

**BOROUGH OF MILLTOWN  
COUNTY OF MIDDLESEX  
NEW JERSEY**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY DATA  
AND INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2014 AND 2013**

***HODULIK & MORRISON, P.A.***  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
HIGHLAND PARK, N.J.

**BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY**

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**MIDDLESEX COUNTY, NEW JERSEY**

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**BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY**



**PART I  
INDEPENDENT AUDITOR'S REPORT  
FINANCIAL STATEMENTS**

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JO ANN BOOS, CPA, PSA

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Milltown  
County of Middlesex, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the Borough of Milltown, County of Middlesex, New Jersey, as of and for the year ended December 31, 2014 and 2013, the statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for year ended December 31, 2014, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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 misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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 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 opinion.

The financial statements referred to above include the assets and liabilities of the Borough's Length of Service Award Program (LOSAP), which, by regulation, is subject to an accountant's review report and is unaudited. The Length of Service Award Program is included in the Trust Fund.

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough of Milltown, County of Middlesex, New Jersey, as of December 31, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

#### Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough of Milltown, County of Middlesex, New Jersey as of December 31, 2014 and 2013 and the results of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2014, on the basis of accounting described in Note 2.

#### Other Matters

#### Other Information

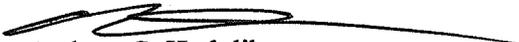
Our audit was made for the purpose of forming an opinion on the financial statements of the Borough of Milltown, County of Middlesex, New Jersey. The information included in Part II – Supplementary Schedules and Part III – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Milltown, County of Middlesex, New Jersey. The Part II – Supplementary Schedules 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. The information has been subjected to 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, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole. The schedules and information contained in Part III - Supplementary Data have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated July 15, 2015 on our consideration of the Borough of Milltown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the 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 Milltown's internal control over financial reporting and compliance.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

  
Andrew G. Hodulik  
Registered Municipal Accountant  
No. 406

Highland Park, New Jersey  
July 15, 2015

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Milltown  
County of Middlesex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as 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 Milltown as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough of Milltown's financial statements and have issued our report thereon dated July 15, 2015. Our report was modified because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2 and was unqualified based upon the Other Comprehensive Basis of Accounting financial statements presentation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Milltown'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 Milltown's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Milltown's internal control.

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

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

#### Compliance and Other Matters

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

We noted other matters involving internal control over financial reporting that we have reported to management of the Borough of Milltown in the General Comments section of the Report of Audit.

#### 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

Highland Park, New Jersey  
July 15, 2015

**FINANCIAL STATEMENTS**

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND DECEMBER 31, 2013

<u>ASSETS</u>	BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013
Cash and Investments - Treasurer	A- 4 \$ 1,495,202.13	\$ 1,205,750.48	Liabilities:		
Cash - Change Fund	A- 5 350.00	350.00	Appropriation Reserves	A-3, A-10 \$ 292,777.99	\$ 350,329.73
Prepaid School Tax	A-15	84,272.00	Reserve for Encumbrances	A-3, A-10 176,763.84	105,174.41
Due from State of N.J. per Ch. 20, P.L. 1976	A- 6 <u>16,587.23</u>	<u>15,977.25</u>	Prepaid Taxes	A- 7 123,551.80	104,640.47
	<u>1,512,139.36</u>	<u>1,306,349.73</u>	Various Reserves	A-12 33,223.86	24,161.78
Receivables With Offsetting Reserves:			Commitments Payable	A-13 119,706.45	143,061.23
Delinquent Taxes	A- 7 13,777.74	5,411.79	Tax Overpayments	A-14 38,601.45	42,334.25
Tax Title Liens	A- 7 957,347.67	633,579.92	School Tax Payable	A-15 215,836.00	
Property Acquired for Taxes (At Assessed Valuation)	A- 7 3,400.00	3,400.00	Due to Federal & State Grant Fund	A- 9 <u>34,043.50</u>	<u>34,043.50</u>
Revenue Accounts Receivable	A- 8 13,304.79	15,718.21		1,034,504.89	803,745.37
Due from Township of East Brunswick	A-11 <u>8,450.00</u>	<u>8,450.00</u>	Reserve for Receivables	Reserve 996,280.20	666,559.92
	<u>996,280.20</u>	<u>666,559.92</u>	Fund Balance	A- 1 <u>477,634.47</u>	<u>502,604.36</u>
Total Regular Fund	<u>2,508,419.56</u>	<u>1,972,909.65</u>	Total Regular Fund	<u>2,508,419.56</u>	<u>1,972,909.65</u>
State and Federal Grant Fund:			State and Federal Grant Fund:		
Cash	A- 4 39,447.63	19,966.63	Reserve for State and Federal Grants:		
Grants Receivable	A-18 100,546.00	177,170.66	Appropriated	A-19 118,826.19	170,043.15
Due from Current Fund	A-17 <u>34,043.50</u>	<u>34,043.50</u>	Unappropriated	A-21 2,212.48	2,212.48
Total State and Federal Grant Fund	<u>174,037.13</u>	<u>231,180.79</u>	Reserve for Encumbrances	A-19 5,210.94	8,925.16
			Due to General Capital Fund	A-20 <u>50,000.00</u>	<u>50,000.00</u>
			Total State and Federal Grant Fund	<u>174,037.13</u>	<u>231,180.79</u>
	<u>\$ 2,682,456.69</u>	<u>\$ 2,204,090.44</u>		<u>\$ 2,682,456.69</u>	<u>\$ 2,204,090.44</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Fund Balance Utilized	A-1, A-2	\$ 330,000.00	\$ 200,000.00
Miscellaneous Revenues Anticipated	A-2	2,972,930.13	2,839,795.86
Receipts from Delinquent Taxes	A-2	229.86	510.45
Receipts from Current Taxes	A-7	22,149,868.26	21,580,924.96
Non-Budget Revenue	A-8	39,271.37	23,584.33
Other Credits to Income:			
Prior Year Senior Citizen Deductions Allowed	A-6		189.04
Unexpended Balances of Approp. Reserves	A-10	224,076.18	149,937.71
Various Reserves Cancelled	A-12		254,876.08
Accounts Payable Cancelled	A-13		17,033.72
		<u>25,716,375.80</u>	<u>25,066,852.15</u>
Total Revenues			
 <u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages	A-3	3,391,100.00	3,403,295.00
Other Expenses	A-3	2,833,767.52	2,819,795.88
Deferred Charges and Statutory Expend.-Mun.	A-3	725,002.71	733,785.00
Municipal Debt Service	A-3	991,424.10	869,917.65
County Tax	A-16	3,425,474.52	3,480,040.85
County Share of Added Taxes	A-16	1,575.98	2,743.58
Local District School Taxes	A-15	14,042,771.00	13,297,458.00
Prior Year Senior Citizen Deductions Disallowed	A-6	229.86	
		<u>25,411,345.69</u>	<u>24,607,035.96</u>
Total Expenditures			
Excess in Revenue		305,030.11	459,816.19
 <u>FUND BALANCE</u>			
Balance - January 1	A	<u>502,604.36</u>	<u>242,788.17</u>
		807,634.47	702,604.36
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>330,000.00</u>	<u>200,000.00</u>
Balance - December 31	A	<u>\$ 477,634.47</u>	<u>\$ 502,604.36</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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

	Ref.	ANTICIPATED 2014	N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	A-1	\$ 330,000.00	\$	\$ 330,000.00	\$
Total Surplus Anticipated		330,000.00	\$	330,000.00	\$
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-8	4,725.00		4,725.00	
Fees and Permits	A-8	41,900.00		33,322.27	(8,577.73)
Fines and Costs:					
Municipal Court	A-8	170,800.00		184,381.28	13,581.28
Interest and Costs on Taxes	A-8	30,500.00		29,265.76	(1,234.24)
Interest on Investments and Deposits	A-8	9,000.00		10,098.63	1,098.63
Anticipated Utility Operating Surplus-Electric	A-8	622,341.00		622,341.00	
Swimming Pool Fees	A-8	105,500.00		115,291.00	9,791.00
Cable Television Franchise Fees	A-8	30,211.00		30,211.00	
Recreation Fees	A-8	80,500.00		76,353.50	(4,146.50)
Consolidated Municipal Property Tax Relief Aid	A-8	64,038.00		64,038.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-8	323,131.00		323,131.00	
Dedicated Uniform Construction Code Fees Offset With Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):					
Uniform Construction Code Fees	A-8	90,000.00		89,471.00	(529.00)
School Age Child Care	A-8	300,000.00		349,953.53	49,953.53
Donation - Milltown Revitalization Committee	A-12	6,653.00		6,653.00	
Public and Private Revenues Offset With Appropriations:					
Clean Communities Program	A-18		11,910.17	11,910.17	
Body Armor Replacement Program	A-18	2,212.48	1,680.92	3,893.40	
Municipal Alliance on Alcoholism and Drug Abuse	A-18	12,366.00		12,366.00	
Middlesex County Office on Aging Grant	A-18	6,000.00		6,000.00	
Middlesex County HUD Block Grant	A-18	35,140.00	2,800.00	37,940.00	

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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

