

REPORT OF AUDIT
TOWNSHIP OF HARDYSTON
COUNTY OF SUSSEX
DECEMBER 31, 2015

TOWNSHIP OF HARDYSTON, N.J.

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TOWNSHIP OF HARDYSTON

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

September 7, 2016

The Honorable Mayor and
Members of the Township Council
Township of Hardyston
Hardyston, NJ 07419

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Hardyston 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 Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.



The Honorable Mayor and
Members of the Township Council
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Length of Service Awards Program of the Township of Hardyston has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the Township's financial statements.

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 Township of Hardyston 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 Township of Hardyston as of December 31, 2015 and 2014, or changes in financial position for the years then ended.



The Honorable Mayor and
Members of the Township Council
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Qualified Opinion on Regulatory Basis of Accounting

As described in Note 11 of the financial statements, The Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$249,284.69 and \$224,243.15 for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above, with the exception of the Length of Service Awards Program, present fairly, in all material respects, the regulatory basis balances sheets and account group as of 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 Township of Hardyston’s basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of state financial assistance 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 and the schedule of expenditures of state financial assistance 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, schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the 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.



The Honorable Mayor and
Members of the Township 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 September 7, 2016 on our consideration of the Township of Hardyston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Hardyston's internal control over financial reporting and compliance.



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

September 7, 2016



Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	5,847,257.85	5,569,425.43
Change Fund	A-5	625.00	625.00
		<u>5,847,882.85</u>	<u>5,570,050.43</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	593,107.39	843,499.75
Tax Title Liens Receivable	A-9	337,162.99	290,291.89
Property Acquired for Taxes - Assessed Valuation	A-10	14,700.00	14,700.00
		<u>944,970.38</u>	<u>1,148,491.64</u>
Deferred Charges:			
Special Emergency	A-13	100,000.00	-
		<u>6,892,853.23</u>	<u>6,718,542.07</u>
Federal and State Grant Fund:			
Grants Receivable	A-21	243,109.21	336,618.69
Due From Current Fund	A-24	3,298,664.72	3,233,399.94
		<u>3,541,773.93</u>	<u>3,570,018.63</u>
		<u>10,434,627.16</u>	<u>10,288,560.70</u>

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

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3; A-14	565,102.46	484,931.46
Interfunds Payable			
State and Federal Grant Fund	A-12	3,298,664.72	3,233,399.94
Encumbrances Payable	A-15	117,582.12	124,661.00
Prepaid Taxes	A-16	293,016.72	240,690.49
County Taxes Payable	A-19	16,037.57	23,625.16
Tax Overpayments	A-20	57,236.96	59,433.29
Accounts Payable	A-20	16,649.41	37,743.35
Due to State of NJ:			
Marriage Surcharge	A-20	-	250.00
Senior Citizen and Veteran Deductions	A-7	5,689.66	4,984.18
Reserve for:			
Preparation of Tax Map	A-20	3,825.00	3,825.00
Reserve for Revaluation	A-20	7,449.00	7,449.00
		<u>4,381,253.62</u>	<u>4,220,992.87</u>
Reserve for Receivables	Contra	944,970.38	1,148,491.64
Fund Balance	A-1	<u>1,566,629.23</u>	<u>1,349,057.56</u>
		<u>6,892,853.23</u>	<u>6,718,542.07</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	3,515,358.59	3,549,678.06
Unappropriated Reserve for Grants	A-23	21,544.34	18,002.74
Reserve for Encumbrances	A-25	4,871.00	2,337.83
		<u>3,541,773.93</u>	<u>3,570,018.63</u>
		<u>10,434,627.16</u>	<u>10,288,560.70</u>

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

Township of Hardyston , N.J.

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

Current Fund

Year Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	680,000.00	680,000.00
Miscellaneous Revenue Anticipated	A-2	2,512,622.35	2,713,251.94
Receipts from Delinquent Taxes	A-2	734,260.81	714,585.15
Receipts from Current Taxes	A-2	27,482,132.93	27,154,086.81
Non-Budget Revenue	A-2	464,876.44	421,840.64
Other Credits to Income:			
Unexpended Balance of PY Appropriation Reserves	A-14	10,934.48	29,676.39
Unexpended Balance of CY Appropriation Reserves	A-3	72,943.67	-
Cancelled Escrow Balances	A-4	702.25	-
Cancellation of Tax Sale Premium	A-12	-	1,600.00
Total Revenues and Other Income		<u>31,958,472.93</u>	<u>31,715,040.93</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	4,237,502.16	4,085,809.59
Other Expenses	A-3	3,590,534.12	3,561,217.98
Capital Improvement Fund	A-3	509,228.00	749,343.00
Municipal Debt Service	A-3	897,170.00	861,170.00
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	909,646.15	939,768.00
Refund of Prior Year Revenue	A-4	2,817.97	1,644.84
Grant Appropriations Cancelled	A-12	16,439.30	-
Local District School Tax	A-17	10,049,161.00	9,889,591.00
Regional High School Tax	A-18	4,866,553.00	4,912,247.22
County Taxes Including Added Taxes	A-19	5,981,849.56	5,950,149.20
Total Expenditures		<u>31,060,901.26</u>	<u>30,950,940.83</u>
Excess (Deficit) Revenue Over Expenditures		897,571.67	764,100.10
Fund Balance, January 1,	A	<u>1,349,057.56</u>	<u>1,264,957.46</u>
		2,246,629.23	2,029,057.56
Decreased by:			
Fund Balance Utilized as Budget Revenue	A-2	<u>680,000.00</u>	<u>680,000.00</u>
Fund Balance, December 31,	A	<u><u>1,566,629.23</u></u>	<u><u>1,349,057.56</u></u>

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

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Ref.	Budget	Special N.J.S.A. 40A: 4-87	Realized	(Deficit)
Fund Balance Anticipated	A-1	680,000.00		680,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-11	3,430.00		3,430.00	-
Fines and Costs:					
Municipal Court	A-11	94,000.00		74,710.57	(19,289.43)
Interest and Costs on Taxes	A-11	150,000.00		144,297.50	(5,702.50)
Interest on Investments	A-11	9,500.00		16,245.79	6,745.79
Garbage Collection Fees	A-11	3,200.00		2,655.00	(545.00)
Uniform Fire Safety Act (Local Fees)	A-11	19,033.20		22,717.50	3,684.30
Antenna Lease Fees	A-11	50,164.18		49,932.41	(231.77)
Sale of Solar Renewable Energy Credits	A-11	9,400.00		15,705.00	6,305.00
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	A-11	500,403.00		500,403.00	-
Garden State Trust - PILOT Funds	A-11	29,950.00		29,950.00	-
Watershed Moratorium offset	A-11	194,721.00		194,721.00	-
Uniform Construction Code Fees	A-11	116,000.00		106,130.00	(9,870.00)
Hardyston Township Municipal Utilities Authority - Administrative Service	A-11	11,000.00		11,000.00	-
Hardyston Township Municipal Utilities Authority - Secretarian/Billing Ser	A-11	75,467.28		75,467.28	-
Franklin Borough - Recreation Program	A-11	24,294.00		24,292.00	(2.00)
Hardyston Elementary School - Recycling & Solid Waste Rerr	A-11	11,220.00		11,220.00	-
Hardyston Elementary School - Park Maintenance	A-11	17,340.00		17,340.00	-
Hardyston Township MUA - Sewer and Water Operation	A-11	189,602.40		189,602.00	(0.40)
Franklin Borough - Construction Code Official	A-11	61,100.00		73,986.00	12,886.00
Hamburg Borough - Construction Code Official	A-11	46,125.00		41,702.00	(4,423.00)
Sussex Borough DPW	A-11	280,000.00		280,000.00	-
Hamburg Borough - Recycling	A-11	33,036.00		33,394.00	358.00
Hamburg Borough Solid Waste	A-11	3,800.00		3,880.00	80.00
Town of Newton - Construction	A-11	97,142.00		100,768.40	3,626.40
Sussex Borough - Construction	A-11	23,460.00		22,210.00	(1,250.00)
Andover Township Land Use	A-11	44,323.00		44,323.00	-
Sussex Borough Sewer Operator	A-11	-		2,375.00	2,375.00
Hamburg Computer Maintenance	A-11	2,375.00		3,651.60	1,276.60
Hamburg Zoning and Property Maintenance	A-11	7,282.80		7,282.80	-
Hamburg Recreation	A-11	13,000.00		13,000.00	-
Sparta Township - Municipal Housing Liaison	A-11	5,000.00		5,000.00	-
Wantage Township - Construction Official	A-11	163,000.00		175,303.00	12,303.00
Recycling Tonnage Grant	A-21	5,777.98		5,777.98	-
Alcoholism Education Rehabilitation Fund	A-21	708.96		708.96	-
Drunk Driving Enforcement Fund	A-21	3,886.41		3,886.41	-
Clean Communities Program	A-21	19,431.65		19,431.65	-
Municipal Alliance on Alcoholism And Drug Abuse	A-21	12,474.00		12,474.00	-
NJ Division of Criminal Justice - Body Armor Grant	A-21	2,187.03		2,187.03	-
NJ Highway Safety "Make it Click Grant	A-21	7,231.70		7,231.70	-
Drive Sober or Get Pulled Over	A-21	4,945.88		4,945.88	-
NJDCA ROI Grant	A-21	10,000.00		10,000.00	-
Hazard Mitigation Grant	A-21	112,122.00		112,122.00	-
Interest on Special Legislative Grant	A-21	496.48		496.48	-
Uniform Fire Safety Act	A-11	40,803.15		36,665.41	(4,137.74)
Total Miscellaneous Revenues	A-1	2,508,434.10	-	2,512,622.35	4,188.25
Receipts from Delinquent Taxes	A-1; A-2	580,133.00		734,260.81	154,127.81
Subtotal General Revenues		3,768,567.10	-	3,926,883.16	158,316.06
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	7,215,286.33		7,424,342.42	209,056.09
Budget Totals		10,983,853.43	-	11,351,225.58	367,372.15
Non-Budget Revenue	A-1; A-2			464,876.44	464,876.44
		10,983,853.43	-	11,816,102.02	832,248.59
		A-3	A-3		

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

Township of Hardyston , N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2015

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1; A-8	27,482,132.93
Allocated to School and County Taxes	A-8	<u>20,897,563.56</u>
Balance for Support of Municipal Budget Appropriations		6,584,569.37
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>839,773.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>7,424,342.37</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	714,838.75
Tax Title Liens	A-9	<u>19,422.06</u>
	A-2	<u>734,260.81</u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Revenues Accounts Receivable:		
Clerk - Fees and Miscellaneous		9,652.40
Board of Health - Fees and Permits		5,990.00
Planning Board Fees		<u>9,856.47</u>
		25,498.87
Treasurer		
Soil Log / PERC Test		250.00
Collector Receipts		925.00
Cable TV Franchise Fee		32,880.00
Police Fees		1,662.66
Senior Citizen and Veterans Administration Fee		1,414.11
Payment in Lieu of Taxes		848.00
Sale of Assets		19,242.87
Zoning Board Fees		1,050.00
Zoning Permits		3,375.00
Recycling Receipts		3,441.55
NJ Hotel Tax		370,503.36
Miscellaneous / Reimbursements		<u>3,785.02</u>
	A-4	<u>439,377.57</u>
	A-2	<u>464,876.44</u>

