor	Councilperson
Robert Holowach	Councilperson
Georgeanna Stoll	Councilperson
Katherine Little	Councilperson
Mark Zschack	Clerk
Gail Magura	CFO - Interlocal Agreement Lafayette Township
Colleen Little	Deputy Clerk; Deputy Treasurer; Deputy Registrar; Payroll Clerk
Melissa Caton	Tax Collector - Interlocal Agreement Wantage Township
Toni Smith	Water/Sewer Collector
Kristy Lockburner	Tax Assessor - Interlocal Agreement Wantage Township
Frank McGovern	Municipal Attorney
Rich Klein	Planning/Zoning Board Chairman
Harold Pellow	Municipal Engineer
Houser Engineering	Water/Sewer Engineer
Keith Utter	Construction Official - Interlocal Agreement Hardyston Township
Jake Little	Fire Chief
Thomas M. Ferry, C.P.A., R.M.A.	Municipal Auditor

The Borough has a blanket surety bond coverage for all employees in the amount of \$1,000,000 through the Statewide Insurance Fund.

All the Bonds were examined and were properly executed.

Borough of Sussex
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2015

Name of State Agency or Department	Name of Program	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2014		12/31/2015		MEMO Cumulative Total Expenditures
					(Receivable)	Reserve Balance	(Receivable)	Reserve Balance	
Federal and State Grant Fund:									
NJ Department of Environmental Protection	Clean Communities Grant	765-042-4900-004	4,000.00	1/1/11 - 12/31/11	-	420.27	-	420.27	4,000.00
			4,000.00	1/1/12 - 12/31/12	-	4,000.00	-	4,000.00	4,000.00
			4,270.97	1/1/13 - 12/31/13	-	4,270.97	-	1,280.53	1,280.53
			4,005.23	1/1/14 - 12/31/14	-	4,005.23	-	2,990.44	2,990.44
			4,875.69	1/1/15-12/31/15	-	4,875.69	-	4,875.69	4,875.69
						11,871.36	5,700.80	9,280.53	
	Recycling Tonnage	100-042-4910-224	3,469.02	1/1/09 - 12/31/09	-	463.23	-	266.80	3,272.59
			10,296.63	1/1/11 - 12/31/11	-	10,296.63	-	10,296.63	-
			3,378.52	1/1/12 - 12/31/12	-	3,379.15	-	3,379.15	-
			8,796.94	1/1/13-12/31/13	-	8,796.94	-	8,796.94	-
			10,295.78	1/1/14-12/31/14	-	10,295.78	-	10,295.78	-
						33,231.73	266.80	3,272.59	
			3,000.00	1/1/10 - 12/31/10	-	1,390.00	-	1,390.00	1,610.00
Total Federal and State Grant Fund									
General Capital Fund:									
NJ Department of Transportation	Municipal Aid - Willow St. II Municipal Aid - Overlook Dr.	480-078-6320-ALL 480-078-6320-ALW	160,000.00	1/1/13-12/31/13	(40,000.00)	-	-	40,000.00	160,000.00
			140,057.00	1/1/14-12/31/14	-	-	(35,014.25)	105,042.75	140,057.00
								145,042.75	300,057.00
Water Capital Fund:									
NJ Environmental Infrastructure Trust and Loan Program	Rehabilitation of Manholes	1921001-003	1,110,400.00	2/17/10 - 12/31/13	(299,252.00)	344,612.93	(299,252.00)	344,612.93	765,787.07
			85,765.11	1/1/15-12/31/15	-	-	(6,935.00)	78,830.11	85,765.11
								78,830.11	851,552.18
Total Water Capital Fund									
								391,931.13	865,715.30
TOTAL STATE AID								228,748.55	865,715.30

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

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	93,500.00	2.20%	93,500.00	2.17%
Miscellaneous - From Other Than Local Property Tax Levies	279,646.40	6.58%	273,270.33	6.34%
Collection of Delinquent Taxes and Tax Title Liens	114,508.66	2.70%	182,059.25	4.22%
Collection of Current Tax Levy	3,636,516.87	85.61%	3,548,231.75	82.27%
Other Credits to Income	<u>123,634.62</u>	<u>2.91%</u>	<u>215,949.00</u>	<u>5.01%</u>
<u>Total Revenue and Other Income Realized</u>	<u>4,247,806.55</u>	<u>100.00%</u>	<u>4,313,010.33</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	1,270,538.87	30.81%	1,202,408.42	29.07%
Local and Regional School Taxes	2,211,739.00	53.63%	2,203,807.00	53.27%
County Taxes	641,507.00	15.56%	631,163.74	15.25%
Other Expenditures	<u> </u>	<u>0.00%</u>	<u>99,508.00</u>	<u>2.41%</u>
<u>Total Expenditures</u>	<u>4,123,784.87</u>	<u>100.00%</u>	<u>4,136,887.16</u>	<u>100.00%</u>
 Statutory Excess to Fund Balance	 124,021.68		 176,123.17	
 Fund Balance, January 1,	 <u>243,116.70</u>		 <u>160,493.53</u>	
	367,138.38		336,616.70	
Less:				
Utilized as Anticipated Revenue	<u>93,500.00</u>		<u>93,500.00</u>	
 Fund Balance, December 31,	 <u>273,638.38</u>		 <u>243,116.70</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER/SEWER UTILITY OPERATING FUND

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	83,046.00	3.43%		0.00%
Collection of Water/Sewer Rents	2,286,254.02	94.39%	2,029,563.15	98.05%
Miscellaneous - From Other				
Than Water / Sewer Rents	33,674.44	1.39%	38,682.72	1.87%
Other Credits to Income	19,251.66	0.79%	1,726.71	0.08%
	<hr/>		<hr/>	
<u>Total Revenue and Other Income Realized</u>	<u>2,422,226.12</u>	<u>100.00%</u>	<u>2,069,972.58</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	1,721,675.00	69.72%	1,399,661.38	67.65%
Capital Improvements	120,000.00	4.86%	75,000.00	3.63%
Debt Service	581,150.00	23.53%	570,971.19	27.60%
Deferred Charges and				
Statutory Expenditures	46,735.93	1.89%	7,754.00	0.37%
Deficits in Operation in Prior Years		0.00%	15,500.00	0.75%
	<hr/>		<hr/>	
<u>Total Expenditures</u>	<u>2,469,560.93</u>	<u>100.00%</u>	<u>2,068,886.57</u>	<u>100.00%</u>
Excess (Deficit) in Revenue			1,086.01	
 Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by				
Statute Deferred Charges to Budget of				
Succeeding Year			24,939.38	
			<hr/>	
			26,025.39	
Operating Deficit to be Raised in Budget				
of Succeeding Year	<u>(47,334.81)</u>			
Fund Balance, January 1,	480,819.80		454,794.41	
			<hr/>	
			480,819.80	
 Less:				
Utilized as Anticipated Revenue	83,046.00		-	
	<hr/>		<hr/>	
Fund Balance, December 31,	<u>397,773.80</u>		<u>480,819.80</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013*</u>
<u>Tax Rate:</u>	<u>2.994</u>	<u>2.916</u>	<u>2.930</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.729	.673	.668
County	.510	.501	.511
Local School	1.106	1.116	1.159
Regional High School	.649	.626	.592

Assessed Valuation

2015	126,099,171		
2014		126,440,798	
2013*			127,825,727

* Revaluation Year

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2015	3,774,642.07	3,636,516.87	96.34%
2014	3,689,337.41	3,548,231.75	96.18%
2013	3,747,419.29	3,585,778.98	95.68%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	116,564.45	90,226.10	206,790.55	5.48%
2014	130,684.23	42,699.07	173,383.30	4.70%
2013	131,181.99	90,814.70	221,996.69	5.92%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by liquidation of the Tax Title Liens on December 31, on the basis of the last assessed Valuation of such properties was as follows:

<u>Year</u>	<u>Amount</u>
2015	217,700.00
2014	217,700.00
2013	344,600.00

COMPARISON OF WATER/SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2015	2,260,133.43	2,286,254.02
2014	2,154,669.34	2,029,563.15
2013	2,110,958.93	2,030,575.35

