

BOROUGH OF HOPATCONG
SUSSEX COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2014

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BOROUGH OF HOPATCONG

SUSSEX COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Hopatcong
Hopatcong, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Hopatcong, as of December 31, 2014 and 2013, and the related statements 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, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Hopatcong on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 the State of New Jersey for municipal government entities.

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 requirement that the Borough of Hopatcong prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Hopatcong as of December 31, 2014 and 2013, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 39 percent and 41 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Hopatcong as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices 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

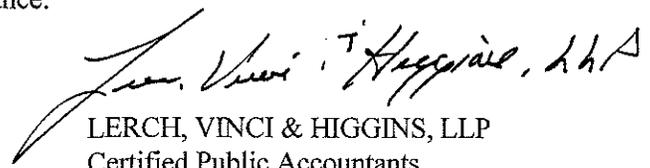
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Hopatcong as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Hopatcong.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

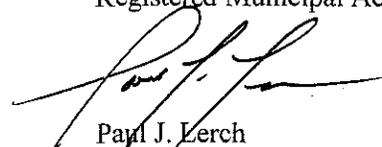
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 2015 on our consideration of the Borough of Hopatcong's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Hopatcong's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 17, 2015

**BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash - Treasurer	A-4	\$ 6,688,611	\$ 6,642,388
Cash - Change Fund	A-5	<u>300</u>	<u>300</u>
		<u>6,688,911</u>	<u>6,642,688</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-7	1,014,982	978,233
Tax Title Liens Receivable	A-8	257,537	218,714
Property Acquired for Taxes - Assessed Valuation	A-9	4,974,400	5,104,300
Revenue Accounts Receivable	A-11	7,381	31,990
Due from Other Trust Fund	B-11	<u>815</u>	<u>728</u>
		<u>6,255,115</u>	<u>6,333,965</u>
Deferred Charges			
Special Emergency Appropriations	A-28	<u>180,000</u>	<u>240,000</u>
		<u>180,000</u>	<u>240,000</u>
Total Regular Fund		<u>13,124,026</u>	<u>13,216,653</u>
Federal and State Grant Fund			
Cash	A-4	15,964	58,849
Grants Receivable	A-10	<u>501,210</u>	<u>726,881</u>
Total Federal and State Grant Fund		<u>517,174</u>	<u>785,730</u>
Total Assets		<u>\$ 13,641,200</u>	<u>\$ 14,002,383</u>

BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,12	\$ 1,242,530	\$ 1,429,928
Encumbrances Payable	A-14	186,033	234,718
Prepaid Taxes	A-15	221,674	699,939
Tax Overpayments	A-16	24,336	7,198
Miscellaneous Reserves	A-17	1,093,542	1,113,576
Unappropriated Reserves	A-23	1,381	26,381
Appropriated Reserves	A-25	65,167	81,744
Accounts Payable	A-24	47,277	47,200
Due to State of New Jersey - Senior Citizens & Veterans	A-6	12,825	10,883
Due to State of New Jersey - Marriage License Fees	A-26	425	550
Due to State of New Jersey - State Training Fees	A-27	3,683	2,365
Due to County for Added Taxes	A-18	<u>34,224</u>	<u>381</u>
		2,933,097	3,654,863
Reserve for Receivables and Other Assets		6,255,115	6,333,965
Fund Balance	A-1	<u>3,935,814</u>	<u>3,227,825</u>
Total Regular Fund		<u>13,124,026</u>	<u>13,216,653</u>
Federal and State Grant Fund			
Due to Sewer Utility Operating Fund	E-8		150,000
Reserve for Encumbrances	A-13	26,709	47,207
Reserve for Grants and Donations - Unappropriated	A-21	15,744	24,348
Reserve for Grants and Donations - Appropriated	A-22	<u>474,721</u>	<u>564,175</u>
Total Federal and State Grant Fund		<u>517,174</u>	<u>785,730</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 13,641,200</u>	<u>\$ 14,002,383</u>

BOROUGH OF HOPATCONG
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>Year 2014</u>	<u>Year 2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,425,000	\$ 1,300,000
Miscellaneous Revenue Anticipated	A-2	2,160,111	2,812,701
Receipts from Delinquent Taxes	A-2	979,757	1,119,507
Receipts from Current Taxes	A-2	44,214,161	42,294,273
Non-Budget Revenue	A-2	248,889	249,221
Other Credits to Income			
Prior Year Interfunds Returned	A	728	448
Unexpended Balance of Appropriation Reserves	A-12	<u>997,876</u>	<u>715,643</u>
 Total Revenues		 <u>50,026,522</u>	 <u>48,491,793</u>
 EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	6,296,069	6,115,612
Other Expenses	A-3	5,985,118	6,571,826
Capital Improvements	A-3	161,500	17,500
Municipal Debt Service	A-3	1,305,747	1,315,973
Deferred Charges and Statutory Expenditures	A-3	1,652,628	1,550,291
County Taxes	A-18	8,640,250	7,629,935
Municipal Open Space Taxes	A-20	10,112	7,007
Local School Taxes	A-19	23,835,544	23,299,272
Other Debits			
Interfund Advance	A	815	728
Prior Year Senior Citizens' Deductions Disallowed(Net)	A-6	5,000	5,064
Prior Year Veterans' Deductions Disallowed	A-6	750	-
Reserve for Pending Tax Appeals	A-1	<u>-</u>	<u>41,069</u>
 Total Expenditures		 <u>47,893,533</u>	 <u>46,554,277</u>
 Excess in Revenue		 2,132,989	 1,937,516
 Fund Balance, January 1	A	 <u>3,227,825</u>	 <u>2,590,309</u>
		5,360,814	4,527,825
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,425,000</u>	<u>1,300,000</u>
 Fund Balance, December 31	A	 <u>\$ 3,935,814</u>	 <u>\$ 3,227,825</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Reference	2014 Anticipated Budget	Added by N.J.S. 40A:4-87	2014 Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,425,000	-	\$ 1,425,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	17,400		28,583	\$ 11,183
Fees and Permits					
Construction Code Official	A-11	128,000		168,333	40,333
Other	A-2	50,000		52,513	2,513
Fines and Costs					
Municipal Court	A-11	140,000		136,411	(3,589)
Interest and Costs on Taxes	A-11	190,000		231,897	41,897
Energy Receipts Tax	A-11	798,225		798,225	-
Interest on Investments and Deposits	A-2	12,200		41,500	29,300
Consolidated Municipal Property Tax Relief Aid	A-11	155,045		155,045	-
Interlocal Agreement - Stanhope Court	A-11	97,828		97,828	-
Interlocal Agreement - Nutrition Site	A-11	20,300		22,700	2,400
State and Federal Grants Offset With Appro.					
Clean Communities Grant	A-10		\$ 29,764	29,764	
Municipal Alliance on Alcoholism and Drug Abuse	A-10		13,134	13,134	
Police Body Armor Fund	A-10		2,525	2,525	
Organized Crime Drug Enforcement Grant	A-10		6,500	6,500	
Recycling Tonnage Grant	A-21	16,190		16,190	
Bulletproof Partnership Program	A-10		4,998	4,998	
Click It or Ticket It	A-10		4,000	4,000	
Drunk Driving Enforcement Fund	A-10, A-21	8,158	7,174	15,332	
Hudson Farm Donation	A-11	15,000		15,000	
Safe and Secure Communities Program	A-10		60,000	60,000	
Drive Sober or Get Pulled Over Grant	A-10		7,500	7,500	
Special Items					
Capital Fund Balance	A-11	62,500		62,500	
Cell Tower Rental	A-11	74,600		83,180	8,580
Cable TV Franchise Fee	A-11	65,784		65,784	
Reserve for Sale of Fire Boat	A-23	25,000		25,000	-
Fire Prevention Fees	A-11	11,000		15,669	4,669
Total Miscellaneous Revenues	A-1	1,887,230	135,595	2,160,111	137,286
Receipts from Delinquent Taxes	A-1,A-2	890,000	-	979,757	89,757
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2,A-7	12,683,265	-	13,348,255	664,990
Total	A-3	\$ 16,885,495	\$ 135,595	17,913,123	\$ 892,033
Non-Budget Revenue	A-1,A-2			248,889	
				<u>\$ 18,162,012</u>	

BOROUGH OF HOPATCONG
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 44,214,161
Less: Allocated to School, County and Special Taxes	A-18,A-19,A-20	<u>32,485,906</u>
		11,728,255
 Add: Appropriation "Reserve for Uncollected Taxes"	 A-3	 <u>1,620,000</u>
 Amount for Support of Municipal Budget Appropriations	 A-2	 <u>\$ 13,348,255</u>
 Fees and Permits - Other		
Township Clerk	A-11	\$ 9,924
Police Department	A-11	1,718
Zoning/Planning	A-11	10,703
DPW - Tires	A-11	303
Board of Health	A-11	14,614
DPW - Bulk Stickers	A-11	<u>15,251</u>
	A-2	<u>\$ 52,513</u>
 Receipts from Delinquent Taxes		
Taxes	A-7	\$ 969,307
Tax Title Liens	A-8	<u>10,450</u>
	A-2	<u>\$ 979,757</u>
 Interest on Investments		
Revenue Accounts Receivable	A-11	\$ 41,412
Due from Other Trust Fund	B-11	87
Due from General Capital Fund	C-8	<u>1</u>
	A-2	<u>\$ 41,500</u>

BOROUGH OF HOPATCONG
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

ANALYSIS OF NON-BUDGET REVENUES	
Administrative Fee for Police Outside Employment	\$ 2,368
Bid Specifications	225
Duplicate Tax Bills	1,305
Hotel Fees	1,154
NJDMV Inspection Fees	2,000
NSF Fees	990
Post Year Tax Statement Administrative Fees	3,330
Prior Year Refunds	57,624
Recycling	5,833
Tires	303
Tax Collector Fees	15,554
Tax Collector Lien Penalty	88
LEA Fire Rebates	8,036
Cablevision Grant	4,025
2007 Green Acres	554
Tax Sale Premium	9,900
Write-off Prior Year Stale Dated Items	1,079
Insurance Dividends	<u>134,521</u>
A-4	<u>\$ 248,889</u>

BOROUGH OF HOPATCONG
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014 Appropriated</u>		<u>2014 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 222,246	\$ 222,246	\$ 209,139	\$ 13,107	
Other Expenses	98,500	98,500	81,146	17,354	
Mayor and Council					
Salaries and Wages	15,250	15,250	6,209	9,041	
Other Expenses	4,400	4,400	857	3,543	
Borough Clerk					
Salaries and Wages	80,452	80,452	68,205	12,247	
Election					
Other Expenses	28,260	28,260	21,784	6,476	
Financial Administration					
Salaries and Wages	134,935	134,935	132,750	2,185	
Other Expenses	59,250	44,250	24,322	19,928	
Audit Services	23,900	23,900		23,900	
Computerized Data Processing					
Other Expenses	50,000	76,000	65,849	10,151	
Collection of Taxes					
Salaries and Wages	164,669	164,669	153,101	11,568	
Other Expenses	13,735	13,735	10,205	3,530	
Assessment of Taxes					
Salaries and Wages	142,497	142,497	141,421	1,076	
Other Expenses	40,750	40,750	19,670	21,080	
Legal Services					
Other Expenses	125,000	125,000	110,106	14,894	
Engineering Services and Costs					
Other Expenses	45,000	45,000	33,424	11,576	
Municipal Land Use Law (N.J.S.A. 40:55D-1)					
Salaries and Wages	105,150	105,150	99,921	5,229	
Other Expenses	25,222	25,222	16,274	8,948	
PUBLIC SAFETY					
Police					
Salaries and Wages	3,142,591	3,132,591	2,957,580	175,011	
Other Expenses	77,230	77,230	66,366	10,864	
Emergency Dispatch Services					
Salaries and Wages	485,204	440,204	425,769	14,435	
Other Expenses	49,900	49,900	36,944	12,956	
Emergency Management					
Salaries and Wages	2,000	2,000		2,000	
Other Expenses	23,350	23,350	21,059	2,291	
First Aid Organization Contribution	40,000	40,000	40,000	-	
Municipal Prosecutor					
Other Expenses	44,000	44,000	30,110	13,890	

BOROUGH OF HOPATCONG
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>2014 Appropriated</u>		<u>2014 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
PUBLIC SAFETY (Continued)					
Aid to Volunteer Fire Companies					
Other Expenses	\$ 123,113	\$ 123,113	\$ 119,982	\$ 3,131	
Fire Prevention Bureau					
Salaries and Wages	28,110	28,110	25,682	2,428	
Other Expenses	4,945	4,945	3,445	1,500	
STREETS AND ROADS					
Street and Road Maintenance					
Salaries and Wages	1,229,547	1,229,547	1,151,143	78,404	
Other Expenses	274,670	264,670	238,095	26,575	
Contractual - Garbage	1,230,000	1,230,000	1,223,297	6,703	
OTHER PUBLIC WORKS FUNCTIONS					
Recycling					
Other Expenses	26,750	26,750	21,687	5,063	
Buildings and Grounds					
Salaries and Wages	20,999	20,999	20,333	666	
Other Expenses	70,350	65,350	54,759	10,591	
Vehicle Maintenance					
Other Expenses	153,000	173,000	165,682	7,318	
MUNICIPAL COURT					
Salaries and Wages	147,541	147,541	121,607	25,934	
Other Expenses	7,500	7,500	5,723	1,777	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Board of Health					
Salaries and Wages	11,233	11,233	10,622	611	
Other Expenses	6,500	6,500	5,702	798	
Environmental Commission					
Salaries and Wages	1,200	1,200	506	694	
Other Expenses	1,300	1,300	1,166	134	
Animal Control					
Salaries and Wages	71,444	110,444	91,342	19,102	
Senior Citizens and Handicapped Transportation					
Salaries and Wages	47,871	47,871	44,601	3,270	
Senior Citizens Programs					
Other Expenses	8,500	8,500	7,286	1,214	

BOROUGH OF HOPATCONG
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>2014 Appropriated</u>		<u>2014 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
RECREATION AND EDUCATION:					
Board of Recreation Commissioners					
Salaries and Wages	\$ 68,279	\$ 58,279	\$ 49,671	\$ 8,608	
Other Expenses	10,850	10,850	4,129	6,721	
Park Maintenance					
Salaries and Wages	20,999	20,999	20,969	30	
Other Expenses	85,500	85,500	55,065	30,435	
OTHER COMMON OPERATING FUNCTIONS					
CDBG Office					
Salaries and Wages	1,000	1,000	1,000	-	
Open Space Committee					
Salaries and Wages	1,033	1,033		1,033	
Celebration of Public Events					
Other Expenses	15,000	15,000	11,893	3,107	
Insurance					
General Liability Insurance	228,249	228,249	228,249	-	
Workers Compensation	232,223	232,223	230,367	1,856	
Employee Group Health	1,585,000	1,585,000	1,423,565	161,435	
State Unemployment Insurance	50,000	50,000	31,146	18,854	
Health Benefit Waiver	27,000	27,000	27,000	-	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
Uniform Construction Code Enforcement:					
Building Inspector					
Salaries and Wages	179,019	179,019	176,048	2,971	
Other Expenses	6,400	6,400	4,331	2,069	
UTILITY EXPENSES & BULK PURCHASES					
Electricity	110,000	110,000	91,902	18,098	
Street Lighting	52,000	52,000	38,556	13,444	
Telephone	80,000	80,000	74,202	5,798	
Fuel Oil	90,000	90,000	82,844	7,156	
Gasoline	165,000	175,000	155,915	19,085	
State Mandated Landfill - Monitoring					
Other Expenses	10,000	10,000	2,330	7,670	
Solid Waste Disposal (flow control)					
Other Expenses	100,000	100,000	46,652	53,348	-
Total Operations Within "CAPS"	<u>11,825,616</u>	<u>11,825,616</u>	<u>10,840,705</u>	<u>984,911</u>	<u>-</u>
Detail					
Salaries and Wages	6,322,069	6,296,069	5,907,113	388,956	-
Other Expenses (Including Contingent)	<u>5,503,547</u>	<u>5,529,547</u>	<u>4,933,592</u>	<u>595,955</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	2014 Appropriated		2014 Expended		Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 526,000	\$ 526,000	\$ 507,659	\$ 18,341	
Public Employee's Retirement System of NJ	414,825	414,825	379,888	34,937	
Police & Fireman's Retirement System of NJ	646,303	646,303	606,996	39,307	
Defined Contribution Retirement Program	5,500	5,500	3,356	2,144	-
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	1,592,628	1,592,628	1,497,899	94,729	-
Total General Appropriations for Municipal Purposes Within "CAPS"	13,418,244	13,418,244	12,338,604	1,079,640	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Contribution to LOSAP	100,000	100,000	-	100,000	-
Total Other Operations Excluded from "CAPS"	100,000	100,000	-	100,000	-
Interlocal Municipal Services Agreement					
Recreation					
Salaries and Wages	20,300	20,300	20,300		
Municipal Court					
Salaries and Wages	97,828	97,828	97,828	-	-
Total Interlocal Municipal Services Agreement	118,128	118,128	118,128	-	-
Public and Private Programs Offset by Revenues					
State and Federal Programs Offset by Revenues					
State of N.J. - Clean Communities Program		29,764	29,764		
Municipal Alliance on Alcoholism and Drug Abuse					
County Share					
Drive Sober or Get Pulled Over Grant		13,134	13,134		
Safe and Secure Grant		7,500	7,500		
Police Body Armor Fund		60,000	60,000		
Bulletproof Vest Program		2,525	2,525		
Recycling Tonnage Grant		4,998	4,998		
Hudson Guild Farm Donation	16,190	16,190	16,190		
Drunk Driving Enforcement Fund	15,000	15,000	14,610	390	
FEMA Generator Grant Match	8,158	15,332	15,332		
Senior Center Bus Grant Match	37,500	37,500		37,500	
Crime Drug Enforcement Grant	25,000	25,000		25,000	
Click It or Ticket	-	6,500	6,500		
	-	4,000	4,000	-	-
Total Public and Private Programs Offset by Revenues	101,848	237,443	174,553	62,890	-
Total Operations Excluded from "CAPS"	319,976	455,571	292,681	162,890	-
Detail					
Salaries and Wages	-	-	-	-	-
Other Expenses	319,976	455,571	292,681	162,890	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>2014 Appropriated</u>		<u>2014 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 161,500	\$ 161,500	\$ 161,500	-	-
 Total Capital Improvements Excluded from "CAPS"	<u>161,500</u>	<u>161,500</u>	<u>161,500</u>	<u>-</u>	<u>-</u>
 MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	995,000	995,000	995,000		
Payment of Notes	85,000	85,000	85,000		
Interest on Bonds	203,900	203,900	203,872		\$ 28
Interest on Notes	21,875	21,875	21,875	-	-
 Total Municipal Debt Service Excluded from "CAPS"	<u>1,305,775</u>	<u>1,305,775</u>	<u>1,305,747</u>	<u>-</u>	<u>28</u>
 DEFERRED CHARGES					
Emergency Authorization	60,000	60,000	60,000	-	-
 Total Deferred Charges - Municipal Excluded from "CAPS"	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
 Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,847,251</u>	<u>1,982,846</u>	<u>1,819,928</u>	<u>\$ 162,890</u>	<u>28</u>
 Subtotal General Appropriations	15,265,495	15,401,090	14,158,532	1,242,530	28
 Reserve for Uncollected Taxes	<u>1,620,000</u>	<u>1,620,000</u>	<u>1,620,000</u>	<u>-</u>	<u>-</u>
 Total General Appropriations	<u>\$ 16,885,495</u>	<u>\$ 17,021,090</u>	<u>\$ 15,778,532</u>	<u>\$ 1,242,530</u>	<u>\$ 28</u>
 Reference	A-2			A	