	<u>Ref.</u>	<u>ANTICIPATED</u> <u>2014</u>	<u>N.J.S.A.</u> <u>40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Public and Private Revenues Offset With Appropriations: (cont'd.)					
Other Special Items:					
Utility Operating Surplus of Prior Year - Electric	A-8	\$ 550,000.00	\$	\$ 550,000.00	\$
Reserve for Hurricane Sandy	A-8	138,923.88		182,437.84	43,513.96
Cell Tower Lease	A-8	60,900.00		69,018.86	8,118.86
Reserve for Payment of Debt Service-General Capital Fund	A-8	50,313.52		50,313.52	
Payment in Lieu of Taxes - Arisa Redevelopment	A-8	<u>109,814.34</u>		<u>109,814.37</u>	<u>0.03</u>
 Total Miscellaneous Revenues	 A-1	 <u>2,844,969.22</u>	 <u>16,391.09</u>	 <u>2,972,930.13</u>	 <u>111,569.82</u>
Receipts from Delinquent Taxes	A-1			<u>229.86</u>	<u>229.86</u>
Subtotal General Revenues		<u>\$ 3,174,969.22</u>	<u>\$ 16,391.09</u>	<u>\$ 3,303,159.99</u>	<u>\$ 111,799.68</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-7	4,788,525.37		4,683,757.81	(104,767.56)
Minimum Library Tax	A-7	<u>286,288.95</u>		<u>286,288.95</u>	
 Total Amount to be Raised by Taxes for Support of Municipal Budget	 A-7	 <u>5,074,814.32</u>		 <u>4,970,046.76</u>	 <u>(104,767.56)</u>
Budget Totals		8,249,783.54	16,391.09	8,273,206.75	7,032.12
Non-Budget Revenues	A-1,A-8			<u>39,271.37</u>	<u>39,271.37</u>
		<u>\$ 8,249,783.54</u>	<u>\$ 16,391.09</u>	<u>\$ 8,312,478.12</u>	<u>\$ 46,303.49</u>
		A-3	A-3		

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS"						
<u>GENERAL GOVERNMENT</u>						
General Administration						
Salaries and Wages	\$ 7,700.00	\$ 7,700.00	\$ 7,649.17	\$	50.83	\$
Other Expenses	760.00	760.00	383.21	110.00	266.79	
Mayor and Council						
Salaries and Wages	8,400.00	8,400.00	8,369.64		30.36	
Other Expenses	2,600.00	3,100.00	1,911.49	670.60	517.91	
Payroll Processing Fees	3,000.00	3,000.00	1,441.47	352.06	1,206.47	
Municipal Clerk						
Salaries and Wages	115,500.00	115,500.00	113,040.25		2,459.75	
Other Expenses	27,047.00	27,047.00	22,957.90	2,272.59	1,816.51	
Financial Administration						
Salaries and Wages	78,500.00	78,500.00	76,552.35		1,947.65	
Other Expenses						
Annual Audit	20,000.00	20,000.00	18,512.00		1,488.00	
Misc. Other Expenses	21,025.00	21,025.00	18,475.60	310.91	2,238.49	
Assessment of Taxes						
Salaries and Wages	26,000.00	26,000.00	25,097.96		902.04	
Other Expenses	3,950.00	3,950.00	2,150.61	1,738.80	60.59	
Collection of Taxes						
Salaries and Wages	70,300.00	70,300.00	69,738.62		561.38	
Other Expenses	7,950.00	7,950.00	6,724.96	523.14	701.90	
Legal Services and Costs						
Other Expenses	136,300.00	210,800.00	192,883.22	13,396.20	4,520.58	
Engineering Services and Costs						
Other Expenses						
Misc. Other Expenses	15,745.00	15,745.00	10,161.84	1,051.54	4,531.62	
Groundwater Monitoring	100.00	100.00			100.00	
<u>LAND USE ADMINISTRATION</u>						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Zoning/Board of Adjustments						
Salaries and Wages	59,800.00	59,800.00	59,672.08		127.92	
Other Expenses	3,250.00	3,250.00	2,111.25	610.52	528.23	
Planning Board						
Other Expenses	9,700.00	4,200.00	2,350.00		1,850.00	
Board of Adjustment						
Other Expenses	4,200.00	4,200.00	2,233.75		1,966.25	

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>INSURANCE</u>						
Surety Bonds	\$ 1,500.00	\$ 1,500.00	\$ 1,195.00		\$ 305.00	\$
Other Insurane Premiums	96,000.00	95,100.00	95,095.35		4.65	
Workers' Compensation	107,200.00	106,300.00	106,274.20		25.80	
Group Insurance Plan for Employees	502,000.00	502,000.00	492,839.15	232.00	8,928.85	
Unemployment Insurance	10,000.00	3,500.00			3,500.00	
Health Benefit Waiver	31,000.00	31,000.00	30,720.99		279.01	
<u>PUBLIC SAFETY</u>						
Fire						
Salaries and Wages	15,120.00	10,600.00	10,600.00			
Other Expenses						
Other Misc. Expenses	53,390.00	57,910.00	35,191.67	17,669.22	5,049.11	
Municipal Prosecutor						
Salaries and Wages	13,000.00	13,000.00	9,360.00	2,400.00	1,240.00	
Municipal Court						
Salaries and Wages	95,000.00	95,000.00	93,102.21		1,897.79	
Other Expenses	11,410.00	11,410.00	6,477.04	1,624.19	3,308.77	
Public Defender						
Other Expenses	6,500.00	6,500.00	1,050.00	350.00	5,100.00	
Police						
Salaries and Wages						
Regular	1,540,000.00	1,530,000.00	1,499,135.27		30,864.73	
Dispatchers	107,500.00	101,500.00	93,532.59		7,967.41	
Other Expenses						
Other Misc. Expenses	103,055.00	99,055.00	79,274.13	17,954.75	1,826.12	
Telephone	16,500.00	16,500.00	14,920.37	1,363.84	215.79	
Crossing Guards						
Salaries and Wages	131,500.00	125,500.00	120,622.56		4,877.44	
Other Expenses	4,500.00	4,000.00	1,128.44	175.00	2,696.56	
First Aid Organization Contrib. (40-5.2)	35,000.00	35,000.00	35,000.00			
Emergency Management Services						
Salaries and Wages	2,000.00	2,000.00	1,795.00		205.00	
Other Misc. Expenses	1,000.00	1,000.00	628.76	152.04	219.20	

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<b>PUBLIC WORKS</b>						
Road Repairs and Maintenance						
Salaries and Wages	\$ 170,500.00	\$ 168,000.00	\$ 164,325.86		\$ 3,674.14	\$
Other Expenses	24,100.00	24,100.00	21,036.58	1,594.24	1,469.18	
Snow Removal						
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses	5,000.00	5,000.00	5,000.00			
Central Garage						
Salaries and Wages	42,100.00	42,100.00	39,828.05		2,271.95	
Other Expenses	103,300.00	100,300.00	81,809.95	18,283.77	206.28	
Street Cleaning						
Salaries and Wages	112,800.00	112,800.00	109,024.12		3,775.88	
Other Expenses	4,450.00	4,450.00	2,385.69	248.55	1,815.76	
Shade Tree Commission						
Other Expenses	14,000.00	14,000.00	316.29	12,500.00	1,183.71	
Garbage and Trash Removal						
Salaries and Wages	290,000.00	286,500.00	280,712.51		5,787.49	
Other Expenses	202,565.00	202,565.00	160,911.53	31,405.24	10,248.23	
Environmental Commission						
Other Expenses	900.00	900.00	350.00		550.00	
O.S.H.A. Requirement(P.L. 1983 Ch. 516)						
Public Works						
Other Expenses	4,350.00	4,350.00	1,814.29		2,535.71	
Public Works						
UST Remediation						
Other Expenses	10,000.00	10,000.00	5,596.66	235.92	4,167.42	
Public Building and Grounds						
Salaries and Wages	2,800.00	2,800.00	2,293.06		506.94	
Other Expenses	34,750.00	34,750.00	23,742.20	9,193.63	1,814.17	
Recycling Program						
Salaries and Wages	57,300.00	57,300.00	55,480.04		1,819.96	
Other Expenses	57,750.00	55,250.00	51,303.21	1,141.52	2,805.27	
<b>HEALTH</b>						
Board of Health						
Salaries and Wages	6,400.00	6,400.00	5,723.97		676.03	
Other Expenses	725.00	725.00	507.00		218.00	
Dog Regulation						
Other Expenses	500.00	500.00			500.00	
Property Clean-Ups						
Other Expenses	15,000.00	13,000.00	1,300.00		11,700.00	

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u>
						<u>CANCELLED</u>
Operations Within "CAPS" (Cont'd.)						
<u>RECREATION AND PARKS</u>						
Parks and Playgrounds						
Salaries and Wages	\$ 151,000.00	\$ 150,000.00	\$ 145,650.94		\$ 4,349.06	\$
Other Expenses	20,000.00	20,000.00	10,784.32	6,716.87	2,498.81	
Department of Recreation						
Salaries and Wages	66,700.00	66,700.00	65,941.66		758.34	
Other Expenses	55,234.00	53,234.00	39,691.11	6,484.90	7,057.99	
Celebration of Public Events						
Other Expenses	6,200.00	6,200.00	403.58	343.00	5,453.42	
Office on Aging						
Salaries and Wages	66,000.00	63,500.00	58,429.64		5,070.36	
Other Expenses	26,245.00	26,245.00	22,075.92	4,057.98	111.10	
Pool Expenses						
Salaries and Wages	90,000.00	94,600.00	94,600.00			
Other Expenses	57,345.00	55,445.00	53,852.38	1,507.36	85.26	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone						
Salaries and Wages	44,900.00	43,400.00	40,445.96		2,954.04	
Other Expenses	7,800.00	7,800.00	6,392.81	816.96	590.23	
Gasoline	45,000.00	39,000.00	27,657.06	4,899.62	6,443.32	
Natural Gas - Heating	11,500.00	11,500.00	9,244.63	691.42	1,563.95	
<u>UNCLASSIFIED</u>						
Terminal Leave						
Sick and Vacation S & W	5,000.00	5,000.00	5,000.00			
<u>UNIFORM CONSTRUCTION CODE -</u>						
<u>APPROPRIATIONS OFFSET BY</u>						
<u>DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Construction Code Official						
Salaries and Wages	53,800.00	53,800.00	53,670.76		129.24	
Other Expenses	1,250.00	1,250.00	641.33		608.67	
Total Operations Within "CAPS"	5,377,266.00	5,388,166.00	5,023,303.21	163,078.38	201,784.41	
Contingent	1,000.00	1,000.00			1,000.00	
Total Operations Including Contingent Within "CAPS"	5,378,266.00	5,389,166.00	5,023,303.21	163,078.38	202,784.41	
<u>DETAIL:</u>						
Salaries and Wages	3,434,620.00	3,401,700.00	3,314,394.27	2,400.00	84,905.73	
Other Expenses (Including Contingent)	1,943,646.00	1,987,466.00	1,708,908.94	160,678.38	117,878.68	