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

Township of Hardyston , N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Ref.	Budget	For 2015		Paid or Charged	Reserved	Balance Cancelled
			By Emergency Appropriation	After Modification			
<u>General Appropriations</u>							
Operations - within "CAPS"							
Administrative and Executive:							
Salaries and Wages		286,575.63		298,125.63	296,789.89	1,335.74	
Use of Office Equipment and Supplies		10,000.00		10,000.00	5,039.20	4,960.80	
Miscellaneous Other Expenses		54,000.00		54,000.00	44,816.47	9,183.53	
Elections:							
Other Expenses		6,000.00		6,000.00	5,335.88	664.12	
Financial Administration:							
Salaries and Wages		42,198.62		42,198.62	42,197.64	0.98	
Other Expenses		80,125.00		80,125.00	74,125.30	5,999.70	
Computer Technology/Maintenance							
Salaries and Wages		47,935.28		47,935.28	47,935.28		
Other Expenses		28,190.00		28,190.00	23,959.20	4,230.80	
Collection of Taxes:							
Salaries and Wages		69,275.66		69,275.66	69,275.64	0.02	
Other Expenses		13,508.00		13,508.00	10,855.91	2,652.09	
Assessment Of Taxes							
Salaries and Wages		83,253.27		86,853.27	86,714.87	138.40	
Other Expenses		16,200.00		16,200.00	12,580.23	3,619.77	
Legal Services and Costs							
Other Expenses		70,000.00		200,864.00	175,436.26	25,427.74	
Engineering Services and Costs:							
Retainer		4,320.00		4,320.00	4,320.00		
Other Expenses		30,000.00		30,000.00	21,726.25	8,273.75	
Economic Development Commission:							
Other Expenses		4,000.00		4,000.00	563.06	3,436.94	

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

Township of Hardyston, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Ref.	Budget	For 2015		After Modification	Paid or Charged	Reserved	Balance Cancelled
			By Appropriation	By Emergency				
<u>General Appropriations</u>								
Municipal Land Use Law : (N.J.S. 40:55D-11)								
Planning Board:								
Salaries and Wages		65,627.18			62,877.18	62,802.45	74.73	
Other Expenses		30,000.00			30,000.00	26,038.73	3,961.27	
Board of Adjustment:								
Other Expenses		7,100.00			3,100.00	1,809.09	1,290.91	
Insurance:								
Other Insurance Premiums		135,984.00			142,463.00	142,463.00		
Workers' Compensation Insurance		53,482.93			53,482.93	53,482.93		
Employee Group Health Insurance		837,881.70			837,881.70	810,571.57	27,310.13	
Health Benefit Waiver		60,000.00			39,000.00	38,919.36	80.64	
Unemployment Compensation Insurance		14,000.00			14,000.00	13,938.14	61.86	
Disability Insurance		37,544.00			31,065.00	29,811.10	1,253.90	
Public Safety:								
Police:								
Salaries and Wages:		2,073,247.61			2,073,247.61	2,055,158.34	18,089.27	
Other Expenses		47,000.00			27,000.00	24,219.76	2,780.24	
Purchase of Police Cars		73,500.00			28,936.00	28,935.77	0.23	
Purchase and Maintenance of Uniforms		3,800.00						
Police Communications:								
Salaries and Wages		353,650.87			346,650.87	341,013.19	5,637.68	
Other Expenses		54,000.00			49,500.00	48,413.02	1,086.98	
Emergency Management Services:								
Salaries and Wages		8,873.82			8,873.82	8,873.77	0.05	
Other Expenses		9,300.00			9,300.00	5,505.34	3,794.66	
Aid to Volunteer Fire Companies		69,900.00			69,900.00	61,715.51	8,184.49	
First Aid Organization Contribution		35,000.00			35,000.00	28,066.62	6,933.38	
Fire Prevention Bureau:								
Salaries and Wages		43,526.50			49,626.50	49,608.70	17.80	
Other Expenses		3,700.00			3,700.00	3,113.13	586.87	

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

Township of Hardyston , N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>For 2015 By Emergency Appropriation</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>General Appropriations</u>							
Municipal Prosecutor		17,800.00		17,800.00	17,783.76	16.24	
Other Expenses							
Municipal Court		108,631.04		105,031.04	105,028.63	2.41	
Salaries and Wages							
Other Expenses		4,000.00		4,000.00	3,673.73	326.27	
Streets and Roads:							
Road Repairs and Maintenance		444,273.50		440,273.50	437,997.26	2,276.24	
Salaries and Wages							
Other Expenses:							
Miscellaneous Other Expenses		289,000.00		289,000.00	231,723.14	57,276.86	
Road Equipment Repair & Maintenance		134,500.00		134,500.00	114,292.76	20,207.24	
Sanitation:							
Recycling		7,200.00		7,200.00		7,200.00	
Other Expenses							
Buildings & Grounds		44,700.00		48,700.00	48,594.02	105.98	
Other Expenses							
Dog Regulation		12,500.00		12,500.00	10,324.70	2,175.30	
Other Expenses							
Contribution to Senior Citizens Center:		3,000.00		3,000.00	3,000.00		
Other Expenses							
Senior Citizen Bus Service:		17,000.00		17,000.00	8,778.00	8,222.00	
Other Expenses							
PEOSHA		500.00		500.00		500.00	
Hepatitis - B Vaccination							
Recreation and Education:							
Recreation:							
Salaries and Wages:		2,640.07		2,640.07		2,640.07	
Other Expenses:							
Community Center		25,360.00		25,360.00	23,325.09	2,034.91	
Miscellaneous Other Expenses		24,000.00		24,000.00	14,157.42	9,842.58	

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

Township of Hardyston , N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>For 2015 By Emergency Appropriation</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>General Appropriations</u>							
Sub-Code Officials:							
Salaries and Wages- Const. Code Official		51,426.64		40,526.64	39,601.61	925.03	
Building Inspector:							
Other Expenses		12,578.00		12,578.00	12,363.96	214.04	
Zoning Enforcement Officer:							
Salaries and Wages		26,257.39		26,257.39	26,257.22	0.17	
Other Expenses		2,140.00		2,140.00	1,330.69	809.31	
Unclassified:							
Celebration of Public Events:							
Other Expenses		6,000.00		6,000.00	5,840.00	160.00	
Accumulated Leave Compensation		43,000.00		43,000.00	5,775.82	37,224.18	
Utility Expense/ Bulk Purchases							
Electricity		54,000.00		54,000.00	40,222.20	13,777.80	
Street Lighting		25,000.00		25,000.00	10,510.95	14,489.05	
Telephone		50,000.00		50,000.00	41,951.26	8,048.74	
Fuel Oil		28,000.00		28,000.00	16,631.85	11,368.15	
Gasoline		105,000.00		75,000.00	53,323.65	21,676.35	
Diesel Fuel		69,000.00		61,000.00	33,997.80	27,002.20	
Natural Gas		25,000.00		25,000.00	17,194.01	7,805.99	
Total Operations within "CAPS"		6,495,206.71		6,487,206.71	6,079,810.13	407,396.58	
Detail:							
Salaries and Wages	A-1	3,707,393.08		3,700,393.08	3,669,254.49	31,138.59	
Other Expenses	A-1	2,787,813.63		2,786,813.63	2,410,555.64	376,257.99	

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

Township of Hardyston, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Budget</u>	<u>For 2015 By Emergency Appropriation</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>General Appropriations</u>							
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"							
Statutory Expenditures:							
Contribution to:							
Public Employees Retirement System		249,650.00		249,650.00	249,650.00		
Social Security System (O.A.S.I.)		294,873.15		302,873.15	301,442.19	1,430.96	
Police and Firemen's Retirement System of N.J.		357,123.00		357,123.00	357,123.00		
Total Deferred Charged and Statutory							
Expenditures - Municipal within "CAPS"	A-1	901,646.15		909,646.15	908,215.19	1,430.96	
Total General Appropriations for Municipal Purposes within "CAPS"		7,396,852.86		7,396,852.86	6,988,025.32	408,827.54	
Operations - Excluded from "CAPS"							
Reserve for Tax Appeals		25,000.00		25,000.00		25,000.00	
Emergency Services Volunteer Length of Service Award Program - Other Expenses		28,000.00		28,000.00		28,000.00	
Interlocal Municipal Service Agreements							
Franklin Borough - Recreation Programs		24,294.00		24,294.00	24,294.00		
Salaries and Wages							
Hardyston Twp. M.U.A. Administrative Services		11,000.00		11,000.00	11,000.00		
Salaries and Wages							
Hardyston Twp. M.U.A. Sec./Billing Clerk		75,467.28		75,467.28	75,467.28		
Salaries and Wages							
Hardyston Elementary School - Park Maint.		17,340.00		17,340.00	17,340.00		
Other Expenses							
Hardyston Township M.U.A. Water/Sewer Operations		189,602.40		189,602.40	189,602.40		
Other Expenses							

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

Township of Hardyston, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

Ref.	Budget	For 2015		Paid or Charged	Reserved	Balance Cancelled
		By Emergency Appropriation	After Modification			
<u>General Appropriations</u>						
Franklin Borough - Construction Code Official Salaries and Wages	61,100.00		61,100.00	61,100.00		
Hamburg Borough - Construction Code Official Salaries and Wages	46,125.00		46,125.00	46,125.00		
Hardyston Elementary School- Recycle/Solid Other Expenses	11,220.00		11,220.00	11,220.00		
Hamburg Borough - Recycling Other Expenses	33,036.00		33,036.00	33,036.00		
Hamburg Borough - Solid Waste Other Expenses	3,800.00		3,800.00	3,800.00		
Sussex Borough - DPW Other Expenses	280,000.00		280,000.00	280,000.00		
Newton - Construction Code Official Salaries and Wages	97,142.00		97,142.00	97,142.00		
Sussex Borough - Construction Code Official Other Expenses	23,460.00		23,460.00	23,460.00		
Andover Township - Land Use Administrator Salaries and Wages	44,323.00		44,323.00	44,323.00		
Hamburg Borough Zoning/Property Maintenance Salaries and Wages	7,282.80		7,282.80	7,282.80		
Hamburg Borough Recreation Other Expenses	13,000.00		13,000.00	9,725.08	3,274.92	
Hamburg Borough Computer Maintenance Salaries and Wages	2,375.00		2,375.00	2,375.00		
Sparta Township - Municipal Housing Liaison Salaries and Wages	5,000.00		5,000.00	5,000.00		
Wantage Township - Construction Official Salaries and Wages	163,000.00		163,000.00	163,000.00		

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

Township of Hardyston, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	For 2015 By Emergency Appropriation	After Modification	Paid or Charged	Reserved	Balance Cancelled
Ref.						
<u>General Appropriations</u>						
Public and Private Programs Offset by Revenues:						
Clean Communities Program	19,431.65		19,431.65	19,431.65		
Municipal Alliance on Alcoholism and Drug Abuse						
State Share	12,474.00		12,474.00	12,474.00		
Local Share						
Hazard Mitigation Grant	112,122.00		112,122.00	112,122.00		
NJ Div of Criminal Justice - Body Armor Grant	2,187.03		2,187.03	2,187.03		
Recycling Tonnage Grant	5,777.98		5,777.98	5,777.98		
Alcohol Education and Rehabilitation Fund	708.96		708.96	708.96		
Drive Sober Or Get Pulled Over	4,945.88		4,945.88	4,945.88		
Interest on Special Legislative Grant	496.48		496.48	496.48		
Drunk Driving Enforcement Fund	3,886.41		3,886.41	3,886.41		
NJDCA Road Grant	10,000.00		10,000.00	10,000.00		
Make It Click Grant	7,231.70		7,231.70	7,231.70		
Total Operations - Excluded from "CAPS"	1,340,829.57		1,340,829.57	1,284,554.65	56,274.92	
Detail:						
Salaries & Wages	537,109.08		537,109.08	537,109.08		
Other Expenses	803,720.49		803,720.49	747,445.57	56,274.92	

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

Township of Hardyston, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Ref.	Budget	For 2015 By Emergency Appropriation	After Modification	Paid or Charged	Reserved	Balance Cancelled
Capital Improvements:							
Capital Improvement Fund		509,228.00		509,228.00	509,228.00		
Total Capital Improvements Excluded from "CAPS"	A-1	509,228.00		509,228.00	509,228.00		
Municipal Debt Service:							
Payment of Bond Principal		575,000.00		575,000.00	575,000.00		72,943.67
Interest on Bonds		322,170.00		322,170.00	249,226.33		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	897,170.00		897,170.00	824,226.33		72,943.67
Deferred Charges:							
Emergency Authorizations			100,000.00	100,000.00		100,000.00	
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1		100,000.00	100,000.00		100,000.00	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		2,747,227.57	100,000.00	2,847,227.57	2,618,008.98	156,274.92	72,943.67
Subtotal General Appropriations		10,144,080.43	100,000.00	10,244,080.43	9,606,034.30	565,102.46	72,943.67
Reserve for Uncollected Taxes		839,773.00		839,773.00	839,773.00		
Total General Appropriations		10,983,853.43	100,000.00	11,083,853.43	10,445,807.30	565,102.46	72,943.67
						A	A-1