BOROUGH OF HOPATCONG
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Reference</u>	Budget After <u>Modification</u>	Expended Paid or <u>Charged</u>
Adopted Budget	A-2	\$ 16,885,495	
Added by N.J.S.A. 40A:4-87	A-2	<u>135,595</u>	
		<u>\$ 17,021,090</u>	
Cash Disbursed	A-4		\$ 13,752,556
Encumbrances Payable	A-14		186,033
Appropriated Reserves - Federal and State Grants Fund	A-22		159,943
Special Emergency Authorization	A-28		60,000
Reserve for Uncollected Taxes	A-2		<u>1,620,000</u>
			<u>\$ 15,778,532</u>

**BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-3	\$ 18,179	\$ 8,508
		<u>18,179</u>	<u>8,508</u>
OTHER TRUST FUND			
Cash	B-3	1,315,619	1,003,702
Investments	B-3	251,538	260,233
Due from State of New Jersey	B-6	-	50,000
		<u>1,567,157</u>	<u>1,313,935</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	148,515	140,128
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	29,109	28,997
		<u>29,109</u>	<u>28,997</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Investments	B	1,037,983	962,394
Contribution Receivable	B	68,310	76,015
		<u>1,106,293</u>	<u>1,038,409</u>
Total Assets		<u>\$ 2,869,253</u>	<u>\$ 2,529,977</u>

**BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-5	\$ 65	\$ 61
Reserve for Animal Control Expenditures	B-4	<u>18,114</u>	<u>8,447</u>
		<u>18,179</u>	<u>8,508</u>
OTHER TRUST FUND			
Due to Current Fund	B-11	815	728
Miscellaneous Reserves	B-7	1,273,346	1,226,481
Payroll Deductions Payable	B-9	<u>292,996</u>	<u>86,726</u>
		<u>1,567,157</u>	<u>1,313,935</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance Claims	B-8	<u>148,515</u>	<u>140,128</u>
		<u>148,515</u>	<u>140,128</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Preservation	B-10	<u>29,109</u>	<u>28,997</u>
		<u>29,109</u>	<u>28,997</u>
LENGTH OF SERVICE AWARD PROGRAM FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>1,106,293</u>	<u>1,038,409</u>
		<u>1,106,293</u>	<u>1,038,409</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,869,253</u>	<u>\$ 2,529,977</u>

**BOROUGH OF HOPATCONG
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	<u>2014 Anticipated</u>	<u>2014 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-10	\$ 10,056	\$ 10,112	\$ 56
		<u>\$ 10,056</u>	<u>\$ 10,112</u>	<u>\$ 56</u>

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	<u>Budget (Memorandum)</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Development of Lands for Recreation and Conservation Other Expenses	B-10	\$ 10,056	\$ 10,000	\$ 56
		<u>\$ 10,056</u>	<u>\$ 10,000</u>	<u>\$ 56</u>
	<u>Reference</u>		B-10	

**BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash	C-2,C-3	\$ 1,447,777	\$ 1,446,252
Deferred Charges to Future Taxation			
Funded	C-4	6,505,000	7,500,000
Unfunded	C-5	<u>2,163,830</u>	<u>1,750,080</u>
Total Assets		<u>\$ 10,116,607</u>	<u>\$ 10,696,332</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Improvement Authorizations			
Funded	C-6	\$ 349,625	\$ 426,118
Unfunded	C-6	998,037	706,650
Contracts Payable	C-11	217,234	200,070
General Serial Bonds	C-7	6,505,000	7,500,000
Bond Anticipation Notes	C-10	2,020,550	1,750,000
Capital Improvement Fund	C-9	7,640	390
Fund Balance	C-1	<u>18,521</u>	<u>113,104</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,116,607</u>	<u>\$ 10,696,332</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$143,280 and \$80, respectively, (Exhibit C-12).

BOROUGH OF HOPATCONG
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 113,104	\$ 176,006
Increased by:			
Improvement Authorizations Canceled	C-6	26,399	
Premium on Sale of Bonds and Notes	C-2	<u>11,518</u>	<u>17,098</u>
		151,021	193,104
Decreased by:			
Appropriated to 2014 Budget Revenue	C-2	62,500	
Appropriated to Fund Improvement Authorizations	C-6	<u>70,000</u>	<u>80,000</u>
Balance, December 31	C	<u>\$ 18,521</u>	<u>\$ 113,104</u>

BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - WATER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
OPERATING FUND			
Cash	D-5	\$ 617,404	\$ 512,891
Change Fund	D-6	50	50
Due from Water Utility Capital Fund	D-9	<u>1,299</u>	<u>1,255</u>
		<u>618,753</u>	<u>514,196</u>
Receivables with Full Reserves			
Consumer Accounts Receivable	D-8	<u>79,526</u>	<u>73,110</u>
		<u>79,526</u>	<u>73,110</u>
		<u>698,279</u>	<u>587,306</u>
CAPITAL FUND			
Cash	D-5,D-7	489,203	594,747
Grants Receivable	D-21	181,998	462,911
Fixed Capital	D-13	4,794,179	4,794,179
Fixed Capital Authorized and Uncompleted	D-16	<u>3,226,425</u>	<u>3,176,425</u>
		<u>8,691,805</u>	<u>9,028,262</u>
Total Assets		<u>\$ 9,390,084</u>	<u>\$ 9,615,568</u>

BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - WATER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCES			
OPERATING FUND			
Liabilities			
Appropriation Reserves	D-3,D-11	\$ 125,225	\$ 117,083
Encumbrances Payable	D-12	51,523	36,831
Accrued Interest on Bonds, Notes and Loans	D-10	<u>39,602</u>	<u>42,286</u>
		216,350	196,200
Reserve for Receivables	D	79,526	73,110
Fund Balance	D-1	<u>402,403</u>	<u>317,996</u>
		<u>698,279</u>	<u>587,306</u>
CAPITAL FUND			
FMHA Loans Payable	D-19	557,734	605,765
Water Supply Loans Payable	D-22	22,437	82,283
NJ Environmental Infrastructure Trust Loans Payable	D-23	240,372	277,412
Bond Anticipation Notes	D-25	1,037,400	989,900
Serial Bonds Payable	D-26	2,125,000	2,200,000
Accrued Interest Payable	D-24	181	1,480
Reserve for Deferred Amortization	D-17	1,075,305	1,072,805
Reserve for Amortization	D-14	2,962,357	2,742,440
Improvement Authorizations			
Funded	D-18	179,941	210,064
Unfunded	D-18	443,187	602,326
Due to Water Utility Operating Fund	D-9	1,299	1,255
Contracts Payable	D-15	29,831	206,684
Capital Improvement Fund	D-20	308	308
Fund Balance	D-4	<u>16,453</u>	<u>35,540</u>
		<u>8,691,805</u>	<u>9,028,262</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 9,390,084</u>	<u>\$ 9,615,568</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$0 and \$0, respectively, (Exhibit D-27).

BOROUGH OF HOPATCONG
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	D-2	\$ 116,814	\$ 85,120
Rents	D-2	824,306	845,437
Connection Fees	D-2	38,857	38,847
Water Capital Fund Balance	D-2	25,000	25,000
Miscellaneous - Non Budget Revenue	D-2	11,862	19,680
Other Credits to Income:			
Unexpended - Balance of Appropriation Reserves	D-11	<u>112,919</u>	<u>125,471</u>
 Total Income		 <u>1,129,758</u>	 <u>1,139,555</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operating	D-3	542,474	511,380
Capital Improvements	D-3	2,500	12,500
Debt Service	D-3	338,863	337,178
Deferred Charges and Statutory Expenditures	D-3	<u>44,700</u>	<u>41,100</u>
 Total Expenditures		 <u>928,537</u>	 <u>902,158</u>
 Excess in Revenue		 201,221	 237,397
 Fund Balance, January 1	D	 <u>317,996</u>	 <u>165,719</u>
		519,217	403,116
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>116,814</u>	<u>85,120</u>
 Fund Balance, December 31	D	 <u>\$ 402,403</u>	 <u>\$ 317,996</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Reference	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	D-1	\$ 116,814	\$ 116,814	
Rents	D-1,D-8	810,000	824,306	\$ 14,306
Connection Fees	D-1, D-5		38,857	38,857
Water Utility Capital Fund Balance	D-1, D-5	25,000	25,000	
Miscellaneous	D-1, D-5	-	11,862	11,862
		<u>\$ 951,814</u>	<u>\$ 1,016,839</u>	<u>\$ 65,025</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
STATEMENT OF EXPENDITURES - REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated Budget</u>	<u>Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATING					
Salaries and Wages	\$ 245,474	\$ 245,474	\$ 228,130	\$ 17,344	
Other Expenses	297,000	297,000	215,019	81,981	
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	2,500	2,500	2,500		
DEBT SERVICE					
Payment on Loan Principal	148,870	148,870	148,864		\$ 6
Interest on Loans	41,370	41,370	37,400		3,970
Interest on Notes	30,310	30,310	11,513		18,797
Payment of Bond Principal	75,000	75,000	75,000		-
Interest on Bonds	66,590	66,590	66,086		504
STATUTORY EXPENDITURES					
Contribution to					
Public Employees Retirement System	21,000	21,000	18,800	2,200	
Social Security System (O.A.S.I.)	18,700	18,700		18,700	
Unemployment Compensation Insurance	5,000	5,000	-	5,000	-
	<u>\$ 951,814</u>	<u>\$ 951,814</u>	<u>\$ 803,312</u>	<u>\$ 125,225</u>	<u>\$ 23,277</u>
	<u>Reference</u>	D-2	D-2	D	
Cash Disbursements	D-5		\$ 702,876		
Accrued Interest	D-10		48,913		
Encumbrances Payable	D-12		<u>51,523</u>		
			<u>\$ 803,312</u>		

BOROUGH OF HOPATCONG
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	D	\$ 35,540	\$ 50,869
Increased by:			
Premium on Sale of Bonds and Notes	D-5	<u>5,913</u>	<u>9,671</u>
		41,453	60,540
Decreased by:			
Revenue Anticipated in Water Utility Operating Fund	D-2, D-5	<u>25,000</u>	<u>25,000</u>
Balance, December 31	D	<u>\$ 16,453</u>	<u>\$ 35,540</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - SEWER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
OPERATING FUND			
Cash	E-5	\$ 3,860,483	\$ 3,293,894
Change Fund	E-22	50	50
Due from Federal and State Grants Fund	E-8	<u>-</u>	<u>150,000</u>
		<u>3,860,533</u>	<u>3,443,944</u>
Receivables with Full Reserves			
Consumer Accounts Receivable	E-7	488,183	427,984
Sewer Liens Receivable	E-23	<u>528</u>	<u>5,033</u>
		<u>488,711</u>	<u>433,017</u>
		<u>4,349,244</u>	<u>3,876,961</u>
CAPITAL FUND			
Cash	E-5,E-6	669,006	597,567
Fixed Capital	E-12	60,690,806	60,677,184
Fixed Capital Authorized and Uncompleted	E-13	<u>488,000</u>	<u>159,000</u>
		<u>61,847,812</u>	<u>61,433,751</u>
Total Assets		<u>\$ 66,197,056</u>	<u>\$ 65,310,712</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - SEWER UTILITY FUND
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCES			
OPERATING FUND			
Liabilities			
Appropriation Reserves	E-3,E-9	\$ 412,706	\$ 358,037
Encumbrances Payable	E-11	19,767	48,531
Accrued Interest on Bonds,Notes and Loans	E-10	461,186	485,685
Prepaid Sewer Rents	E-17	<u>263,958</u>	<u>277,280</u>
		1,157,617	1,169,533
Reserve for Receivables	E	488,711	433,017
Fund Balance	E-1	<u>2,702,916</u>	<u>2,274,411</u>
		<u>4,349,244</u>	<u>3,876,961</u>
CAPITAL FUND			
Serial Bonds Payable	E-15	17,060,000	17,060,000
NJ Environmental Infrastructure Trust Loans Payable	E-16	8,371,468	9,336,785
Bond Anticipation Notes	E-21	11,758,455	11,931,100
Reserve for Amortization	E-14	23,729,919	22,503,980
Reserve for Deferred Amortization	E-18	8,900	4,250
Improvement Authorization			
Funded	E-20	4,650	-
Unfunded	E-20	365,754	42,207
Contracts Payable	E-19	17,138	33,587
Fund Balance	E-4	<u>531,528</u>	<u>521,842</u>
		<u>61,847,812</u>	<u>61,433,751</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 66,197,056</u>	<u>\$ 65,310,712</u>

There were bonds and notes authorized but not issued on December 31, 2014 and 2013 of \$250,050 and \$55 , respectively, (Exhibit E-24).

BOROUGH OF HOPATCONG
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	E-2	\$ 439,404	\$ 409,659
Rents	E-2	4,169,059	4,331,265
Miscellaneous - Non Budget Revenue	E-2	4,484	172
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-9	<u>352,431</u>	<u>188,747</u>
Total Income		<u>4,965,378</u>	<u>4,929,843</u>
EXPENDITURES			
Budget Appropriations			
Operating	E-3	1,683,674	1,651,680
Capital Improvements	E-3	4,650	4,250
Debt Service	E-3	2,364,945	2,375,995
Deferred Charges and Statutory Expenditures	E-3	<u>44,200</u>	<u>40,600</u>
Total Expenditures		<u>4,097,469</u>	<u>4,072,525</u>
Excess in Revenue		867,909	857,318
Fund Balance, January 1	E	<u>2,274,411</u>	<u>1,826,752</u>
		3,142,320	2,684,070
Decreased by:			
Utilized as Anticipated Revenue	E-1	<u>439,404</u>	<u>409,659</u>
Fund Balance, December 31	E	<u>\$ 2,702,916</u>	<u>\$ 2,274,411</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HOPATCONG
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Surplus Utilized	E-1	\$ 439,404	\$ 439,404	
Rents	E-1, E-7, E-23	3,870,000	4,169,059	\$ 299,059
Miscellaneous Revenue	E-1, E-5	-	4,484	4,484
		<u>\$ 4,309,404</u>	<u>\$ 4,612,947</u>	<u>\$ 303,543</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
STATEMENT OF EXPENDITURES - REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Appropriated Budget	Budget After Modification	Expended		
			Paid or Charged	Reserved	Cancelled
OPERATING					
Salaries and Wages	\$ 239,474	\$ 239,474	\$ 223,998	\$ 15,476	
Other Expenses	1,444,200	1,444,200	1,072,370	371,830	
CAPITAL IMPROVEMENTS					
Capital Outlay	4,650	4,650	4,650		
DEBT SERVICE					
Payment of Loan Principal	965,320	965,320	965,317		\$ 3
Payment of Note Principal	261,000	261,000	261,000		
Interest on Bonds	749,830	749,830	749,823		7
Interest on Notes	314,370	314,370	150,485		163,885
Interest on Loans	286,360	286,360	238,320		48,040
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Contribution to					
Public Employees Retirement System	21,000	21,000	18,800	2,200	
Social Security System (O.A.S.I.)	18,200	18,200		18,200	
Unemployment Compensation Insurance	5,000	5,000	-	5,000	-
	<u>\$ 4,309,404</u>	<u>\$ 4,309,404</u>	<u>\$ 3,684,763</u>	<u>\$ 412,706</u>	<u>\$ 211,935</u>
	<u>Reference</u>	<u>E-2</u>	<u>E-2</u>	<u>E</u>	
Cash Disbursements	E-5		\$ 2,526,368		
Accrued Interest	E-10		1,138,628		
Encumbrances Payable	E-11		<u>19,767</u>		
			<u>\$ 3,684,763</u>		

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HOPATCONG
COMPARATIVE STATEMENTS OF FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	E	\$ 521,842	\$ 405,274
Increased by:			
Premium on Sale of Bonds and Notes	<u>E-5</u>	9,308	116,568
Improvement Authority Cancelled	E-5	<u>378</u>	<u>-</u>
Balance, December 31	E	<u>\$ 531,528</u>	<u>\$ 521,842</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HOPATCONG
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Land and Land Improvements	\$ 13,133,119	\$ 13,063,319
Buildings and Building Improvements	8,918,010	8,880,599
Machinery and Equipment	<u>9,234,129</u>	<u>8,774,441</u>
	<u>\$ 31,285,258</u>	<u>\$ 30,718,359</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 31,285,258</u>	<u>\$ 30,718,359</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Hopatcong (the "Borough") was incorporated in 1898 and operates under an elected Mayor and Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

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

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The 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.

BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Open Space Preservation Fund - This fund is used to account for the receipts and disbursements relating to municipal open space.

Length of Service Award Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the water and sewer utility funds. The Borough's infrastructure is not reported in the account group.

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

Reclassifications - Certain reclassifications have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Hopatcong follows a modified accrual basis of accounting. 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 or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - 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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. 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 tax 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 (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

Utility Revenues/Receivables - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water and sewer utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair 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 for interfunds and, therefore, does not recognize income in the year liquidated.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

Deferred Charges – Certain expenditures are required to be deferred to budgets of succeeding years. GAAP requires expenditures generally to be recognized when incurred, if measurable.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and 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.

Expenditures – 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 cancelled 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, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. 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 are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Hopatcong has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,500 and an estimated useful life in excess of two years.

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 sewerage and drainage systems are not capitalized.

Fixed Assets are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water and sewer utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Other Trust Fund (Except Open Space Preservation Trust Fund)
General Capital Fund
Water Utility Capital Fund
Sewer Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no 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. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. 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 2014 and 2013 the Borough Council increased the original current fund budget by \$135,595 and \$604,769. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2014 and 2013.

NOTE 3 DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. **Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$15,300,270 and \$14,328,323 and bank and brokerage firm balances of the Borough's deposits amounted to \$15,278,819 and \$16,239,237, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured	\$ 15,275,334	\$ 16,235,755
Uninsured and uncollateralized	<u>3,485</u>	<u>3,482</u>
	<u>\$ 15,278,819</u>	<u>\$ 16,239,237</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2014 and 2013, the Borough's bank balances of \$3,485 and \$3,482 were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Uninsured and uncollateralized	<u>\$ 3,485</u>	<u>\$ 3,482</u>
	<u>\$ 3,485</u>	<u>\$ 3,482</u>

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2014 and 2013, the Borough had the following investments:

	<u>Fair Value</u>	<u>Book Value</u>
<u>2014</u>		
Investment:		
U.S. Government Securities		
Blackrock Liquidity Funds - Money Market		\$ 176,538
Blackrock Funds - Fixed Income		75,000
Length of Service Award Program (Unaudited)	\$ 1,037,983	-
	<u>\$ 1,037,983</u>	<u>\$ 251,538</u>
	<u>Fair Value</u>	<u>Book Value</u>
<u>2013</u>		
Investment:		
U.S. Government Securities		
Blackrock Liquidity Funds - Money Market		\$ 185,233
Blackrock Funds - Fixed Income		75,000
Length of Service Award Program (Unaudited)	\$ 962,394	-
	<u>\$ 962,394</u>	<u>\$ 260,233</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2014 and 2013, \$1,289,521 and \$1,222,627 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	<u>Book Value</u>
<u>2014</u>		
Uninsured and Uncollateralized	<u>\$ 1,037,983</u>	<u>\$ 251,538</u>
	<u>Fair Value</u>	<u>Book Value</u>
<u>2013</u>		
Uninsured and Uncollateralized	<u>\$ 962,394</u>	<u>\$ 260,233</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2014 and 2013, the Borough’s investment in Lincoln Financial a subsidiary of Lincoln National Corporation was rated Baa1 and Baa2, respectively, by Moody’s Investors Service.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial. These investments are 100% of the Borough’s total investments.

The fair value of the above-listed investments were based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds are assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2014 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility Sewer</u>	<u>Total</u>
<u>2014</u>				
Property Taxes	\$ 1,014,982			\$ 1,014,982
Tax Title Liens	257,537			257,537
Utility Rents		\$ 79,526	\$ 488,183	567,709
Utility Liens	-	-	528	528
	<u>\$ 1,272,519</u>	<u>\$ 79,526</u>	<u>\$ 488,711</u>	<u>\$ 1,840,756</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Continued)

In 2014, the Borough collected \$979,757 and \$505,599 from delinquent taxes and utility charges and fees, which represented 82% and 99.9% of the delinquent tax, water and sewer charges receivable at December 31, 2013.

Receivables at December 31, 2013 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
2013				
Property Taxes	\$ 978,233			\$ 978,233
Tax Title Liens	218,714			218,714
Utility Rents		\$ 73,110	\$ 427,984	501,094
Utility Liens	-	-	5,033	5,033
	<u>\$ 1,196,947</u>	<u>\$ 73,110</u>	<u>\$ 433,017</u>	<u>\$ 1,703,074</u>

In 2013, the Borough collected \$1,119,507 and \$630,295 from delinquent taxes and utility charges and fees, which represented 86% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2012.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2014</u>		<u>2013</u>	
	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Current Fund	\$ 815		\$ 728	
Grants Fund				\$ 150,000
Other Trust Fund		\$ 815		728
Water Utility Operating Fund	1,299		1,255	
Water Utility Capital Fund		1,299		1,255
Sewer Utility Operating Fund	-	-	150,000	-
Total	<u>\$ 2,114</u>	<u>\$ 2,114</u>	<u>\$ 151,983</u>	<u>\$ 151,983</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or receipts being received by one fund on behalf of another.

The Borough expects all interfund balances to be liquidated within one year.

**BOROUGH OF HOPATCONG
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance December 31,	Subsequent Year Budget Appropriation	Balance to Succeeding Budgets
<u>2014</u>			
Current Fund			
Special Emergency Authorization	<u>\$ 180,000</u>	<u>\$ 60,000</u>	<u>\$ 120,000</u>
<u>2013</u>			
Current Fund			
Special Emergency Authorization	<u>\$ 240,000</u>	<u>\$ 60,000</u>	<u>\$ 180,000</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	<u>2014</u>		<u>2013</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31,</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 3,755,814	\$ 1,425,000	\$ 2,987,825	\$ 1,425,000
Non-Cash Surplus	<u>180,000</u>	<u>-</u>	<u>240,000</u>	<u>-</u>
	<u>\$ 3,935,814</u>	<u>\$ 1,425,000</u>	<u>\$ 3,227,825</u>	<u>\$ 1,425,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 401,104	\$ 204,538	\$ 316,741	\$ 116,814
Non-Cash Surplus	<u>1,299</u>	<u>-</u>	<u>1,255</u>	<u>-</u>
	<u>\$ 402,403</u>	<u>\$ 204,538</u>	<u>\$ 317,996</u>	<u>\$ 116,814</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 2,702,916	\$ 584,788	\$ 2,124,411	\$ 439,404
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
	<u>\$ 2,702,916</u>	<u>\$ 584,788</u>	<u>\$ 2,274,411</u>	<u>\$ 439,404</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land and Land Improvements	\$ 13,063,319	\$ 92,800	\$ 23,000	\$ 13,133,119
Buildings and Building Improvements	8,880,599	37,411		8,918,010
Machinery and Equipment	<u>8,774,441</u>	<u>561,317</u>	<u>101,629</u>	<u>9,234,129</u>
	<u>\$ 30,718,359</u>	<u>\$ 691,528</u>	<u>\$ 124,629</u>	<u>\$ 31,285,258</u>
	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land and Land Improvements	\$ 11,611,019	\$ 1,493,300	\$ 41,000	\$ 13,063,319
Buildings and Building Improvements	8,868,949	11,650	-	8,880,599
Machinery and Equipment	<u>7,696,563</u>	<u>1,318,653</u>	<u>240,775</u>	<u>8,774,441</u>
	<u>\$ 28,176,531</u>	<u>\$ 2,823,603</u>	<u>\$ 281,775</u>	<u>\$ 30,718,359</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 8 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets

The following is a summary of changes in the utility funds fixed assets for the years ended December 31, 2014 and 2013.

<u>Water Utility Fund</u>	Balance December 31, 2013	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2014
2014				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	\$ 4,794,179	\$ -	\$ -	\$ 4,794,179
	Balance December 31, 2012	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2013
2013				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	\$ 4,794,179	\$ -	\$ -	\$ 4,794,179
<u>Sewer Utility Fund</u>	Balance December 31, 2013	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2014
2014				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	\$ 60,677,184	\$ 13,622	\$ -	\$ 60,690,806
	Balance December 31, 2012	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2013
2013				
Fixed Capital				
System and System Improvements/ Buildings/Equipment	\$ 56,777,184	\$ 3,900,000	\$ -	\$ 60,677,184

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds and Notes	\$ 8,525,550	\$ 9,250,000
Water Utility		
Bonds, Notes and Loans	3,982,943	4,155,360
Sewer Utility		
Bond, Notes and Loans	<u>37,189,923</u>	<u>38,327,885</u>
Net Debt Issued	49,698,416	51,733,245
Authorized But Not Issued		
General		
Bonds and Notes	143,280	80
Sewer Utility		
Bonds and Notes	<u>250,050</u>	<u>55</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 50,091,746</u>	<u>\$ 51,733,380</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .53% and .54% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 8,668,830		\$ 8,668,830
School Debt			
Utility Debt	<u>41,422,913</u>	<u>41,422,916</u>	<u>-</u>
Total	<u>\$ 50,091,743</u>	<u>\$ 41,422,916</u>	<u>\$ 8,668,830</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 9,250,080		\$ 9,250,080
School Debt			
Utility Debt	<u>42,483,300</u>	<u>\$ 42,483,300</u>	<u>-</u>
Total	<u>\$ 51,733,380</u>	<u>\$ 42,483,300</u>	<u>\$ 9,250,080</u>

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 57,691,349	\$ 59,820,179
Net Debt	<u>8,668,830</u>	<u>9,250,800</u>
Remaining Borrowing Power	<u>\$ 49,022,519</u>	<u>\$ 50,569,379</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
\$3,865,000, 2006 Refunding Bonds, due in annual installments of \$385,000 to \$405,000 through August 1, 2019, interest at 4.00% to 4.10%	\$ 1,985,000	\$ 2,390,000
\$5,760,000, 2011 General Bonds, due in annual installments of \$590,000 to \$650,000 through September 1, 2021, interest at 2.00% to 2.50%	<u>4,520,000</u>	<u>5,110,000</u>
	<u>\$ 6,505,000</u>	<u>\$ 7,500,000</u>

Utility Bonds

The Borough pledges revenue from operations to pay debt service on utility bonds issued. The water and sewer utility bonds outstanding at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
Water Utility		
\$2,335,000, 2011 Water Improvement Bonds, due in annual installments of \$75,000 to \$130,000 through September 1, 2031, interest at 2.00% to 4.00%	<u>\$ 2,125,000</u>	<u>\$ 2,200,000</u>
	<u>\$ 2,125,000</u>	<u>\$ 2,200,000</u>

	<u>2014</u>	<u>2013</u>
Sewer Utility		
\$17,060,000, 2006 Sewer Refunding Bonds, due in annual installments of \$20,000 to \$9,840,000 through August 1, 2033, interest at 4.00% to 4.35%	<u>\$ 17,060,000</u>	<u>\$ 17,060,000</u>
	<u>\$ 17,060,000</u>	<u>\$ 17,060,000</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Intergovernmental Loans Payable

The Borough entered into an agreement with the Farmers Home Administration for the issuance of bonds for the acquisition and reconstruction of its water supply and distribution system.

The Borough has also entered into two loan agreements with the NJ Department of Environmental Protection to rehabilitate its water supply and distribution system.

The Borough has also entered into three loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust"), in the aggregate amount of \$17,124,545, which represents direct obligations of the Borough. The loan agreements were obtained to finance a portion of the cost of water supply and distribution system and wastewater treatment system projects.

The Borough pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the water utility and sewer utility at December 31 are as follows:

Water Utility

	<u>2014</u>	<u>2013</u>
\$1,316,000 FMHA Loans Payable due in semi-annual installments of \$23,719 to \$37,790 through August 16, 2023, interest at 5.00%	\$ 557,734	\$ 605,765
\$461,969 Water Supply Loans Payable due in semi-annual installments of \$20,851 to \$21,217 through December 26, 2014, interest at 3.50%		42,068
\$261,966 Water Supply Loans Payable due in semi-annual installments of \$10,775 to \$11,309 through July 30, 2015, interest at 3.25%	22,437	40,215
\$335,000, 2000 Trust Loan, due in annual installments of \$20,000 to \$25,000 through August 1, 2020, interest at 5.00% to 5.25%	140,000	160,000
\$335,000, 2000 Fund Loan, due in annual installments of \$395 to \$16,633 through August 1, 2020, interest at 0%	100,372	117,412
Total Water Utility Loans	<u>\$ 820,543</u>	<u>\$ 965,460</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Sewer Utility

	<u>2014</u>	<u>2013</u>
\$2,840,000, 2001 Trust Loan, due in annual installments of \$170,000 to \$240,000 through August 1, 2021, interest at 4.75% to 5.5%	\$ 1,470,000	\$ 1,640,000
\$2,650,000, 2001 Fund Loan, due in semi-annual installments of \$3,576 to \$154,126 through August 1, 2021	1,110,525	1,267,865
\$5,720,000, 2002 Trust Loan, due in annual installments of \$325,000 to \$485,000 through August 1, 2022, interest at 4.75% to 5.5%	3,280,000	3,605,000
\$5,250,000, 2002 Fund Loan, due in semi-annual installments of \$7,141 to \$307,812 through August 1, 2022	<u>2,510,943</u>	<u>2,823,920</u>
Total Environmental Infrastructure Loans	<u>\$ 8,371,468</u>	<u>\$ 9,336,785</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	General Serial Bonds		Water Utility Bonds and Loans		Sewer Utility Bonds and Loans		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 1,025,000	\$ 175,873	\$ 194,337	\$ 100,702	\$ 1,018,079	\$ 984,935	\$ 3,498,926
2016	1,050,000	147,273	203,838	94,874	1,092,312	957,885	3,546,182
2017	1,050,000	118,273	213,915	88,865	1,123,865	927,585	3,522,503
2018	1,045,000	89,273	220,945	82,433	1,151,385	895,785	3,484,821
2019	1,035,000	60,473	233,117	75,758	1,181,227	862,535	3,448,110
2020-2024	1,300,000	47,125	969,391	265,246	6,204,600	3,736,263	12,522,625
2025-2029	-	-	650,000	110,630	6,635,000	2,484,360	9,879,990
2030-2033	-	-	260,000	13,520	7,025,000	847,800	8,146,320
Total	<u>\$ 6,505,000</u>	<u>\$ 638,290</u>	<u>\$ 2,945,543</u>	<u>\$ 832,028</u>	<u>\$ 25,431,468</u>	<u>\$ 11,697,148</u>	<u>\$ 48,049,477</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund Bonds Payable	\$ 7,500,000	-	\$ 995,000	\$ 6,505,000	\$ 1,025,000
General Capital Fund Long-Term Liabilities	<u>\$ 7,500,000</u>	<u>\$ -</u>	<u>\$ 995,000</u>	<u>\$ 6,505,000</u>	<u>\$ 1,025,000</u>
Water Utility Capital Fund Bonds Payable	\$ 2,200,000		\$ 75,000	\$ 2,125,000	\$ 85,000
Loans Payable					
FMHA	605,765		48,031	557,734	50,463
Water Supply	82,283		59,846	22,437	22,437
Wastewater Loans	<u>277,412</u>	<u>-</u>	<u>37,040</u>	<u>240,372</u>	<u>36,437</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 3,165,460</u>	<u>\$ -</u>	<u>\$ 219,917</u>	<u>\$ 2,945,543</u>	<u>\$ 194,337</u>
Sewer Utility Capital Fund Bonds Payable	\$ 17,060,000			\$ 17,060,000	\$ 20,000
Intergovernmental Loans Wastewater Loans	<u>9,336,785</u>	<u>-</u>	<u>\$ 965,317</u>	<u>8,371,468</u>	<u>998,079</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 26,396,785</u>	<u>\$ -</u>	<u>\$ 965,317</u>	<u>\$ 25,431,468</u>	<u>\$ 1,018,079</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund Bonds Payable	\$ 8,457,000	-	\$ 957,000	\$ 7,500,000	\$ 995,000
General Capital Fund Long-Term Liabilities	<u>\$ 8,457,000</u>	<u>\$ -</u>	<u>\$ 957,000</u>	<u>\$ 7,500,000</u>	<u>\$ 995,000</u>
Water Utility Capital Fund Bonds Payable	\$ 2,270,000		\$ 70,000	\$ 2,200,000	\$ 75,000
Loans Payable					
FMHA	651,481		45,716	605,765	48,031
Water Supply	143,953		61,670	82,283	59,846
Wastewater Loans	<u>315,054</u>	<u>-</u>	<u>37,642</u>	<u>277,412</u>	<u>37,040</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 3,380,488</u>	<u>\$ -</u>	<u>\$ 215,028</u>	<u>\$ 3,165,460</u>	<u>\$ 219,917</u>
Sewer Utility Capital Fund Bonds Payable	\$ 17,060,000			\$ 17,060,000	
Intergovernmental Loans Wastewater Loans	<u>10,285,449</u>	<u>-</u>	<u>\$ 948,664</u>	<u>9,336,785</u>	<u>\$ 965,317</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 27,345,449</u>	<u>\$ -</u>	<u>\$ 948,664</u>	<u>\$ 26,396,785</u>	<u>\$ 965,317</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
<u>2014</u>						
<u>General Capital Fund</u>						
Various Improvements	1.25%	8/1/2014	\$ 1,750,000		\$ 1,750,000	
Various Improvements	1.00%	7/31/2015	-	\$ 2,020,550	-	\$ 2,020,550
Total General Capital Fund			<u>\$ 1,750,000</u>	<u>\$ 2,020,550</u>	<u>\$ 1,750,000</u>	<u>\$ 2,020,550</u>
<u>Water Utility Capital Fund</u>						
Improvements to Water Supply and Distribution System	1.25%	8/1/2014	\$ 693,500		\$ 693,500	
Improvements to Water Supply and Distribution System	1.00%	7/31/2015		\$ 693,500		\$ 693,500
Various Water Utility Improvements	1.25%	8/1/2014	296,400		296,400	
Various Water Utility Improvements	1.00%	7/31/2015	-	343,900	-	343,900
Total Water Utility Capital Fund			<u>\$ 989,900</u>	<u>\$ 1,037,400</u>	<u>\$ 989,900</u>	<u>\$ 1,037,400</u>