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 146,344.66	\$ 146,344.66	\$ 132,132.71	\$	\$	\$ 14,211.95
Social Security System (O.A.S.I.)	270,000.00	259,100.00	249,199.71		9,900.29	
Police & Firemen's Ret. Sys. of N.J.	341,106.00	341,106.00	320,440.00			20,666.00
Total Deferred Charges and Statutory Expend. - Municipal - Within "CAPS"	<u>757,450.66</u>	<u>746,550.66</u>	<u>701,772.42</u>		<u>9,900.29</u>	<u>34,877.95</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>6,135,716.66</u>	<u>6,135,716.66</u>	<u>5,725,075.63</u>	<u>163,078.38</u>	<u>212,684.70</u>	<u>34,877.95</u>
<u>Operations Excluded from "CAPS"</u>						
Maintenance of Free Public Library	286,288.95	286,288.95	273,135.18	76.45	13,077.32	
Fire						
Length of Service Award Program (LOSAP)	65,000.00	65,000.00	65,000.00			
Stormwater Pollution Programs						
NJPDES/Stormwater Permit (N.J.S.A. 40A:4-45.3(cc))						
Engineering - Other Expenses	<u>4,000.00</u>	<u>4,000.00</u>	<u>1,682.18</u>		<u>2,317.82</u>	
Total Other Operations-Excluded From "CAPS"	<u>355,288.95</u>	<u>355,288.95</u>	<u>339,817.36</u>	<u>76.45</u>	<u>15,395.14</u>	
Interlocal Municipal Service Agreements						
Board of Health-County of Middlesex						
Public Health Service Contract						
Other Expenses & EDRS	35,500.00	35,500.00	35,305.97		194.03	
Middlesex County Improvement Authority						
Recycling Program						
Other Expenses	33,500.00	33,500.00	12,450.82	4,518.15	16,531.03	
Township of East Brunswick						
Public Safety Comm. System	3,600.00	3,600.00			3,600.00	
Borough of Helmetta						
Animal Control	5,500.00	5,500.00	5,304.00		196.00	
Shelter	3,300.00	3,300.00	2,391.75	204.00	704.25	
Township of South Brunswick						
Mobile Data Terminal System	13,500.00	13,500.00	9,000.00	3,000.00	1,500.00	
County of Middlesex Radio Network						
Other Expenses	<u>1,650.00</u>	<u>1,650.00</u>			<u>1,650.00</u>	
Total Interlocal Municipal Service Agreements	<u>96,550.00</u>	<u>96,550.00</u>	<u>64,452.54</u>	<u>7,722.15</u>	<u>24,375.31</u>	

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Operations Excluded from "CAPS" (Cont'd)</u>						
Additional Appropriations Offset by Revenues (N.J.S.A. 40A:4-45.3h)						
School Age Child Care Program	\$ 300,000.00	\$ 300,000.00	\$ 256,190.30	\$ 5,486.86	\$ 38,322.84	\$
Donations-Milltown Revital. Comm.	6,653.00	6,653.00	6,253.00	400.00		
Total Additional Approps. Offset by Revenues	<u>306,653.00</u>	<u>306,653.00</u>	<u>262,443.30</u>	<u>5,886.86</u>	<u>38,322.84</u>	
Public and Private Programs Offset by Revenues						
Middlesex County Office on Aging:						
Grant Portion	6,000.00	6,000.00	6,000.00			
Clean Communities Grant		11,910.17	11,910.17			
Middlesex County - CDBG Grant	35,140.00	37,940.00	37,940.00			
Municipal Alliance Drug & Alcohol Program:						
Grant Portion	12,366.00	12,366.00	12,366.00			
Matching Portion	3,100.00	3,100.00	3,100.00			
Body Armor Replacement to Comm Grant	2,212.48	3,893.40	3,893.40			
Matching Funds for Grants	<u>2,000.00</u>	<u>2,000.00</u>			<u>2,000.00</u>	
Total Public & Private Programs Offset by Revenues	<u>60,818.48</u>	<u>77,209.57</u>	<u>75,209.57</u>		<u>2,000.00</u>	
Total Operations Excluded from "CAPS"	<u>819,310.43</u>	<u>835,701.52</u>	<u>741,922.77</u>	<u>13,685.46</u>	<u>80,093.29</u>	
DETAIL:						
Salaries and Wages						
Other Expenses	<u>819,310.43</u>	<u>835,701.52</u>	<u>741,922.77</u>	<u>13,685.46</u>	<u>80,093.29</u>	

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND  
STATEMENT OF EXPENDITURES - STATUTORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>BALANCE</u> <u>CANCELLED</u>
Operations Excluded from "CAPS" (Cont'd.)						
<u>MUNICIPAL DEBT SERVICE -</u> <u>EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 735,000.00	\$ 735,000.00	\$ 735,000.00	\$	\$	
Payment of Bond Anticipation Notes	80,000.00	80,000.00	80,000.00			
Interest on Bonds	158,224.55	158,224.55	158,224.55			
Interest on Notes	832.00	832.00	829.65			2.35
Green Trust Loan Principal and Interest	<u>17,369.90</u>	<u>17,369.90</u>	<u>17,369.90</u>			
Total Municipal Debt Service - Excluded from "CAPS"	<u>991,426.45</u>	<u>991,426.45</u>	<u>991,424.10</u>			<u>2.35</u>
Deferred Charges - Excluded from "CAPS" To Future Taxation-Unfunded	<u>13,330.00</u>	<u>13,330.00</u>	<u>13,330.00</u>			
Total Deferred Charges - Excluded from "CAPS"	<u>13,330.00</u>	<u>13,330.00</u>	<u>13,330.00</u>			
Total General Appropriations for Municipal Purposes - Excluded from "CAPS"	<u>1,824,066.88</u>	<u>1,840,457.97</u>	<u>1,746,676.87</u>	<u>13,685.46</u>	<u>80,093.29</u>	<u>2.35</u>
Subtotal General Appropriations	7,959,783.54	7,976,174.63	7,471,752.50	176,763.84	292,777.99	34,880.30
Reserve for Uncollected Taxes	<u>290,000.00</u>	<u>290,000.00</u>	<u>290,000.00</u>			
Total General Appropriations	<u>\$ 8,249,783.54</u>	<u>\$ 8,266,174.63</u>	<u>\$ 7,761,752.50</u>	<u>\$ 176,763.84</u>	<u>\$ 292,777.99</u>	<u>\$ 34,880.30</u>
	<u>REF.</u>		A-1	A,A-1	A,A-1	A-1
Adopted Budget	A-2	\$ 8,249,783.54				
NJSA 40A:4-87	A-2	<u>16,391.09</u>				
		<u>\$ 8,266,174.63</u>				
Disbursed	A-4		\$ 7,331,542.93			
Reserve for Uncollected Taxes	A-7		290,000.00			
Reserve for State & Federal Grants Appropriated	A-9		75,209.57			
Accounts Payable (LOSAP)	A-13		<u>65,000.00</u>			
			<u>\$ 7,761,752.50</u>			