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

Township of Hardlyston , N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Ref.	Budget	For 2015 By Emergency Appropriation	After Modification	Paid or Charged	Reserved	Balance Cancelled
General Appropriations	A-2			10,983,853.43			
Adopted Budget	A-13			100,000.00			
Appropriated by N.J.S.A. 40A:4-53	A-2			<u>11,083,853.43</u>			
Appropriated by N.J.S.A. 40A:4-87							
<u>Analysis of Paid or Charged</u>							
Reserve for Uncollected Taxes	A-2				839,773.00		
Cash Disbursed	A-4				9,488,452.18		
Encumbrances Payable	A-15				<u>117,582.12</u>		
					<u>10,445,807.30</u>		

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

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Assessment Fund:			
Cash	B-1	16,400.01	
Assessment Receivable	B-10	638,048.35	
		<u>654,448.36</u>	
Animal Control Trust Fund			
Cash	B-1	2,071.00	4,649.46
Due from State of NJ	B-2		2.40
		<u>2,071.00</u>	<u>4,651.86</u>
Other Trust Funds:			
Cash	B-1	2,351,444.49	2,032,215.13
Letters of Credit	B-5	15,287,468.09	15,287,468.09
		<u>17,638,912.58</u>	<u>17,319,683.22</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	222,834.69	210,743.15
Contributions Receivable	B-8	26,450.00	13,500.00
		<u>249,284.69</u>	<u>224,243.15</u>
		<u>18,544,716.63</u>	<u>17,548,578.23</u>

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

Township of Hardyston , N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2015 and 2014

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Assessment Fund:			
Reserve for Assessments and Liens	B-11	6,511.30	
Interfund - General Capital	B-12	88,020.99	
NJDEP Loan Payable	B-13	559,916.07	
		<u>654,448.36</u>	
Animal Control Trust Fund			
Reserve for Dog Fund Expenditures	B-3	2,069.80	4,651.86
Due to State of NJ	B-2	1.20	
		<u>2,071.00</u>	<u>4,651.86</u>
Other Trust Fund:			
Reserve for Encumbrances	B-4	2,555.59	12,998.89
Various Reserves	B-6	17,634,183.33	17,304,740.34
Net Payroll and Payroll Deductions	B-7	2,173.66	1,943.99
		<u>17,638,912.58</u>	<u>17,319,683.22</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-9	249,284.69	224,243.15
		<u>18,544,716.63</u>	<u>17,548,578.23</u>

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

Township of Hardyston , N.J.

Comparative Balance Sheet- Regulatory Basis

General Capital Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2; C-3	2,200,100.16	182,439.08
Deferred Charges to Future Taxation:			
Funded	C-4	8,860,000.00	7,845,000.00
Unfunded	C-5	461,000.00	2,702,500.00
Interfund Assessment Trust Fund	C-10	88,020.99	
		<u>11,609,121.15</u>	<u>10,729,939.08</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-6	8,860,000.00	7,845,000.00
Improvement Authorizations:			
Funded	C-7	1,146,138.59	164,624.40
Unfunded	C-7	207,707.26	2,415,780.91
Capital Improvement Fund	C-9	106,320.45	100,217.09
Various Reserves	C-11	467,774.40	24,000.00
Reserve for Encumbrances	C-12	807,279.58	180,316.62
Fund Balance	C-1	13,900.87	0.06
		<u>11,609,121.15</u>	<u>10,729,939.08</u>

Footnote: There were Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 in the amount of \$461,000.00 and \$2,702,500.00, respectively, as show on Exhibit C-8.

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

Township of Hardyston , N.J.

Comparative Statement of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	0.06
Increased by:		
Premium on Sale of Bonds	C-2	<u>13,900.81</u>
Balance - December 31, 2015	C	<u><u>13,900.87</u></u>

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

Township of Hardyston
Comparative Statement of General Fixed Assets - Regulatory Basis
December 31, 2015 and 2014

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements and		
Buildings	6,910,700.00	6,910,700.00
Machinery and Equipment	<u>7,520,592.00</u>	<u>7,132,405.00</u>
	<u>14,431,292.00</u>	<u>14,043,105.00</u>
 Investment in Fixed Assets	 <u>14,431,292.00</u>	 <u>14,043,105.00</u>

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

TOWNSHIP OF HARDYSTON, 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 generally accepted accounting principles (GAAP).

The financial statements of the Township of Hardyston 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 generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of Hardyston (the "Township") operates under a Mayor/Council form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, 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 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 Township do not include the Volunteer Fire Department, First Aid Squad and the Free Public Library which is considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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 Township 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 Township 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 Township has the following funds:

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 Township as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust - This fund deals with the handling of special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.

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

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

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

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.

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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 Township of Hardyston. 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 generally accepted 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 Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in 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 Township. 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 property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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, (continued)

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 Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township'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 for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

General Capital Fund

Trust Funds

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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, (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.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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, (continued)

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 costs which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township 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 nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Fixed Assets - The Township of Hardyston has developed a fixed assets accounting and reporting system as promulgated by the Division of Local Government Services which differs in certain respects 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 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.

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

The Township's fixed assets have not been updated for the year ended December 31, 2015.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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, (continued)

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

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

Recent Accounting Pronouncements

In 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 Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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, (continued)

Recent Accounting Pronouncements, (continued)

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 Township 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 Township 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. 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 Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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, (continued)

Recent Accounting Pronouncements, (continued)

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 Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participation, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The Township is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, Blending Requirements for Certain Component Units, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Township does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Township does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR 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, (continued)

Recent Accounting Pronouncements, (continued)

No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Township does not believe this Statement will have any effect 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 Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2. 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 Township'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, \$-0- of the Township's bank balance of \$11,956,480.77 was exposed to custodial credit risk.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

The Township 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 towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

New Jersey Cash Management Fund - all investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of December 31, 2015, the Township had \$397,336.11 on deposit with the New Jersey Cash Management Fund.

Concentration of Credit Risk

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

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Unaudited Investments

As more fully described in Note 14, the Township 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 Township. 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 \$222,834.69 and \$210,743.15, 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>
AB Glbl Tech	\$7,952.70	\$7,388.21
AFIS Growth	23,856.89	21,624.14
Delaware VIP VS	15,810.36	15,542.92
Fixed	36,506.51	32,441.92
LVIP SSGA	54,578.14	51,732.29
REIT	17,554.92	16,240.33
All Others	<u>66,575.17</u>	<u>65,773.34</u>
Total	<u>\$222,834.69</u>	<u>\$210,743.15</u>

NOTE 3. MUNICIPAL DEBT

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

	<u>Balance Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation Debt	\$7,845,000.00	\$5,255,000.00	\$4,240,000.00	\$8,860,000.00	\$665,000.00
Loans Payable - Assessment Trust: NJDEP Trust Loan		561,389.44	68,144.70	493,244.74	35,103.04
Other Liabilities - Compensated Absences Payable	<u>266,885.00</u>	<u>40,332.00</u>	<u> </u>	<u>307,217.00</u>	<u> </u>
	<u>\$8,111,885.00</u>	<u>\$5,856,721.44</u>	<u>\$4,308,144.70</u>	<u>\$9,660,461.74</u>	<u>\$700,103.04</u>

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Municipal Debt

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 Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt, (continued)

The Township's debt is summarized as follows:

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$8,860,000.00	\$7,845,000.00	\$8,385,000.00
Assessment Trust:			
NJDEP Loan	<u>559,916.07</u>		
Total Issued	<u>9,419,916.07</u>	<u>7,845,000.00</u>	<u>8,385,000.00</u>
General:			
Bonds and Notes	<u>461,000.00</u>	<u>2,702,000.00</u>	<u>1,002,500.00</u>
Total Authorized But Not Issued	<u>461,000.00</u>	<u>2,702,000.00</u>	<u>1,002,500.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$9,880,916.07</u>	<u>\$10,547,000.00</u>	<u>\$9,387,500.00</u>

Summary of Statutory Debt Condition - Annual Debt Statements

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.811%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$10,664,000.00	\$10,664,000.00	\$0.00
Regional School District	1,966,506.97	1,966,506.97	0.00
General Debt	8,860,000.00	0.00	8,860,000.00
Assessment Trust Loan	<u>493,244.74</u>	<u>16,400.01</u>	<u>476,844.73</u>
	<u>\$21,983,751.71</u>	<u>\$12,646,906.98</u>	<u>\$9,336,844.73</u>

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

Net Debt \$9,336,844.73 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,151,030,292.00 equals 0.811%.

Borrowing Power under N.J.S. 40A:2-6 as Amended

3 ½% of Equalized Valuation Basis (Municipal)	\$40,286,060.22
Net Debt	<u>9,336,844.73</u>
Remaining Borrowing Power	<u>\$30,949,215.49</u>

The Township's long term debt consisted of the following at December 31, 2015:

	<u>Amount Outstanding</u>
<u>Paid by Current Fund</u>	
General Serial Bonds - General Serial Bonds issued February 1, 2007, due through February 1, 2030 with variable interest rates from 4.10% to 4.15%	\$250,000.00
General Serial Bonds - General Serial Bonds issued December 1, 2011, due through February 1, 2024 with variable interest rates from 2.00% to 3.75%	1,025,000.00
General Obligation Bonds - General Refunding Bonds with variable interest rates of 3.00% to 4%, issued May 16, 2013, due through October 1, 2023	2,330,000.00
General Obligation Bonds - General Improvement Bonds with variable interest rates of 2.00% to 4.00%, issued April 7, 2015, due through April 1, 2029	1,700,000.00
General Obligation Bonds - General Refunding Bonds with variable interest rates of 2.00% to 4.00%, issued February 1, 2015, due through February 1, 2030	<u>3,555,000.00</u>
	<u>\$8,860,000.00</u>
 <u>Assessment Trust:</u>	
New Jersey Department of Environmental Protection Loan, issued May 29, 2014, due May 29, 2028	<u>\$493,244.74</u>

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

General Capital Serial Bonds are direct obligations of the Township for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Township.

In addition to the above, the Township had authorized but not issued debt as follows:

General Capital \$461,000.00

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Year	General			Assessment Trust		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$665,000.00	\$293,109.34	\$958,109.34	\$35,103.04	\$9,690.26	\$44,793.30
2017	685,000.00	262,312.52	947,312.52	35,808.61	8,984.68	44,793.29
2018	700,000.00	248,791.27	948,791.27	36,528.35	8,264.93	44,793.28
2019	720,000.00	233,990.64	953,990.64	37,262.58	7,530.71	44,793.29
2020	750,000.00	212,081.26	962,081.26	38,011.55	6,781.73	44,793.28
2021	780,000.00	185,590.63	965,590.63	38,775.59	6,017.70	44,793.29
2022	805,000.00	156,262.50	961,262.50	39,554.97	5,238.31	44,793.28
2023	840,000.00	126,475.00	966,475.00	40,350.03	4,443.25	44,793.28
2024	590,000.00	95,525.00	685,525.00	41,161.06	3,632.22	44,793.28
2025	440,000.00	74,050.00	514,050.00	41,988.40	2,804.88	44,793.28
2026	440,000.00	58,700.00	498,700.00	42,832.37	1,960.92	44,793.29
2027	440,000.00	42,975.00	482,975.00	43,693.30	1,099.98	44,793.28
2028	435,000.00	27,350.00	462,350.00	22,174.89	221.76	22,396.65
2029	430,000.00	11,893.75	441,893.75			
2030	<u>140,000.00</u>	<u>2,100.00</u>	<u>142,100.00</u>			
	<u>\$8,860,000.00</u>	<u>\$2,031,206.91</u>	<u>\$10,891,206.91</u>	<u>\$493,244.74</u>	<u>\$66,671.33</u>	<u>\$559,916.07</u>

NOTE 4. 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 Township of Hardyston has not elected to defer local school district taxes.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

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

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

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

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

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

Police and Firemens' Retirement System (PFRS)

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

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

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

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

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

Defined Contribution Retirement Program

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

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

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

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

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2015	\$249,650.00	\$357,123.00	\$ -0-
2014	221,398.00	341,682.00	-0-
2013	229,540.00	361,925.00	-0-

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.