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund:	2015	273,638.38	103,500.00
	2014	243,116.70	93,500.00
	2013	160,493.53	93,500.00
	2012	163,576.96	98,500.00
	2011	186,963.38	98,500.00
Water/Sewer Utility Operating Fund:	2015	397,773.80	83,000.00
	2014	480,819.80	83,046.00
	2013	454,794.41	-
	2012	478,041.36	102,845.00
	2011	117,900.81	-

Borough of Sussex, N.J.
Schedule of Cash - Treasurer
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>		<u>Total</u>
Balance - December 31, 2014	A		473,433.07
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	16,285.49	
Taxes Receivable	A-7	3,691,603.39	
Tax Title Liens Receivable	A-8	8,076.88	
Revenue Accounts Receivable	A-10	292,821.75	
Due To State - Senior Citizen and Veteran Deductions	A-16	13,250.00	
Interfunds	A-11	4,870.89	
Emergency Note	A-12	40,000.00	
Various Cash Liabilities and Reserves	A-15	2,045.18	
Due to State - Municipal Fines & Penalties	A-17	150.00	
Prepaid Taxes	A-18	42,694.41	
		<hr/>	4,111,797.99
			<hr/> 4,585,231.06
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	1,083,797.44	
Other Accounts Receivable	A-6	1,000.00	
Interfunds	A-11	5,950.80	
Emergency Note	A-12	60,000.00	
Appropriation Reserves	A-14	37,662.70	
Various Cash Liabilities and Reserves	A-15	6,179.32	
County Taxes Payable	A-19	641,906.25	
Regional School District Taxes Payable	A-20	1,393,950.00	
Regional High School Taxes Payable	A-21	817,789.00	
		<hr/>	4,048,235.51
			<hr/> <hr/> 536,995.55
Balance - December 31, 2015	A		

Borough of Sussex, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	<u>100.00</u>
Balance - December 31, 2015	A	<u>100.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		<u>100.00</u>

Schedule of Escrow Deposit - Purchase of 3 E. Main St.

Current Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Cash Disbursements	A-4	<u>1,000.00</u>
Balance - December 31, 2015	A	<u>1,000.00</u>

Borough of Sussex, N.J.
Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	Levy	Added Taxes		Collected		Senior Citizen and Veteran Deductions	Cancelled	Transferred to Tax Title Liens	Balance, Dec. 31, 2015
			2014	2015	2014	2015				
2002	1,809.00									1,809.00
2003	2,079.88									2,079.88
2004	1,674.41									1,674.41
2012	3,075.77			3,075.77						
2013	2,413.45		1,286.23	3,286.32						413.36
2014	119,631.72		5,979.64	100,069.69					21,590.49	3,951.18
	130,684.23		7,265.87	106,431.78					21,590.49	9,927.83
2015		3,772,714.64	1,927.43	3,585,171.61	13,250.00	1,093.49			30,395.09	106,636.62
	130,684.23	3,772,714.64	9,193.30	3,691,603.39	13,250.00	1,093.49			51,985.58	116,564.45
A			A-2;A-18	A-2;A-4	A-2;A-16				A-8	A

Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	
Added Tax (R.S. 54:4-63.1 et seq.)	3,772,714.64
	1,927.43
	<u>3,774,642.07</u>
Tax Levy:	
County Tax	641,507.00
Regional School Tax	1,393,950.00
Regional High School Tax	817,789.00
	2,853,246.00
Local Tax for Municipal Purposes	918,894.00
Additional Taxes	<u>2,502.07</u>
	<u>921,396.07</u>
	<u>3,774,642.07</u>

Borough of Sussex, N.J.

Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> A		42,699.07
Increased by:			
Transferred from 2014 Taxes Receivable		21,590.49	
Transferred from 2015 Taxes Receivable		<u>30,395.09</u>	
	A-7	51,985.58	
Interest and Costs		<u>3,618.33</u>	
			<u>55,603.91</u>
			98,302.98
Decreased by:			
Collections	A-2;A-4		<u>8,076.88</u>
Balance - December 31, 2015	A		<u><u>90,226.10</u></u>

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Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> A		<u><u>217,700.00</u></u>
Balance - December 31, 2015	A		<u><u>217,700.00</u></u>

Borough of Sussex, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	4,400.00	4,400.00
Fees and Permits	A-2	13,612.00	13,612.00
Tax Collector			
Miscellaneous Revenue not Anticipated	A-2	26,364.83	26,364.83
Municipal Court Fines and Costs	A-2	17,793.48	17,793.48
Parking Meters	A-2	11,750.00	11,750.00
Energy Receipts Tax	A-2	164,665.00	164,665.00
Housing Inspection Fees	A-2	30,315.00	30,315.00
Consolidated Municipal Property Tax			
Relief Aid	A-2	22,808.00	22,808.00
Interest on Investments and Deposits			
Miscellaneous Revenue not Anticipated	A-2	1,113.44	1,113.44
		<u>292,821.75</u>	<u>292,821.75</u>
			A-4

Borough of Sussex, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	Due From/(To)			Due From/(To)
		Balance	Increased	Decreased	Balance
		<u>Dec. 31, 2014</u>			<u>Dec. 31, 2015</u>
Federal and State Grants	A	(47,318.20)	4,858.89	5,950.80	(46,226.29)
Other Trust	A		12.00		(12.00)
General Capital Fund	A			19,278.24	(19,278.24)
		<u>(47,318.20)</u>	<u>4,870.89</u>	<u>25,229.04</u>	<u>(65,516.53)</u>
 <u>Analysis</u>					
Due To Other Funds		<u>(47,318.20)</u>			<u>(65,516.53)</u>
		<u>(47,318.20)</u>			<u>(65,516.53)</u>
Appropriations Payable	A-3			19,278.24	
Received	A-4		4,870.89		
Disbursed	A-4			5,950.80	
			<u>4,870.89</u>	<u>25,229.04</u>	

Borough of Sussex, N.J.

Schedule of Emergency Note

Current Fund

Year Ended December 31, 2015

<u>Date of Maturity</u>	<u>Interest Rate</u>	Balance, Dec 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2015</u>
8/30/2015	1.05%	<u>60,000.00</u>	<u>40,000.00</u>	<u>60,000.00</u>	<u>40,000.00</u>
		A	A-4	A-4	A

Borough of Sussex, N.J.

Schedule of Deferred Charges - Special Emergency Authorizations (N.J.S. 40A:4-55)

Current Fund

For Year Ended December 31, 2015

<u>Date</u>	<u>Purpose</u>	<u>Net Amount</u>	<u>1/5 of Amount</u>	<u>Balance,</u>	<u>Reduced</u>	<u>Balance,</u>
<u>Authorized</u>		<u>Authorized</u>	<u>Authorized</u>	<u>Dec. 31, 2014</u>	<u>2015</u>	<u>Dec. 31, 2015</u>
9/6/11	Storm Damages From Hurricane Irene	25,000.00	5,000.00	10,000.00	5,000.00	5,000.00
7/17/12	Revaluation	100,000.00	20,000.00	60,000.00	20,000.00	40,000.00
				<u>70,000.00</u>	<u>25,000.00</u>	<u>45,000.00</u>
				A	A-3	A