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - B

TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31,2014</u>	<u>BALANCE DEC. 31,2013</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31,2014</u>	<u>BALANCE DEC. 31,2013</u>
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B-1	\$ 1,164.64	\$ 1,096.14	Reserve for Animal Control	B-1	\$ 1,174.64	\$ 1,096.14
Due from Clerk	B-1	<u>18.40</u>	<u>          </u>	Due to State of NJ		<u>8.40</u>	<u>          </u>
Total Animal Control Fund		<u>1,183.04</u>	<u>1,096.14</u>	Total Animal Control Fund		<u>1,183.04</u>	<u>1,096.14</u>
Trust-Other Fund:				Trust-Other Fund:			
Cash and Investments - Treasurer	B-1	<u>803,949.47</u>	<u>889,946.76</u>	Reserve for Various Deposits	B-1	754,093.45	812,840.88
				Reserve for Encumbrances	B-1	13,640.47	15,258.97
				Reserve for Unemployment	B-1	<u>36,215.55</u>	<u>61,846.91</u>
Total Trust-Other Fund		<u>803,949.47</u>	<u>889,946.76</u>	Total Trust-Other Fund		<u>803,949.47</u>	<u>889,946.76</u>
Payroll Trust Fund:				Payroll Trust Fund:			
Cash and Investments - Treasurer	B-1	<u>63,172.66</u>	<u>66,328.10</u>	Payroll Deductions Payable	B-1,B-2	<u>63,172.66</u>	<u>66,328.10</u>
Total Payroll Trust Fund		<u>63,172.66</u>	<u>66,328.10</u>	Total Payroll Trust Fund		<u>63,172.66</u>	<u>66,328.10</u>
Public Assistance Trust Fund:				Public Assistance Trust Fund:			
Cash and Investments - Treasurer	B-1	<u>8,973.76</u>	<u>8,973.76</u>	Reserve for Public Assistance	B-1	<u>8,973.76</u>	<u>8,973.76</u>
Total Public Assistance Trust Fund		<u>8,973.76</u>	<u>8,973.76</u>	Total Public Assistance Trust Fund		<u>8,973.76</u>	<u>8,973.76</u>
LOSAP Fund (Unaudited):				LOSAP Fund (Unaudited):			
Cash and Investments - Trustee	B	<u>811,461.85</u>	<u>704,574.02</u>	Res. for LOSAP Funds Held by Trustee	B	<u>811,461.85</u>	<u>704,574.02</u>
Total LOSAP Fund		<u>811,461.85</u>	<u>704,574.02</u>	Total LOSAP Fund		<u>811,461.85</u>	<u>704,574.02</u>
		<u>\$ 1,688,740.78</u>	<u>\$ 1,670,918.78</u>			<u>\$ 1,688,740.78</u>	<u>\$ 1,670,918.78</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
Cash and Investments - Treasurer	C-2, C-3	\$ 60,702.15	\$ 585,979.08
Due from State of New Jersey - DOT	C-4	804,794.00	444,794.00
Due from Grant Fund	C-15	50,000.00	50,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	4,894,614.00	5,642,695.08
Unfunded	C-6	<u>2,001,046.51</u>	<u>221,376.51</u>
		\$ <u>7,811,156.66</u>	\$ <u>6,944,844.67</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-7	4,690,000.00	5,425,000.00
NJDEP Green Trust Loan Payable	C-8	204,614.00	217,695.08
Reserve for Encumbrances Payable	C-9	291,732.00	507,850.44
Bond Anticipation Notes	C-13		80,000.00
Improvement Authorizations:			
Funded	C-9	425,952.45	419,555.93
Unfunded	C-9	1,747,867.74	77,439.23
Reserve for:			
Capital Improv. Fund	C-10	65,005.74	141,005.74
Due from State of NJ - DOT	C-11	370,000.00	10,000.00
Water Retention	C-12	11,428.58	11,428.58
Payment of Debt Service	C-14		50,313.52
Fund Balance	C-1	<u>4,556.15</u>	<u>4,556.15</u>
		\$ <u>7,811,156.66</u>	\$ <u>6,944,844.67</u>
Bonds and Notes Authorized but not Issued	C-16	<u>\$ 2,001,046.51</u>	<u>\$ 141,376.51</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>		
Balance - December 31, 2013	C	\$	\$4,556.15
Balance - December 31, 2014	C	\$	<u>4,556.15</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - D

WATER AND SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

ASSETS		BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013	LIABILITIES, RESERVES AND FUND BALANCE		BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D- 5	\$ <u>1,679,669.04</u>	\$ <u>1,249,556.09</u>	Appropriation Reserves	D-4,D-9	\$ 564,679.23	\$ 451,742.55
		1,679,669.04	1,249,556.09	Reserve for Encumbrances	D-4,D-9	126,674.55	63,322.55
				Consumer Overpayments	D-11	6,152.21	6,758.98
				Accounts Payable	D-12	76,633.57	44,371.82
				Due to Water and Sewer Capital Fund	D-13		10,000.00
				Accrued Interest on Bonds, Notes and Loans	D-10	<u>47,119.41</u>	<u>51,311.59</u>
Receivables and Inventory With Offsetting Reserves:							
Consumer Accts. Receivable	D- 7	366,997.02	374,985.93			821,258.97	627,507.49
Inventory	D- 8	<u>16,310.00</u>	<u>16,310.00</u>	Reserve for Receivables	Reserve	383,307.02	391,295.93
		383,307.02	391,295.93	Fund Balance	D-1	<u>858,410.07</u>	<u>622,048.60</u>
Total Operating Fund		<u>2,062,976.06</u>	<u>1,640,852.02</u>	Total Operating Fund		<u>2,062,976.06</u>	<u>1,640,852.02</u>
				Capital Fund:			
Capital Fund:				Serial Bonds Payable	D-17	2,658,000.00	2,883,000.00
Cash and Investments - Treasurer	D-5, D-6	51,958.94	174,106.73	NJEIT Loan Payable			
Fixed Capital	D-15	11,073,155.99	11,073,155.99	Federal	D-22	1,436,313.90	1,526,575.44
Fixed Capital Authorized and Uncompleted	D-16	4,181,173.74	2,656,273.74	State	D-22	1,247,801.00	1,304,956.00
Due from Water and Sewer Operating Fund	D-19	10,000.00	10,000.00	Improv. Authorizations:			
Accounts Receivable - NJEIT Loan Receivable	D-18	<u>296,051.00</u>	<u>296,051.00</u>	Funded	D-21	319,642.76	267,252.28
				Unfunded	D-21	1,621,624.72	203,632.00
				Capital Improv. Fund	D-20	87.05	56,987.05
Total Capital Fund		<u>15,602,339.67</u>	<u>14,209,587.46</u>	Reserve for:			
				Encumbrances	D-21	41,080.55	128,711.54
				Amortization	D-23	8,070,482.83	7,698,066.29
				Deferred Res. for Amortization	D-24	180,100.00	113,200.00
				Payment of Debt Service	D-14	7,019.85	7,019.85
				Fund Balance	D- 2	<u>20,187.01</u>	<u>20,187.01</u>
				Total Capital Fund		<u>15,602,339.67</u>	<u>14,209,587.46</u>
		<u>\$ 17,665,315.73</u>	<u>\$ 15,850,439.48</u>			<u>\$ 17,665,315.73</u>	<u>\$ 15,850,439.48</u>

There were Water/Sewer Utility Bonds and Notes Authorized but not Issued at December 31, 2014 and 2013 in the amount of \$1,661,632.00 and \$203,632.00 (Exhibit - D-25 of Supplementary Schedules.)

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

<u>REVENUE AND OTHER INCOME</u>		<u>YEAR 2014</u>	<u>YEAR 2013</u>
Fund Balance Utilized	D- 3	\$ 206,413.04	\$ 316,901.13
Rents	D- 3	2,323,595.36	2,222,692.02
Water Tower Collection Rental Fees	D- 3	119,360.19	133,999.76
Morel Assessment	D- 3	50,000.00	50,000.00
Other Credits to Income:			
Non-Budget Revenue	D- 3	46,749.38	27,941.65
Unexpend. Balance of Appropriation Reserves			
Lapsed and Reserve for Encumb. Canceled	D- 9	<u>229,896.25</u>	<u>166,103.89</u>
 Total Revenues		 <u>2,976,014.22</u>	 <u>2,917,638.45</u>
 <u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D- 4	\$ 1,851,210.74	\$ 1,825,810.74
Capital Improvements	D- 4	85,000.00	50,000.00
Debt Service	D- 4	515,167.57	681,091.89
Deferred Charges and Statutory Expend.	D- 4	<u>81,861.40</u>	<u>85,085.00</u>
 Total Expenditures		 <u>2,533,239.71</u>	 <u>2,641,987.63</u>
 Excess in Revenues		 442,774.51	 275,650.82
 <u>FUND BALANCE</u>			
Balance - January 1	D	<u>622,048.60</u>	<u>663,298.91</u>
		1,064,823.11	938,949.73
Decreased by:			
Utilized as Anticipated Revenue	D- 1	<u>206,413.04</u>	<u>316,901.13</u>
Balance - December 31	D	<u>\$ 858,410.07</u>	<u>\$ 622,048.60</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

WATER AND SEWER UTILITY CAPITAL FUND  
 STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>		
Balance - December 31, 2013	D	\$	20,187.01
Balance - December 31, 2014	D	\$	<u>20,187.01</u>

Note: See Notes to Financial Statements



BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

Exhibit D- 4

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

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<b>Operations:</b>						
Salaries and Wages	\$ 330,000.00	\$ 330,000.00	\$ 292,121.68	\$ 37,878.32	\$	\$
Other Expenses	653,000.00	653,000.00	347,028.00	121,674.55	184,297.45	
Bulk Water Purchase - City of New Brunswick	410,000.00	410,000.00	249,202.90		160,797.10	
Sewer Disposal - City of New Brunswick	407,000.00	407,000.00	304,729.63		102,270.37	
Sewer Back Charges - City of New Brunswick	46,210.74	46,210.74	46,210.73		0.01	
Terminal Leave	5,000.00	5,000.00	5,000.00			
<b>Total Operations</b>	<b>1,851,210.74</b>	<b>1,851,210.74</b>	<b>1,244,292.94</b>	<b>121,674.55</b>	<b>485,243.25</b>	
<b>Capital Improvements:</b>						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Capital Outlay	75,000.00	75,000.00			75,000.00	
<b>Total Capital Improvements</b>	<b>85,000.00</b>	<b>85,000.00</b>	<b>10,000.00</b>		<b>75,000.00</b>	
<b>Debt Service:</b>						
Payment of Bond Principal	225,000.00	225,000.00	225,000.00			
Interest on Bonds	78,000.00	78,000.00	78,000.00			
NJEIT Loan Prog. - Principal & Interest	101,051.99	101,051.99	101,051.99			
NJEIT Loan 2012 Prog. - Principal & Interest	76,048.51	76,048.51	76,005.32			43.19
NJEIT Loan 2013 Prog. - Principal & Interest	35,876.80	35,876.80	35,110.26			766.54
<b>Total Debt Service</b>	<b>515,977.30</b>	<b>515,977.30</b>	<b>515,167.57</b>			<b>809.73</b>
<b>Deferred Charges - Statutory Expenditures</b>						
<b>Contribution to:</b>						
Public Employees' Retire. System	55,225.00	55,225.00	49,861.40			5,363.60
Social Security System	27,000.00	27,000.00	22,564.02		4,435.98	
Unemployment Compensation Insurance	5,000.00	5,000.00		5,000.00		
<b>Total Deferred Charges and Statutory Expenditures</b>	<b>87,225.00</b>	<b>87,225.00</b>	<b>72,425.42</b>	<b>5,000.00</b>	<b>4,435.98</b>	<b>5,363.60</b>
	<b>\$ 2,539,413.04</b>	<b>\$ 2,539,413.04</b>	<b>\$ 1,841,885.93</b>	<b>\$ 126,674.55</b>	<b>\$ 564,679.23</b>	<b>\$ 6,173.33</b>
REF	D-3	D-3	D-1	D-1,D-10	D,D-1	
Disbursed	D- 5		\$ 1,710,602.70			
Accrued Interest on Bonds and Notes	D-10		131,283.23			
			<b>\$ 1,841,885.93</b>			