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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 Township had a liability of \$7,088,703.71 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 Township's proportion of the net pension liability was based on a projection of the Township'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 Township's proportion was 0.0315783363 percent, which was an increase of 0.0012951767 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Township recognized pension expense of \$535,307.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$169,112.00	\$
Changes of assumptions	761,270.00	
Net difference between projected and actual earnings on pension plan investments		113,973.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>324,289.00</u>	<u> </u>
Total	<u>\$1,254,671.00</u>	<u>\$113,973.00</u>

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (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	\$148,627.54
2017	148,627.54
2018	148,627.54
2019	236,713.20
2020	133,813.17

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
Township s Proportion	0.0315783363%	0.0302831596%

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (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)

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.

Mortality Rates

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

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:

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (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)

Actuarial Assumptions

<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%

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.

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (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)

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:

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
Township's proportionate share of the pension liability	\$8,810,391.36	\$7,088,703.71	\$5,645,253.21

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Township had a liability of \$9,033,934.00 for its proportionate share of the PFRS 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 Township's proportion of the net pension liability was based on a projection of the Township'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 Township's proportion was 0.0542366417 percent, which was an increase of 0.0077404325 percent from its proportion measured as of June 30, 2014.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

For the year ended December 31, 2015, the Township recognized pension expense of \$959,694.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience		\$77,921.00
Changes of assumptions	\$1,667,889.00	
Net difference between projected and actual earnings on pension plan investments		157,228.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>849,051.00</u>	<u>30,245.00</u>
Total	<u>\$2,516,940.00</u>	<u>\$265,394.00</u>

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	\$272,103.51
2017	272,103.51
2018	272,103.51
2019	446,155.96
2020	170,273.91

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

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	\$3,512,729,953	\$750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	16,656,514,197	13,933,627,178
Township's Proportion	0.0542366417%	0.0464962092%

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	2.60-9.48 Percent (based on age)
Thereafter	3.60-10.48 Percent (based on age)
Investment Rate of Return	7.90 Percent

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Mortality Rates

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

Long-Term Rate of Return

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

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 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:

	June 30, 2015		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Township's proportionate share of the pension liability	\$11,924,792.88	\$9,033,934	\$6,689,090.97

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Pension Plan Fiduciary Net Position

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

NOTE 6. OTHER POST-RETIREMENT BENEFITS

In addition to the pension benefits described in Note 7, the Township provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Overview

Township of Hardyston ("Hardyston") provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. As a result of offering such benefits, Hardyston will be required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting "by Employers for Postemployment Benefits Other Than Pensions ("GASB 45").

Hardyston provides medical benefits to retirees who retire with at least 25 years of service with Hardyston Township.

The summary below identifies the value of benefits at December 31, 2015 and costs for the 2015 Fiscal Year according to the accounting requirements of GASB 45 and summarizes the actuarial valuation results by Township of Hardyston's active and retired employee groups.

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 6. OTHER POST-RETIREMENT BENEFITS, (continued)

Note that implicit subsidies as required by GASB 45 are factored into all relevant values in this report.

GASB 45 Measures	<u>FY 2015</u>
Annual Required Contributions (ARC)	\$338,845
Annual OPEB Cost	338,845

Liabilities and Normal Cost

The Actuarial Accrued Liability is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Unfunded Actuarial Accrued Liability was \$3,355,153.

Liabilities and Normal Cost	<u>December 31, 2015</u>
Actuarial Accrued Liability	\$3,355,153
Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability	\$3,355,153

Census Information

Data was provided by Township of Hardyston as of December 31, 2015.

Participant Information	<u>December 31, 2015</u>
Active Participants	53
Retired Participants	<u>3</u>
Total	56

Funding Policy

Township of Hardyston currently accounts for these post-retirement benefits in a pay-as-you-go basis.

TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 6. OTHER POST-RETIREMENT BENEFITS, (continued)

Accounting and Actuarial Information

The effective date of the GASB OPEB Accounting Standard for Phase 1 employers is the Fiscal Year beginning after December 15, 2006. For the Township of Hardyston, this is the period from January 1, 2015 through December 31, 2015. The Township of Hardyston had the report completed in 2015. The following exhibits show the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected December 31, 2014 Net OPEB Obligation (NOO), assuming the accounting standards is first adopted for the 2014 Fiscal Year.

Development of Annual Required Contribution

The Standard sets the method for determining Township of Hardyston's post employment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and a supplemental cost based on an amortization of the Unfunded Actuarial Accrued Liability. Accordingly, the following table shows Township of Hardyston's 2014 FY ARC based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as a level dollar amount:

Fiscal Year Ending December 31, 2015

(1) Normal Cost	\$132,867
(2) Actuarial Accrued Liability	3,355,153
(3) Assets	0
(4) UAAL = (2)-(3)	3,355,153
(5) 30 Year Amortization of UAAL at Discount Rate	205,978
(6) ARC = (1)+(5)	338,845

GASB 45 paragraph 26(a) requires the following elements to be listed in the report. Below is the projected schedule of funding progress:

Valuation Date	Actuarial Value of Assets - United Credit	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a) / (b)	(c)	[(b) - (a)] / (c)
December 31, 2015	-	\$3,355,153	\$3,355,153	0.00%	N/A	N/A

* Required disclosure at adoption of Standard. Payroll is not provided.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 6. OTHER POST-RETIREMENT BENEFITS, (continued)

Plan Provisions

The following summary of plan provisions represents our understanding of Hardyston's substantive plan.

An employee is eligible to receive pre-65 post-retirement health benefits through the Hardyston Township health plan by meeting the following criteria:

- Retire from active employment with Hardyston Township with at least 25 years of service with Hardyston Township.

Disability Retirement

ELIGIBILITY:	An employee is eligible if the employee retires with a disability pension from a state administered retirement system.
SURVIVING SPOUSE:	Eligible for subsidized coverage.
SPOUSE COVERAGE:	Spouses may enroll as dependents of retirees.
RETIREMENT CONTRIBUTIONS:	Hardyston Township pays a maximum \$7,684 in 2014 plus half of premium increases. An additional \$1,000 is contributed by the Township upon attainment of age 60. Eligible retirees contribute remainder of the premium.

Information for this note was obtained from the UHY Advisor's report dated 2015.

NOTE 7. FUND BALANCES

Fund balances as of December 31, 2015 that have been anticipated as revenue in the 2016 budget is as follows:

Current Fund	<u>\$738,000.00</u>
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TOWNSHIP OF HARDYSTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 8. FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2015.

	<u>Balance Dec. 31, 2014</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance Dec. 31, 2015</u>
Land, Buildings and Improvements	\$6,910,700.00	\$0.00	\$0.00	\$6,910,700.00
Machinery and Equipment	<u>7,132,405.00</u>	<u>1,224,803.00</u>	<u>836,616.00</u>	<u>7,520,592.00</u>
	<u>\$14,043,105.00</u>	<u>\$1,224,803.00</u>	<u>\$836,616.00</u>	<u>\$14,431,292.00</u>

NOTE 9. ACCRUED SICK AND VACATION BENEFITS

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused sick pay over the life of their working careers up to a maximum of 150 days. Of the days accumulated one-third will be paid as terminal leave upon retirement.

The estimated current cost of such unpaid compensation is \$307,217.00. This amount which could be material to the financial statements, is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Township's operating budget in the year it is used.

NOTE 10. INTERFUND BALANCES AND ACTIVITY

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

<u>\$3,298,664.72</u>	Due to Federal and State Grant Fund from Current Fund various receipts and disbursements.
<u>\$88,020.99</u>	Assessment to Capital

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

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On January 17, 2001, the Division of Local Government Services approved the Township's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Township's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 11. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,150.00 to each eligible volunteer who accumulates a minimum of 350 service points based on criteria established by Township Ordinance No. 2000-17. The Township's contribution shall be included in the current years 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.

NOTE 12. RISK MANAGEMENT

The Township 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 Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2015 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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

TOWNSHIP OF HARDYSTON, N.J.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 12. RISK MANAGEMENT, (continued)

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

Financial statements for the Fund are available at the office of the Fund's Executive Director, NIP Group, Inc., Woodbridge, New Jersey.

NOTE 13. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2015</u>	<u>Balance</u> <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$293,016.72</u>	<u>\$240,690.49</u>
Cash Liability for Taxes Collected in Advance	<u>\$293,016.72</u>	<u>\$240,690.49</u>

NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Township Counsel that there are several tax appeals pending whose impact on the financial statements is not known at this time.

We are also advised that the Township is presently defending a matter in the Appellate Division pertaining to a police personnel matter. If this results in an adverse determination, the exposure to the Township of lost wages could be in the range of \$300,000. The Township expects to receive a determination from the Appellate Division within the next six months.

NOTE 15. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through September 7, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA AND SCHEDULES

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate:</u>	<u>2.612</u>	<u>2.588</u>	<u>2.374</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.698	.662	.640
County	.528	.552	.479
District School	.934	.918	.839
Regional School	.452	.456	.416
 <u>Assessed Valuation:</u>			
2015	\$1,075,901,468		
2014		\$1,076,607,273	
2013			\$1,155,931,671

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2015	\$28,157,788.39	\$27,482,132.93	97.60%
2014	27,972,641.33	27,154,086.81	97.07
2013	27,504,326.53	26,673,490.18	96.98

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 Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2015	\$337,162.99	\$593,107.39	\$930,270.38	3.30%
2014	290,291.89	843,499.75	1,133,791.64	4.05
2013	309,713.95	674,543.39	984,257.34	3.58

PROPERTY ACQUIRED BY TAX TITLE LIENS LIQUIDATION

No properties have been acquired in 2015 by foreclosure or deed as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2015	\$14,700.00
2014	14,700.00
2013	14,700.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
2015	\$1,566,629	\$738,000
2014	1,349,058	680,000
2013	1,264,957	680,000
2012	1,274,892	680,000
2011	1,603,998	980,000

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount Of Bond</u>
Carl Miller	Mayor	
Frank Cicerale	Deputy Mayor	
Leslie Hamilton	Councilperson	
Stanley Kula	Councilperson	
Santo Verrilli	Councilperson	
Marianne Smith	Manager	
Scott Holzhauser	Assessor	
Jane Bakalarczyk	Clerk, Assessment Search Officer & Registrar of Vital Statistics	
Anne-Marie Wilhelm	Land Use Administrator	
Township of Sparta	C. F. O.	
Terry Beshada	Tax Collection Services	
John Mulhern	Magistrate	
Theresa Lynn	Court Administrator	
Lorraine Spirito	Deputy Court Clerk	
Fred Semrau	Attorney	
Anthony Den Uyl	Prosecutor	
Jeff Stabile	Zoning Officer	
Robert Guerin	Engineer	
Charles J. Ferraioli, Jr., C.P.A., R.M.A.	Township Auditor	
Bret Aley	Chief of Police	

All employees are covered under a blanket bond in the amount of \$10,000,000.00 issued by National Casualty Company, issued January 1, 2014.

Township of Hardyston, N.J.