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2014</u>
2014						
<u>Sewer Utility Capital Fund</u>						
Improvement of the Sanitary Sewerage System - Phase I & II	1.25%	8/1/2014	\$ 8,302,405		\$ 8,302,405	
	1.00%	9/15/2014		\$ 8,163,405	8,163,405	
	(A)	9/11/2015		8,163,405		\$ 8,163,405
Improvement of the Sanitary Sewerage System - Phase I & II	1.25%	8/1/2014	3,474,000		3,474,000	
	1.00%	9/15/2014		\$ 8,163,405	8,163,405	
	(A)	9/11/2015		3,426,000		3,426,000
Sewer Utility Truck Body Replacement	1.25%	8/1/2014	14,000		14,000	
Various Improvements	1.25%	8/1/2014	60,000		60,000	
Various Improvements	1.25%	8/1/2014	80,695		80,695	
	1.00%	7/31/2015		80,700		80,700
Various Improvements	1.00%	7/31/2015	-	88,350	-	88,350
Total Sewer Utility Capital Fund			\$ 11,931,100	\$ 28,085,265	\$ 28,257,910	\$ 11,758,455

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>						
<u>General Capital Fund</u>						
Various Improvements	1.50%	8/2/2013	\$ 1,047,000		\$ 1,047,000	
Various Improvements	1.25%	8/1/2014	-	\$ 1,750,000	-	\$ 1,750,000
Total General Capital Fund			\$ 1,047,000	\$ 1,750,000	\$ 1,047,000	\$ 1,750,000
<u>Water Utility Capital Fund</u>						
Improvements to Water Supply and Distribution System	1.50%	8/2/2013	\$ 693,500	-	\$ 693,500	-
Improvements to Water Supply and Distribution System	1.25%	8/1/2014		\$ 693,500		\$ 693,500
Various Water Utility Improvements	1.50%	8/2/2013	58,880	-	58,880	-
Various Water Utility Improvements	1.25%	8/1/2014	-	296,400	-	296,400
Total Water Utility Capital Fund			\$ 752,380	\$ 989,900	\$ 752,380	\$ 989,900

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>December 31, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>December 31, 2013</u>
2013						
<u>Sewer Utility Capital Fund</u>						
Acquisition of a New Truck for Use by the Sewer Utility	1.50%	8/2/2013	\$ 12,000		\$ 12,000	
Improvement of the Sanitary Sewerage System - Phase I & II	1.50%	8/2/2013	8,416,405		8,416,405	
	1.25%	8/1/2014		\$ 8,302,405		\$ 8,302,405
Various Improvements	1.50%	8/2/2013	49,215		49,215	
Improvement of the Sanitary Sewerage System - Phase I & II	1.50%	8/2/2013	3,522,000		3,522,000	
	1.25%	8/1/2014		3,474,000		3,474,000
Construction of Sewer Maintenance Storage Facility	1.50%	8/2/2013	19,000		19,000	
Sewer Utility Truck Body Replacement	1.50%	8/2/2013	14,000		14,000	
	1.25%	8/1/2014		14,000		14,000
Various Improvements	1.50%	8/2/2013	60,000		60,000	
Various Improvements	1.25%	8/1/2014		60,000		60,000
Various Improvements	1.25%	8/1/2014	-	80,695	-	80,695
Total Sewer Utility Capital Fund			\$ 12,092,620	\$ 11,931,100	\$ 12,092,620	\$ 11,931,100

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the water and sewer utility activities are accounted for in the Water and Sewer Utility Capital Fund.

**BOROUGH OF HOPATCONG
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2014</u>		
Elba Point Infrastructure Improvements – Water Main Replacement	\$14,931	2015
Wildwood Shores Paving	125,000	2015
4X4 Crew Cab Pickup Truck	40,782	2015
<u>2013</u>		
Tree Removal/Pruning/Grinding	\$12,600	2014
Elba Point Infrastructure Improvements – Water Main Replacement	163,891	2014
Dupont Ave. Improvements	40,770	2014
Dupont Ave. Drainage Improvements	94,219	2014

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements, the Borough permits employees to accrue an unlimited amount of unused sick time, which may be taken as time off for illness or paid upon retirement at a rate of 25% of average daily pay for the first 100 days, 30% for the next 100 days and 42% for all days accumulated over 200. The average daily pay is determined by multiplying the hourly rate times 8. However, such payment is limited to a maximum of \$10,000 and is restricted to employees with at least 25 years of continuous service to the Borough at the time of retirement. If time is taken upon illness, payout of such time is at 100% of the pay rate. However, an employee who has been absent on sick leave for three or more consecutive working days, or for periods totaling 10 days in one calendar year, must submit acceptable medical evidence substantiating the illness.

The Borough also permits employees to accrue current year unused vacation time. However, such accrual must be formally approved by the Borough Administrator and must be utilized during the first quarter of the next succeeding calendar year. If these restrictions are met, payment of such time is at 100% of the pay rate. If not, unused accumulated time is forfeited.

In addition, employees are permitted to accrue an unlimited amount of unused compensatory time for overtime worked. This time, however, is forfeited upon termination of employment.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,866,897 and \$1,837,165 at December 31, 2014 and 2013, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2014 and 2013, the Borough has reserved in the Other Trust Fund \$193,399 and \$193,399, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Deferred Pension Obligation

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$395,044 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012 at December 31, 2014 and 2013 is \$430,932 and \$454,844, respectively.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

The Borough's changes in other long-term liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
Deferred Pension Obligation	\$ 454,844	\$ 34,491	\$ 58,403	\$ 430,932	\$ 59,627
Other Long-Term Liabilities	<u>\$ 454,844</u>	<u>\$ 34,491</u>	<u>\$ 58,403</u>	<u>\$ 430,932</u>	<u>\$ 59,627</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Deferred Pension Obligation	\$ 475,806	\$ 35,865	\$ 56,827	\$ 454,844	\$ 58,403
Other Long-Term Liabilities	<u>\$ 475,806</u>	<u>\$ 35,865</u>	<u>\$ 56,827</u>	<u>\$ 454,844</u>	<u>\$ 58,403</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation (Continued)

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**BOROUGH OF HOPATCONG
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 606,996	\$ 417,488	\$ 3,356
2013	620,438	390,353	1,481
2012	571,705	406,909	1,611

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Borough provides a post employment healthcare plan for its eligible retirees. The plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough provides \$2,500 annually until the age of 65 and then \$1,000 annually after age of 65.

Funding Policy

The required contribution is funded on a pay-as-you-go basis. For the year 2014, the Borough contributed \$12,000 for current premiums. The Borough has not had an actuarial valuation to date.

NOTE 14 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Hopatcong is a member of the Morris County Municipal Joint Insurance Fund. The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is risk-sharing public entity pool. The Fund coverage amounts are on file with the Borough.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 14 RISK MANAGEMENT (Continued)

The Borough is also a member of the North Jersey Municipal Employee Benefits Fund. This fund is an insured and self-administered group established for the sole purpose of providing medical insurance coverage to the employees of member municipalities. The Fund is a risk-sharing public entity pool. The Fund coverage amounts are on file with the Borough.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide their members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Borough/ Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 8,387		\$ 148,515
2013	8,501		140,128
2012	8,628		131,627

NOTE 15 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be immaterial. As of December 31, 2014 and 2013, the Borough reserved \$200,000 and \$200,000, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014 and 2013, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Hopatcong Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 1, 2001 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Hopatcong approved the adoption of the Plan at the general election held on November 6, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Rescue Squad, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

**BOROUGH OF HOPATCONG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

The Borough of Hopatcong has contributed \$1,150 and \$1,150 for 2014 and 2013, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,150 and \$1,150 for 2014 and 2013, respectively for each eligible volunteer rescue squad members into the Plan. The total Borough contributions were \$63,310 and \$76,015 for 2014 and 2013, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 18 CLOSURE AND POST-CLOSURE CARE COSTS

The Borough of Hopatcong has closed its landfill in accordance with an order from the Department of Environmental Protection, State of New Jersey. As of December 31, 2014 and 2013, the Borough has set aside \$251,538 and \$260,233 in the Other Trust Funds to fund the landfill closure. Ultimate costs of the closure will likely exceed the funds set aside. The extent of the closure costs has not been determined at this time. However, the Borough will pursue grants and aid to offset the debt likely to be required to fund the landfill closure.

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

On May 6, 2015 the Borough adopted three Bond Ordinances authorizing the issuance of \$1,511,450 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**BOROUGH OF HOPATCONG
STATEMENT OF CURRENT CASH - TREASURER**

	Regular Fund	Federal and State Grants Fund
Balance, December 31, 2013	\$ 6,642,388	\$ 58,849
Increased by Receipts:		
Taxes Receivable	\$ 44,313,215	
Non-Budget Revenue	248,889	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	166,506	
Tax Title Liens	10,450	
Prepaid Taxes	221,674	
Grants Receivable		\$ 303,425
Revenue Accounts Receivable	1,975,080	
Tax Overpayments	24,336	
Unappropriated Grant Reserves		15,744
Miscellaneous Reserves	1,761,408	
Due to State - Marriage License Fees	425	
Due to State - Training Fees	3,683	
Receipts from General Capital Fund	1	
Receipts from Sewer Operating	-	200,000
	48,725,667	519,169
	55,368,055	578,018
Decreased by Disbursements:		
2014 Budget Appropriations	13,752,556	
2013 Appropriation Reserves	651,693	
County Taxes Payable	8,606,407	
Local School Taxes Payable	23,835,544	
Municipal Open Space Taxes Payable	10,112	
Appropriated Grant Reserves		212,054
Miscellaneous Reserves	1,781,442	
Tax Overpayments Refunded	7,198	
Appropriated Reserves - Hudson Guild Farms	31,577	
Due to State - Marriage License Fees	550	
Due to State - Training Fees	2,365	
Amount Paid to Sewer Operating Fund	-	350,000
	48,679,444	562,054
Balance, December 31, 2014	\$ 6,688,611	\$ 15,964

**BOROUGH OF HOPATCONG
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Tax Collector	\$ <u>300</u>	\$ <u>300</u>

EXHIBIT A-6

**STATEMENT OF DUE TO STATE OF NEW JERSEY
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2013		\$ 10,883
Increased by:		
Received in Cash from State	\$ 166,506	
Senior Citizens' Deductions Disallowed by Tax Collector - Prior Year	5,250	
Veterans' Deductions Disallowed Per Tax Collector - Prior Year	750	
Veterans' Deductions Disallowed Per Tax Collector	1,000	
Senior Citizens' Deductions Disallowed by Tax Collector	<u>3,936</u>	
		<u>177,442</u>
		188,325
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	30,000	
Senior Citizens' Deductions Allowed Per Tax Collector	1,250	
Senior Citizens' Deductions Allowed Per Tax Collector - Prior Year	250	
Veterans' Deductions Per Tax Billings	141,250	
Veterans' Deductions Allowed Per Tax Collector	<u>2,750</u>	
		<u>175,500</u>
Balance, December 31, 2014		\$ <u>12,825</u>

BOROUGH OF HOPATCONG
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2013	2014 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transfer to Tax Title Liens	Balance, December 31, 2014
					2013	2014				
2009	\$ 250					\$ 250				
2010	250					250				
2012	8,966					8,716	\$ 250			
2013	968,767	-	\$ 5,164	\$ 6,000	-	960,091	-	\$ 12,082	\$ 2,250	\$ 5,508
	978,233	-	5,164	6,000	-	969,307	250	12,082	2,250	5,508
2014	-	\$ 45,314,549	-	4,936	\$ 699,939	43,343,908	175,250	44,940	45,974	1,009,474
	<u>\$ 978,233</u>	<u>\$ 45,314,549</u>	<u>\$ 5,164</u>	<u>\$ 10,936</u>	<u>\$ 699,939</u>	<u>\$ 44,313,215</u>	<u>\$ 175,500</u>	<u>\$ 57,022</u>	<u>\$ 48,224</u>	<u>\$ 1,014,982</u>

Analysis of 2014 Property Tax Levy

TAX YIELD

General Purpose Tax \$ 45,140,336
 Added Taxes (54:4-63.1 et seq.) 174,213

\$ 45,314,549

TAX LEVY

Local School Tax \$ 23,855,544
 County Taxes
 County Tax \$ 7,724,884
 County Library 580,356
 County Health 263,001
 County Open Space Preservation 37,785
 Due County for Added and Omitted
 Taxes (54:4-63.1 et seq.) 34,224

8,640,250

Local Tax for Municipal Purposes 12,683,265
 Municipal Open Space Preservation 10,112
 Add Additional Tax Levied 125,378

12,818,755

\$ 45,314,549

**BOROUGH OF HOPATCONG
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2013		\$ 218,714
Increased by:		
Transferred from Taxes Receivable	\$ 48,224	
Interest and Costs at Tax Sale	<u>1,049</u>	
		<u>49,273</u>
		267,987
Decreased by:		
Receipts		<u>10,450</u>
Balance, December 31, 2014		<u>\$ 257,537</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)**

Balance, December 31, 2013		\$ 5,104,300
Decreased by:		
Adjustment to Assessed Valuation		<u>129,900</u>
Balance, December 31, 2014		<u>\$ 4,974,400</u>

**BOROUGH OF HOPATCONG
FEDERAL AND STATE GRANTS FUND
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, <u>2013</u>	Revenue <u>Realized</u>	<u>Decreased</u>	<u>Cancelled</u>	Balance December 31, <u>2014</u>
Municipal Alliance on Alcoholism & Drug Abuse - 2011	\$ 119			\$ 119	-
Municipal Alliance on Alcoholism & Drug Abuse - 2012	4,202			4,202	-
Municipal Alliance on Alcoholism & Drug Abuse - 2013	13,987		\$ 11,946	2,041	-
Municipal Alliance on Alcoholism & Drug Abuse - 2014		\$ 13,134			\$ 13,134
Clean Communities		29,764	29,764		-
Body Armor Fund		2,525	2,525		-
Bulletproof Partnership		4,998	4,998		-
Click it or Ticket		4,000	4,000		-
Organized Crime Drug Enforcement	3,100	6,500	6,964		2,636
Safe and Secure Communities Program	15,000	60,000	60,000		15,000
Drunk Driving Enforcement Fund		7,174	7,174		
NJ Highlands Council:					
Plan Conformance	153,224		21,954		131,270
TDR Feasibility	12,500				12,500
NJ Department of Transportation Trust Fund Authority Act - Road Paving	200,000		150,000		50,000
NJ Department of Transportation Trust Fund Authority Act - Enhancement	317,872			49,002	268,870
DCA Small Cities Grant (Senior Ctr.)	2,477			2,477	-
Drive Sober or Get Pulled Over Grant	4,400	7,500	4,100	-	7,800
	<u>\$ 726,881</u>	<u>\$ 135,595</u>	<u>\$ 303,425</u>	<u>\$ 57,841</u>	<u>\$ 501,210</u>
			<u>\$ 303,425</u>		