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - E

ELECTRIC UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2014 AND 2013

ASSETS	REF.	BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013
<b>Operating Fund:</b>				<b>Operating Fund:</b>			
Cash and Investments - Treasurer	E- 5	\$ 2,648,312.90	\$ 2,053,015.55	Appropriation Reserves	E-4, E-11	\$ 1,415,064.27	\$ 743,635.34
Change Fund	E- 6	100.00	100.00	Reserve for Encumbrances	E-4, E-11	163,533.20	61,067.17
Intergovernmental Accounts Receivable	E- 9	112.50	112.50	Consumer Overpayments	E-13	10,159.76	8,409.82
Due from Electric Utility Capital Fund	E-26	<u>1,795.63</u>	<u>1,795.63</u>	Consumer Deposits	E-14	102,887.76	72,513.82
				Accounts Payable	E-15	63,197.53	58,642.81
		<u>2,650,321.03</u>	<u>2,055,023.68</u>	Accrued Interest on Bonds, Notes and Loans	E-16	<u>10,462.11</u>	<u>2,936.74</u>
						1,765,304.63	947,205.70
<b>Receivables and Inventory With Offsetting Reserves:</b>				<b>Reserve for Receivables Fund Balance</b>			
Consumer Accts. Receivable	E- 8	670,691.25	801,733.65		Reserve	764,052.25	895,094.65
Inventory	E-10	<u>93,361.00</u>	<u>93,361.00</u>		E- 1	<u>885,016.40</u>	<u>1,107,817.98</u>
		<u>764,052.25</u>	<u>895,094.65</u>	<b>Total Operating Fund</b>		<u>3,414,373.28</u>	<u>2,950,118.33</u>
<b>Total Operating Fund</b>		<u>3,414,373.28</u>	<u>2,950,118.33</u>	<b>Capital Fund:</b>			
<b>Capital Fund:</b>				<b>Serial Bonds Payable</b>			
Cash and Investments - Treasurer	E-5, E-7	1,510,818.44	3,028,198.36		E-20	1,784,000.00	1,854,000.00
Fixed Capital	E-18	5,135,341.42	5,135,341.42	Bond Anticipation Notes	E-17	2,000,000.00	2,000,000.00
Fixed Capital Authorized and Uncompleted	E-19	<u>15,834,453.50</u>	<u>15,634,453.50</u>	Due to Electric Utility Operating Fund	E-27	1,795.63	1,795.63
<b>Total Capital Fund</b>		<u>22,480,613.36</u>	<u>23,797,993.28</u>	<b>Improv. Authorizations:</b>			
				Funded	E-22	94,975.91	1,006,811.20
				Unfunded	E-22	636,632.31	13,669,195.80
				Capital Improv. Fund	E-23	12,321.81	22,321.81
				<b>Reserve for:</b>			
				Encumbrances	E-22	12,819,763.25	192,744.39
				Line Extensions	E-24	7,700.00	7,700.00
				Various Reserves	E-21	90,115.00	90,115.00
				Amortization	E-28	4,824,774.92	4,754,774.92
				Deferred Res. for Amortization	E-25	122,020.00	112,020.00
				Payment of Debt Service	E-12	34,639.40	34,639.40
				Fund Balance	E- 2	<u>51,875.13</u>	<u>51,875.13</u>
				<b>Total Capital Fund</b>		<u>22,480,613.36</u>	<u>23,797,993.28</u>
		<u>\$ 25,894,986.64</u>	<u>\$ 26,748,111.61</u>			<u>\$ 25,894,986.64</u>	<u>\$ 26,748,111.61</u>

There were Electric Utility Bonds and Notes Authorized but not Issued at December 31, 2014 and 2013 in the amount of \$12,239,000.00 and \$12,049,000.00 (Exhibit - E-29 of Supplementary Schedules.)

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - E-1

ELECTRIC UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Anticipated Surplus	E- 3	\$ 50,000.00	\$ 199,375.00
Electric Charges	E- 3	8,105,594.29	8,083,644.15
Other Credits to Income:			
Non-Budget Revenue	E- 3	76,859.43	74,552.09
Unexpend. Balance of Appropriation Reserves			
Lapsed and Reserve for Encumb. Cancelled	E-11	<u>271,900.58</u>	<u>672,948.38</u>
 Total Revenues		 <u>8,504,354.30</u>	 <u>9,030,519.62</u>
 <u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	E- 4	\$ 7,192,000.00	\$ 7,443,350.00
Capital Improvements	E- 4	55,000.00	55,000.00
Debt Service	E- 4	138,428.11	31,600.00
Deferred Charges and Statutory Expend.	E- 4	111,861.40	115,084.00
Surplus (General Budget)	E- 4	622,341.00	622,341.00
	E-16	<u>7,525.37</u>	
 Total Expenditures		 <u>8,127,155.88</u>	 <u>8,267,375.00</u>
 Excess in Revenues		 377,198.42	 763,144.62
 <u>FUND BALANCE</u>			
Balance - January 1	E	<u>1,107,817.98</u>	<u>1,094,048.36</u>
		1,485,016.40	1,857,192.98
Decreased by:			
Anticipated Surplus	E- 1	50,000.00	199,375.00
Surplus - Prior Year (General Budget)	E- 5	<u>550,000.00</u>	<u>550,000.00</u>
Balance - December 31	E	<u>\$ 885,016.40</u>	<u>\$ 1,107,817.98</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

ELECTRIC UTILITY CAPITAL FUND  
 STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>	
Balance - December 31, 2013	E	\$ 51,875.13
Balance - December 31, 2014	E	\$ <u>51,875.13</u>

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

Exhibit E- 3

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

		ANTICIPATED		
	<u>REF.</u>	2014 <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Anticipated Surplus	E-1	\$ 50,000.00	\$ 50,000.00	\$
Electric Utility Rents	E-1, E-8	8,074,993.51	8,105,594.29	30,600.78
Total Budget Revenues		8,124,993.51	8,155,594.29	30,600.78
Non-Budget Revenues	E-1, E-5		76,859.43	76,859.43
<b>GRAND TOTALS</b>		<b>\$ 8,124,993.51</b>	<b>\$ 8,232,453.72</b>	<b>\$ 107,460.21</b>
 <u>Non-Budget Revenue:</u>				
Interest and Costs			\$ 53,411.27	
Re-Connect Charge			250.00	
Ryders Lane Light			300.34	
Cost of Tax Sale			3,246.29	
Final Billing Fee			4,275.00	
Cit-E-Net Fees			834.25	
Miscellaneous			14,542.28	
			<b>\$ 76,859.43</b>	

Note: See Notes to Financial Statements

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - E-4

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

	2014 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations:						
Salaries and Wages	\$ 677,000.00	\$ 677,000.00	\$ 606,847.82		\$ 70,152.18	\$
Other Expenses	873,000.00	873,000.00	602,515.31	41,419.00	229,065.69	
Bulk Energy Purchase	5,637,000.00	5,637,000.00	4,461,676.72	94,669.20	1,080,654.08	
Terminal Leave	5,000.00	5,000.00	5,000.00			
Total Operations	<u>7,192,000.00</u>	<u>7,192,000.00</u>	<u>5,676,039.85</u>	<u>136,088.20</u>	<u>1,379,871.95</u>	
Capital Improvements:						
Capital Outlay	55,000.00	55,000.00	9,675.00	17,445.00	27,880.00	
Total Capital Improvements	<u>55,000.00</u>	<u>55,000.00</u>	<u>9,675.00</u>	<u>17,445.00</u>	<u>27,880.00</u>	
Debt Service:						
Payment of Bond Principal	70,000.00	70,000.00	70,000.00			
Interest on Bonds	55,828.11	55,828.11	55,828.11			
Interest on Notes	12,600.00	12,600.00	12,600.00			
Total Debt Service	<u>138,428.11</u>	<u>138,428.11</u>	<u>138,428.11</u>			
Deferred Charges and Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System	55,224.40	55,224.40	49,861.40			5,363.00
Social Security System	52,000.00	52,000.00	44,687.68		7,312.32	
Unemployment Compensation Insurance	10,000.00	10,000.00		10,000.00		
Total Deferred Charges and Statutory Expenditures	<u>117,224.40</u>	<u>117,224.40</u>	<u>94,549.08</u>	<u>10,000.00</u>	<u>7,312.32</u>	<u>5,363.00</u>
Surplus (General Budget)	<u>622,341.00</u>	<u>622,341.00</u>	<u>622,341.00</u>			
	<u>\$ 8,124,993.51</u>	<u>\$ 8,124,993.51</u>	<u>\$ 6,541,033.04</u>	<u>\$ 163,533.20</u>	<u>\$ 1,415,064.27</u>	<u>\$ 5,363.00</u>
			E-1	E,E-1	E,E-1	
Disbursed	Ref. E- 5		\$ 6,472,604.93			
Accrued Interest on Bonds and Notes	E-16		<u>68,428.11</u>			
			<u>\$ 6,541,033.04</u>			

Note: See Notes to Financial Statements



BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2014 AND 2013

Note 1:      FORM OF GOVERNMENT

The Borough of Milltown operates under the legislative authority of N.J.S.A. 40A:60-1 et seq., which provides for the election of a mayor to serve a term of four years and a council of six members serving three year terms. At its annual meeting, the council elects a president of the council who shall preside at all its meetings when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2:      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.           Reporting Entity

Except as noted below, the financial statements of the Borough of Milltown include every board, body, officer or Commission supported and maintained wholly or in part by funds appropriated by the Borough of Milltown, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Milltown do not include the operations of the municipal library, first aid organization or volunteer fire companies.