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2015

State Grantor / Pass-through Grantor Program	State Account No.	Pass-through Entity ID No.	Grant Award	Grant Receipts	From	To	Grant Expenditures	Cumulative Grant Expenditures	
NJ Department of Environmental Protection and Energy:									
Recycling Tonnage Grant - 2014	4900-752-001	n/a	5,777.98	-	1/1/2014	12/31/2015	4,337.00	4,634.54	
Recycling Tonnage Grant - 2015	4900-752-001	n/a	9,847.54	9,847.54	1/1/2015	12/31/2015	-	-	
Clean Communities Grant - 2014	4900-765-004	n/a	20,126.91	286.17	1/1/2014	12/31/2015	695.26	20,126.91	
Clean Communities Grant - 2015	4900-765-004	n/a	22,979.22	22,979.22	1/1/2015	12/31/2015	2,070.44	2,765.70	
Stormwater Management Grant	n/a	n/a	5,000.00	-	1/1/2013	12/31/2015	-	805.00	
NJ Department of Community Affairs:									
Special Legislative Grant:									
Walkkill River Cleanup - 2000	n/a	n/a	3,500,000.00	-	1/1/2000	12/31/2015	11,568.00	309,155.39	
Interest Portion - 2009 and Prior	n/a	n/a	33,872.26	-	1/1/2009	12/31/2015	-	-	
Interest Portion - 2010	n/a	n/a	19,900.00	-	1/1/2010	12/31/2015	-	-	
Interest Portion - 2011	n/a	n/a	21,540.26	-	1/1/2011	12/31/2015	-	-	
Interest Portion - 2012	n/a	n/a	716.94	-	1/1/2012	12/31/2015	-	-	
Interest Portion - 2013	n/a	n/a	395.25	-	1/1/2013	12/31/2015	-	-	
Interest Portion - 2014	n/a	n/a	496.48	-	1/1/2014	12/31/2015	-	-	
Interest Portion - 2015	n/a	n/a	546.25	546.25	1/1/2015	12/31/2015	-	-	
ROID Grant	n/a	n/a	10,000.00	4,677.25	1/1/2015	12/31/2015	4,677.25	4,677.25	
NJ Department of Law and Public Safety									
Body Armor Replacement Fund:									
SNJ Body Armor Grant - 2013	1020-718-001	n/a	2,897.47	-	1/1/2013	12/31/2015	985.95	2,897.47	
SNJ Body Armor Grant - 2014	1020-718-001	n/a	2,187.03	-	1/1/2014	12/31/2015	2,111.55	2,111.55	
SNJ Body Armor Grant - 2015	1020-718-001	n/a	2,015.49	2,015.49	1/1/2015	12/31/2015	-	-	
Drive Sober or Get Pulled Over - 2014	n/a	n/a	4,945.88	-	1/1/2014	12/31/2015	4,945.88	4,945.88	
Drive Sober or Get Pulled Over - 2015	n/a	n/a	4,998.16	4,998.16	1/1/2015	12/31/2015	-	-	
Make It Click	n/a	n/a	7,231.70	7,231.70	1/1/2015	12/31/2015	-	-	
Alcohol Education and Rehabilitation Fund - 2014	9735-760-098	n/a	708.96	-	1/1/2014	12/31/2015	-	-	
Alcohol Education and Rehabilitation Fund - 2015	9735-760-098	n/a	589.33	589.33	1/1/2015	12/31/2015	-	-	
NJ Division of Motor Vehicles									
Drunk Driving Enforcement Fund - 2013	6400-100-078	n/a	6,365.56	-	1/1/2013	12/31/2015	1,053.63	1,901.41	
Drunk Driving Enforcement Fund - 2014	6400-100-078	n/a	3,886.41	-	1/1/2014	12/31/2015	-	-	
NJ Department of Transportation									
NJ DOT Grant	n/a	n/a	295,115.00	128,778.75	1/1/2014	12/31/2015	110,000.00	295,115.00	
Total State Awards							<u>181,949.86</u>	<u>142,444.96</u>	<u>649,136.10</u>

NOTE: This schedule was not subject to an audit in accordance with NJ Circular 15-08.

Township of Hardyston, N.J.

Schedule of Expenditures of County / Other Financial Assistance

For the Year Ended December 31, 2015

Grantor / Pass-through Grantor Program	Account No.	Pass-through Entity ID No.	Grant Award	Grant Receipts	Grant Period From	Grant Period To	Grant Expenditures	Cumulative Grant Expenditures
Sussex County: County Awards: Municipal Alliance: 2015 Program	n/a	n/a	12,474.00	9,685.53	1/1/2015	12/31/2015	12,772.26	10,431.07
Total County / Other Awards				<u>9,685.53</u>			<u>12,772.26</u>	<u>10,431.07</u>

NOTE: This schedule was not subject to an audit in accordance with NJ Circular 15-08.

Township of Hardyston , N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2014	A		5,569,425.43
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-1	464,876.44	
Escrow Balances Cancelled	A-1	702.25	
State of NJ Receipts	A-7	70,705.48	
Taxes Receivable	A-8	27,886,281.19	
Tax Title Lien Receipts	A-9	19,422.06	
Revenue Accounts Receivable	A-11	2,512,622.35	
Interfunds	A-12	262,212.67	
Prepaid Taxes	A-16	293,016.72	
Various Cash Liabilities and Reserves	A-20	18,349.41	
		<hr/>	31,528,188.57
			<hr/>
			37,097,614.00
Decreased by Disbursements:			
Refund Prior Year Revenue	A-1	2,817.97	
Current Year Budget Appropriations	A-3	9,488,452.18	
Interfunds	A-12	213,387.19	
Appropriation Reserves	A-14	598,657.98	
Local District School Taxes	A-17	10,049,161.00	
Regional High School Taxes	A-18	4,866,553.00	
County Taxes Payable	A-19	5,989,437.15	
Various Cash Liabilities and Reserves	A-20	41,889.68	
		<hr/>	31,250,356.15
			<hr/>
Balance - December 31, 2015	A		<hr/> <hr/> 5,847,257.85

Township of Hardyston , N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	<u>625.00</u>
Balance - December 31, 2015	A	<u>625.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		200.00
Clerk		100.00
Recreation		100.00
Police		25.00
Building Department - Wantage		100.00
Building Department		<u>100.00</u>
		<u>625.00</u>

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Disbursements	A-4	<u>150.00</u>
Decreased by:		
Receipts	A-4	<u>150.00</u>

Township of Hardyston , 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		4,984.18
Increased by:			
State Share of Senior Citizens and Veteran			
Deductions Disallowed by Tax Collector	A-8	1,500.00	
Deductions Received in Cash	A-4	<u>70,705.48</u>	
			72,205.48
Decreased by:			
Senior Citizens Deductions Per Tax Billing		10,000.00	
Veterans Deductions Per Tax Billing	A-8	<u>61,500.00</u>	
			<u>71,500.00</u>
Balance - December 31, 2015	A		<u><u>5,689.66</u></u>

Township of Hardyston, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	Added Taxes	Levy	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2015
				2014	2015				
2013	22,127.26				714,838.75			22,127.26	3,662.02
2014	821,372.49				714,838.75		66,293.16	36,578.56	3,662.02
	843,499.75						66,293.16	58,705.82	
2015		55,242.01	28,102,546.38	240,690.49	27,171,442.44	70,000.00		86,210.09	589,445.37
		55,242.01	28,102,546.38	240,690.49	27,886,281.19	70,000.00	66,293.16	144,915.91	593,107.39
	A			A-2, A-16	A-2, A-4	A-2, A-7	A-9		A

Analysis of Tax Levy

Tax yield:	Ref.
General Property Tax	28,102,546.38
Added Tax (R.S. 54:4-63.1 et seq.)	55,242.01
	28,157,788.39
Tax Levy:	
Local District School Tax	A-17
Regional High School Tax	A-18
County Library	298,114.14
County Tax	5,523,993.01
County Health	117,001.47
County Open Space Preservation	26,703.37
Added County Taxes	16,037.57
	A-19
	5,981,849.56
Local Tax for Municipal Purposes	20,897,563.56
Additional Taxes	7,260,224.83
	28,157,788.39

Township of Hardyston , N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	290,291.89
Increased by:		
Transfer from 2014 Taxes Receivable	A-8	<u>66,293.16</u>
Decreased by:		
Cash Receipts	A-2;A-4	<u>19,422.06</u>
Balance - December 31, 2015	A	<u><u>337,162.99</u></u>

Schedule of Property Acquired for

Taxes Assessed Valuation

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	<u><u>14,700.00</u></u>
Balance - December 31, 2015	A	<u><u>14,700.00</u></u>

Township of Hardyston , N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Licenses:			
Alcoholic Beverages	A-2	3,430.00	3,430.00
Fines and Costs:			
Municipal Court	A-2	74,710.57	74,710.57
Interest and Costs on Taxes	A-2	144,297.50	144,297.50
Interest on Investments	A-2	16,245.79	16,245.79
Garbage Collection Fees	A-2	2,655.00	2,655.00
Uniform Fire Safety Act (Local Fees)	A-2	22,717.50	22,717.50
Antenna Lease Fees	A-2	49,932.41	49,932.41
Sale of Solar Renewable Energy Credits	A-2	15,705.00	15,705.00
Energy Receipts Tax (P.L. 1999, Chapters 162 & 167)	A-2	500,403.00	500,403.00
Garden State Trust - PILOT Funds	A-2	29,950.00	29,950.00
Watershed Moratorium offset	A-2	194,721.00	194,721.00
Uniform Construction Code Fees	A-2	106,130.00	106,130.00
Hardyston Township Municipal Utilities Authority - Administrative Services	A-2	11,000.00	11,000.00
Hardyston Township Municipal Utilities Authority - Secretarian/Billing Serv	A-2	75,467.28	75,467.28
Franklin Borough - Recreation Program	A-2	24,292.00	24,292.00
Hardyston Elementary School - Recycling & Solid Waste Rec	A-2	11,220.00	11,220.00
Hardyston Elementary School - Park Maintenance	A-2	17,340.00	17,340.00
Hardyston Township MUA - Sewer and Water Operatio	A-2	189,602.00	189,602.00
Franklin Borough - Construction Code Official	A-2	73,986.00	73,986.00
Hamburg Borough - Construction Code Official	A-2	41,702.00	41,702.00
Sussex Borough DPW	A-2	280,000.00	280,000.00
Hamburg Borough - Recycling	A-2	33,394.00	33,394.00
Hamburg Borough Solid Waste	A-2	3,880.00	3,880.00
Town of Newton - Construction	A-2	100,768.40	100,768.40
Sussex Borough - Construction	A-2	22,210.00	22,210.00
Andover Township Land Use	A-2	44,323.00	44,323.00
Sussex Borough Sewer Operator	A-2	2,375.00	2,375.00
Hamburg Computer Maintenance	A-2	3,651.60	3,651.60
Hamburg Zoning and Property Maintenance	A-2	7,282.80	7,282.80
Hamburg Recreation	A-2	13,000.00	13,000.00
Sparta Township - Municipal Housing Liaison	A-2	5,000.00	5,000.00
Wantage Township - Construction Official	A-2	175,303.00	175,303.00
Drunk Driving Enforcement Grant	A-2	3,886.41	3,886.41
Recycling Tonnage Grant	A-2	5,777.98	5,777.98
Clean Communities Program	A-2	19,431.65	19,431.65
Alcohol Education and Rehabilitation Fund	A-2	708.96	708.96
Municipal Alliance on Alcoholism And Drug Abuse	A-2	12,474.00	12,474.00
NJ Division of Criminial Justice - Body Armor Grant	A-2	2,187.03	2,187.03
Drive Sober or Get Pulled Over	A-2	4,945.88	4,945.88
Click It or Ticket	A-2	7,231.70	7,231.70
NJDCA ROID Grant	A-2	10,000.00	10,000.00
Hazard Mitigation Grant	A-2	112,122.00	112,122.00
Interest on Special Legislative Grant	A-2	496.48	496.48
Uniform Fire Safety Act	A-2	36,665.41	36,665.41
		<u>2,512,622.35</u>	<u>2,512,622.35</u>

Township of Hardyston, N.J.

Schedules of Interfunds

Current Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance Dec. 31, 2014	Increased	Decreased	Due From/(To) Balance Dec. 31, 2015
State and Federal Grant Fund	A	(3,233,399.94)	278,651.97	213,387.19	(3,298,664.72)
		<u>(3,233,399.94)</u>	<u>278,651.97</u>	<u>213,387.19</u>	<u>(3,298,664.72)</u>
		A	A-4		A
		A-1	16,439.30		
		A-4	<u>262,212.67</u>		
			<u>278,651.97</u>		

Township of Hardyston, N.J.