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	1.22	1.22		1.22
Police	395.48	395.48		395.48
Office of Emergency Management	0.10	0.10		0.10
Public Buildings and Grounds	60.00	60.00		60.00
Zoning Official	235.10	235.10		235.10
Total Salaries and Wages Within "CAPS"	<u>691.90</u>	<u>691.90</u>		<u>691.90</u>
Other Expenses Within "CAPS":				
Administrative and Executive:	11,711.74	11,711.74	1,625.93	10,085.81
Elections	928.77	928.77		928.77
Financial Administration	18,297.08	18,297.08	412.65	17,884.43
Collection of Taxes	697.85	697.85	578.65	119.20
Maintenance of Tax Map	3,000.00	3,000.00		3,000.00
Legal Services and Costs	17,225.75	17,225.75	593.00	16,632.75
Engineering Services and Costs	2,940.25	2,940.25	217.50	2,722.75
Planning Board	4,615.08	4,615.08	2,899.40	1,715.68
Insurance:				
Group Insurance Plan For Employees	1,773.24	1,773.24		1,773.24
Workers' Compensation	1,376.32	1,376.32		1,376.32
Surety Bonds	400.00	400.00		400.00
Other Insurance Premiums	2,649.72	2,649.72	1,227.00	1,422.72
Police	230.01	230.01		230.01
Office of Emergency Management	600.00	600.00		600.00
Aid to Volunteer Fire Department	0.08	0.08		0.08
Road Repair and Maintenance	5,085.31	5,085.31	3,207.72	1,877.59
Street Lighting	5,064.89	5,064.89	3,987.31	1,077.58
Garbage and Trash Removal	566.91	566.91	270.16	296.75
Public Buildings and Grounds	6,342.87	6,342.87	3,912.29	2,430.58
Board of Health	69.30	69.30		69.30
Registrar	307.50	307.50	169.95	137.55
Board of Recreation	1,358.67	1,358.67	151.54	1,207.13
Shade Tree	55.00	55.00		55.00
Property Maintenance Board	30.00	30.00		30.00
Celebration of Public Events	286.75	286.75	52.40	234.35
Zoning Official	375.12	375.12		375.12
Unclassified:				
Reserve for Pending Tax Appeals	1.00	1.00		1.00
Gasoline & Diesel Fuel	3,295.83	3,295.83	1,357.20	1,938.63
Total Other Expenses Within "CAPS"	<u>89,285.04</u>	<u>89,285.04</u>	<u>20,662.70</u>	<u>68,622.34</u>

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Deferred Charges and Statutory Expenditures-Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Public Employees' Retirement System	278.67	278.67		278.67
Social Security (O.A.S.I.)	963.24	963.24		963.24
Unemployment Compensation Insurance	723.03	723.03		723.03
Defined Contribution Retirement Program	1.00	1.00		1.00
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>1,965.94</u>	<u>1,965.94</u>		<u>1,965.94</u>
Total General Appropriation Reserves - Municipal Within "CAPS"	<u>91,942.88</u>	<u>91,942.88</u>	20,662.70	<u>71,280.18</u>
Other Expenses Excluded From "CAPS":				
Length of Service Awards Program (L.O.S.A.P.)	17,000.00	17,000.00	17,000.00	
Interlocal Municipal Service Agreements:				
Township of Wantage:				
Tax Collector	30.00	30.00		30.00
Tax Assessor	96.00	96.00		96.00
Township of Hardyston:				
Road Department	5.68	5.68		5.68
Construction Agreement	6,500.00	6,500.00		6,500.00
Township of Vernon:				
Finance Office	40.00	40.00		40.00
Qualified Purchasing Agent	1,900.00	1,900.00		1,900.00
Animal Control Agreement	19.00	19.00		19.00
Total Other Expenses Excluded from "CAPS"	<u>25,590.68</u>	<u>25,590.68</u>	<u>17,000.00</u>	<u>8,590.68</u>
Total General Appropriation Reserves - Municipal Excluded from "CAPS"	<u>25,590.68</u>	<u>25,590.68</u>	<u>17,000.00</u>	<u>8,590.68</u>
Total General Appropriation Reserves	<u>117,533.56</u>	<u>117,533.56</u>	<u>37,662.70</u>	<u>79,870.86</u>

A-4

A-1

Ref.

Unencumbered	A	106,822.30
Encumbered	A	<u>10,711.26</u>
		<u>117,533.56</u>

Borough of Sussex, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2015

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2015</u>
<u>Liabilities:</u>				
Due State of NJ Marriage License Fees	75.00	225.00	175.00	125.00
Tax Overpayments	2,198.01	1,820.18	1,524.32	2,493.87
<u>Reserves for:</u>				
Revaluation	32,222.12		4,480.00	27,742.12
	<u>34,495.13</u>	<u>2,045.18</u>	<u>6,179.32</u>	<u>30,360.99</u>
	A	A-4	A-4	A

Borough of Sussex, N.J.

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

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	2,574.97
Increased by:		
State Share of Senior Citizens and Veterans Received from State	A-4	13,250.00
		<u>15,824.97</u>
Decreased by:		
Senior Citizens' Deductions Per Tax Billing		3,750.00
Veterans' Deductions Per Tax Billing		9,000.00
Add: Senior Citizens/Veterans Deductions Allowed by Tax Collector: 2015 Taxes		500.00
	A-7	<u>13,250.00</u>
Balance - December 31, 2015	A	<u><u>2,574.97</u></u>

Borough of Sussex, N.J.

**Schedule of Amount Due to the State
Municipal Court Fines and Penalties**

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Receipts - Sept. 2015 Fines and Penalties	A-4	<u>150.00</u>
 Balance - December 31, 2015	 A	 <u><u>150.00</u></u>

Borough of Sussex, N.J.**Schedule of Prepaid Taxes****Current Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	A	38,095.26
Increased by:		
Receipts - Prepaid 2016 Taxes	A-4	<u>42,694.41</u>
		80,789.67
Decreased by:		
Applied to 2015 Taxes	A-7	<u>38,095.26</u>
Balance - December 31, 2015	A	<u><u>42,694.41</u></u>

Borough of Sussex, N.J.
Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	399.25
Increased by:		
Levy - 2015	A-1;A-7	<u>641,507.00</u>
Decreased by:		
Payments	A-4	<u><u>641,906.25</u></u>

A-20

Schedule of Regional School Taxes Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy- 2015	A-1;A-7	<u><u>1,393,950.00</u></u>
Decreased by:		
Payments	A-4	<u><u>1,393,950.00</u></u>

Borough of Sussex, N.J.**Schedule of Regional High School Taxes Payable****Current Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Increased by:		
Levy- 2015	A-1;A-7	<u>817,789.00</u>
Decreased by:		
Payments	A-4	<u>817,789.00</u>

Borough of Sussex, N.J.

Schedule of Due From / (To) Current Fund

Federal and State Grant Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	47,318.20
Increased by:		
Federal and State Grant Fund		
Unappropriated Grants Received	A-25	4,875.69
		<u>52,193.89</u>
Decreased by:		
Federal and State Grant Fund		
Expenditures	A-24	5,967.60
		<u>5,967.60</u>
Balance - December 31, 2015	A	<u><u>46,226.29</u></u>

Borough of Sussex, N.J.
Schedule of Grants Receivable
Federal and State Grant Fund
Year Ended December 31, 2015

<u>Grant</u>	<u>Budget Revenue</u>	<u>Transferred from Unappropriated</u>
Clean Communities	4,006.20	4,006.20
Recycling Tonnage Grant	10,296.72	10,296.72
	<u>14,302.92</u>	<u>14,302.92</u>
	A-2	A-25

Borough of Sussex, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	Balance	Transfer	<u>Expended</u>	Balance
	<u>Dec. 31, 2014</u>	From 2015 <u>Budget</u>		<u>Dec. 31, 2015</u>
Clean Communities	8,690.27	4,006.20	5,700.80	6,995.67
Recycling Tonnage Grant	22,935.01	10,296.72	266.80	32,964.93
Shade Tree	1,390.00			1,390.00
	<u>33,015.28</u>	<u>14,302.92</u>	<u>5,967.60</u>	<u>41,350.60</u>
A		A-3	A-22	A

Borough of Sussex, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Received</u>	<u>Transfer To</u> <u>Appropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Recycling Tonnage Grant	10,296.72		10,296.72	
Clean Communities	4,006.20	4,875.69	4,006.20	4,875.69
	<u>14,302.92</u>	<u>4,875.69</u>	<u>14,302.92</u>	<u>4,875.69</u>
	A	A-22	A-23	A

Borough of Sussex, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>	<u>Emergency Services Volunteer Length of Service Award Program</u>
Balance - December 31, 2014	B	<u>5,515.60</u>	<u>63,717.59</u>	<u>191,652.33</u>
Increased by Receipts:				
Interfund - Animal Control	B-3		246.46	
Dog License Fees - Borough	B-5	2,839.20		
Cat License Fees - Borough	B-5	278.00		
Late Fees	B-5	685.00		
Dog License Fees - State Share	B-7	711.00		
Other Trust Funds	B-8		301,138.79	
Borough Contributions	B-11			16,750.00
Increase in Investment Value	B-12			<u>2,353.64</u>
Total Receipts		<u>4,513.20</u>	<u>301,385.25</u>	<u>19,103.64</u>
		<u>10,028.80</u>	<u>365,102.84</u>	<u>210,755.97</u>
Decreased by Disbursements:				
Interfund - Other Trust	B-2	246.46		
Reserve for Encumbrances	B-4;B-9	480.00	6,546.52	
Reserve for Animal Control				
Trust Expenditures	B-5	466.54		
State Share - Dog Licenses	B-7	711.60		
Other Trust Funds	B-8		293,301.90	
Accounting Charge	B-12			1,467.94
Distributions	B-12			<u>3,491.13</u>
Total Disbursements		<u>1,904.60</u>	<u>299,848.42</u>	<u>4,959.07</u>
Balance - December 31, 2015	B	<u><u>8,124.20</u></u>	<u><u>65,254.42</u></u>	<u><u>205,796.90</u></u>

Borough of Sussex, N.J.