B.           Description of Funds

The accounting policies of the Borough of Milltown conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 of Milltown accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

- Animal Control Trust Fund
- Unemployment Compensation Insurance
- Site Plan/Subdivision Review and Inspection Fees
- Payroll Trust Fund
- Public Assistance Trust Fund

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

#### B. Description of Funds (Cont'd.)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Water and Sewer Operating and Capital Fund - account for the operations and acquisition of capital facilities of the municipally owned water and sewer utility.

Electric Operating and Capital Fund - account for the operations and acquisition of capital facilities of the municipally owned electric utility.

Governmental Fixed Assets - The Governmental Fixed Assets system is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on governmental fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

#### C. Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough budget. Receivables for property taxes, water and sewer and electric charges are recorded with offsetting reserves within their respective funds. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of sewer charges, which should be recognized in the period they are earned and become measurable.

## Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

## C. Basis of Accounting (Cont'd.)

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Over- expenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - The Borough records expenditures for earned, but unused sick leave and vacation time are not recorded until paid. GAAP requires that expenditures be recorded for earned, but unused vacation and sick leave in an amount that would normally be liquidated with available financial resources.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

Inventories of Supplies - 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, with the exception of the Water and Sewer Utility and Electric Utility Funds. Inventories for the respective years are presented on the balance sheet of the Water and Sewer and Electric Utility Funds for information purposes only. These inventories were not considered in the cost of operations for the respective years and were not audited as part of this report. The value was determined by management and accepted as presented to us.

## NOTES TO FINANCIAL STATEMENTS

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONT'D.)

#### C. Basis of Accounting (Cont'd.)

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Governmental Fixed Assets - Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Property and equipment acquired by the Water and Sewer Utility Fund and Electric Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonment's. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water and Sewer Utility Capital Fund and Electric Utility Capital Account represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

#### Recent Accounting Standards

GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations" in January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" in April 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions.

The Borough does not prepare its financial statements in accordance with generally accepted accounting principles. The adoption of these new standards will not adversely effect the reporting on the Borough's financial condition.

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

## Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. SUMMARY OF MUNICIPAL DEBT FOR CAPITAL PROJECTS

	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Issued:		
General		
Bonds and Notes	\$ 4,690,000.00	\$ 5,505,000.00
Green Trust Loans	204,614.00	217,695.08
Water & Sewer Utility		
Bonds and Notes	2,658,000.00	2,883,000.00
NJ Environmental Infrastructure Loans	2,684,114.90	2,831,531.44
Electric Utility		
Bonds and Notes	<u>3,784,000.00</u>	<u>3,854,000.00</u>
Total Issued	<u>14,020,728.90</u>	<u>15,291,226.52</u>
Authorized But Not Issued:		
General		
Bonds and Notes	2,001,046.51	141,376.51
Water & Sewer Utility		
Bonds and Notes	1,661,632.00	203,632.00
Electric Utility		
Bonds and Notes	<u>12,239,000.00</u>	<u>12,049,000.00</u>
Total Authorized but not Issued	<u>15,901,678.51</u>	<u>12,394,008.51</u>
Net Bonds Issued and Authorized But Not Issued	<u>\$ 29,922,407.41</u>	<u>\$ 27,685,235.03</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. SUMMARY OF MUNICIPAL DEBT FOR CAPITAL PROJECTS (CONT'D.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2014.

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Debt:</u>				
Gen. Oblig. Refunding Bonds - 2013 \$	2,250,000.00 \$	2,210,000.00	2.00% - 3.00%	2025
Gen. Oblig. Bonds - 2013	2,580,000.00	2,480,000.00	2.00% - 3.50%	2027
Green Trust Loans	279,334.33	204,614.00	2.00%	2028
<u>Water &amp; Sewer Utility Debt:</u>				
Water-Sewer Utility Refunding Bonds	2,250,000.00	2,230,000.00	2.00% - 3.00%	2025
Water-Sewer Utility Bonds	448,000.00	428,000.00	2.00% - 3.50%	2027
NJEIT Loans - 2008	745,000.00	610,000.00	5.00% - 5.50%	2028
NJEIT Loans - 2008	735,700.00	527,085.40	0.00%	2028
NJEIT Loans - 2012	530,000.00	490,000.00	2.00% - 5.00%	2031
NJEIT Loans - 2012	578,569.00	500,119.00	0.00%	2031
NJEIT Loans - 2013	154,956.00	147,801.00	0.25% - 3.26%	2032
NJEIT Loans - 2013	446,990.00	409,109.50	0.00%	2032
<u>Electric Utility Debt:</u>				
Electric Utility Bonds	1,854,000.00	1,784,000.00	2.00% - 3.50%	2027
Bond Anticipation Notes	2,000,000.00	<u>2,000,000.00</u>	1.00%	2015
Total Debt Issued and Outstanding		<u>\$ 14,020,728.90</u>		

## Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. SUMMARY OF MUNICIPAL DEBT FOR CAPITAL PROJECTS (CONT'D.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2013.

	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>FINAL MATURITY</u>
<u>General Debt:</u>				
Gen. Improv. Bonds - 2003	\$ 3,832,000.00	\$ 440,000.00	3.40% - 4.00%	2014
Gen. Oblig. Bonds - 2005	3,415,000.00	180,000.00	3.25% - 4.20%	2014
Gen. Oblig. Refunding Bonds - 2013	2,250,000.00	2,225,000.00	2.00% - 3.00%	2025
Gen. Oblig. Bonds - 2013	2,580,000.00	2,580,000.00	2.00% - 3.50%	2027
Bond Anticipation Notes	160,000.00	80,000.00	1.04%	2014
Green Trust Loans	279,334.33	217,695.08	2.00%	2028
<u>Water &amp; Sewer Utility Debt:</u>				
Water-Sewer Utility Bonds	3,565,000.00	185,000.00	3.25% - 4.20%	2014
Water-Sewer Utility Refunding Bonds	2,250,000.00	2,250,000.00	2.00% - 3.00%	2025
Water-Sewer Utility Bonds	448,000.00	448,000.00	2.00% - 3.50%	2027
NJEIT Loans - 2008	745,000.00	640,000.00	5.00% - 5.50%	2028
NJEIT Loans - 2008	735,700.00	565,199.89	0.00%	2028
NJEIT Loans - 2012	530,000.00	510,000.00	2.00% - 5.00%	2031
NJEIT Loans - 2012	578,569.00	529,537.75	0.00%	2031
NJEIT Loans - 2013	154,956.00	154,956.00	0.25% - 3.26%	2032
NJEIT Loans - 2013	446,990.00	431,837.80	0.00%	2032
<u>Electric Utility Debt:</u>				
Electric Utility Bonds	1,854,000.00	1,854,000.00	2.00% - 3.50%	2027
Bond Anticipation Notes	2,000,000.00	<u>2,000,000.00</u>	1.00%	2014
Total Debt Issued and Outstanding		\$ <u><u>15,291,226.52</u></u>		

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

<u>2014</u>	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School Dist. Debt	\$ 5,932,000.00	\$ 5,932,000.00	\$
Utility Debt	23,026,746.90	23,026,746.90	
General Debt	<u>6,895,660.51</u>	<u></u>	<u>6,895,660.51</u>
	<u>\$ 35,854,407.41</u>	<u>\$ 28,958,746.90</u>	<u>\$ 6,895,660.51</u>

Net Debt \$6,895,660.51 Divided by Equalized Valuation  
Basis per N.J.S.A. 40A:2-2 as Amended \$874,391,736 =0.79%

EQUALIZED VALUATION BASIS

2012 Equalized Valuation Basis of Real Property	\$ 912,427,223.00
2013 Equalized Valuation Basis of Real Property	858,647,664.00
2014 Equalized Valuation Basis of Real Property	<u>852,100,322.00</u>
Average Equalized Valuation	<u>\$ 874,391,736.33</u>

<u>2013</u>	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School Dist. Debt	\$ 6,657,000.00	\$ 6,657,000.00	\$
Utility Debt	21,821,163.44	21,821,163.44	
General Debt	<u>5,864,071.59</u>	<u>50,313.52</u>	<u>5,813,758.07</u>
	<u>\$ 34,342,235.03</u>	<u>\$ 28,528,476.96</u>	<u>\$ 5,813,758.07</u>

Net Debt \$5,813,758.07 Divided by Equalized Valuation  
Basis per N.J.S.A. 40A:2-2 as Amended \$902,312,281 =0.64%

EQUALIZED VALUATION BASIS

2011 Equalized Valuation Basis of Real Property	\$ 935,861,956.00
2012 Equalized Valuation Basis of Real Property	912,427,223.00
2013 Equalized Valuation Basis of Real Property	<u>858,647,664.00</u>
Average Equalized Valuation	<u>\$ 902,312,281.00</u>

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

	<u>2014</u>	<u>2013</u>
3 1/2% of Equalized Valuation Basis	\$ 30,603,710.77	\$ 31,580,929.84
Net Debt	<u>6,895,660.51</u>	<u>5,813,758.07</u>
Remaining Borrowing Power	<u>\$ 23,708,050.26</u>	<u>\$ 25,767,171.77</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

DEDUCTION OF SELF-LIQUIDATING UTILITY DEBT FOR  
STATUTORY NET DEBT (N.J.S.A. 40:2-45)