BOROUGH OF HOPATCONG
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2013</u>	Accrued in <u>2014</u>	Collected by <u>Treasurer</u>	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 28,583	\$ 28,583	
Fees and Permits		9,924	9,924	
Police Department				
Fees and Permits		1,718	1,718	
Planning/Zoning				
Fees and Permits		10,703	10,703	
DPW - Bulk Stickers				
Fees and Permits		15,251	15,251	
DPW - Tires				
Fees and Permits		303	303	
Construction Code Official				
Fees and Permits		168,333	168,333	
Board of Health				
Fees and Permits		14,614	14,614	
Municipal Court				
Fines and Costs	\$ 13,119	130,673	136,411	\$ 7,381
Interest and Cost on Taxes	18,871	213,026	231,897	-
Energy Receipts Tax		798,225	798,225	
Interest on Investments and Deposits		41,412	41,412	
Consolidated Municipal Property Tax Relief Act		155,045	155,045	
Interlocal Agreement - Municipal Court		97,828	97,828	
Interlocal Agreement - Nutrition Site		22,700	22,700	
Cell Tower Rental		83,180	83,180	
Hudson Farm Donation		15,000	15,000	
Capital Fund Balance		62,500	62,500	
Cable TV Franchise Fees		65,784	65,784	
Fire Prevention Fees	-	15,669	15,669	-
	<u>\$ 31,990</u>	<u>\$ 1,950,471</u>	<u>\$ 1,975,080</u>	<u>\$ 7,381</u>

**BOROUGH OF HOPATCONG
STATEMENT OF 2013 APPROPRIATION RESERVES**

	Balance December 31, 2013	Budget After Transfer or Modification	Paid or Charged	Balance Lapsed
Salaries and Wages				
Mayor and Council	\$ 706	\$ 706	\$ 686	\$ 20
Administrative and Executive	13,934	13,934	12,171	1,763
Borough Clerk	4,983	4,983	222	4,761
Financial Administration	9,760	9,760	6,179	3,581
Assessment of Taxes	11,264	11,264	6,634	4,630
Collection of Taxes	13,740	13,740	8,542	5,198
Land Use Board	11,676	11,676	2,526	9,150
Construction	10,119	10,119	8,002	2,117
Police	271,121	271,121	127,756	143,365
Emergency Dispatch	66,598	49,598	19,708	29,890
Emergency Management	2,000	2,000		2,000
Fire Prevention	2,607	2,607	945	1,662
Streets and Roads Maintenance	118,990	118,990	103,103	15,887
Municipal Court	25,797	25,797	9,655	16,142
Animal Control	25,442	25,442	2,619	22,823
Board of Health	338	338		338
Buildings & Grounds	3,830	3,830	947	2,883
Senior Citizens and Handicapped Transportation	4,674	4,674	2,137	2,537
CDBG Office	2,411	2,411		2,411
Open Space Committee	844	844		844
Recreation Commission	30,869	30,869	3,713	27,156
Park Maintenance	1,535	1,535	947	588
Other Expenses				
Mayor and Council	1,032	1,032	20	1,012
Administrative and Executive	26,597	26,597	3,679	22,918
Borough Clerk	7,717	7,717	252	7,465
Data Processing	16,951	16,951	632	16,319
Financial Administration				
Miscellaneous	25,887	25,887	17,120	8,767
Audit Services	21,400	21,400	18,400	3,000
Assessment of Taxes	18,219	18,219	2,387	15,832
Collection of Taxes	460	460	95	365
Land Use Board	4,011	4,011	2,538	1,473
Legal Services	51,718	51,718	21,795	29,923
Engineering Services and Costs	13,664	13,664		13,664
Construction	4,443	4,443	168	4,275
Aid to Volunteer Fire Companies	13,286	26,286	14,566	11,720
Police	18,014	18,014	14,013	4,001
Emergency Dispatch	18,010	18,010	123	17,887
Emergency Management	5,164	5,164	2,116	3,048
Fire Prevention	1,125	1,125		1,125
Municipal Prosecutor	13,890	13,890	9,606	4,284
Street and Road Maintenance	90,420	90,420	59,330	31,090
Contractual - Garbage	4,080	7,080	3,920	3,160
Recycling	7,912	7,912	5,250	2,662
Buildings and Grounds	21,296	21,296	5,199	16,097
Vehicle Maintenance	47,325	47,325	22,922	24,403
Municipal Court	1,763	1,763	100	1,663
Board of Health	1,258	2,258	772	1,486
Environmental Health Services	1,903	1,903		1,903
Park Maintenance	14,430	14,430	118	14,312
Senior Citizens Programs	4,367	4,367	1,012	3,355
Celebration of Public Events	5,562	5,562	538	5,024

**BOROUGH OF HOPATCONG
STATEMENT OF 2013 APPROPRIATION RESERVES**

	Balance December 31, 2013	Budget After Transfer on Modification	Paid or Charged	Balance Lapsed
Other Expenses (Cont.)				
Recreation Commission	\$ 5,637	\$ 5,637	\$ 177	\$ 5,460
Utilities:				
Electricity	38,867	38,867	5,232	33,635
Street Lighting	8,488	8,488		8,488
Telephone	20,731	20,731	965	19,766
Fuel Oil	23,244	23,244	19,410	3,834
Gasoline	20,555	20,555	20,425	130
Social Security System (O.A.S.I.)	47,637	47,637	47	47,590
Hudson Guild Farm Donation	15,000	15,000	15,000	-
Atlantic Health DWI Donation	21	21		21
State Unemployment Insurance	30,146	30,146	1,086	29,060
Defined Contribution Retirement Program Insurance	4,019	4,019	47	3,972
Workers Compensation	4,024	4,024		4,024
Employee Group Health	152,161	152,161		152,161
Solid Waste Disposal - Contract Services	91,204	91,204	5,203	86,001
State Mandated Landfill - Monitoring	7,770	7,770		7,770
LOSAP	100,000	100,000	76,015	23,985
	<u>\$ 1,664,646</u>	<u>\$ 1,664,646</u>	<u>\$ 666,770</u>	<u>\$ 997,876</u>

Appropriation Reserves	\$ 1,429,928
Prior Year Reserve for Encumbrances	<u>234,718</u>
	<u>\$ 1,664,646</u>

Cash Disbursement	\$ 651,693
Transferred to Appropriated Reserves	15,000
Accounts Payable	<u>77</u>
	<u>\$ 666,770</u>

EXHIBIT A-13

**STATEMENT OF RESERVE FOR ENCUMBRANCES
FEDERAL AND STATE GRANTS FUND**

Balance December 31, 2013	\$ 47,207
Increased by:	
Charges to Grant Appropriated Reserves	<u>26,709</u>
	73,916
Decreased by:	
Restored to Grant Appropriated Reserves	<u>47,207</u>
Balance December 31, 2014	<u>\$ 26,709</u>

**BOROUGH OF HOPATCONG
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2013	\$ 234,718
Increased by:	
Charges to 2014 Appropriations	<u>186,033</u>
	420,751
Decreased by:	
Cancelled and Restored to Appropriation Reserves	<u>234,718</u>
Balance, December 31, 2014	<u>\$ 186,033</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, December 31, 2013	\$ 699,939
Increased by:	
2015 Prepaid Taxes	<u>221,674</u>
	921,613
Decreased by:	
Application to 2014 Taxes	<u>699,939</u>
Balance, December 31, 2014	<u>\$ 221,674</u>

EXHIBIT A-16

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2013	\$ 7,198
Increased by:	
Overpayments	<u>24,336</u>
	31,534
Decreased by:	
Refunds	<u>7,198</u>
Balance, December 31, 2014	<u>\$ 24,336</u>

**BOROUGH OF HOPATCONG
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	Balance, December 31, <u>2014</u>
Tax Sale Premiums	\$ 840,400	\$ 745,900	\$ 810,100	\$ 776,200
Sale of Municipal Assets	26,700	63,675		90,375
Pending Tax Appeals	200,000			200,000
Third Party Tax Title Liens	30,356	944,954	964,447	10,863
Third Party Tax Title Lien Attorney Fees	40	6,879	6,895	24
PSE&G Settlement	15,058			15,058
Unidentified Receipts	<u>1,022</u>	<u>-</u>	<u>-</u>	<u>1,022</u>
	<u>\$ 1,113,576</u>	<u>\$ 1,761,408</u>	<u>\$ 1,781,442</u>	<u>\$ 1,093,542</u>

EXHIBIT A-18

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2013	\$ 381
Increased by:	
2014 Levy	
County Tax	\$ 7,724,884
County Library	580,356
County Health	263,001
County Open Space Preservation	37,785
County Tax for Added Taxes (54:4-63.1)	<u>34,224</u>
	<u>8,640,250</u>
	8,640,631
Decreased by:	
Payments	<u>8,606,407</u>
Balance, December 31, 2014	<u>\$ 34,224</u>

**BOROUGH OF HOPATCONG
STATEMENT OF LOCAL SCHOOL TAXES PAYABLE**

Increased by:		
2014 Levy		\$ 23,835,544
Decreased by:		
Payments		<u>\$ 23,835,544</u>

EXHIBIT A-20

STATEMENT OF MUNICIPAL OPEN SPACE TAXES PAYABLE

Increased by:			
2014 Levy			
Municipal Open Space Preservation	\$ 10,056		
Municipal Open Space Preservation - Added Taxes	<u>56</u>		
		<u>10,112</u>	
			10,112
Decreased by:			
Payments to Open Space Trust Fund			<u>10,112</u>
Balance, December 31, 2014			<u>\$ -</u>

**BOROUGH OF HOPATCONG
FEDERAL AND STATE GRANTS FUND
STATEMENT OF RESERVE FOR UNAPPROPRIATED GRANTS**

	Balance December 31, <u>2013</u>	<u>Received</u>	Realized in <u>2014</u>	Balance December 31, <u>2014</u>
Recycling Tonnage Grant	\$ 16,190	\$ 15,744	\$ 16,190	\$ 15,744
Drunk Driving Enforcement Fund	<u>8,158</u>	<u>-</u>	<u>8,158</u>	<u>-</u>
	<u>\$ 24,348</u>	<u>\$ 15,744</u>	<u>\$ 24,348</u>	<u>\$ 15,744</u>

**STATEMENT OF RESERVES FOR APPROPRIATED GRANTS
FEDERAL AND STATE GRANTS FUND**

	Balance December 31, <u>2013</u>	Transfer from 2014 <u>Budget</u>	Prior Year Encumbrances <u>Cancelled</u>	<u>Cancelled</u>	Paid or <u>Charged</u>	Balance December 31, <u>2014</u>
Clean Communities Program - 2011	\$ 30				\$ 30	
Clean Communities Grant - 2013	27,774				11,818	\$ 15,956
Clean Communities Grant - 2014		\$ 29,764				29,764
Recycling Tonnage Grant	41,331	16,190			30,912	26,609
Alcohol Education and Rehabilitation	1,827					1,827
Municipal Alliance -2011	119			\$ 119		-
Municipal Alliance -2012	4,202			4,202		-
Municipal Alliance - Year 2013	13,282			2,041	11,241	-
Municipal Alliance - Year 2014		13,134			1,477	11,657
Safe and Secure Communities		60,000			60,000	-
DCA Small Cities Grant (Senior Ctr)	2,477			2,477		-
NJ Highlands Council:						
Plan Conformance	112,211				33,586	78,625
TDR Feasibility	8,067					8,067
Drunk Driving Enforcement Fund	8,153	15,332	\$ 348		5,062	18,771
Body Armor Replacement Fund	10,554	2,525			973	12,106
Drive Sober or Get Pulled Over Grant	4,140	7,500			10,940	700
NJ-DOT Trust Fund Authority Act - Enhancement	317,002			49,002		268,000
NJ DOT Grants	10,752		46,859		57,611	-
Bulletproof Partnership		4,998			4,998	-
Crime Drug Enforcement Grant	2,254	6,500			6,115	2,639
Click it or Ticket	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
	<u>\$ 564,175</u>	<u>\$ 159,943</u>	<u>\$ 47,207</u>	<u>\$ 57,841</u>	<u>\$ 238,763</u>	<u>\$ 474,721</u>

Transferred - 2014 Current Fund Budget \$ 159,943

Cash Disbursements	\$ 212,054
Reserve for Encumbrances	<u>26,709</u>
	<u>\$ 238,763</u>

**BOROUGH OF HOPATCONG
STATEMENT OF UNAPPROPRIATED RESERVES**

Balance, December 31, 2013	\$ 26,381
Decreased by	
Transfers to 2014 Budget Revenue	<u>25,000</u>
Balance, December 31, 2014	<u>\$ 1,381</u>

Analysis:

Ballfield Netting \$ 1,381

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2013	\$ 47,200
Increased by:	
Transferred from Appropriation Reserves	<u>77</u>
Balance, December 31, 2014	<u>\$ 47,277</u>

**BOROUGH OF HOPATCONG
STATEMENT OF APPROPRIATED RESERVES**

Balance, December 31, 2013	\$ 81,744
Increased by:	
Transferred from Appropriation Reserves	<u>15,000</u>
	96,744
Decreased by:	
Disbursements	<u>31,577</u>
Balance, December 31, 2014	<u>\$ 65,167</u>

Analysis:

Hudson Guild Farm Recreation Donation	\$ 17,965
PSE&G Donation/Settlement	<u>47,202</u>
	<u>\$ 65,167</u>

**BOROUGH OF HOPATCONG
STATEMENT OF AMOUNT DUE TO STATE - MARRIAGE LICENSE FEES**

Balance, December 31, 2013	\$ 550
Increased by:	
Cash Receipts	<u>425</u>
	975
Decreased by:	
Cash Disbursements	<u>550</u>
Balance, December 31, 2014	<u><u>\$ 425</u></u>

STATEMENT OF AMOUNT DUE TO STATE - STATE TRAINING FEES

Balance, December 31, 2013	\$ 2,365
Increased by:	
Cash Receipts	<u>3,683</u>
	6,048
Decreased by:	
Cash Disbursements	<u>2,365</u>
Balance, December 31, 2014	<u><u>\$ 3,683</u></u>

**BOROUGH OF HOPATCONG
STATEMENT OF SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, December 31, 2013</u>	<u>Reduced by 2014 Budget</u>	<u>Balance, December 31, 2014</u>
8/15/2012	Reassessment of Real Property	\$ 300,000	\$ 60,000	<u>\$ 240,000</u>	<u>\$60,000</u>	<u>\$ 180,000</u>

TRUST FUND

**BOROUGH OF HOPATCONG
STATEMENT OF TRUST CASH AND INVESTMENTS - TREASURER**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>	<u>Open Space Preservation Trust</u>
Balance, December 31, 2013	\$ 8,508	\$ 1,263,935	\$ 140,128	\$ 28,997
Increased by Receipts:				
Dog/Cat Licenses Issued	\$ 19,442			
Interlocal Agreements/Animal Shelters	41,337			
Miscellaneous Reserves		\$ 334,999		
Open Space Levy and Added Assessments				\$ 10,112
Receipts from State of NJ		50,000		
Payroll Deductions Payable		7,452,650		
Receipts Due to Current Fund		87		
Unemployment Deposits			\$ 8,387	
State Registration Fees	2,430	-	-	-
	<u>63,209</u>	<u>7,837,736</u>	<u>8,387</u>	<u>10,112</u>
	71,717	9,101,671	148,515	39,109
Decreased by:				
Expenditures Under R.S. 4:19-15.1	51,112			
Due to State of New Jersey				
Animal License Fees	2,426			
Payroll Deductions Payable		7,246,380		
Payments to General Capital - Current Year Improvement				
Authorizations				10,000
Miscellaneous Reserves	-	288,134	-	-
	<u>53,538</u>	<u>7,534,514</u>	<u>-</u>	<u>10,000</u>
Balance, December 31, 2014	<u>\$ 18,179</u>	<u>\$ 1,567,157</u>	<u>\$ 148,515</u>	<u>\$ 29,109</u>

**BOROUGH OF HOPATCONG
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2013		\$ 8,447
Increased by:		
Dog/Cat Licenses Issued	\$ 19,442	
Interlocal Agreements/Animal Shelters	<u>41,337</u>	
		<u>60,779</u>
		69,226
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>51,112</u>
Balance, December 31, 2014		<u>\$ 18,114</u>

STATEMENT OF DUE TO STATE OF NEW JERSEY - ANIMAL CONTROL FUND

Balance, December 31, 2013		\$ 61
Increased by:		
2014 State Registration Fees		<u>2,430</u>
		2,491
Decreased by:		
Payments		<u>2,426</u>
Balance, December 31, 2014		<u>\$ 65</u>

**STATEMENT OF AMOUNT DUE FROM STATE OF NEW JERSEY
OTHER TRUST FUND**

Balance, December 31, 2013		\$ 50,000
Received in 2014		<u>50,000</u>
Balance, December 31, 2014		<u>\$ -</u>