Schedule of Due From / (To) Other Trust Fund

Animal Control Trust Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Decreased by:		
Cash Receipt	B-1	<u>246.46</u>
Balance - December 31, 2015	B	<u><u>(246.46)</u></u>

B-3

Schedule of Due From / (To) - Animal Control Trust

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Disbursements	B-1	<u>246.46</u>
Balance - December 31, 2015	B	<u><u>246.46</u></u>

Borough of Sussex, N.J.
Schedule of Encumbrances Payable
Animal Control Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u>480.00</u>
Decreased by:		
Disbursement	B-1	<u>480.00</u>

Borough of Sussex, N.J.

Reserve for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		5,031.40
Increased by:			
Dog License Fees	B-1	2,839.20	
Cat License Fees	B-1	278.00	
Late Fees/ Miscellaneous	B-1	<u>685.00</u>	
			<u>3,802.20</u>
			8,833.60
Decreased by:			
Expenditures R.S. 4:19-1511	B-1	466.54	
Statutory Excess	B-6	<u>2,249.86</u>	
			<u>2,716.40</u>
Balance - December 31, 2015	B		<u><u>6,117.20</u></u>

License Fees Collected

<u>Year</u>	
2013	3,096.80
2014	<u>3,020.40</u>
	<u><u>6,117.20</u></u>

Borough of Sussex, N.J.

Schedule of Due (From) / To Current Fund

Animal Control Trust Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Statutory Excess	B-5	<u>2,249.86</u>
Balance - December 31, 2015	B	<u>2,249.86</u>

B-7

Schedule of Due to State Department of Health

Animal Control Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	4.20
Increased by:		
State Fees Collected	B-1	<u>711.00</u>
		715.20
Decreased by:		
Paid to State	B-1	<u>711.60</u>
Balance - December 31, 2015	B	<u>3.60</u>

Borough of Sussex, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2015</u>
Reserve for:				
Planning and Zoning Deposits	22,922.89	29,884.50	17,671.28	35,136.11
Recreation	2,743.46	1,483.05	255.00	3,971.51
Brookside Community Center	1,483.05		1,483.05	
Fire Inspection Fees	208.58			208.58
POAA Funds	194.00	78.00		272.00
Payroll Fund	9,425.30	229,953.39	231,050.72	8,327.97
Mural Donation	1,612.94			1,612.94
Outside Liens	780.85	39,751.85	39,801.85	730.85
Tax Sale Premiums	17,800.00		3,200.00	14,600.00
	<u>57,171.07</u>	<u>301,150.79</u>	<u>293,461.90</u>	<u>64,859.96</u>
	B			B
	<u>Ref.</u>			
Interfund Current	B-10	12.00		
Cash Receipts	B-1	301,138.79		
Cash Disbursements	B-1		293,301.90	
Encumbrances Payable	B-9		160.00	
		<u>301,150.79</u>	<u>293,461.90</u>	

Borough of Sussex, N.J.
Schedule of Encumbrances Payable
Other Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	6,546.52
Increased by:		
Charges to Reserves	B-8	160.00
		<u>6,706.52</u>
Decreased by:		
Disbursement	B-1	6,546.52
		<u>6,546.52</u>
Balance - December 31, 2015	B	<u><u>160.00</u></u>

Schedule of Due From Current Fund
Other Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Other Trust Funds - POAA	B-8	12.00
		<u>12.00</u>
Balance - December 31, 2015	B	<u><u>12.00</u></u>

Borough of Sussex, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		17,250.00
Increased by:			
Borough Contributions	B-12		<u>17,750.00</u>
			35,000.00
Decreased by:			
Receipts	B-1	16,750.00	
Adjustment	B-12	<u>500.00</u>	
			<u>17,250.00</u>
Balance - December 31, 2015	B		<u><u>17,750.00</u></u>

Borough of Sussex, N.J.

Schedule of Net Position Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		208,902.33
Increased by:			
Borough Contributions	B-11	17,750.00	
Increase in Investment Value	B-1	2,353.64	
			20,103.64
			229,005.97
Decreased by:			
Accounting Charge	B-1	1,467.94	
Distributions	B-1	3,491.13	
Receivable Adjustment	B-11	500.00	
			5,459.07
Balance - December 31, 2015	B		223,546.90

Borough of Sussex, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C;C-3		109,878.30
Increased by Receipts:			
Grants Receivable	C-5	145,042.75	
Deferred Charges to Future Taxation			
Unfunded	C-7	19,925.00	
Capital Improvement Fund	C-8	38,000.00	
Various Reserves	C-14	37,000.00	
		<u>37,000.00</u>	
			<u>239,967.75</u>
			349,846.05
Decreased by Disbursements:			
Improvement Authorizations	C-9	212,283.06	
Reserve for Encumbrances	C-13	21,635.38	
		<u>21,635.38</u>	
			<u>233,918.44</u>
Balance - December 31, 2015	C;C-3		<u><u>115,927.61</u></u>

Borough of Sussex, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Receipts	Improvement Authorizations	Disbursements		Transfers	Balance Dec. 31, 2015
				Miscellaneous	From		
Capital Improvement Fund	50,812.00	38,000.00		(101,500.00)	22,448.01	9,760.01	
Grants Receivable:							
NJ Department of Transportation	(40,000.00)	145,042.75		(140,057.00)		(35,014.25)	
Reserve for Encumbrances	21,635.38			(21,635.38)	2,025.25	2,025.25	
Reserve for Various Reserves	90,759.00	37,000.00		(36,000.00)		91,759.00	
Fund Balance	42,500.00			(41,943.00)		557.00	
Improvement Authorizations							
06-13 Improvements to Various Roads	4,388.93			(4,388.93)			
09-19 Various Improvements to Lakeview Terrace	(4,775.09)	4,775.09					
10-27 Various Capital Improvements and Purchases	6,618.99			(6,618.99)			
11-06 Various Capital Improvements	(73,715.00)	15,149.91		(5,300.71)		(58,565.09)	
13-04 Willow Street Improvements	5,300.71			(7,121.48)	22,617.48		
14-03 Various Capital Improvements	6,353.38		21,849.38		12,500.00	336.85	
15-03 Purchase of Computers			12,163.15		5,000.00	3,415.00	
15-04 Construction of Parking Lot			1,585.00		222,000.00	21,653.84	
15-05 Overlook Drive Improvement		86,660.00	284,980.91	(2,025.25)	80,000.00	80,000.00	
15-11 Purchase of DPW Truck				(366,590.74)	366,590.74		
	<u>109,878.30</u>	<u>326,627.75</u>	<u>320,578.44</u>			<u>115,927.61</u>	
	C					C	

Borough of Sussex, N.J.**Schedule of Interfunds****General Capital Fund****Year Ended December 31, 2015**

<u>Fund</u>	<u>Increased</u>	Due From/(To) Balance <u>Dec. 31, 2015</u>
Current Fund	<u>19,278.24</u>	<u>19,278.24</u>
	C-14	C

Borough of Sussex, N.J.