The calculation of "Self-Liquidating Purpose" for the Water and Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2014</u>	<u>2013</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,746,117.97	\$ 2,751,534.56
Deductions:		
Operating and Maintenance Costs	1,933,072.14	1,910,895.74
Debt Service	<u>515,167.57</u>	<u>681,091.89</u>
	<u>2,448,239.71</u>	<u>2,591,987.63</u>
Excess/(Deficit) in Revenues - Self-Liquidating	\$ <u>297,878.26</u>	\$ <u>159,546.93</u>

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Water and Sewer Utility Fund is as follows:

	<u>2014</u>	<u>2013</u>
Excess/(Deficit) in Revenues - Cash Basis (D-1)	\$ 442,774.51	\$ 275,650.82
Add: Capital Improvements	<u>85,000.00</u>	<u>50,000.00</u>
	<u>85,000.00</u>	<u>50,000.00</u>
	527,774.51	325,650.82
Deduct: Reserves Cancelled	<u>229,896.25</u>	<u>166,103.89</u>
Excess/(Deficit) in Revenues - Self-Liquidating	\$ <u>297,878.26</u>	\$ <u>159,546.93</u>

The calculation of "Self-Liquidating Purpose" for the Electric Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2014</u>	<u>2013</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 8,232,298.16	\$ 8,357,571.24
Deductions:		
Operating and Maintenance Costs	7,303,861.40	7,558,434.00
Debt Service Per Electric Accounts	<u>138,428.11</u>	<u>31,600.00</u>
	<u>7,442,289.51</u>	<u>7,590,034.00</u>
Excess in Revenues - Self-Liquidating	\$ <u>790,008.65</u>	\$ <u>767,537.24</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT (CONT'D)

DEDUCTION OF SELF-LIQUIDATING UTILITY DEBT FOR  
STATUTORY NET DEBT (N.J.S.A. 40:2-45) (CONT'D.)

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Electric Utility Fund is as follows:

	<u>2014</u>	<u>2013</u>
Excess in Revenues - Cash Basis (E-1)	\$ 384,568.23	\$ 763,144.62
Add: Capital Improvements	55,000.00	55,000.00
Surplus to General Budget	<u>622,341.00</u>	<u>622,341.00</u>
	<u>677,341.00</u>	<u>677,341.00</u>
	1,061,909.23	1,440,485.62
Deduct: Reserves Cancelled	<u>271,900.58</u>	<u>672,948.38</u>
Excess in Revenues - Self-Liquidating	<u>\$ 790,008.65</u>	<u>\$ 767,537.24</u>

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

<u>CALENDAR YEAR</u>	<u>GENERAL (1)</u>		<u>WATER &amp; SEWER UTILITY (2)</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2015	\$418,344.01	\$136,032.14	\$376,526.15	\$125,695.45
2016	413,612.22	125,663.93	383,670.72	118,470.33
2017	418,885.83	113,390.32	392,649.94	108,781.45
2018	419,164.93	100,961.22	396,643.16	98,777.89
2019	<u>424,449.65</u>	<u>88,526.50</u>	<u>395,655.36</u>	<u>88,606.43</u>
Subtotal	<u>2,094,456.64</u>	<u>564,574.11</u>	<u>1,945,145.33</u>	<u>540,331.55</u>
2020	419,740.09	78,036.06	397,666.55	80,322.47
2021	420,036.36	67,639.79	391,453.25	71,753.87
2022	415,338.59	57,237.56	398,287.91	63,265.21
2023	410,646.90	46,679.25	406,946.07	54,232.79
2024	<u>405,961.41</u>	<u>34,514.75</u>	<u>413,651.19</u>	<u>43,032.21</u>
Subtotal	<u>2,071,723.35</u>	<u>284,107.41</u>	<u>2,008,004.97</u>	<u>312,606.55</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING (CONT'D.)

CALENDAR YEAR	GENERAL (1)		WATER & SEWER UTILITY (2)	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2025	\$381,282.23	\$22,493.92	\$407,326.21	\$31,792.25
2026	191,609.50	10,997.90	229,043.18	20,639.59
2027	146,943.35	4,976.55	225,617.80	14,599.85
2028	8,598.93	85.99	194,234.61	9,215.49
2029			96,350.05	4,897.43
Subtotal	<u>728,434.01</u>	<u>38,554.36</u>	<u>1,152,571.85</u>	<u>81,144.61</u>
2030			101,634.05	3,520.22
2031			101,932.30	1,942.32
2032			32,826.40	329.20
Subtotal			<u>236,392.75</u>	<u>5,791.74</u>
Total	<u>\$4,894,614.00</u>	<u>\$887,235.88</u>	<u>\$5,342,114.90</u>	<u>\$939,874.45</u>

	ELECTRIC UTILITY		TOTAL
	PRINCIPAL	INTEREST	
2015	\$135,000.00	\$54,740.00	\$1,246,337.75
2016	135,000.00	50,690.00	1,227,107.20
2017	135,000.00	46,640.00	1,215,347.54
2018	135,000.00	42,590.00	1,193,137.20
2019	135,000.00	38,540.00	1,170,777.94
Subtotal	<u>675,000.00</u>	<u>233,200.00</u>	<u>6,052,707.63</u>
2020	135,000.00	34,490.00	1,145,255.17
2021	135,000.00	30,440.00	1,116,323.27
2022	140,000.00	26,390.00	1,100,519.27
2023	140,000.00	22,190.00	1,080,695.01
2024	140,000.00	17,990.00	1,055,149.56
Subtotal	<u>690,000.00</u>	<u>131,500.00</u>	<u>5,497,942.28</u>
2025	140,000.00	13,790.00	996,684.61
2026	140,000.00	9,415.00	601,705.17
2027	139,000.00	4,865.00	536,002.55
2028			212,135.02
2029			101,247.48
Subtotal	<u>419,000.00</u>	<u>28,070.00</u>	<u>2,447,774.83</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING (CONT'D.)

CALENDAR YEAR	ELECTRIC UTILITY		TOTAL
	PRINCIPAL	INTEREST	
2030			105,154.27
2031			103,874.62
2032			33,155.60
Subtotal			242,184.49
Total	<u>\$1,784,000.00</u>	<u>\$392,770.00</u>	<u>\$14,240,609.23</u>

(1) The above tabulation includes the principal of, and interest on Green Trust Loans from the New Jersey Department of Environmental Protection.

(2) The above tabulation includes the principal of, and interest on Infrastructure Loans from the New Jersey Economic Development Authority and New Jersey Environmental Infrastructure Trust.

D. DEPARTMENT OF ENVIRONMENTAL PROTECTION  
ENVIRONMENTAL INFRASTRUCTURE LOANS

The Borough has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred for the Sewer System Pump Station Improvement Project. Information relating to this project is as follow:

	<u>Loan #1</u>	<u>Loan #2</u>
Date of Loan Agreement	April 21, 2012	April 21, 2012
Loan Amount	\$ 530,000.00	\$ 578,569.00
Interest Rates	Various	0.00%
Due Dates	Aug 1 & Feb 1	Aug 1 & Feb 1
Number of Payments	39	39
Final Payment Date	Aug 31, 2031	Aug 31, 2031
	<u>Loan #3</u>	<u>Loan #4</u>
Date of Loan Agreement	May 28, 2013	May 28, 2013
Loan Amount	\$ 154,956.00	\$ 446,990.00
Interest Rates	Various	0.00%
Due Dates	Aug 1 & Feb 1	Aug 1 & Feb 1
Number of Payments	39	39
Final Payment Date	Aug 31, 2032	Aug 31, 2032

NOTES TO FINANCIAL STATEMENTS

Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 and 2013 were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 as follows:

	<u>Fund Balance December 31, 2014</u>	<u>Utilized in Succeeding Budget</u>	<u>Utilized in Current Fund Budget</u>
Current Fund	\$477,634.47	\$447,000.00	N/A
Water and Sewer Utility	858,410.07	338,803.55	None
Electric Utility	885,016.40	None	\$589,000.00
	<u>Fund Balance December 31, 2013</u>	<u>Utilized in Succeeding Budget</u>	
Current Fund	\$502,604.36	\$330,000.00	N/A
Water and Sewer Utility	622,048.60	206,413.04	None
Electric Utility	1,107,817.98	50,000.00	\$550,000.00

Note 5: DEFERRED COMPENSATION TRUST FUND

The Borough has instituted a Deferred Compensation Plan pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

Note 6: DEFERRED LOCAL DISTRICT SCHOOL TAXES/SCHOOL TAXES PAYABLE

Statutes provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and liabilities deferred where taxes have not been requisitioned by the school district.

	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2013</u>
Balance of Tax Deferred	\$6,767,852.00 <u>\$6,552,016.00</u>	\$6,552,016.00 <u>\$6,552,016.00</u>
School Taxes Payable	<u>\$ 215,836.00</u>	<u>\$ - 0 -</u>

Note 7: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

"Other Than State" participants contribute up to one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At December 31, 2014 the cash and cash equivalents and investments of the Borough on deposit and on-hand consisted of the following:

Depository Account	<u>2014</u>
Cash and Cash Equivalents	\$ 8,363,371.76
Change Funds (On-Hand)	<u>450.00</u>
Total	<u>\$ 8,363,821.76</u>

Based upon GASB criteria, the Borough considers change funds, cash in banks and investments in certificates of deposit as cash and cash equivalents. At December 31, 2014, the carrying amount of the Borough's deposits and investments was \$8,363,821.76 and the amount on deposit was \$8,208,083.72. Of the bank balance, \$250,000.00 was covered by the Federal Depository Insurance Company and \$7,958,083.72 was covered under the provisions of NJGUDPA.

The Borough has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Borough has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2014, based upon the insured balances as provided by FDIC and NJGUDPA coverage, no amount of the Borough's bank balance of \$8,208,083.72 was considered exposed to custodial risk.

Concentration of Credit Risk – This is the risk associated with the amount of investments that Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

In general, the Borough does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough's investment policy. The New Jersey Cash Management Fund is not rated.