Schedule of Deferred Charges

N.J.S. 40A:4-84 Emergency

Year Ended December 31, 2015

<u>Date</u>	<u>Purpose</u>	<u>Net Amount</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2014</u>	<u>Added in</u> <u>2015</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2015</u>
8/12/2015	Emergency Resolution	100,000.00		100,000.00	100,000.00
				100,000.00	100,000.00
			A	A-3	A

Township of Hardyston , N.J.
Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Operations - within "CAPS"				
Administrative and Executive:				
Salaries and Wages	341.40			
Other Expenses	12,150.61	20,212.42	19,029.64	1,182.78
Elections:				
Other Expenses	538.68			
Financial Administration:				
Salaries and Wages	0.88	0.88		0.88
Other Expenses	10,977.97	15,767.10	9,817.72	5,949.38
Computer Technology/Maintenance				
Salaries and Wages				
Other Expenses	191.40	191.40		191.40
Collection of Taxes				
Salaries and Wages	0.96	0.96		0.96
Other Expenses	3,337.90			
Assessment of Taxes:				
Salaries and Wages	4.39			
Other Expenses	1,313.05	935.00	935.00	
Legal Services and Costs:				
Other Expenses	5,831.44	17,103.49	17,016.45	87.04
Economic Development Commission:				
Other Expenses	4,208.20			
Engineering Services and Costs:				
Retainer	360.00	360.00	360.00	
Other Expenses	11,597.00	27,101.98	27,101.98	
Municipal Land Use Law : (N.J.S. 40:55D-11)				
Planning Board:				
Salaries and Wages	3.29	3.29		3.29
Other Expenses	2,260.65	656.10	656.10	
Board of Adjustment:				
Other Expenses	3,316.20	776.08	776.08	
Insurance:				
Group Insurance Plan for Employees	44,292.63	44,440.63	44,440.63	
Health Benefit Waiver	58.64			
Unemployment Compensation Insurance	13.79	117.16	117.16	
Disability Insurance	120.16			

Township of Hardyston , N.J.
Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Public Safety:				
Police:				
Salaries and Wages:	25,123.84	10,502.00	10,502.00	
Other Expenses	75,598.54	102,945.71	102,945.71	
Police Communications:				
Salaries and Wages	8,784.59	7,769.08	7,769.08	
Other Expenses	6,346.94	4,363.50	4,363.50	
Emergency Management Services:				
Salaries and Wages	0.23	0.23		0.23
Other Expenses	7,033.06	1,678.94		1,678.94
First Aid Organization Contribution	20,555.38	54,582.99	54,582.99	
Fire Prevention Bureau:				
Salaries and Wages	3,652.74			
Municipal Prosecutor				
Other Expenses	16.24	16.24		16.24
Municipal Court				
Salaries and Wages	959.03			
Other Expenses	954.30	385.00	385.00	
Streets and Roads:				
Road Repairs and Maintenance				
Salaries and Wages	44,588.07	23,878.89	23,878.89	
Other Expenses	80,353.29	168,671.48	168,671.48	
Buildings & Grounds				
Other Expenses	10,028.35	19,149.92	19,149.92	
Dog Regulation				
Other Expenses	1,367.00			
Recreation and Education:				
Recreation:				
Other Expenses	13,502.01	18,419.75	18,241.72	178.03
Senior Citizen Bus Service:				
Other Expenses	5,296.00	910.00	910.00	
PEOSHA				
Hepatitis - B Vaccination	500.00			

Township of Hardyston , N.J.
Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Sub-Code Officials:				
Salaries and Wages- Const. Code Official	844.60			
Building Inspector:				
Other Expenses	3,067.82			
Zoning Enforcement Officer:				
Salaries and Wages	10.89			
Other Expenses	328.57			
Unclassified:				
Celebration of Public Events:				
Other Expenses	40.00			
Accumulated Leave Compensation	96.90	96.90		96.90
Electricity	10,543.34	4,314.35	4,314.35	
Street Lighting	14,073.56	20,913.15	20,913.15	
Telephone	12,803.62	3,964.78	3,964.78	
Fuel Oil	364.24	2,159.97	2,159.97	
Gasoline	2.40	111.65	111.65	
Computer/Network Maintenance				
Diesel Fuel	1,151.57	1,362.84	1,362.84	
Natural Gas	4,431.30	2,941.37	2,941.37	
	<u>453,337.66</u>	<u>576,805.23</u>	<u>567,419.16</u>	<u>9,386.07</u>
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	3.51	1,196.94	1,196.94	
Total Reserves for Municipal Purposes within "CAPS"	<u>453,341.17</u>	<u>578,002.17</u>	<u>568,616.10</u>	<u>9,386.07</u>
Operations - Excluded from "CAPS"				
Insurance	16,541.88	16,541.88	16,541.88	
Emergency Services Volunteer Length of Service Award Program - Other Expenses	15,000.00	15,000.00	13,500.00	1,500.00
Interlocal Municipal Service Agreements				
Hamburg:				
Salaries and Wages	48.41	48.41		48.41
Total Reserves for Municipal Purposes Excluded from "CAPS"	<u>31,590.29</u>	<u>31,590.29</u>	<u>30,041.88</u>	<u>1,548.41</u>
Total Reserves	<u>484,931.46</u>	<u>609,592.46</u>	<u>598,657.98</u>	<u>10,934.48</u>
	A		A-4	A-1
2014 Appropriation Reserves	A	484,931.46		
2014 Encumbrances	A-15	<u>124,661.00</u>		
		<u>609,592.46</u>		

Township of Hardyston , N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	124,661.00
Increased by:		
Charges to Current Appropriations	A-3	<u>117,582.12</u>
		242,243.12
Decreased by:		
Disbursed	A-4	<u>124,661.00</u>
Balance - December 31, 2015	A	<u><u>117,582.12</u></u>

A-16

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	240,690.49
Increased by:		
Receipts - Prepaid 2014 Taxes	A-4	<u>293,016.72</u>
		533,707.21
Decreased by:		
Applied to 2015 Taxes	A-8	<u>240,690.49</u>
Balance - December 31, 2015	A	<u><u>293,016.72</u></u>

Township of Hardyston , N.J.
 Schedule of Local District School Tax
 Current Fund
 Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year 2015	A-1; A-8	<u>10,049,161.00</u>
Decreased by:		
Payments	A-4	<u>10,049,161.00</u>

Schedule of Regional High School Tax
 Current Fund
 Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year 2015	A-1; A-8	<u>4,866,553.00</u>
Decreased by:		
Payments	A-4	<u>4,866,553.00</u>

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

	<u>Ref.</u>	
Balance - December 31, 2014	A	23,625.16
Increased by:		
Tax Levy 2015		
County Tax		5,523,993.01
County Library		298,114.14
County Health		117,001.47
County Open Space Preservation		26,703.37
Added and Omitted Taxes		<u>16,037.57</u>
	A-1; A-8	<u>5,981,849.56</u>
		<u>6,005,474.72</u>
Decreased by:		
Payments	A-4	<u>5,989,437.15</u>
Balance - December 31, 2015	A	<u><u>16,037.57</u></u>

Township of Hardyston , N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
<u>Liabilities:</u>				
Tax Overpayments	59,433.29	-	2,196.33	57,236.96
Accounts Payable	37,743.35	16,649.41	37,743.35	16,649.41
Due to State of N.J. Marriage Surcharge	250.00	1,700.00	1,950.00	-
<u>Reserves for:</u>				
Preparation of Tax Map	3,825.00	-	-	3,825.00
Reserve for Revaluation	7,449.00	-	-	7,449.00
	<u>108,700.64</u>	<u>18,349.41</u>	<u>41,889.68</u>	<u>85,160.37</u>
	A	A-4	A-4	A

Township of Hardyston, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2015

Grant	Balance, Dec. 31, 2014	Budget Revenue	Received	Transfer From Unappropriated Reserves	Cancelled	Balance, Dec. 31, 2015
Drunk Driving Enforcement Fund		3,886.41		3,886.41		
Municipal Alliance on Alcoholism and Drug Abuse	20,375.99	12,474.00	9,685.53			23,164.46
Clean Communities Grant	286.17	19,431.65	19,717.82			
Drive Sober or Pulled Over		4,945.88		4,945.88		
Recycling Tonnage Grant		5,777.98		5,777.98		
U.S. Department of Justice - COPS in School	24,640.28				24,640.28	
Special Legislative Grant Interest		496.48		496.48		
State Body Armor Grant		2,187.03		2,187.03		
NJ DOT Grant	25,037.50					
NJ DOT Grant Bunn Road	110,000.00		82,500.00			27,500.00
NJ DOT Grant Holland Mountain	46,278.75		46,278.75		25,037.50	
Municipal Court Alcohol Rehab		708.96		708.96		
Hazard Mitigation Grant	75,000.00	112,122.00				187,122.00
NJDCA ROID Grant		10,000.00	4,677.25			5,322.75
Make it Click		7,231.70	7,231.70			
NJ DEP Clean Water	35,000.00				35,000.00	
	<u>336,618.69</u>	<u>179,262.09</u>	<u>170,091.05</u>	<u>18,002.74</u>	<u>84,677.78</u>	<u>243,109.21</u>
	A	A-2, A-23	A-24	A-23	A-24	A
			123,725.78			
Transfer from Unappropriated Reserve for Grants	Ref.		18,002.74			
Receipts	A-23		152,088.31			
	A-24		<u>170,091.05</u>			

Township of Hardyston, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

Grant	Balance, Dec. 31, 2014	Transfer From Budget Appropriations	Matching Funds	Expended	Cancelled	Dec. 31, 2015
Small Cities						
Clean Communities Program		19,431.65		2,765.70		16,665.95
Recycling Tonnage Grant	4,348.63	5,777.98		4,337.00		5,789.61
Drunk Driving Enforcement Fund	5,003.25	3,886.41		1,053.63		7,836.03
Municipal Alliance on Alcoholism and Drug Abuse:						
State Share	9,108.67	12,474.00		10,172.45		11,410.22
Local Share			779.80	779.80		
Municipal Alliance on Alcoholism and Drug Abuse: Franklin Share						
Local Share	779.50		1,559.00	1,820.01		518.49
Alcohol Education and Rehabilitation	4,439.10	708.96				5,148.06
Body Armor Replacement Fund	985.95	2,187.03		3,097.50		75.48
NJ Special Legislative Grant - Wallkill River Cleanup	3,202,412.61			11,568.00		3,190,844.61
Domestic Violence Grant	1,080.39				1,080.39	
Make It Click		7,231.70				7,231.70
Stormwater Management Grant	472.50					472.50
Special Leg. Grant Interest	76,424.71	496.48				76,921.19
NJ DOT Grant	134,622.75			110,000.00	24,622.75	
Hazard Mitigation	75,000.00	112,122.00				187,122.00
NJDEP Clean Water	35,000.00	10,000.00		4,677.25	35,000.00	
NJDCA ROID Grant		4,945.88		4,945.88		
Drive Sober or Get Pulled Over						5,322.75
	<u>3,549,678.06</u>	<u>179,262.09</u>	<u>2,338.80</u>	<u>155,217.22</u>	<u>60,703.14</u>	<u>3,515,358.59</u>
	A	A-3, A-21	A-24		A-24	A
	<u>Ref.</u>					
Cash Disbursements	A-24			150,346.22		
Reserve for Encumbrances	A-25			4,871.00		
				<u>155,217.22</u>		

Township of Hardyston , N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	<u>Balance Dec. 31, 2014</u>	<u>Transfer To 2015 Budget</u>	<u>Received/ (Cancelled)</u>	<u>Balance Dec. 31, 2015</u>
Drunk Driving Enforcement Fund	3,886.41	3,886.41		
State Body Armor Grant	2,187.03	2,187.03	2,015.49	2,015.49
Interest on Special Legislative Grant	496.48	496.48	546.25	546.25
Clean Communities			3,547.57	3,547.57
Drive Sober or Get Pulled Over	4,945.88	4,945.88	4,998.16	4,998.16
Alcohol Eduction and Rehabilitation Fu	708.96	708.96	589.33	589.33
State Recycling Grant	5,777.98	5,777.98	9,847.54	9,847.54
	<u>18,002.74</u>	<u>18,002.74</u>	<u>21,544.34</u>	<u>21,544.34</u>
	A	A-21	A-24	A

Township of Hardyston , N.J.