Schedule of Grants Receivable - N.J. Department of Transportation

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	40,000.00
Increased by:		
Improvement Authorizations	C-9	<u>140,057.00</u>
		180,057.00
Decreased by:		
Cash Receipts	C-2	<u>145,042.75</u>
Balance - December 31, 2015	C	<u><u>35,014.25</u></u>
<u>Analysis</u>		
Overlook Drive		<u><u>35,014.25</u></u>

Borough of Sussex, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C		51,470.74
Decreased by:			
Budget Appropriations to pay:			
Green Acres Trust Loan Payment	C-12	7,995.10	
Serial Bonds Payable	C-11	<u>27,000.00</u>	
			<u>34,995.10</u>
Balance - December 31, 2015	C		<u><u>16,475.64</u></u>

Borough of Sussex, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2015

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Funded by		Notes Paid by Budget Appropriations Dec. 31, 2015	Balance Dec. 31, 2015	Analysis of Balance Dec. 31, 2015	
				Budget Appropriations	Budget Appropriations			Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
06-13	Improvements to Various Roads	115,137.00				38,380.00	76,757.00	76,757.00	
07-03	Purchase of Fire Apparatus	82,050.00				27,350.00	54,700.00	54,700.00	
09-19	Various Improvements to Lakeside Terrace	4,775.09		4,775.09					
11-06	Various Capital Improvements	73,715.00		15,149.91			58,565.09	58,565.09	
15-04	Construction of Parking Lot		95,000.00				95,000.00		95,000.00
		<u>275,677.09</u>	<u>95,000.00</u>	<u>19,925.00</u>	<u>65,730.00</u>	<u>285,022.09</u>	<u>131,457.00</u>	<u>58,565.09</u>	<u>95,000.00</u>
		C	C-9	C-2;C-15	C-10	C	C-10		C-9

Borough of Sussex, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C		50,812.00
Increased by:			
Budget Appropriation	C-2	38,000.00	
Improvement Authorizations Cancelled	C-9	<u>22,448.01</u>	
			<u>60,448.01</u>
			111,260.01
Decreased by:			
Improvement Authorizations	C-9		<u>101,500.00</u>
Balance - December 31, 2015	C		<u><u>9,760.01</u></u>

Borough of Sussex, N.J.
 Schedule of Improvement Authorizations
 General Capital Fund

Year Ended December 31, 2015

Ord. No.	Improvement Description <u>General Improvements:</u>	Ordinance Date	Amount	Balance Dec. 31, 2014		2015 Authorizations	Canceled	Paid or Charged	Balance Dec. 31, 2015	
				Funded	Unfunded				Funded	Unfunded
06-13	Improvements to Various Roads	12/18/06	740,000.00		4,388.93		4,388.93			
10-27	Various Capital Improvements and Purchases	12/07/10	48,000.00	6,618.99			6,618.99			
13-04	Willow Street Improvements	06/05/13	214,000.00	5,300.71			5,300.71			
14-03	Various Capital Improvements	07/01/14	291,000.00	6,353.38			6,139.38	214.00		
15-03	Purchase of Computers	05/18/15	12,500.00		12,500.00			12,163.15	336.85	
15-04	Construction of Parking Lot	12/15/15	100,000.00		100,000.00			1,585.00	3,415.00	95,000.00
15-05	Overlook Drive Improvements	05/05/15	222,000.00		222,000.00			200,346.16	21,653.84	
15-11	Purchase of DPW Truck	10/20/15	80,000.00		80,000.00				80,000.00	
			<u>18,273.08</u>	<u>4,388.93</u>	<u>414,500.00</u>		<u>22,448.01</u>	<u>214,308.31</u>	<u>105,405.69</u>	<u>95,000.00</u>
			C	C		C-8		C		C;C-7

Ref.

Analysis of 2015 Authorizations

Capital Surplus	C-1	41,943.00
Capital Improvement Fund	C-8	101,500.00
Deferred Charges to Future Taxation - Unfunded	C-7;C-15	95,000.00
Due From State Department of Transportation	C-5	140,057.00
Various Reserves	C-14	36,000.00
		<u>414,500.00</u>

Analysis of Paid or Charged

Cash Disbursed	C-2	212,283.06
Encumbrances Payable	C-13	2,025.25
		<u>214,308.31</u>

Borough of Sussex, N.J.

Schedule of Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Decreased
			Date	Amount			
General Improvements	11/01/05	297,000.00	2015	27,000.00	4.75%	27,000.00	27,000.00
						C	C-6

Borough of Sussex, N.J.

Schedule of Green Acres Trust Program Loan Payable

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	24,470.74
Decreased by:		
Principal Matured	C-6	<u>7,995.10</u>
Balance - December 31, 2015	C	<u><u>16,475.64</u></u>

Schedule of Principal and Interest Payments Outstanding December 31, 2015

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				16,475.64
1	04/22/16	4,057.61	164.76	12,418.03
2	10/22/16	4,098.19	124.18	8,319.84
3	04/22/17	4,139.17	83.20	4,180.67
4	10/22/17	4,180.67	41.81	-0-
		<u><u>16,475.64</u></u>	<u><u>413.95</u></u>	

Borough of Sussex, N.J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	21,635.38
Increased by:		
Charges to Improvement Authorizations	C-9	<u>2,025.25</u> 23,660.63
Decreased by:		
Cash Disbursements	C-2	<u>21,635.38</u>
Balance - December 31, 2015	C	<u><u>2,025.25</u></u>

Borough of Sussex, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2015

<u>Improvement Description</u>	Balance		2015 Authorizations	Balance Dec. 31, 2015
	<u>Dec. 31, 2014</u>	<u>Increased</u>		
Reserve for Road Improvements	18,384.00	7,478.24		25,862.24
Reserve for Purchase of Equipment	24,000.00	12,000.00	36,000.00	
Reserve for Purchase of Fire Truck	23,000.00	25,000.00		48,000.00
Reserve for Improvement to Municipal Properties	25,375.00	11,800.00		37,175.00
	<u>90,759.00</u>	<u>56,278.24</u>	<u>36,000.00</u>	<u>111,037.24</u>
	C		C-9	C

Ref.

Cash Receipts	37,000.00
Interfund - Current Fund	19,278.24
	<u>56,278.24</u>

Borough of Sussex, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorized</u>	<u>Funded By Budget</u>	<u>Balance Dec. 31, 2015</u>
09-19	8/18/2009	Various Improvements to Lakeview Terrace	4,775.09		4,775.09	58,565.09
11-06	6/21/2011	Various Capital Improvements	73,715.00		15,149.91	95,000.00
15-04	12/15/2015	Construction of Parking Lot	78,490.09	95,000.00	19,925.00	153,565.09
			<u>Footnote C</u>	<u>C-9</u>	<u>C-7</u>	<u>Footnote C</u>

Borough of Sussex, N.J.

Schedule of Cash

Water/Sewer Utility Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2014	D;D-5	<u>521,071.34</u>	<u>553,845.77</u>
Increased by Receipts:			
Miscellaneous Revenue Anticipated	D-2	33,674.44	
Miscellaneous Revenue Not Anticipated	D-2	13,530.21	
Consumer Accounts Receivable	D-6	2,282,247.16	
Water/Sewer Liens Receivable	D-8	4,885.00	
Water/Sewer Overpayments	D-12	3,510.60	
Schedule of Interfunds	D-14		0.45
NJ Department of Transportation	D-15		78,830.11
Capital Improvement Fund	D-19		95,000.00
Reserve for Amortization	D-20		10,696.55
Reserve for Capital Outlay	D-25		25,000.00
		<u>2,337,847.41</u>	<u>209,527.11</u>
		<u>2,858,918.75</u>	<u>763,372.88</u>
Decreased by Disbursements:			
Budget Appropriations	D-3	2,101,605.89	
Appropriation Reserves	D-13	44,584.39	
Schedule of Interfunds	D-14	0.45	
NJ Department of Transportation	D-15		85,765.11
Accrued Interest	D-16	216,024.09	
Improvement Authorizations	D-18		173,134.54
Capital Improvement Fund	D-19		25,818.00
Encumbrances Payable	D-26		4,100.00
		<u>2,362,214.82</u>	<u>288,817.65</u>
Balance - December 31, 2015	D;D-5	<u><u>496,703.93</u></u>	<u><u>474,555.23</u></u>

Borough of Sussex, N.J.