**BOROUGH OF HOPATCONG
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance December <u>31, 2013</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December <u>31, 2014</u>
Developer's Escrow	\$ 292,726	\$ 116,131	\$ 128,595	\$ 280,262
Public Defender	7,302	19,872	23,100	4,074
Housing Trust	125,020	22,110		147,130
Fire Safety	6,376			6,376
Parking Offenses Adjudication Act	961	20	657	324
Police Outside Employment	8,251	7,244	7,655	7,840
Celebration of Public Events	1,549	7,800	5,475	3,874
Snow Removal	203,356	35,000	29,744	208,612
HUD Programs	100,895	33,741	8,221	126,415
Accumulated Leave	193,399			193,399
Recreation	26,413	81,189	74,250	33,352
Landfill	260,233	1,742	10,437	251,538
Forfeited Property	-	10,150	-	10,150
	<u>\$ 1,226,481</u>	<u>\$ 334,999</u>	<u>\$ 288,134</u>	<u>\$ 1,273,346</u>
		Cash Receipts \$ 334,999		
		Cash Disbursements -	\$ 288,134	
		<u>\$ 334,999</u>	<u>\$ 288,134</u>	

EXHIBIT B-8

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS

Balance, December 31, 2013	\$ 140,128
Increased by:	
Deposits	<u>8,387</u>
Balance, December 31, 2014	<u>\$ 148,515</u>

EXHIBIT B-9

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2013	\$ 86,726
Increased by:	
Cash Receipts	<u>7,452,650</u>
	7,539,376
Decreased by:	
Cash Disbursements	<u>7,246,380</u>
Balance, December 31, 2014	<u>\$ 292,996</u>

**BOROUGH OF HOPATCONG
STATEMENT OF RESERVE FOR OPEN SPACE PRESERVATION
OPEN SPACE PRESERVATION TRUST FUND**

Balance, December 31, 2013		\$ 28,997
Increased by:		
2014 Tax Levy	\$ 10,056	
2014 Added Tax Levy	<u>56</u>	
		<u>10,112</u>
		39,109
Decreased by:		
Appropriated to Finance Improvement Authorizations - General Capital Fund		<u>10,000</u>
Balance, December 31, 2014		<u>\$ 29,109</u>

EXHIBIT B-11

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2013		\$ 728
Increased by:		
Interest on Investments		<u>87</u>
Balance, December 31, 2014		<u>\$ 815</u>

GENERAL CAPITAL FUND

**BOROUGH OF HOPATCONG
STATEMENT OF GENERAL CAPITAL CASH - TREASURER**

Balance, December 31, 2013		\$ 1,446,252
Increased by:		
Interest Earned	\$ 1	
Capital Improvement Fund- Budget Appropriation	161,500	
Receipts from Open Space Trust	10,000	
Bond Anticipation Notes	456,000	
Premium on Sale of Notes	<u>11,518</u>	
		<u>639,019</u>
		2,085,271
Decreased by Disbursements:		
Improvement Authorizations	474,543	
Payment of Bond Anticipation Notes	100,450	
Payments to Current Fund	1	
Appropriated to 2014 Budget Revenue	<u>62,500</u>	
		<u>637,494</u>
Balance, December 31, 2014		<u>\$ 1,447,777</u>

**BOROUGH OF HOPATCONG
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2014</u>
Fund Balance	\$ 18,521
Capital Improvement Fund	7,640
Contracts Payable	217,234

<u>Ordinance Number</u>	<u>Improvement Description</u>	
03-07	Various Improvements	96
10-08	Various Improvements	
11-08	Various Improvements	5,000
23-09	Various Improvements	9,737
11-10	Various Improvements	131,839
17-10	Recreational Improvements (Open Space)	2,395
18-10	Oil Tank Removal & Replacement	3,135
9-11	Various Improvements	95,811
21-11	Various Roadway Improvements	43,124
7-12	Various Improvements	58,413
20-12	Recreational Improvements (Open Space)	300
4-13	Recreational Improvements (Open Space)	13,687
5-13	Purchase and Installation of Police Equipment	250
7-13	Various Improvements	395,003
4-14	Various Improvements	443,701
7-14	Recreational Improvements (Open Space)	43,890
24-14	Various Improvements	(42,360)
35-14	Acquisition of Police Computer Equipment	361
		<u>\$ 1,447,777</u>

BOROUGH OF HOPATCONG
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013	\$ 7,500,000
Decreased by:	
2014 Budget Appropriations	
Serial Bonds	<u>995,000</u>
Balance, December 31, 2014	<u>\$ 6,505,000</u>

**BOROUGH OF HOPATCONG
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Amount	2014 Authorizations											
			Balance, December 31, 2013		Funded by Open Space	Capital Surplus	Deferred Charges to Future Taxation Unfunded	Capital Improvement Fund	Prior Year Contracts Payable Reinstated	Cash Disbursements	Contracts Payable	Authorizations Canceled	Balance, December 31, 2014	
			Funded	Unfunded									Funded	Unfunded
13-06	Various Improvements	\$ 626,000							\$ 5,046	\$ 4,950			\$ 96	
03-07	Various Improvements	696,500	\$ 5					12,509	5,543		\$ 6,971		-	
10-08	Various Improvements	913,000	20,767						20,767				-	
11-08	Various Improvements	420,000	5,000										5,000	
23-09	Various Improvements	762,000	20,677									4,960	9,737	
11-10	Various Improvements	1,416,208	141,195					608	2,847	\$ 5,200	1,917		131,839	
17-10	Recreational Improvements (Open Space)	207,500	12,395						10,000				2,395	
18-10	Oil Tank Removal & Replacement	40,000	3,135										3,135	
9-11	Various Improvements	821,000	111,268					62,960	4,156	61,710	12,551		95,811	
21-11	Various Roadway Improvements	300,000	75,345					32,782	1,713	63,290	-		43,124	
7-12	Various Improvements	1,102,400		\$ 184,990										\$ 158,943
20-12	Recreational Improvements (Open Space)	40,000	1,361						1,061				300	
4-13	Recreational Improvements (Open Space)	35,000	32,400					2,600	21,313				13,687	
5-13	Purchase and Installation of Police Equipment	80,000	2,570						2,320				250	
7-13	Various Improvements	850,000		521,660				83,565	190,500	19,722	-		-	395,003
04-14	Various Improvements	480,000				\$ 456,000	\$ 24,000		34,408	1,891				443,701
07-14	Various Improvements	173,000				45,000	128,000		88,328	40,782			43,890	
12-14	Recreational Improvements (Open Space)	10,000			\$ 10,000				10,000					
24-14	Various Improvements	45,000					42,750	2,250	44,610					390
35-14	Acquisition of Police Computer Equipment	25,000				25,000			-	24,639			361	
			<u>\$ 426,118</u>	<u>\$ 706,650</u>	<u>\$ 10,000</u>	<u>\$ 70,000</u>	<u>\$ 498,750</u>	<u>\$ 154,250</u>	<u>\$ 200,070</u>	<u>\$ 474,543</u>	<u>\$ 217,234</u>	<u>\$ 26,399</u>	<u>\$ 349,625</u>	<u>\$ 998,037</u>

**BOROUGH OF HOPATCONG
STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2013	\$ -
Increased by:	
Interest Earned	1
	1
Decreased by:	
Payments to Current Fund	1
	-
Balance, December 31, 2014	\$ -

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013	\$ 390
Increased by:	
2014 Budget Appropriation	161,500
	161,890
Decreased by:	
Appropriations to Finance Improvement Authorizations	154,250
	7,640
Balance, December 31, 2014	\$ 7,640

**BOROUGH OF HOPATCONG
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Date of Issue	Original Amount Issued	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
07-12	Various Improvements	8/2/2012	\$ 1,047,000	8/1/2013 7/31/2014	8/1/2014 7/31/2015	1.25% 1.00%	\$ 942,500	\$ 837,800	\$ 942,500	\$ 837,800
07-13	Various Improvements	8/1/2013	807,500	8/1/2013 7/31/2014	8/1/2014 7/31/2015	1.25% 1.00%	807,500	726,750	807,500	726,750
04-14	Various Improvements	7/31/2014	456,000	7/31/2014	7/31/2015	1.00%	-	456,000	-	456,000
							<u>\$ 1,750,000</u>	<u>\$2,020,550</u>	<u>\$1,750,000</u>	<u>\$ 2,020,550</u>
								New Note Issued \$ 456,000		
								Note Rollover 1,564,550	\$1,564,550	
								Paid by Budget Appropriation		
								Deferred Charge - Unfunded	85,000	
								Cash Disbursements -	100,450	
								<u>\$2,020,550</u>	<u>\$1,750,000</u>	

**BOROUGH OF HOPATCONG
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2013	\$ 200,070
Increased by:	
Charges to Improvement Authorizations	<u>217,234</u>
	417,304
Decreased by:	
Reinstated to Improvement Authorizations in 2014	<u>200,070</u>
Balance, December 31, 2014	<u>\$ 217,234</u>

**BOROUGH OF HOPATCONG
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance December 31, 2013</u>	<u>2014 Authorizations</u>	<u>Notes Not Renewed</u>	<u>Paid - Budget Appropriation</u>	<u>Notes Issued</u>	<u>Balance December 31, 2014</u>
07-12	Various Improvements	\$ 80		\$ 100,450			\$ 100,530
4-14	Various Improvements		\$ 456,000			\$ 456,000	-
24-14	Acquisition of Police SUV	-	42,750	-	-	-	42,750
		<u>\$ 80</u>	<u>\$ 498,750</u>	<u>\$ 100,450</u>	<u>\$ -</u>	<u>\$ 456,000</u>	<u>\$ 143,280</u>

WATER UTILITY FUND

**BOROUGH OF HOPATCONG
STATEMENT OF WATER UTILITY CASH - TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 512,891	\$ 594,747
Increased by Receipts:		
Consumer Accounts Receivable	\$ 824,306	
Connection Fees	38,857	
Water Capital Fund Balance	25,000	
Receipts from Water Capital Fund	1,255	
Miscellaneous Revenue	11,862	
Grants Receivable		280,913
Budget Appropriation - Capital Improvement Fund		2,500
Bond Anticipation Notes		47,500
Premium on Sale of Notes	-	5,913
	<u>901,280</u>	<u>336,826</u>
	1,414,171	931,573
Decreased by Disbursements:		
2014 Budget Appropriations	702,876	
2013 Appropriation Reserves	40,995	
Improvement Authorizations		416,115
Due from Water Capital Fund	1,299	
Payments to Water Operating Fund -		
Budget Revenue		25,000
Other		1,255
Accrued Interest	51,597	-
	<u>796,767</u>	<u>442,370</u>
Balance, December 31, 2014	<u>\$ 617,404</u>	<u>\$ 489,203</u>

EXHIBIT D-6

**STATEMENT OF CHANGE FUND
WATER OPERATING FUND**

<u>Office</u>	Balance, December 31, <u>2013</u>	Balance, December 31, <u>2014</u>
Water Utility Collector	<u>\$ 50</u>	<u>\$ 50</u>

**BOROUGH OF HOPATCONG
STATEMENT OF WATER UTILITY CAPITAL CASH
ANALYSIS OF CASH**

	Balance, December 31, <u>2014</u>
Capital Improvement Fund	\$ 308
Contracts Payable	29,831
Amount Due to Water Utility Operating Fund	1,299
Fund Balance	16,453
Grants Receivable	(181,998)
Accrued Interest on Bonds	181

<u>Ord. #</u>	<u>Improvement Authorizations</u>	
12-08	Improvements to Water Supply and Distribution System	3,051
24-09	Improvements to Water Supply and Distribution System	137,646
12-10	Improvements to Water Supply and Distribution System	50
10-11	Improvements to Water Supply and Distribution System	36,695
28-11	Improvements to Water Supply and Distribution System	214,172
08-12	Improvements to Water Supply and Distribution System	15,513
08-13	Improvements to Water Supply and Distribution System	166,002
05-14	Various Water Utility Improvements	<u>50,000</u>
		<u>\$ 489,203</u>

**BOROUGH OF HOPATCONG
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013		\$ 73,110
Increased by:		
Water Rents Levied		<u>830,722</u>
		903,832
Decreased by:		
Collections	\$ 824,306	
Prepaid Rents Applied	<u>-</u>	<u>824,306</u>
Balance, December 31, 2014		<u>\$ 79,526</u>

EXHIBIT D-9

**STATEMENT OF AMOUNT DUE FROM WATER CAPITAL FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013		\$ 1,255
Increased by:		
Cash Disbursements		<u>1,299</u>
		2,554
Decreased by:		
Receipts		<u>1,255</u>
Balance, December 31, 2014		<u>\$ 1,299</u>

**BOROUGH OF HOPATCONG
STATEMENT OF ACCRUED INTEREST ON BONDS
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 42,286
Increased by:	
Charged to 2014 Budget	<u>48,913</u>
	91,199
Decreased by:	
Cash Disbursements	<u>51,597</u>
Balance, December 31, 2014	<u>\$ 39,602</u>

EXHIBIT D-11

STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	Transferred from Reserve for <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 14,963		\$ 10,548	\$ 4,415
Other Expenses	79,020	\$ 36,831	30,447	85,404
Statutory Expenditures				
Social Security System	18,100			18,100
Unemployment Compensation	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
	<u>\$ 117,083</u>	<u>\$ 36,831</u>	<u>\$ 40,995</u>	<u>\$ 112,919</u>
		Cash Disbursements	<u>\$ 40,995</u>	

**BOROUGH OF HOPATCONG
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 36,831
Increased by:	
Charged to 2014 Appropriations	<u>51,523</u>
	88,354
Decreased by:	
Cancelled Encumbrances Restored to Appropriation Reserves	<u>36,831</u>
Balance, December 31, 2014	<u>\$ 51,523</u>

**BOROUGH OF HOPATCONG
STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 4,794,179
Balance, December 31, 2014	<u>\$ 4,794,179</u>

EXHIBIT D-14

**STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 2,742,440
Increased by:	
Serial Bonds Paid by Operating Budget	\$ 75,000
Loans Paid by Operating Budget	
FMHA Bonds	48,031
Water Supply Loans	61,145
NJ Environmental Infrastructure Trust	<u>37,040</u>
	221,216
Less: Accrued Interest Applied	<u>(1,299)</u>
	<u>219,917</u>
Balance, December 31, 2014	<u>\$ 2,962,357</u>

EXHIBIT D-15

**STATEMENT OF CONTRACTS PAYABLE
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 206,684
Increased by:	
Charges to Improvement Authorizations	<u>29,831</u>
	236,515
Decreased by:	
Restored to Improvement Authorizations	<u>206,684</u>
Balance, December 31, 2014	<u>\$ 29,831</u>

**BOROUGH OF HOPATCONG
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2013</u>	2014 <u>Authorization</u>	Balance, December 31, <u>2014</u>
12-08	Improvements to Water Supply and Distribution System	\$ 322,325		\$ 322,325
24-09	Improvements to Water Supply and Distribution System	300,000		300,000
12-10	Improvements to Water Supply and Distribution System	100,000		100,000
10-11	Improvements to Water Supply and Distribution System	442,100		442,100
28-11	Improvements to Water Supply and Distribution System	1,700,000		1,700,000
08-12	Improvements to Water Supply and Distribution System	62,000		62,000
08-13	Improvements to Water Supply and Distribution System	250,000		250,000
05-14	Various Water Utility Improvements	<u>-</u>	<u>\$ 50,000</u>	<u>50,000</u>
		<u>\$ 3,176,425</u>	<u>\$ 50,000</u>	<u>\$ 3,226,425</u>

EXHIBIT D-17

**STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 1,072,805
Increased by:	
2014 Authorizations	<u>2,500</u>
Balance, December 31, 2014	<u>\$ 1,075,305</u>

**BOROUGH OF HOPATCONG
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2013		2014 Authorizations		Contracts Payable Restored	Paid or Charged	Balance, December 31, 2014	
			Funded	Unfunded	Deferred Charges to Future Revenue	Down Payment on Improvements			Funded	Unfunded
12-08	Improvements to Water Supply and Distribution System	\$ 325,000	\$ 3,112				\$ 407	\$ 469	\$ 3,050	
24-09	Improvements to Water Supply and Distribution System	300,000	150,544				3,956	16,854	137,646	
12-10	Improvements to Water Supply and Distribution System	100,000	4,744					4,694	50	
10-11	Improvements to Water Supply and Distribution System	442,100	39,164				21,833	24,302	36,695	
28-11	Improvements to Water Supply and Distribution System	1,700,000	-	\$ 349,313			178,415	313,556	\$ 214,172	
8-12	Various Water Utility Improvements	62,000		15,513			2,073	2,073	15,513	
8-13	Various Water Utility Improvements	250,000	12,500	237,500				83,998	166,002	
5-14	Various Water Utility Improvements	50,000	-	-	\$ 47,500	\$ 2,500	-	-	2,500	47,500
			<u>\$ 210,064</u>	<u>\$ 602,326</u>	<u>\$ 47,500</u>	<u>\$ 2,500</u>	<u>\$ 206,684</u>	<u>\$ 445,946</u>	<u>\$ 179,941</u>	<u>\$ 443,187</u>
							Cash Disbursement	\$ 416,115		
							Contracts Payable	<u>29,831</u>		
								<u>\$ 445,946</u>		