Schedule of Due From Current Fund

Federal and State Grant Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	A		3,233,399.94
Increased by:			
Federal and State Grant Fund Receip	A-21	170,091.05	
Unappropriated Receipts	A-23	21,544.34	
Matching Funds for Grants - 2015 Budget Appropriations	A-22	<u>2,338.80</u>	
			<u>278,651.97</u>
			3,512,051.91
Decreased by:			
Federal and State Grant Fund Expenditures	A-22	150,346.22	
Encumbrance Expenditures	A-25	<u>2,337.83</u>	
			<u>213,387.19</u>
Balance - December 31, 2015	A		<u><u>3,298,664.72</u></u>

Township of Hardyston , N.J.
Schedule of Encumbrances Payable
Federal and State Grant Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	2,337.83
Increased by:		
Charges to Federal and State Grants	A-22	<u>4,871.00</u>
		7,208.83
Decreased by:		
Disbursements	A-24	<u>2,337.83</u>
Balance - December 31, 2015	A	<u><u>4,871.00</u></u>

Township of Hardyston , N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Emergency Services Volunteer Length of Service Award Program</u>	<u>Assessment Trust Fund</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2014	B	210,743.15		4,649.46	2,032,215.13
Increase by Receipts:					
Interest	B-3			11.56	
State Share of Dog Licenses	B-2			1,494.00	
Township Share of Dog Licenses	B-3			6,546.00	
Late Fees	B-3			1,440.00	
Other Trust Funds	B-6				1,011,336.15
Assessment Receivable	B-10		38,796.65		
Interfunds			89,868.99		
Net Payroll and Payroll Deductions	B-7				5,642,090.91
Borough Contributions	B-8	13,500.00			
Increase in Investment Value	B-9				
Total Receipts		13,500.00	128,665.64	9,491.56	6,653,427.06
		224,243.15	128,665.64	14,141.02	8,685,642.19
Decreased by Disbursements:					
Due to State of New Jersey	B-2			1,490.40	
Reserve for Dog Expenditures	B-3			10,579.62	
Reserve for Encumbrances	B-4				12,998.89
Other Trust Funds	B-6				679,337.57
Loan Payable	B-13		89,586.57		
Interfunds	B-12		22,679.06		
Net Payroll and Payroll Deductions	B-7				5,641,861.24
Decrease in Investment Value	B-9	208.46			
Accounting Charge	B-9	1,200.00			
Total Disbursements		1,408.46	112,265.63	12,070.02	6,334,197.70
Balance - December 31, 2015	B	222,834.69	16,400.01	2,071.00	2,351,444.49

Township of Hardyston , N.J.
Schedule of Due From (To) State of New Jersey
Animal Control Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	2.40
Increased by:		
Payments to State of NJ	B-1	<u>1,490.40</u>
Decreased by:		
State License Fees Collected	B-1	<u><u>1,494.00</u></u>
Balance - December 31, 2015	B	<u><u>(1.20)</u></u>

Township of Hardyston , N.J.

Reserve for Animal Control Trust Expenditures

Animal Control Trust Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	4,651.86
Increased by:		
Interest	B-3	11.56
Dog License Fees Collected in 2015	B-1	6,546.00
Late Charges and Fines	B-1	<u>1,440.00</u>
		<u>7,997.56</u>
		12,649.42
Decreased by:		
Expenditures R.S. 4:19-1511		<u>10,579.62</u>
Balance - December 31, 2015	B	<u><u>2,069.80</u></u>

	<u>License Fees Collected</u>
<u>Year</u>	
2015	6,546.00
2014	<u>6,374.00</u>
	<u><u>12,920.00</u></u>

Township of Hardyston , N.J.
Schedule of Reserve for Encumbrances
Other Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	12,998.89
Increased by:		
Charges to Reserves	B-6	2,555.59
		15,554.48
Decreased by:		
Cash Disbursements	B-1	12,998.89
		12,998.89
Balance - December 31, 2015	B	2,555.59

Schedule of Letters of Credit
Other Trust Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	B	15,287,468.09
Balance - December 31, 2015	B	15,287,468.09

Township of Hardyston , N.J.

Schedule of Other Trust Funds

Other Trust Fund

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Reserve for Deposits by Letters of Credit	15,287,468.09			15,287,468.09
Redemption Outside Liens		366,783.59	366,783.59	
Uniform Fire Safety Fines	10,542.83	11,284.00	6,706.97	15,119.86
Reserve for Recreation	7,704.45	22,656.50	12,319.13	18,041.82
Escrow Deposits	94,259.67	47,003.39	42,890.05	98,373.01
Littell Community Center	11,195.39	10,020.00	9,316.00	11,899.39
Small Cities	7,016.96	100.00		7,116.96
Municipal Court - P.O.A.A.	308.00	16.00		324.00
Public Defender	34.86	6,772.00	6,800.00	6.86
Police Outside Work		992.52	992.52	
Affordable Housing	339,495.12	331,060.92	36,723.54	633,832.50
Accumulated Sick Leave	337,784.66	12,730.11	14,000.00	336,514.77
Snow Related Costs	90,063.16	22,247.03		112,310.19
Performance Bonds Escrow	841,367.15	7,470.09	21,761.36	827,075.88
Premiums on Tax Sale	277,500.00	172,200.00	163,600.00	286,100.00
	<u>17,304,740.34</u>	<u>1,011,336.15</u>	<u>681,893.16</u>	<u>17,634,183.33</u>
	B			B

Ref.

Cash Receipts	B-1	1,011,336.15	
Cash Disbursements	B-1		668,894.27
Reserve for Encumbrances	B-4		12,998.89
		<u>1,011,336.15</u>	<u>681,893.16</u>

Township of Hardyston , N.J.

Schedule of Net Payroll and Payroll Deductions

Other Trust Fund

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Federal Withholding	-	587,628.50	587,628.50	-
Social Security/Medicare	-	672,362.92	672,362.92	-
State Withholding	-	168,808.68	168,808.68	-
Unemployment Insurance	63.90	24,506.05	24,506.05	63.90
Christmas	-	33,825.00	33,825.00	-
Cont. Insurance	(201.94)	11,061.21	11,079.41	(220.14)
Public Employees Retirement System	2,442.71	471,912.49	471,668.62	2,686.58
Police and Fire Retirement System	(310.68)	611,588.94	611,584.94	(306.68)
Dues	-	9,144.00	9,144.00	-
Savings	-	5,520.00	5,520.00	-
Medical Copay	2.00	208,753.57	208,753.57	2.00
AFLAC	(52.00)	6,382.56	6,382.56	(52.00)
Valic	-	29,630.00	29,630.00	-
AXA	-	24,180.00	24,180.00	-
Garnishments	-	13,381.36	13,381.36	-
Due Current	-	109.02	109.02	-
Net Payroll	-	2,763,296.61	2,763,296.61	-
	<u>1,943.99</u>	<u>5,642,090.91</u>	<u>5,641,861.24</u>	<u>2,173.66</u>
	B	B-1	B-1	B

Township of Hardyston , 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	13,500.00
Increased by:		
Township Contributions	B-9	26,450.00
		<u>39,950.00</u>
Decreased by:		
Receipts	B-1	13,500.00
		<u>13,500.00</u>
Balance - December 31, 2015	B	<u>26,450.00</u>

B-9

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		224,243.15
Increased by:			
Township Contributions	B-8	26,450.00	
			26,450.00
			<u>250,693.15</u>
Decreased by:			
Decrease in Investment Value	B-1	208.46	
Accounting Charge	B-1	1,200.00	
		<u>1,408.46</u>	
Balance - December 31, 2015	B		<u>249,284.69</u>

Township of Hardyston, N.J.

Schedule of Assessments Receivable

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Date of Confirmation	Balance Dec. 31, 2014	Assessments Confirmed	Collected	Balance Dec. 31, 2015	Balance Pledged to		
							NJ DEP Loan	Reserve	Interfund General Capital
2013-09	Summit Lake Dam Improvements	4/22/2015		676,845.00	38,796.65	638,048.35	610,705.99	6,511.30	20,831.06
				<u>676,845.00</u>	<u>38,796.65</u>	<u>638,048.35</u>	<u>610,705.99</u>	<u>6,511.30</u>	<u>20,831.06</u>
				B		B			

Township of Hardyston , N.J.

Schedule of Reserve for Assessments and Liens

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Municipal Share of Assessments</u>	<u>Balance Dec. 31, 2015</u>
<u>Assessments Receivable</u>			
2013-09	Summit Lake Dam	6,511.30	6,511.30
		<u>6,511.30</u>	<u>6,511.30</u>
			B

Township of Hardyston , N.J.

Schedule of Interfunds

Assessment Trust Funds

Year Ended December 31, 2015

	Due to/(from) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due to/(from) Balance <u>Dec. 31, 2015</u>
General Capital		110,417.63	22,396.64	88,020.99
Current Fund		282.42	282.42	
		<u>110,700.05</u>	<u>22,679.06</u>	<u>88,020.99</u>
	B			B
	<u>Ref.</u>			
Cash Receipts		89,868.99		
Assessments Confirmed		20,831.06		
Cash Disbursements			<u>22,679.06</u>	
		<u>110,700.05</u>	<u>22,679.06</u>	

Township of Hardyston , N.J.

Schedule of NJ DEP Loan Payable - Gordon Lake

Year Ended December 31, 2015

	<u>Ref.</u>	
Increased by:		
Loan Proceeds (principal and interest)	B-10	649,502.64
Decreased by:		
Cash Disbursement	B-1	<u>89,586.57</u>
Balance - December 31, 2015	B	<u><u>559,916.07</u></u>

<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
05/29/16	4,932.45	17,464.20	537,519.42
11/29/16	4,757.81	17,638.84	515,122.77
05/29/17	4,581.42	17,815.23	492,726.12
11/29/17	4,403.26	17,993.38	470,329.48
05/29/18	4,223.33	18,173.31	447,932.84
11/29/18	4,041.60	18,355.04	425,536.20
05/29/19	3,858.05	18,538.60	403,139.55
11/29/19	3,672.66	18,723.98	380,742.91
05/29/20	3,485.42	18,911.22	358,346.27
11/29/20	3,296.31	19,100.33	335,949.63
05/29/21	3,105.31	19,291.34	313,552.98
11/29/21	2,912.39	19,484.25	291,156.34
05/29/22	2,717.55	19,679.09	268,759.70
11/29/22	2,520.76	19,875.88	246,363.06
05/29/23	2,322.00	20,074.64	223,966.42
11/29/23	2,121.25	20,275.39	201,569.78
05/29/24	1,918.50	20,478.14	179,173.14
11/29/24	1,713.72	20,682.92	156,776.50
05/29/25	1,506.89	20,889.75	134,379.86
11/29/25	1,297.99	21,098.65	111,983.22
05/29/26	1,087.01	21,309.64	89,586.57
11/29/26	873.91	21,522.73	67,189.93
05/29/27	658.68	21,737.96	44,793.29
11/29/27	441.30	21,955.34	22,396.65
05/29/28	221.76	22,174.89	0.00
	<u>66,671.33</u>	<u>493,244.74</u>	

Township of Hardyston , N.J.

Analysis of Assessment Cash

Assessment Trust Fund

Year Ended December 31, 2015

Ref.

Due to General Capital	67,189.93
Pledged to NJDEP Loan Payable	<u>(50,789.92)</u>
	<u>16,400.01</u>
	B

Township of Hardyston , N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	C		182,439.08
Increased by Receipts:			
Premium on Sale of Bonds	C-1	13,900.81	
General Serial Bonds	C-6	1,700,000.00	
Capital Improvement Fund	C-9	509,228.00	
Interfund - Current Fund	C-10	2,259.93	
Various Capital Reserves	C-11	<u>528,774.40</u>	
	C-3		<u>2,754,163.14</u>
			<u>2,936,602.22</u>
Decreased by Disbursements:			
Improvement Authorizations	C-7	468,925.51	
Interfund - Current Fund	C-10	2,259.93	
Various Capital Reserves	C-11	85,000.00	
Reserve for Encumbrances	C-12	<u>180,316.62</u>	
	C-3		<u>736,502.06</u>
Balance - December 31, 2015	C		<u><u>2,200,100.16</u></u>

Township of Hardyston, N.J.