Schedule of Consumer Accounts Receivable

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2015</u>
Consumer Accounts Receivable	859,934.42	2,260,133.43	2,294,172.84	825,895.01
	D			D
	<u>Ref.</u>			
Rents Received	D-4		2,282,247.16	
Overpayments Applied	D-12		4,006.86	
	D-2		<u>2,286,254.02</u>	
Transferred to Water/Sewer Liens	D-8		7,918.82	
			<u>2,294,172.84</u>	

D-7

Schedule of Other Receivables

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	Balance <u>Dec. 31, 2015</u>
Other Receivable	4,500.00	4,500.00
	D	D

Borough of Sussex, N.J.

Schedule of Water/Sewer Utility Liens

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref</u>	
Balance - December 31, 2014	D	16,305.69
Increased by:		
Transfers From Consumer Accounts Receivable	D-6	<u>7,918.82</u> 24,224.51
Decreased by:		
Liens Redeemed	D-2;D-4	<u>4,885.00</u>
Balance - December 31, 2015	D	<u><u>19,339.51</u></u>

Borough of Sussex, N.J.

Schedule of Fixed Capital

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref</u>	
Balance - December 31, 2014	D	<u>15,790,486.16</u>
Balance - December 31, 2015	D	<u>15,790,486.16</u>

Borough of Sussex, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

2014 Authorizations

Improvement Description	Ordinance		Balance, Dec. 31, 2014	2014 Authorizations		Balance, Dec. 31, 2015
	Date	Amount		Deferred Charges to Future Revenue		
Repair and Painting of Water Storage Tanks	06/16/09	700,000.00	700,000.00			700,000.00
Rehabilitation of Manholes	09/01/09	1,100,000.00	1,100,000.00			1,100,000.00
Various Water/Sewer Capital Improvements	11/01/11	125,000.00	125,000.00			125,000.00
Repairs to the Water Treatment Plant	10/30/12	125,000.00	125,000.00			125,000.00
Improvements to Water Treatment Plant	07/16/13	75,000.00	75,000.00			75,000.00
Rt. 23 Water/Sewer Improvements	07/01/14	730,000.00	730,000.00			730,000.00
Various Water/Sewer Improvements	07/01/14	125,000.00	125,000.00			125,000.00
Various Water/Sewer Improvements	07/21/15	1,200,000.00		1,200,000.00		1,200,000.00
			<u>2,980,000.00</u>	<u>1,200,000.00</u>		<u>4,180,000.00</u>
			D	D-18		D

Borough of Sussex, N.J.

Schedule of N.J. Environmental Infrastructure Trust Receivable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref</u>	
Balance - December 31, 2014	D	<u>299,252.00</u>
Balance - December 31, 2015	D	<u>299,252.00</u>

D-12

Schedule of Water/Sewer Overpayments

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref</u>	
Balance - December 31, 2014	D	4,006.86
Increased by:		
Cash Receipts	D-4	<u>3,510.60</u>
		7,517.46
Decreased by:		
Overpayments Applied	D-6	<u>4,006.86</u>
Balance - December 31, 2015	D	<u>3,510.60</u>

Borough of Sussex, N.J.
Schedule of Appropriation Reserves
Water/Sewer Utility Operating Fund
Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	<u>Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	260.55	260.55		260.55
Other Expenses	44,989.34	44,989.34	44,584.39	404.95
Capital Improvements				
Capital Outlay	0.83	0.83		0.83
Statutory Expenditures:				
Social Security System (O.A.S.I.)	116.45	116.45		116.45
Unemployment Compensation Insurance	53.67	53.67		53.67
	<u>45,420.84</u>	<u>45,420.84</u>	<u>44,584.39</u>	<u>836.45</u>
			D-4	D-1
Unencumbered	D 28,497.32			
Encumbered	D 16,923.52			
	<u>45,420.84</u>			

Borough of Sussex, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	<u>Ref.</u>	Water/Sewer Operating Fund Due From/(To) Water/Sewer Capital Fund	Water/Sewer Capital Fund Due From/(To) Water/Sewer Operating Fund
Increased by:			
Cash Disbursed	D-4	<u>0.45</u>	
Decreased by:			
Cash Received	D-4		<u>0.45</u>
Balance - December 31, 2015	D	<u>0.45</u>	<u>(0.45)</u>

Borough of Sussex, N.J.

Schedule of N.J Department of Transportation Receivable
Route 23 Utility Relocation

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref</u>	
Increased by:		
Cash Disbursements	D-4	85,765.11
Decreased by:		
Cash Receipts	D-4	<u>78,830.11</u>
Balance - December 31, 2015	D	<u><u>6,935.00</u></u>

Borough of Sussex, N.J.

Schedule of Accrued Interest On Bonds, Loans and Notes

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref.</u> D	15,763.22
Increased by:		
Budget Appropriations	D-3	<u>217,464.00</u>
		233,227.22
Decreased by:		
Cash Disbursed	D-4	<u>216,024.09</u>
Balance - December 31, 2015	D	<u><u>17,203.13</u></u>

<u>Principal Outstanding December 31, 2015</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period in Days</u>	<u>Required Amount</u>	<u>Actual Amount</u>
Bonds Payable:						
593,000.00	Various	11/01/15	12/31/15	60	4,694.58	860.94
4,785,000.00	Various	01/01/15	12/31/15	364	76,106.26	13,957.13
NJEIT Loan Payable:						
117,290.01	Various	08/01/15	12/31/15	152	1,719.75	315.39
318,203.41	Various	08/01/15	12/31/15	152	N/A	N/A
455,000.00	Various	08/01/15	12/31/15	152	9,605.56	1,761.56
438,864.44	Various	08/01/15	12/31/15	152	N/A	N/A
Bond Anticipation Notes:						
225,000.00	1.15%	05/08/15	12/31/15	237	1,680.10	308.11
					<u>93,806.25</u>	<u>17,203.13</u>

Borough of Sussex, N.J.

Schedule of Deferred Charges

Water/Sewer Utility Operating Fund

Year Ended December 31, 2015

	Balance	Raised in
	<u>Dec. 31, 2014</u>	<u>2015</u>
Emergency Authorizations (40A: 4-47)	<u>24,939.38</u>	<u>24,939.38</u>
	D	D-3

Borough of Sussex, N.J.

Schedule of Improvement Authorizations

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2014		2014 Authorizations Deferred Charges To Future Revenue	Balance Dec. 31, 2015	
				Funded	Unfunded		Funded	Unfunded
09-16	Repair and Painting of Water Storage Tanks	06/16/2009	700,000.00		4,975.20			4,975.20
09-22	Rehabilitation of Manholes	09/01/2009	1,100,000.00	344,612.93	139,600.00		344,612.93	139,600.00
11-15	Various Water/Sewer Capital Improvements	11/01/2011	125,000.00		10,314.20			10,314.20
12-09	Repairs to the Water Treatment Plant	10/30/2012	125,000.00	155.89			155.89	
13-05	Improvements to Water Treatment Plant	07/16/2013	75,000.00	2,210.03			2,210.03	
14-06	Rt. 23 Water/Sewer Improvements	07/01/2014	730,000.00		730,000.00			660,656.00
14-07	Various Water/Sewer Improvements	07/01/2014	125,000.00	88,094.13			88,094.13	
15-06	Various Water/Sewer Improvements	07/21/2015	1,200,000.00			1,200,000.00		1,095,509.46
				<u>435,072.98</u>	<u>884,889.40</u>	<u>1,200,000.00</u>	<u>435,072.98</u>	<u>1,911,054.86</u>
				D	D	D-10;D-28	D	D

Cash Disbursements	173,134.54
Reserve for Encumbrances	700.00
	<u>173,834.54</u>

Borough of Sussex, N.J.