**BOROUGH OF HOPATCONG
STATEMENT OF FMHA LOANS PAYABLE
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
Farmer's Home Administration	8/16/1985	\$ 1,316,000	2/16/2015	\$ 24,920	5.000%			
			8/16/2015	25,543				
			2/16/2016	26,181				
			8/16/2016	26,836				
			2/16/2017	27,507				
			8/16/2017	28,195				
			2/16/2018	28,899				
			8/16/2018	29,622				
			2/16/2019	30,362				
			8/16/2019	31,121				
			2/16/2020	31,899				
			8/16/2020	32,697				
			2/16/2021	33,514				
			8/16/2021	34,352				
			2/16/2022	35,211				
			8/16/2022	36,091				
2/16/2023	36,994							
8/16/2023	37,790							
						<u>\$ 605,765</u>	<u>\$ 48,031</u>	<u>\$ 557,734</u>
						<u>\$ 605,765</u>	<u>\$ 48,031</u>	<u>\$ 557,734</u>
							<u>\$ 48,031</u>	

**BOROUGH OF HOPATCONG
STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 308
Increased by:	
Budget Appropriation	2,500
	2,808
Decreased by:	
Appropriated to Finance Improvement Authorization	2,500
Balance, December 31, 2014	\$ 308

EXHIBIT D-21

**STATEMENT OF GRANTS RECEIVABLE
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 462,911
Decreased by;	
Received in 2014	280,913
Balance, December 31, 2014	\$ 181,998

**BOROUGH OF HOPATCONG
STATEMENT OF WATER SUPPLY LOANS PAYABLE
WATER UTILITY CAPITAL FUND**

<u>Loan Issue</u>	Balance, December 31, <u>2013</u>	Accrued Interest <u>Applied</u>	Paid by Budget <u>Appropriation</u>	Balance, December 31, <u>2014</u>
Water Supply Loans	\$ <u>82,283</u>	\$ <u>1,299</u>	\$ <u>61,145</u>	\$ <u>22,437</u>

EXHIBIT D-23

**STATEMENT OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
WATER UTILITY CAPITAL FUND**

<u>Loan Issue</u>	Balance, December 31, <u>2013</u>	Paid by Budget <u>Appropriation</u>	Balance, December 31, <u>2014</u>
2000 Trust Loan	\$ 160,000	\$ 20,000	\$ 140,000
2000 Fund Loan	<u>117,412</u>	<u>17,040</u>	<u>100,372</u>
	<u>\$ 277,412</u>	<u>\$ 37,040</u>	<u>\$ 240,372</u>

EXHIBIT D-24

**STATEMENT OF ACCRUED INTEREST PAYABLE
WATER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2013</u>	Applied to Water Supply Loans Payable	Balance, December 31, <u>2014</u>
Water Supply Loans Payable	<u>\$ 1,480</u>	<u>\$ 1,299</u>	<u>\$ 181</u>

**BOROUGH OF HOPATCONG
STATEMENT OF BOND ANTICIPATION NOTES
WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Original Date of Issue	Original Amount <u>Issued</u>	Date of Issue	Date of <u>Maturity</u>	Interest <u>Rate</u>	Balance, December 31, <u>2013</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2014</u>
28-11	Improvements to Water Supply and Distribution System	8/2/2012	\$ 693,500	8/1/2013 7/31/2014	8/1/2014 7/31/2015	1.25% 1.00%	\$ 693,500	\$ 693,500	\$ 693,500	\$ 693,500
8-12	Various Water Utility Improvements	8/2/2012	58,880	8/1/2013 7/31/2014	8/1/2014 7/31/2015	1.25% 1.00%	58,900	58,900	58,900	58,900
8-13	Various Water Utility Improvements	8/1/2013	237,500	8/1/2013 7/31/2014	8/1/2014 7/31/2015	1.25% 1.00%	237,500	237,500	237,500	237,500
5-14	Various Water Utility Improvements	7/31/2014	47,500	7/31/2014	7/31/2015	1.00%	-	47,500	-	47,500
							<u>\$ 989,900</u>	<u>\$ 1,037,400</u>	<u>\$ 989,900</u>	<u>\$ 1,037,400</u>
								New Note Issued \$ 47,500		
								Notes Renewed 989,900	\$ 989,900	
								<u>\$ 1,037,400</u>	<u>\$ 989,900</u>	

**BOROUGH OF HOPATCONG
STATEMENT OF SERIAL BONDS
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>				
Water Improvement Bonds	9/15/2011	\$2,335,000	9/1/2015	\$ 85,000	2.000%			
			9/1/2016	115,000	2.000%			
			9/1/2017	115,000	2.000%			
			9/1/2018	120,000	2.000%			
			9/1/2019	130,000	2.125%			
			9/1/2020	130,000	2.250%			
			9/1/2021	130,000	2.500%			
			9/1/2022	130,000	4.000%			
			9/1/2023	130,000	4.000%			
			9/1/2024	130,000	4.000%			
			9/1/2025	130,000	4.000%			
			9/1/2026	130,000	4.000%			
			9/1/2027	130,000	3.100%			
			9/1/2028	130,000	3.200%			
			9/1/2029	130,000	3.300%			
			9/1/2030	130,000	3.400%			
			9/1/2031	130,000	3.500%			
						\$ 2,200,000	\$ 75,000	\$ 2,125,000

BOROUGH OF HOPATCONG
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2013</u>	2014 <u>Authorizations</u>	Notes <u>Issued</u>	Balance December 31, <u>2014</u>
5-14	Various Water Utility Improvements	\$ -	\$ 47,500	\$ 47,500	\$ -
		<u>\$ -</u>	<u>\$ 47,500</u>	<u>\$ 47,500</u>	<u>\$ -</u>

SEWER UTILITY FUND

BOROUGH OF HOPATCONG
STATEMENT OF SEWER UTILITY CASH - TREASURER

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	\$ 3,293,894	\$ 597,567
Increased by Receipts:		
Consumer Accounts Receivable	\$ 3,887,274	
Prepaid Sewer Rents	263,958	
Receipts from Grants Fund	350,000	
Sewer Liens Receivable	4,505	
Misc. Sewer Fees	4,484	
Bond Anticipation Notes		\$ 88,355
Budgeted Capital Outlay Received		4,650
Premium on Sale of Bonds and Notes	-	9,308
	<u>4,510,221</u>	<u>102,313</u>
	7,804,115	699,880
Decreased by Disbursements:		
2014 Budget Appropriations	2,526,368	
2013 Appropriation Reserves	54,137	
Improvement Authorizations		30,874
Payments to Grant Fund	200,000	
Accrued Interest on Bonds and Loans	<u>1,163,127</u>	<u>-</u>
	<u>3,943,632</u>	<u>30,874</u>
Balance, December 31, 2014	<u>\$ 3,860,483</u>	<u>\$ 669,006</u>

**BOROUGH OF HOPATCONG
STATEMENT OF SEWER UTILITY CAPITAL CASH
SEWER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2014</u>
Fund Balance	\$ 531,528
Contracts Payable	17,138
 <u>Improvement Authorization</u>	
<u>Ord.</u>	
<u>No.</u>	<u>Improvement Description</u>
9-12	Various Improvements
9-13	Various Improvements
6-14	Various Improvements
	4,106
	23,234
	<u>93,000</u>
	<u>\$ 669,006</u>

**BOROUGH OF HOPATCONG
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013		\$ 427,984
Increased by:		
Sewer Rents Levied		<u>4,224,753</u>
		4,652,737
Decreased by:		
Collections:		
Cash Receipts	\$ 3,887,274	
Prepaid Rents Applied	<u>277,280</u>	
		<u>4,164,554</u>
 Balance, December 31, 2014		 <u>\$ 488,183</u>

EXHIBIT E-8

**STATEMENT OF DUE FROM GRANTS FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013		\$ 150,000
Increased by:		
Disbursed in 2014		<u>200,000</u>
		350,000
Decreased by:		
Received in 2014		<u>350,000</u>
 Balance, December 31, 2014		 <u>\$ -</u>

**BOROUGH OF HOPATCONG
STATEMENT OF 2013 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance, December 31, <u>2013</u>	Transferred from Reserve for <u>Encumbrances</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 12,136		\$ 12,136	\$ 9,566	\$ 2,570
Other Expenses	323,301	\$ 48,531	371,832	44,571	327,261
Statutory Expenditures					
Contribution to					
Social Security System	17,600		17,600		17,600
Unemployment Compensation	5,000	-	5,000	-	5,000
	<u>\$ 358,037</u>	<u>\$ 48,531</u>	<u>\$ 406,568</u>	<u>\$ 54,137</u>	<u>\$ 352,431</u>
			Cash Disbursed	<u>\$ 54,137</u>	

EXHIBIT E-10

**STATEMENT OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 485,685
Increased by:	
Charged to 2014 Budget	<u>1,138,628</u>
	1,624,313
Decreased by:	
Cash Disbursements	<u>1,163,127</u>
Balance, December 31, 2014	<u>\$ 461,186</u>
	Accrued Interest on Bonds \$ 314,309
	Accrued Interest on Notes 48,967
	Accrued Interest on Loans <u>97,910</u>
	<u>\$ 461,186</u>

**BOROUGH OF HOPATCONG
STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 48,531
Increased by:	
Charged to 2014 Budget	<u>19,767</u>
	68,298
Decreased by:	
Cancelled Encumbrances Restored to Appropriation Reserves	<u>48,531</u>
Balance, December 31, 2014	<u>\$ 19,767</u>

EXHIBIT E-12

**STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$ 60,677,184
Increased by:	
Transferred from Fixed Capital Authorized and Uncompleted	<u>13,622</u>
Balance, December 31, 2014	<u>\$ 60,690,806</u>

BOROUGH OF HOPATCONG
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND

Ord. No.	Improvement Description	Balance, December 31, 2013	2014 Authorizations	Improvement Authorizations Cancelled	Transfer Costs to Fixed Capital	Balance, December 31, 2014
11-11	Sewer Utility Truck Body Replacement	\$ 14,000		\$ 378	\$ 13,622	
9-12	Various Improvements	60,000				\$ 60,000
9-13	Various Improvements	85,000				85,000
6-14	Various Improvements		\$ 93,000			93,000
37-14	Improvement of the Sanitary Sewerage System Phase I & II	-	250,000	-	-	250,000
		<u>\$ 159,000</u>	<u>\$ 343,000</u>	<u>\$ 378</u>	<u>\$ 13,622</u>	<u>\$ 488,000</u>

EXHIBIT E-14

STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

Balance, December 31, 2013	\$ 22,503,980
Increased by:	
NJ Environmental Infrastructure Loans Paid by Operating Budget	\$ 965,317
Notes Paid by Budget Appropriation	<u>261,000</u>
	1,226,317
Decreased by:	
Improvement Authorization Cancelled	<u>378</u>
Balance, December 31, 2014	<u>\$ 23,729,919</u>

**BOROUGH OF HOPATCONG
STATEMENT OF SERIAL BONDS
SEWER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>			
Sewer Utility Refunding Bonds	9/1/2006	\$ 17,060,000	8/1/2015	\$ 20,000	4.000%		
			8/1/2016	70,000	4.000%		
			8/1/2017	70,000	4.000%		
			8/1/2018	75,000	4.000%		
			8/1/2019	75,000	4.100%		
			8/1/2020	80,000	4.125%		
			8/1/2021	85,000	4.200%		
			8/1/2022	560,000	4.200%		
			8/1/2023	1,185,000	4.250%		
			8/1/2024	1,180,000	4.250%		
			8/1/2025	1,230,000	4.250%		
			8/1/2026	1,275,000	4.300%		
			8/1/2027	1,315,000	4.300%		
			8/1/2033	9,840,000	4.500%		
					\$ 17,060,000	\$ 17,060,000	
					\$ 17,060,000	\$ 17,060,000	

**BOROUGH OF HOPATCONG
STATEMENT OF NJ ENVIRONMENTAL INFRASTRUCTURE
LOANS PAYABLE
SEWER UTILITY CAPITAL FUND**

	Balance December 31, <u>2013</u>	<u>Decreased by:</u>	Balance, December 31, <u>2014</u>
2001 Wastewater Loan	\$ 1,640,000	\$ 170,000	\$ 1,470,000
2001 Fund Loan	1,267,865	157,340	1,110,525
2002 Wastewater Loan	3,605,000	325,000	3,280,000
2002 Fund Loan	<u>2,823,920</u>	<u>312,977</u>	<u>2,510,943</u>
	<u>\$ 9,336,785</u>	<u>\$ 965,317</u>	<u>\$ 8,371,468</u>
Paid by Budget Appropriation		<u>\$ 965,317</u>	

**BOROUGH OF HOPATCONG
STATEMENT OF PREPAID RENTS
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$	277,280
Increased by:		
Prepaid Rents Received in 2014		<u>263,958</u>
		541,238
Increased by:		
Applied to Consumer Accounts Receivable		<u>277,280</u>
Balance, December 31, 2014	\$	<u><u>263,958</u></u>

EXHIBIT E-18

**STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$	4,250
Increased by:		
Improvement Authorizations Funded through Capital Outlay		<u>4,650</u>
Balance, December 31, 2014	\$	<u><u>8,900</u></u>

EXHIBIT E-19

**STATEMENT OF CONTRACTS PAYABLE
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2013	\$	33,587
Increases by:		
Charges to Improvement Authorizations		<u>17,138</u>
		50,725
Decreased by:		
Cancelled to Improvement Authorizations		<u>33,587</u>
Balance, December 31, 2014	\$	<u><u>17,138</u></u>

**BOROUGH OF HOPATCONG
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance Amount	Balance, December 31, 2013		2014 Authorization	Cancellation Prior Year Contracts Payable	Improvement Authorizations Cancelled	Paid or Charged	Balance, December 31, 2014	
			Funded	Unfunded					Funded	Unfunded
11-11	Sewer Utility Truck Body Replacement	\$ 14,000	\$	378			\$	378		
9-12	Various Improvements	60,000		5,313		\$ 33,587		\$ 34,794		\$ 4,106
9-13	Various Improvements	85,000		36,516				13,218		23,298
6-14	Various Improvements	93,000			\$ 93,000				\$ 4,650	88,350
37-14	Improvement of the Sanitary Sewerage System Phase I & II	250,000	-	-	250,000	-	-	-	-	250,000
			<u>\$ -</u>	<u>\$ 42,207</u>	<u>\$ 343,000</u>	<u>\$ 33,587</u>	<u>\$ 378</u>	<u>\$ 48,012</u>	<u>\$ 4,650</u>	<u>\$ 365,754</u>
								\$ 17,138		
								30,874		
								<u>\$ 48,012</u>		
					\$ 4,650					
					338,350					
					<u>\$ 343,000</u>					

**BOROUGH OF HOPATCONG
STATEMENT OF BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Original Date of Issue	Original Amount Issued	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014	
38-04	Improvement of the Sanitary Sewerage System - Phase I & II	8/11/2005	\$ 9,000,000	8/1/2013 7/31/2014 9/12/2014	8/1/2014 9/15/2014 9/11/2015	1.25% 1.00% (A)	\$ 8,302,405	\$ 8,163,405 8,163,405	\$ 8,302,405 8,163,405	\$ 8,163,405	
30-05	Improvement of the Sanitary Sewerage System - Phase I & II	8/11/2006	3,714,000	8/1/2013 7/31/2014 9/12/2014	8/1/2014 9/15/2014 9/11/2015	1.25% 1.00% (A)	3,474,000	3,426,000 3,426,000	3,474,000 3,426,000	3,426,000	
11-11	Sewer Utility Truck Body Replacement	8/3/2011	14,000	8/1/2013	8/1/2014	1.25%	14,000		14,000		
9-12	Various Improvements	8/2/2012	60,000	8/1/2013	8/1/2014	1.25%	60,000		60,000		
9-13	Various Improvements	8/1/2013	80,695	8/1/2013 7/31/2014	8/1/2014 7/31/2015	1.25% 1.00%	80,695	80,700	80,695	80,700	
6-14	Various Improvements	8/1/2014	88,350	7/31/2014	7/31/2015	1.00%	-	88,350	-	88,350	
							<u>\$ 11,931,100</u>	<u>\$ 23,347,860</u>	<u>\$ 23,520,505</u>	<u>\$ 11,758,455</u>	
							Paid by Budget Appropriation		\$ 261,000		
							Issued for Cash		\$ 88,355		
							Renewals		23,259,505	23,259,505	
							<u>\$ 23,347,860</u>	<u>\$ 23,520,505</u>			

(A) Interest on the note will be charged at a rate of (a) with respect to the Trust portion of the principal, 0.13% and (b) with respect to the Fund portion of the principal, 0.00% at the time loans are closed with the New Jersey Environmental Infrastructure Trust.

**BOROUGH OF HOPATCONG
STATEMENT OF CHANGE FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ <u>50</u>
Balance, December 31, 2014	\$ <u><u>50</u></u>

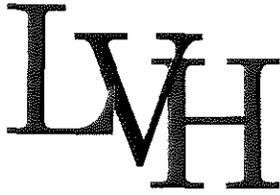
**STATEMENT OF SEWER LIENS
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2013	\$ 5,033
Decreased by:	
Received in 2014	<u>4,505</u>
Balance, December 31, 2014	\$ <u><u>528</u></u>

BOROUGH OF HOPATCONG
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	Balance December 31, <u>2013</u>	2014 <u>Authorizations</u>	Decreased by <u>Notes Issued</u>	<u>Notes Issued</u>	Balance December 31, <u>2014</u>
9-13	Various Improvements	\$ 55		\$ 5		\$ 50
6-14	Various Improvements				\$ 88,350	
37-14	Improvement of the Sanitary Sewerage System Phase I & II	-	\$ 250,000	-	-	250,000
		<u>\$ 55</u>	<u>\$ 250,000</u>	<u>\$ 5</u>	<u>\$ 88,350</u>	<u>\$ 250,050</u>

BOROUGH OF HOPATCONG
PART II
GOVERNMENTAL AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
KEVIN LOMSKI, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Hopatcong
Hopatcong, New Jersey

We have audited, in accordance with the 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Hopatcong as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting 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, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough'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.