Analysis of Cash
General Capital Fund

Year Ended December 31, 2015

	Balance or (Deficit) Dec. 31, 2014	Receipts			Disbursements			Transfers		Balance or (Deficit) Dec. 31, 2015
		Miscellaneous	Improvement Authorizations	Miscellaneous	From	To				
Fund Balance	0.06	13,900.81							13,900.87	
Capital Improvement Fund	100,217.09	509,228.00			509,228.00	6,103.36			106,320.45	
Various Reserves	24,000.00	528,774.40		85,000.00					467,774.40	
Reserve for Encumbrances	180,316.62			180,316.62				807,279.58	807,279.58	
Serial Bonds		1,700,000.00			1,700,000.00					
Interfund - Current Fund		2,259.93		2,259.93						
Interfund - Assessment Trust					88,020.99				(88,020.99)	
Improvement Authorizations:										
15-11 Park Drive Fire Alarm System	(11,977.74)		800.00						(12,777.74)	
06-12 Various Improvements and Purchases	876.55		827.68						48.87	
01-13 Purchase of Street Sweeper	(193,015.00)								(193,015.00)	
06-13 Various Improvements and Purchases	6,202.94		5,473.64						729.30	
08-13 Upgrade to "911" Equip	(47,500.00)								(47,500.00)	
09-13 Local Improve Summit Lake Dam	(34,226.35)		47,691.28		6,103.36	88,020.99			56,277.79	
06-14 Various Improvements and Purchases	72,544.91		16,267.12						868,542.59	
14-14 Various Capital Improvements	85,000.00		145,048.91		771,408.50	1,700,000.00			220,540.04	
15-14 Various Improvements and Purchases			252,816.88		35,871.08	509,228.00				
	182,439.08	2,754,163.14	468,925.51	267,576.55	3,110,631.93	3,110,631.93			2,200,100.16	
	C	C-2	C-2	C-2	C	C				

Township of Hardyston , 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		7,845,000.00
Increased by:			
Refunding	C-6	3,555,000.00	
Improvement Costs Funded by:			
Serial Bonds Issued	C-5	<u>1,700,000.00</u>	5,255,000.00
			<u>5,255,000.00</u>
			13,100,000.00
Decreased by:			
Refunding	C-6	3,665,000.00	
Serial Bonds Paid by Current Year			
Budget Appropriations	C-6	<u>575,000.00</u>	4,240,000.00
			<u>4,240,000.00</u>
Balance - December 31, 2015	C		<u><u>8,860,000.00</u></u>

Township of Hardyston, N.J.
 Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
			Date	Amount					
General Improvement Bonds of 2007A	2/1/2007	4,825,000.00	2/1/16	250,000.00	4.10%	4,065,000.00	3,815,000.00	250,000.00	
General Improvement Bonds of 2011A	12/1/2011	1,425,000.00	2/1/16-18	100,000.00	2%-3.75%	1,125,000.00	100,000.00	1,025,000.00	
			2/1/19	100,000.00					
			2/1/20	100,000.00					
General Refunding Bonds of 2013	5/16/2013	2,655,000.00	10/01/16	220,000.00	3%-4%	2,655,000.00	325,000.00	2,330,000.00	
			10/01/17	245,000.00					
			10/01/18	265,000.00					
			10/01/19	285,000.00					
			10/01/20	310,000.00					
			10/01/21	335,000.00					
			10/01/22	335,000.00					
General Improvement Bonds of 2015	4/1/16-18	1,700,000.00	4/1/16-18	80,000.00	2%-4%	1,700,000.00	1,700,000.00	1,700,000.00	
			04/01/19	90,000.00					
			04/01/20	100,000.00					
			04/01/21	105,000.00					
			04/01/22	130,000.00					
			04/01/23	140,000.00					
			4/1/24-28	150,000.00					
04/01/29	145,000.00								

Township of Hardyston, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2014		2015 Authorizations	Paid or Charged	Cancelled Authorizations	Balance, Dec. 31, 2015	
				Funded	Unfunded				Funded	Unfunded
15-11	General Improvements: Park Drive Fire Alarm System	11/01/11	230,000.00		206,522.26		800.00		48.87	205,722.26
06-12	Various Improvements and Purchases	04/15/12	415,000.00	876.55			827.68			
01-13	Purchase of Street Sweeper	02/19/13	275,000.00		1,985.00					
06-13	Various Improvements and Purchases	06/18/13	415,000.00	6,202.94			5,473.64	459,582.37	729.30	1,985.00
09-13	Local Improve Summit Lake Dam	12/03/13	570,000.00		507,273.65		47,691.28			
14-06	Various Improvements and Purchases	05/28/14	454,228.00	72,544.91			16,267.12		56,277.79	
14-14	Various Capital Improvements	11/12/14	1,785,000.00	85,000.00	1,700,000.00		916,457.41		868,542.59	
15-14	Various Improvements and Purchases	07/22/15	509,228.00			509,228.00	288,687.96		220,540.04	
				164,624.40	2,415,780.91	509,228.00	1,276,205.09	459,582.37	1,146,138.59	207,707.26
				C	C	C-9			C	C
						Ref.				
					Cash Disbursements	C-2	468,925.51		110,417.63	
					Encumbrances Payable	C-12	807,279.58		81,917.63	
							1,276,205.09			
						Ref.				
					Deferred Charges Unfunded	C-5		453,479.01		
					Capital Improvement Fund	C-9		6,103.36		
								459,582.37		

Township of Hardyston , N.J.
Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2014</u>	<u>Decrease</u>	<u>Balance, Dec. 31, 2015</u>
15-11	Park Drive Fire Alarm System	218,500.00		218,500.00
01-13	Street Sweeper	195,000.00		195,000.00
08-13	Upgrades to 911 Equipment	47,500.00		47,500.00
09-13	Local Improvement - Summit Lake	541,500.00	541,500.00	
14-14	Various Capital Improvements	<u>1,700,000.00</u>	<u>1,700,000.00</u>	
		<u>2,702,500.00</u>	<u>2,241,500.00</u>	<u>461,000.00</u>
		Footnote C		Footnote C

Township of Hardyston , N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	100,217.09
Increased by:		
Canceled Improvement Authorization	C-7	6,103.36
Budget Appropriation	C-2	<u>509,228.00</u>
		<u>515,331.36</u>
		615,548.45
Decreased by:		
Appropriated to Finance		
Improvement Authorizations	C-7	<u>509,228.00</u>
Balance - December 31, 2015	C	<u><u>106,320.45</u></u>

Township of Hardyston , N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2015

<u>Fund</u>	Due From/(To) Balance, <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance, <u>Dec. 31, 2015</u>
Current Fund		2,259.93	2,259.93	
Assessment Trust Fund		88,020.99		88,020.99
		<u>90,280.92</u>	<u>2,259.93</u>	<u>88,020.99</u>
	C		C-2	C
	<u>Ref.</u>			
Cash Receipts	C-2	2,259.93		
ferred Charges Unfunded	C-5	88,020.99		
Cash Disbursements	C-2		<u>2,259.93</u>	
		<u>90,280.92</u>	<u>2,259.93</u>	

Township of Hardyston , N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2015

	<u>Balance,</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance,</u> <u>Dec. 31, 2015</u>
Improvements to Block 62 Lot 34.01	24,000.00			24,000.00
Improvement Ridgefiel Road		136,000.00	85,000.00	51,000.00
Pembridge at CS		53,460.00		53,460.00
Imp. Shotland Bauer Cloverdale		121,284.00		121,284.00
Imp. Shotland Bauer High Grove		218,030.40		218,030.40
	<hr/>	<hr/>	<hr/>	<hr/>
	24,000.00	528,774.40	85,000.00	467,774.40
	C	C-2	C-2	C
	<u>Ref.</u>			
Cash Receipts	C-2	528,774.40		
Cash Disbursements	C-2		85,000.00	
		<hr/>	<hr/>	
		528,774.40	85,000.00	
		<hr/>	<hr/>	

Township of Hardyston , N.J.
Schedule of Reserve for Encumbrances
General Capital Fund
Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	C	180,316.62
Increased by:		
Charges to:		
Improvement Authorizations	C-7	807,279.58
		<u>987,596.20</u>
Cash Disbursements	C-2	<u>180,316.62</u>
Balance - December 31, 2015	C	<u><u>807,279.58</u></u>

TOWNSHIP OF HARDYSTON

PART II

LETTER ON COMPLIANCE AND ON INTERNAL CONTROL

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

Ferraioli, Wielkotz, 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 Township Council
Township of Hardyston
Hardyston, New Jersey 07419

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Hardyston, of the State of New Jersey (the "Township"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 7, 2016. The financial statements of the Length of Service Award Program ("LOSAP") were not audited and were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit the LOSAP Fund financial statements in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America. As described in Note 1, the financial statements are prepared by the Township 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. Our opinion was also qualified because the Division of Local Government Services does not require the Length of Service Award Program to be audited, only reviewed.

Internal Control Over Financial Reporting

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



Honorable Mayor and
Members of the Township Council
Page 2.

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.

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 immaterial deficiencies in internal control that we have reported to management of the Township of Hardyston in the accompanying comments and recommendations section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Hardyston'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 Township of Hardyston in the accompanying comments and recommendations section of this report.



Honorable Mayor and
Members of the Township Council
Page 3.

Purpose of this Report

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



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

September 7, 2016



GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 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 therefor, except as is provided otherwise in this act or specifically by any other law."

Effective July 1, 2010, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. On July 1, 2015, the threshold with a qualified purchasing agent was increased to \$40,000.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$21,000 or \$26,000 after July 1, 2010, 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 and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$26,000 within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any 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. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

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

WHEREAS, Chapter 75 of the Public Laws of 1991 of the State of New Jersey authorizes the governing body of each municipality by resolution to fix the rate of interest to be charged for nonpayment of taxes or assessments on or before the date when they would become delinquent, and

WHEREAS, the provisions of said statute provides that the rate of interest to be so charged may be fixed at a rate not to exceed 8% per annum on the first \$1,500. of delinquency, and a rate of 18% per annum on any amount in excess of \$1,500.

WHEREAS, the statute further provides that the governing body may provide that no interest shall be charged if payment is made within the tenth calendar day following the date which the same became payable, and

WHEREAS, (N.J.S.A. 54:4-67 AS AMENDED) also provides that the governing body may fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000. who fails to pay that delinquency prior to the end of the (calendar) fiscal year which shall not exceed (6%) six percent; and

WHEREAS, the Governing Body of the Township of Hardyston deems that implementation of Chapter 75 of the P.L. of 1991 (N.J.S.A. 54:4-67) the same is desirable and appropriate;

NOW THEREFORE BE IT RESOLVED, by the Governing Body of the Township of Hardyston that pursuant to the authority granted to it by N.J.S.A. 54:4-67, AS AMENDED that the rate of interest be set in the amount of 8% on the first 1,500. of the delinquency and at the rate of 18% on any amount in excess of \$1,500 provided payment is not made within the grace period of ten days from the date payable and that the penalty on amounts due in excess of \$10,000 at the close of the (calendar) fiscal year be set at 6% of the amount of the delinquency.

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

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	34
2014	33
2013	36

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 results 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 were developed.

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

OTHER COMMENTS

Municipal Court

The report required by statute covering the accounts of the Municipal Court has been filed under a separate cover with the Magistrate, Township Clerk and the Division of Local Government Services. Comments regarding the financial records maintained by the Court Administrator are covered in this report.

*It was also noted that there is a lack of internal control in the Municipal Court. In most cases, the Court Administrator receives cash, posts the cash receipt to the computer, reconciles the bank accounts and disburses checks.

RECOMMENDATIONS

Municipal Court

The Township should weigh the costs/benefits of segregating accounting duties.

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all with the exception of those marked with an "*".

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

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

Very truly yours,



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388



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