Schedule of Capital Improvement Fund

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	29,138.00
Increased by:		
Cash Receipts	D-4	95,000.00
		<u>124,138.00</u>
Decreased by:		
Direct Charges Made for Preliminary Costs	D-4	25,818.00
		<u>25,818.00</u>
Balance - December 31, 2015	D	<u><u>98,320.00</u></u>

Schedule of Reserve for Amortization

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	D		10,632,496.31
Increased by:			
Paid by Water/Sewer Utility Operating Budget:			
Serial Bonds	D-22	255,000.00	
NJ Environmental Infrastructure Loan	D-24	78,685.44	
Budget Appropriation	D-4;D-28	<u>10,696.55</u>	
			<u>344,381.99</u>
Balance - December 31, 2015	D		<u><u>10,976,878.30</u></u>

Borough of Sussex, N.J.

Schedule of Deferred Reserve for Amortization

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2014</u>	<u>Paid From Operating Budget Notes</u>	<u>Balance, Dec. 31, 2015</u>
09-16	Repair and Painting of Water Storage Tanks	06/16/2009	22,778.00	3,889.00	26,667.00
09-22	Rehabilitation of Manholes	09/01/2009	22,222.00	11,111.00	33,333.00
11-15	Various Water/Sewer Capital Improvements	11/01/2011	81,250.00		81,250.00
14-07	Various Water/Sewer Improvements	07/01/2014	125,000.00	15,000.00	140,000.00
			<u>251,250.00</u>	<u>30,000.00</u>	<u>281,250.00</u>
			D	D-23	D

Borough of Sussex, N.J.

Schedule of Serial Bonds Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Amount Issued	Matures of Bonds Outstanding December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Paid By Budget Appropriation	Balance Dec. 31, 2015
			Date	Amount				
General Obligation Bonds	11/01/05	1,193,000.00	11/1/16-19	60,000.00	4.75%			
			11/1/20-24	60,000.00	5.00%			
			11/1/25	53,000.00	5.00%	653,000.00	60,000.00	593,000.00
Refunding Bonds of 2012	07/01/12	5,515,000.00	1/1/2016	200,000.00	2.00%			
			1/1/2017	210,000.00	2.00%			
			1/1/2018-19	215,000.00	3.00%			
			1/1/2020	225,000.00	3.00%			
			1/1/2021-22	230,000.00	3.00%			
			1/1/2023	250,000.00	2.50%			
			1/1/2028	210,000.00	3.00%			
		1/1/2029	225,000.00	3.00%				
		1/1/2030	230,000.00	3.13%				
						4,980,000.00	195,000.00	4,785,000.00
						<u>5,633,000.00</u>	<u>255,000.00</u>	<u>5,378,000.00</u>
						D	D-20	D

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Balance - December 31, 2014	<u>Ref</u> D	1,408,043.30
Decreased by:		
Principal Matured	D-20	<u>78,685.44</u>
Balance - December 31, 2015	D	<u><u>1,329,357.86</u></u>

Schedule of Principal and Interest Payments Outstanding December 31, 2015

Trust Share February 17, 2010 in the amount of \$149,000.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
12	2/1/2016		2,036.55	117,290.01
13	8/1/2016	6,828.97	2,036.55	110,461.04
14	2/1/2017		1,958.70	110,461.04
15	8/1/2017	6,984.67	1,958.70	103,476.37
16	2/1/2018		1,868.94	103,476.37
17	8/1/2018	7,164.18	1,868.94	96,312.19
18	2/1/2019		1,770.44	96,312.19
19	8/1/2019	7,361.19	1,770.44	88,951.00
20	2/1/2020		1,661.86	88,951.00
21	8/1/2020	7,578.35	1,661.86	81,372.65
22	2/1/2021		1,542.88	81,372.65
23	8/1/2021	7,816.31	1,542.88	73,556.34
24	2/1/2022		1,415.08	73,556.34
25	8/1/2022	8,071.90	1,415.08	65,484.44
26	2/1/2023		1,275.44	65,484.44
27	8/1/2023	8,351.19	1,275.44	57,133.25
28	2/1/2024		1,125.12	57,133.25
29	8/1/2024	8,651.83	1,125.12	48,481.42
30	2/1/2025		965.49	48,481.42
31	8/1/2025	8,971.09	965.49	39,510.33
32	2/1/2026		795.49	39,510.33
33	8/1/2026	9,311.09	795.49	30,199.24

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Schedule of Principal and Interest Payments Outstanding December 31, 2015
Trust Share February 17, 2010 in the amount of \$149,000.00 (Continued)

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
34	2/1/2027		614.39	30,199.24
35	8/1/2027	9,673.29	614.39	20,525.95
36	2/1/2028		421.89	20,525.95
37	8/1/2028	10,058.29	421.89	10,467.66
38	2/1/2029		217.20	10,467.66
39	8/1/2029	10,467.66	217.20	0.00
		<u>117,290.01</u>	<u>35,338.94</u>	

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Schedule of Principal and Interest Payments Outstanding December 31, 2015

Fund Share dated February 17, 2010 in the amount of \$447,000

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
10	2/1/2016	7,576.27	310,627.14
11	8/1/2016	15,152.54	295,474.60
12	2/1/2017	7,576.27	287,898.33
13	8/1/2017	15,152.54	272,745.79
14	2/1/2018	7,576.27	265,169.52
15	8/1/2018	15,152.54	250,016.98
16	2/1/2019	7,576.27	242,440.71
17	8/1/2019	15,152.54	227,288.17
18	2/1/2020	7,576.27	219,711.90
19	8/1/2020	15,152.54	204,559.36
20	2/1/2021	7,576.27	196,983.09
21	8/1/2021	15,152.54	181,830.55
22	2/1/2022	7,576.27	174,254.28
23	8/1/2022	15,152.54	159,101.74
24	2/1/2023	7,576.27	151,525.47
25	8/1/2023	15,152.54	136,372.93
26	2/1/2024	7,576.27	128,796.66
27	8/1/2024	15,152.54	113,644.12
28	2/1/2025	7,576.27	106,067.85
29	8/1/2025	15,152.54	90,915.31
30	2/1/2026	7,576.27	83,339.04
31	8/1/2026	15,152.54	68,186.50
32	2/1/2027	7,576.27	60,610.23
33	8/1/2027	15,152.54	45,457.69
34	2/1/2028	7,576.27	37,881.42
35	8/1/2028	15,152.54	22,728.88
36	2/1/2029	7,576.27	15,152.61
37	8/1/2029	15,152.61	0.00
		<u>318,203.41</u>	

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Schedule of Principal and Interest Payments Outstanding December 31, 2015

Trust Share December 2, 2010 in the amount of \$535,000

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
10	2/1/2016		11,375.00	455,000.00
11	8/1/2016	20,000.00	11,375.00	435,000.00
12	2/1/2017		10,875.00	435,000.00
13	8/1/2017	20,000.00	10,875.00	415,000.00
14	2/1/2018		10,375.00	415,000.00
15	8/1/2018	25,000.00	10,375.00	390,000.00
16	2/1/2019		9,750.00	390,000.00
17	8/1/2019	25,000.00	9,750.00	365,000.00
18	2/1/2020		9,125.00	365,000.00
19	8/1/2020	25,000.00	9,125.00	340,000.00
20	2/1/2021		8,500.00	340,000.00
21	8/1/2021	25,000.00	8,500.00	315,000.00
22	2/1/2022		7,875.00	315,000.00
23	8/1/2022	30,000.00	7,875.00	285,000.00
24	2/1/2023		7,125.00	285,000.00
25	8/1/2023	30,000.00	7,125.00	255,000.00
26	2/1/2024		6,375.00	255,000.00
27	8/1/2024	30,000.00	6,375.00	225,000.00
28	2/1/2025		5,625.00	225,000.00
29	8/1/2025	35,000.00	5,625.00	190,000.00
30	2/1/2026		4,750.00	190,000.00
31	8/1/2026	35,000.00	4,750.00	155,000.00
32	2/1/2027		3,875.00	155,000.00
33	8/1/2027	35,000.00	3,875.00	120,000.00
34	2/1/2028		3,000.00	120,000.00
35	8/1/2028	40,000.00	3,000.00	80,000.00
36	2/1/2029		2,000.00	80,000.00
37	8/1/2029	40,000.00	2,000.00	40,000.00
38	2/1/2030		1,000.00	40,000.00
39	8/1/2030	40,000.00	1,000.00	0.00
		<u>455,000.00</u>	<u>203,250.00</u>	