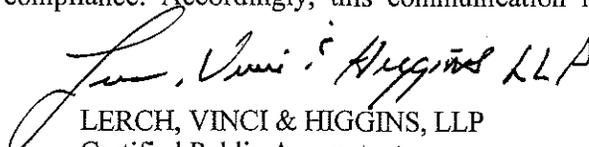
Compliance and Other Matters

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

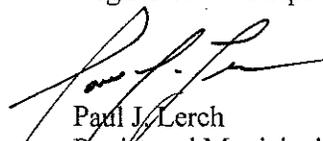
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Hopatcong in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

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



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457

Fair Lawn, New Jersey
June 17, 2015

**BOROUGH OF HOPATCONG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Federal Funding Department</u>	<u>Grant or State Project Number</u>	<u>Grant Year</u>	<u>Federal CFDA Number</u>	<u>Grant Award Amount</u>	<u>2014 Grant Receipts</u>	<u>Balance, December 31, 2013</u>	<u>(A) Adjustment</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Cancelled</u>	<u>Balance, December 31, 2014</u>	<u>Memo Cumulative Total Expenditure</u>
U.S. Department of Transportation (Passed through State Div. of Highway Traffic Safety)												
Local Municipal Aid - NJTPA - Road Repaving		2013	20.205	\$ 200,000	\$150,000	\$ 10,752	\$ 46,859		\$ 57,611			* 200,000
Local Municipal Aid - NJTPA - Enhancement		2013	20.205	268,000		268,000					\$ 268,000	* -
Local Municipal Aid - NJTPA - Enhancement		2010	20.205	162,865		41,577				\$ 41,577		* 121,288
Local Municipal Aid - NJTPA - Enhancement		2009	20.205	251,130		7,425				7,425		* 243,705
												*
Drive Sober or Get Pulled Over		2014	20.601	7,500				7,500	6,800		700	* 6,800
		2013	20.601	8,800	4,100	4,140			4,140			* 8,800
												*
Click it Or Ticket	1160-100-113	2014	20.602	4,000	4,000			4,000	4,000		-	* 4,000
												*
Small Cities Block Grant Program		2011	14.228	146,300		2,477				2,477	-	* 143,823
												*
U.S. Department of Environmental Protection												
Drinking Water Infrastructure Improvements (FY10) and Elba Point Water Infrastructure (FY09)		2011	66.202	970,000	280,913	271,578			89,580		181,998	* 788,002
												*
						<u>\$ 605,949</u>	<u>\$ 46,859</u>	<u>\$ 11,500</u>	<u>\$ 162,131</u>	<u>\$ 51,479</u>	<u>\$ 450,698</u>	*

Note - This schedule is not subject to the single audit requirements of New Jersey OMB 15-08.

(A) Represents prior year orders cancelled.

TOWNSHIP OF HOPATCONG
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>State Grant Program</u>	<u>Grant Number/ Account Numbers</u>	<u>Grant Year</u>	<u>2014 Grant Receipts</u>	<u>Grant Award Amount</u>	<u>Balance, December 31, 2013</u>	<u>Adjustment</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2014</u>	<u>Memo Cumulative Total Expenditures</u>
Alcohol Education and Rehabilitation Program	9735-760-001	2013		\$ 633	\$ 633				\$ 633	*
		2011		\$ 539	539				539	*
		2009		2,948	655				655	* \$ 2,293
Alcoholism and Drug Abuse Awareness Program	**	2014		13,134			\$ 13,134	\$ 1,477	11,657	*
		2013		19,701	13,282	\$ (2,041)		11,241	-	*
		2012		13,134	4,202	(4,202)			-	*
		2011		13,134	119	(119)			-	*
Clean Communities Grant	4900-765-004	2014	\$ 29,764	29,764			29,764		29,764	*
		2013		31,736	27,774			11,818	15,956	*
		2011		27,500	30			30	-	*
Recycling Tonnage Grant	4900-752-001	2014	16,190	16,190			16,190		16,190	*
		2013		14,653	14,653			4,234	10,419	*
		2012		16,633	16,633			16,633	-	*
		2011		11,890	10,045			10,045	-	*
Drunk Driving Enforcement Fund	1110-448-031020-22	2014	7,174	7,174			7,174		7,174	*
		2013		8,158			8,158		8,158	*
		2012		7,328	7,328			3,889	3,439	*
		2011		7,527	825	348		1,173	-	*
New Jersey Highlands Council - Plan Conformance	2078-100-033	2013	21,954	127,400	112,211			33,586	78,625	*
New Jersey Highlands Council - TDR Feasibility	2078-100-033	2009		18,924	8,067				8,067	*
Police Body Armor Fund	1160-100-057	2014	2,525	2,525			2,525		2,525	*
		2013		3,240	3,240				3,240	*
		2012		2,689	2,689				2,689	*
		2011		2,545	2,545				2,545	*
		2010		3,685	2,080			973	1,107	*
Bullet Proof Vests Partnership	**	2014	4,998	4,998	-		4,998	4,998	-	*
Organized Crime Drug Enforcement Grant		2014	3,864	6,500			6,500	3,861	2,639	*
		2013	3,100	3,100	2,254			2,254	-	*
Safe and Secure Communities	1020-100-232	2014	60,000	60,000	-		60,000	60,000	-	*
					-				-	*
					-				-	*
					\$ 229,804	\$ (6,014)	\$ 148,443	\$ 166,212	\$ 206,021	*

Note - This schedule is not subject to the single audit requirements of New Jersey OMB 15-08.

** Not Available

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF HOPATCONG
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2014**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Hopatcong. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 11,500	\$ 148,443	\$ 159,943
Total Financial Awards	<u>\$ 11,500</u>	<u>\$ 148,443</u>	<u>\$ 159,943</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF HOPATCONG
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2014, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Amount</u>
FMHA Loans		\$ 557,734
Water Supply Loan		22,437
Wastewater Trust Loan	2000	140,000
Wastewater Trust Loan	2000	100,372
Environmental Infrastructure		
Trust Loan	2001	1,470,000
Fund Loan	2001	1,110,525
Trust Loan	2002	3,280,000
Fund Loan	2002	<u>2,510,943</u>
		<u>\$ 9,192,011</u>

**BOROUGH OF HOPATCONG
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Modified, Presentation of Unaudited LOSAP Fund</u>		
Internal control over financial reporting:			
1) Material weakness(es) identified	_____ yes	<u> X </u> no	
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none	
Noncompliance material to the financial statements noted?	_____ yes	<u> X </u> no	

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF HOPATCONG
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**BOROUGH OF HOPATCONG
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB Circular 04-04.

CURRENT YEAR STATE AWARDS

Not Applicable.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

**BOROUGH OF HOPATCONG
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

**BOROUGH OF HOPATCONG
SUSSEX COUNTY, NEW JERSEY**

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,425,000	2.85%	\$ 1,300,000	2.68%
Miscellaneous - From Other Than Local				
Property Tax Levies	2,409,000	4.82%	3,061,922	6.31%
Collection of Delinquent Taxes and Tax Title Liens	979,757	1.96%	1,119,507	2.31%
Collection of Current Tax Levy	44,214,161	88.38%	42,294,273	87.22%
Other Credits	<u>998,604</u>	<u>2.00%</u>	<u>716,091</u>	<u>1.48%</u>
Total Income	<u>50,026,522</u>	<u>100.00%</u>	<u>48,491,793</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	15,401,062	32.16%	15,571,202	33.45%
County Taxes	8,640,250	18.04%	7,629,935	16.39%
Local School Taxes	23,835,544	49.77%	23,299,272	50.05%
Municipal Open Space Taxes	10,112	0.02%	7,007	0.02%
Other Expenditures	<u>6,565</u>	<u>0.01%</u>	<u>46,861</u>	<u>0.10%</u>
Total Expenditures	<u>47,893,533</u>	<u>100.00%</u>	<u>46,554,277</u>	<u>100.00%</u>
Excess in Revenue	2,132,989		1,937,516	
Fund Balance, January 1	<u>3,227,825</u>		<u>2,590,309</u>	
	5,360,814		4,527,825	
Less Utilization as Anticipated Revenue	<u>1,425,000</u>		<u>1,300,000</u>	
Fund Balance, December 31	<u>\$ 3,935,814</u>		<u>\$ 3,227,825</u>	

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 116,814	10.34%	\$ 85,120	7.47%
Collection of Water Rents	824,306	72.96%	845,437	74.19%
Connection Fees	38,857	3.44%	38,847	3.41%
Miscellaneous - From Other than Water Rents	36,862	3.26%	44,680	3.92%
Other Credits	<u>112,919</u>	<u>9.99%</u>	<u>125,471</u>	<u>11.01%</u>
 Total Income	 <u>1,129,758</u>	 <u>100.00%</u>	 <u>1,139,555</u>	 <u>100.00%</u>
 EXPENDITURES				
Budget Expenditures				
Operating	542,474	58.42%	511,380	56.68%
Capital Improvements	2,500	0.27%	12,500	1.39%
Debt Service	338,863	36.49%	337,178	37.37%
Deferred Charges and Statutory Expenditures	<u>44,700</u>	<u>4.81%</u>	<u>41,100</u>	<u>4.56%</u>
 Total Expenditures	 <u>928,537</u>	 <u>100.00%</u>	 <u>902,158</u>	 <u>100.00%</u>
 Excess in Revenue	 201,221		 237,397	
 Fund Balance, January 1	 <u>317,996</u>		 <u>165,719</u>	
	519,217		403,116	
Decreased by:				
Utilization as Anticipated Revenue	<u>116,814</u>		<u>85,120</u>	
 Fund Balance, December 31	 <u>\$ 402,403</u>		 <u>\$ 317,996</u>	

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
SEWER UTILITY OPERATING FUND**

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 439,404	8.85%	\$ 409,659	8.31%
Rents	4,169,059	83.96%	4,331,265	87.86%
Miscellaneous	4,484	0.09%	172	0.00%
Other Credits	<u>352,431</u>	<u>7.10%</u>	<u>188,747</u>	<u>3.83%</u>
Total Income	<u>4,965,378</u>	<u>100.00%</u>	<u>4,929,843</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	1,683,674	41.09%	1,651,680	40.56%
Capital Improvements	4,650	0.11%	4,250	0.10%
Debt Service	2,364,945	57.72%	2,375,995	58.34%
Deferred Charges and Statutory Expenditures	<u>44,200</u>	<u>1.08%</u>	<u>40,600</u>	<u>1.00%</u>
Total Expenditures	<u>4,097,469</u>	<u>100.00%</u>	<u>4,072,525</u>	<u>100.00%</u>
Excess in Revenue	867,909		857,318	
Fund Balance, January 1	<u>2,274,411</u>		<u>1,826,752</u>	
	3,142,320		2,684,070	
Decreased by:				
Utilized by Current Fund Budget	<u>439,404</u>		<u>409,659</u>	
Fund Balance, December 31	<u>\$ 2,702,916</u>		<u>\$ 2,274,411</u>	

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

Comparative Schedule Of Tax Rate Information

	<u>2014</u>	<u>2013 *</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$3,232</u>	<u>\$3,096</u>	<u>\$2,155</u>

Apportionment of Tax Rate

Municipal	\$.908	\$.885	\$.603
County	.618	.547	.408
Local School	1.706	1.664	1.144

Assessed Valuation

2014	<u>\$1,396,668,800</u>
2013 *	<u>\$1,399,808,100</u>
2012	<u>\$1,996,422,100</u>

*Note – The Borough underwent a revaluation of real property which became effective in 2013.

Comparison of 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>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 45,314,549	\$ 44,214,161	97.57%
2013	43,340,217	42,294,273	97.59%
2012	43,040,764	41,710,793	96.91%

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>December 31 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>
2014	\$ 257,537	\$ 1,014,982	\$ 1,272,519	2.81%
2013	218,714	978,233	1,196,947	2.76%
2012	180,639	1,116,546	1,297,185	3.01%

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

Property Acquired By Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2014	\$4,974,400
2013	5,104,300
2012	5,104,300

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u> *	<u>Percentage of Collection</u>
2014	\$830,722	\$824,306	99.23%
2013	804,618	845,437	105.07
2012	888,508	841,187	94.67

Comparison of Sewer Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u> *	<u>Percentage of Collection</u>
2014	\$4,224,753	\$4,164,554	98.58%
2013	4,245,300	4,331,265	102.02
2012	4,217,146	4,169,191	98.86

* Cash collections include prior year balance collected in the current year and prior year prepayments applied.

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>	2014	\$3,935,814	\$1,425,000
	2013	3,227,825	1,425,000
	2012	2,590,309	1,300,000
<u>Water Utility Operating Fund</u>	2014	\$402,403	\$204,538
	2013	317,996	116,814
	2012	165,719	85,120
<u>Sewer Utility Operating Fund</u>	2014	\$2,702,916	\$584,788
	2013	2,274,411	439,404
	2012	1,826,752	409,659

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Sylvia Petillo	Mayor		
Frank Padula	Councilman		
Richard Bunce	Councilman		
Michael Francis	Councilman		
Richard Schindlar	Councilwoman		
Marie Ryder-Galate	Councilwoman		
John Young	Councilman		
Robert Elia	Borough Administrator	(A)	
Catherine Schultz	Borough Clerk	(A)	
Kelleyanne McGann	Chief Financial Officer	\$ 50,000	Morris County Municipal JIF
Patricia Simari	Tax Collector, Tax Search Officer; Water and Sewer Collector	1,000,000	Municipal Excess Liability JIB
John Ursin	Borough Attorney		
C. William Bowkley, Jr.	Magistrate	50,000	Morris County Municipal JIF
Ana Torres-Pearn	Court Administrator; Violations Clerk	50,000	Morris County Municipal JIF
William O'Connor	Construction Code Official	(A)	

(A) Covered under Faithful Performance Blanket Bond by Morris County Municipal Joint Insurance Fund in the amount of \$50,000.

*All employees, who are not specifically bonded, are covered under a \$1,000,000.00 Faithful Performance Blanket Bond with the Municipal Excess Liability Joint Insurance Fund.

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Current Year

Our audit revealed that several purchase orders examined had invoice dates that preceded the purchase order dates. It is recommended that continued efforts be made to ensure all purchase orders be issued prior to the ordering of goods or services.

The audit indicated that the Other Trust escrow ledger included old escrow deposits. It is recommended that old escrow deposits be reviewed and cleared of record, where applicable.

Our audit noted three instances where a Political Contribution Disclosure form was not obtained from a vendor. It is recommended that the Borough obtain a Political Contribution Disclosure form when required.

Contracts and Agreements Required To Be Advertised For NJS 40a:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000, except by contract or agreement".

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

The minutes indicate that bids were requested by public advertising for the following items:

Solid Waste and Recycling
Purchase and Installation of
Emergency Backup Generators
Pick-up Truck and Plow for DPW

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per 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 materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did reveal that accumulations of expenditures were in excess of \$36,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Collection of Interest of Delinquent Taxes and Assessments

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

The Governing Body on January 7, 2014 adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED that in accordance with N.J.S.A. 54:4-67, any taxes or utility charges remaining unpaid by the 1st day of February, May, August and November are subject to interest at the rate of 8% per annum up to \$1,500 and at the rate of 18% per annum for any and all sums exceeding \$1,500, to be calculated from the date the tax or utility charge was payable until the date of actual payment, except that no interest will be charged if the taxes or utility charges for the current quarter are paid during the first ten days of the quarter, and

BE IT FURTHER RESOLVED that a 6% penalty shall be charged on any delinquency in excess of \$10,000 if not paid by the end of the calendar year, and

BE IT FURTHER RESOLVED that if the office of the Collector of Taxes is closed on the first day of February, May, August or November, then the waiver above described shall be extended to include the first business day thereafter, and

BE IT FURTHER RESOLVED that the interest shall revert to the rate of 8% per annum on the first \$1,500 and at the rate of 18% per annum for any and all sums exceeding \$1,500 from the first day of any current quarter unless the taxes or utility charges for the same quarter are paid during the first ten days of the same quarter or as otherwise provided in the resolution, and

BE IT FURTHER RESOLVED that a charge of five dollars (\$5) be made for duplicate tax bills.

It appears from an examination of the collector's records that interest on taxes receivable and water charges were collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 23, 2014 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2014	104
2013	96
2012	77

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

**BOROUGH OF HOPATCONG
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

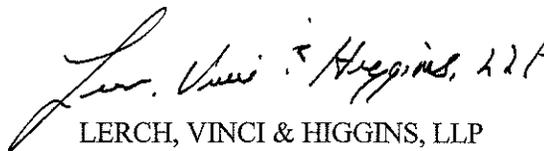
1. Continued efforts be made to ensure all purchase orders be issued prior to the ordering of goods or services.
2. Old escrow deposits be reviewed and cleared of record, where applicable.
3. The Borough obtain a Political Contribution Disclosure form when required.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on the prior year recommendation and corrective action was taken.

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

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



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Paul J. Lerch
Registered Municipal Accountant
RMA Number CR00457