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

Schedule of Principal and Interest Payments Outstanding December 31, 2015
Fund Share dated December 2, 2010 in the amount of \$575,400

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
10	2/1/2016	9,752.54	429,111.90
11	8/1/2016	19,505.08	409,606.82
12	2/1/2017	9,752.54	399,854.28
13	8/1/2017	19,505.08	380,349.20
14	2/1/2018	9,752.54	370,596.66
15	8/1/2018	19,505.08	351,091.58
16	2/1/2019	9,752.54	341,339.04
17	8/1/2019	19,505.08	321,833.96
18	2/1/2020	9,752.54	312,081.42
19	8/1/2020	19,505.08	292,576.34
20	2/1/2021	9,752.54	282,823.80
21	8/1/2021	19,505.08	263,318.72
22	2/1/2022	9,752.54	253,566.18
23	8/1/2022	19,505.08	234,061.10
24	2/1/2023	9,752.54	224,308.56
25	8/1/2023	19,505.08	204,803.48
26	2/1/2024	9,752.54	195,050.94
27	8/1/2024	19,505.08	175,545.86
28	2/1/2025	9,752.54	165,793.32
29	8/1/2025	19,505.08	146,288.24
30	2/1/2026	9,752.54	136,535.70
31	8/1/2026	19,505.08	117,030.62
32	2/1/2027	9,752.54	107,278.08
33	8/1/2027	19,505.08	87,773.00
34	2/1/2028	9,752.54	78,020.46
35	8/1/2028	19,505.08	58,515.38
36	2/1/2029	9,752.54	48,762.84
37	8/1/2029	19,505.08	29,257.76
38	2/1/2030	9,752.54	19,505.22
39	8/1/2030	19,505.22	0.00
		<u>438,864.44</u>	

Borough of Sussex, N.J.

Schedule of Reserve for Capital Outlay

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	22,181.69
Increased by:		
Cash Receipts	D-4	<u>25,000.00</u>
Balance - December 31, 2015	D	<u><u>47,181.69</u></u>

Schedule of Reserve for Encumbrances

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	D	26,628.46
Increased by:		
Charges to Improvements Authorizations	D-18	<u>700.00</u>
		27,328.46
Decreased By:		
Cash Disbursements	D-4	<u>4,100.00</u>
Balance - December 31, 2015	D	<u><u>23,228.46</u></u>

Borough of Sussex, N.J.**Schedule of Reserve for Debt Service****Water/Sewer Utility Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	D	<u>45,883.79</u>
Balance - December 31, 2015	D	<u>45,883.79</u>

Borough of Sussex, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water/Sewer Utility Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2014</u>	<u>2014 Authorizations</u>	<u>Raised in Budget</u>	<u>Balance, Dec. 31, 2015</u>
11-15	Various Water/Sewer Capital Improvements	10,696.55		10,696.55	580,000.00
14-06	Rt. 23 Water/Sewer Improvements	580,000.00	1,200,000.00		1,200,000.00
15-06	Various Water/Sewer Improvements	<u>590,696.55</u>	<u>1,200,000.00</u>	<u>10,696.55</u>	<u>1,780,000.00</u>
		Footnote D	D-18	D-20	Footnote D

BOROUGH OF SUSSEX

PART II

*** * * * ***

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and
Members of the Borough Council
Borough of Sussex
Sussex, New Jersey 07461

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Sussex in the County of Sussex as of and for the year ended December 31, 2015 and the related notes to the financial statements, and have issued our report thereon dated June 23, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Fixed Asset account group and the Length of Services Award Program not being audited.

Internal Control Over Financial Reporting

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

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



Honorable Mayor and
Members of the Borough Council
Page 2

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

We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2015-01, that we consider to be a significant deficiency.

Compliance and Other Matters

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

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

Purpose of this Report

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



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

Ferraioli, Wielkottz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Newton, New Jersey

June 23, 2016



**BOROUGH OF SUSSEX
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)**

Summary of Auditor's Results:

A qualified opinion was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting.

The audit did disclose significant deficiencies in the internal controls of the Borough.

The Borough was not subject to the single audit provisions of Federal OMB Circular A-133 (the "Circular") and State Circular 15-08 OMB for 2015 as grant expenditures were less than the single audit thresholds identified in the Circulars.

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

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

Finding 2015-01 - Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The Deputy Treasurer deposits, disburses funds and posts the activity to the finance software. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Management's Response:

This finding was evaluated by the governing body and administration; however, due to budgetary constraints, the Borough does not have the resources to adequately segregate related duties and resolve this finding at this time.

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

**BOROUGH OF SUSSEX
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

STATUS OF PRIOR YEAR FINDINGS

The Borough's prior year finding, 2014-01, regarding Segregation of Duties has not been corrected and is included in the audit for the year ended December 31, 2015.

Finding 2014-01:

Condition:

The Borough does not maintain an adequate segregation of duties within the Treasury Department. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The Deputy Treasurer deposits, disburses funds and posts the activity to the finance software. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system.

Current Status:

Corrective action was not taken. The Borough was made aware of this lack of internal control and will consider strengthening internal control within reason of the costs, benefits derived and budget constraints.

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2015, and at June 23, 2016, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

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

a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, or \$21,000 as of July 1, 2005, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000, or \$21,000 as of July 1, 2005. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

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

GENERAL COMMENTS (CONTINUED)

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

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

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

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

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

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

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

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

Collection of Interest on Delinquent Taxes and Assessments

The governing body on January 6, 2015 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

NOW, THEREFORE, BE IT RESOLVED, by the Borough Council of the Borough of Sussex, County of Sussex, State of New Jersey, as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and, 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

2. Effective January 1, 2015 there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 9, 2015.

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

<u>Year</u>	<u>Number of Liens</u>
2015	5
2014	6
2013	6

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

Verification of Delinquent Taxes and Other Charges

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

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

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

GENERAL COMMENTS (CONTINUED)

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The Deputy Treasurer deposits, disburses funds and posts the activity to the finance software. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Management Response:

Duties of personnel will be reviewed to determine whether more adequate segregation of duties can be provided within budget constraints.

OTHER COMMENTS

Finance

1. There is no formal purchasing and procurement policy.

Management Response:

The Borough will implement a formal purchasing and procurement policy.

2. The Borough did not issue 1099-MISC forms in accordance with IRS requirements.

Management Response:

1099-MISC forms will be issued in accordance with IRS requirements going forward.

3. In some instances, purchases were not properly encumbered and Business Registration Certificates were not obtained for vendors, whose cumulative payments exceeded the quote threshold.

Management Response:

Every effort will be made to properly encumber purchases and obtain Business Registration Certificates.

OTHER COMMENTS (CONTINUED)

Municipal Court

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

1. Ending balances need to be reviewed for adjustment or cancellation.

Management Response:

The Court Administrator is working on clearing the old balance of the general court account.

RECOMMENDATIONS

1. That adequate segregation of duties within the Treasury Department be maintained.
2. That a formal purchase and procurement policy be implemented
3. That 1099-MISC forms be issued in accordance with IRS requirements.
4. That all purchases be properly encumbered and Business Registration Certificates be obtained, as applicable.
5. That ending balances, in the Municipal Court, be reviewed for adjustment or cancellation.

Status of Prior Year's Audit Findings/Recommendations

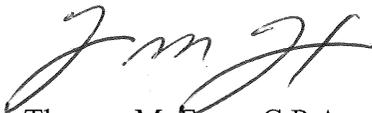
A review was performed on all prior year's recommendations and corrective action was taken on all with the exception of the following which is included in this year's recommendations:

1. That adequate segregation of duties within the Treasury Department be maintained.
2. That a formal purchase and procurement policy be implemented

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

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

Very truly yours,



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

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