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

Investments

New Jersey Statutes establish the following securities as eligible for the investment of Borough funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Borough or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;

## NOTES TO FINANCIAL STATEMENTS

### Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

#### Investments (Cont'd.)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is more than 30 days; and
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and
  - e. a master repurchase agreement providing for the custody and security of the collateral is executed.

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

Based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

### Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1, in each year and filed with the County Board of Taxation by January 10th of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, County and Fire Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector on or before May 13th.

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amounts delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

## Note 9: PENSION AND RETIREMENT PLANS

Employees of the Borough of Milltown are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plan are not available. Employees enrolled in the PERS system were required to contribute 6.78% of covered pay during the first half of 2014, then 6.92% of covered pay through year-end. Additional annual increases of 0.14% per annum will continue until the contribution rate reaches 7.5%. Employees enrolled in the PFRS system were required to contribute 10% of covered pay during 2013. Required employer contributions for 2013 were 11.21% and 25.14% of Plan Year 2010-11 covered wages. The contributions in fiscal years 2014 and 2013 were \$249,307.00 and \$275,417.00 for PERS and \$320,440.00 and \$338,585.00 for PFRS, respectively, which includes normal pension contributions from the employees that are remitted on a quarterly basis.

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

## Note 10: POST RETIREMENT HEALTH BENEFITS

Any employee of the Borough, except members of the police department, who works in a full time capacity for 25 years or longer shall be entitled to health benefits upon retirement equal to benefits offered to employees actively employed by the Borough of Milltown. The coverage shall be health insurance only and shall not include prescription, dental or optical coverage. The coverage shall only be offered to the employee and shall not cover the employee's family. Any school traffic guard hired prior to January 1, 1996 is entitled to the same benefits listed above for full time employees except that the Borough shall be obligated to pay only fifty percent of the premium cost for said health insurance.

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In order to receive health benefits, retirees must have been enrolled in the pension system for 25 years. All active full time employees are covered by the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

NOTES TO FINANCIAL STATEMENTS

Note 10: POST RETIREMENT HEALTH BENEFITS (CONT'D.)

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Milltown on a monthly basis. Currently there is no cost-sharing requirement for retirees.

The Borough of Milltown contributions to SHBP for the year ended December 31, 2014 were \$42,104.35, which equaled the required contributions for the year. There were approximately 10 retired participants eligible at December 31, 2014.

Note 11: ACCRUED SICK AND VACATION BENEFITS

The Borough of Milltown has contractual agreements with two unions, which allow employees, upon retirement, to be compensated for unused sick time. The contract with the P.B.A. states that employees hired after January 1, 1990 will not carryover or accumulate sick leave from year to year for retirement purposes. Employees who retire will receive a lump sum payment for unused sick time at the rate of one-half day for every full day earned and unused in an amount not to exceed \$12,000.00, credited on their employment records and certified by the Borough on the effective date of their retirement, at the prevailing rate of pay at the time of retirement.

Other union employees, upon retirement, will be compensated at the rate of one-half day for every full day earned and unused, at the current rate of pay at the time of retirement, but not to exceed \$12,000.00. A similar policy exists for non-union employees.

All vacation time earned by employees can be carried over and is to be paid to the employee, upon termination with the Borough, at the current rate of pay. The Borough's estimated total liability for sick and vacation time as at December 31, 2014 and 2013 was \$645,436.27 and \$608,796.65 respectively. Management believes this amount approximates the calculation as required by GASB #16; however, the actual potential liability could ultimately be lower than the reported amount.

Note 12: INTERFUNDS

The following interfund balances remained on the balance sheet date at December 31, 2014:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund		\$34,043.50
Grant Fund	\$34,043.50	50,000.00
General Capital Fund	50,000.00	
Electric Operating Fund	1,795.63	
Electric Capital Fund	<u>                    </u>	<u>1,795.63</u>
	<u>\$85,839.13</u>	<u>\$85,839.13</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires to collect to fund the appropriation and the statute or budget to expend them.

## Note 13: RISK MANAGEMENT

Effective January 1, 1994, in response to rising premiums for traditional risk transfers insurance coverage, the Borough, together with other governmental units became members of the Middlesex County Municipal Joint Insurance Fund (the Fund). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. Payments to the Fund are calculated by the Fund's governing board based upon actuarial and budgetary requirements. Each participant in the Fund is jointly and severably obligated for any deficiency in the amount available to pay all claims.

For the year ending December 31, 2014, the Fund provided coverage for Property, Boiler & Machinery, Equipment Floater, Auto Physical Damage, Blanket Bond, Auto Liability, General Liability, Law Enforcement Liability, Public Official Liability, Worker Comp. & Employer Liability, and Employer's Liability. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

At December 31, 2012, the Fund reported for all years combined, total assets of \$34,178,794, liabilities and reserves of \$34,507,567, which includes case reserves of \$16,104,475 and IBNR of \$18,074,531 and a net position deficit for all years of \$328,773.

The fund retains specific coverage to the above limits, except for property which the fund retains specific coverage to \$25,000 with conventional commercial policy coverage to the remaining scheduled limit.

New Jersey Unemployment Compensation Insurance – 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.

## Note 14: COMMITMENTS AND CONTINGENT

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with the terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2014, the Borough does not believe that any material liabilities will result from such audits.

The Borough has Commitments Payable in the Current Fund, Electric Utility and Water/Sewer Utility operating Funds in the amounts of \$119,706.45, \$63,197.53 and \$76,633.57 respectively, as of December 31, 2014, to meet the expected obligations as they become due, presently these amounts were provided for in the Budget years prior to the year 2012. The Borough operated on a “pay as you go” basis for amounts due to employees upon retirement.

As at the date of this report, the Borough had litigation pending. There is a claim notice against the Borough involving allegations of overcharges for water and sewer fees. There is no other pending litigation of a material nature as indicated by management.

NOTES TO FINANCIAL STATEMENTS

Note 15: GOVERNMENTAL FIXED ASSETS

The Borough's governmental fixed assets are reported as follows:

	Balance <u>Dec. 31, 2013</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>Dec. 31, 2014</u>
Buildings	\$6,122,350.00	\$ -	\$ -	\$6,122,350.00
Vehicles	3,828,009.00	183,317.00	188,500.00	3,822,826.00
Equipment	3,511,096.00	145,093.00	91,893.00	3,564,296.00
	<u>\$13,461,455.00</u>	<u>\$328,410.00</u>	<u>\$280,393.00</u>	<u>\$13,509,472.00</u>

Note 16: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - (UNAUDITED)

The Borough has instituted a Length of Service Award Program (LOSAP) pursuant to Internal Revenue Code Section 457(e) and P.L. 1997, c.388 as amended by P.L 2001, c.272. The Program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Borough sponsors the Program, which is administered by a private contractor. The LOSAP section of this document includes the relevant unaudited financial statements and notes for the Program.

Note 17: SUBSEQUENT EVENTS

Subsequent to December 31, 2014, the Borough authorized the issuance of debt for the following capital projects:

	<u>Ordinance</u>	<u>Appropriation</u>	<u>B&amp;N</u>
Amend Ord 12-1360 Providing for the design, permitting and construction of an electric substation	15-1408	\$300,000.00	\$300,000.00
Various Capital Equipment	15-1411	475,000.00	451,250.00
Amend Ord 14-1399 Providing for the Capital Improvement Program	15-1415	65,000.00	61,750.00

**BOROUGH OF MILLTOWN**  
**MIDDLESEX COUNTY, NEW JERSEY**



**PART II**  
**SUPPLEMENTARY SCHEDULES**

**Current Fund**

SCHEDULE OF CASH AND INVESTMENTS -  
TREASURER - CURRENT FUND AND GRANT FUND

		<u>CURRENT FUND</u>	<u>GRANT FUND</u>
	<u>REF.</u>		
Balance - December 31, 2013	A	\$1,205,750.48	\$19,966.63
Increased by Receipts:			
Due from State of NJ- Seniors & Veterans	A- 6	99,274.93	
Taxes Receivable	A- 7	22,026,560.43	
Revenue Accounts Receivable	A- 8	2,894,167.56	
Nonbudget Revenue	A- 8	39,271.37	
Other Reserves	A-12	19,785.80	
Tax Overpayments	A-14	38,601.45	
Interfunds - Grant Fund	A-17		3,100.00
Grants Receivable	A-18		<u>146,521.75</u>
		<u>25,117,661.54</u>	<u>149,621.75</u>
		26,323,412.02	169,588.38
Decreased by Disbursements:			
2014 Budget Appropriations	A- 3	7,331,542.93	
Interfunds - Current Fund	A- 9	3,100.00	
2013 Appropriation Reserves	A-10	226,663.25	
Other Reserves	A-12	4,070.72	
Commitments Payable	A-13	93,119.49	
Local School Tax	A-15	13,742,663.00	
County Tax	A-16	3,427,050.50	
Grants Appropriated	A-19		<u>130,140.75</u>
		<u>24,828,209.89</u>	<u>130,140.75</u>
Balance - December 31, 2014	A	<u><u>\$1,495,202.13</u></u>	<u><u>\$39,447.63</u></u>

SCHEDULE OF CHANGE FUNDS  
CURRENT FUND

	<u>Ref.</u>	<u>Total</u>	<u>Collector</u>	<u>Clerk</u>
Balance - December 31, 2013	A	\$ 350.00	\$ 200.00	\$ 150.00
Balance - December 31, 2014	A	<u>\$ 350.00</u>	<u>\$ 200.00</u>	<u>\$ 150.00</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY -  
FOR ALLOWABLE DEDUCTIONS PER CHAPTER 20, P.L. 1976  
CURRENT FUND

	<u>REF.</u>		
Balance - December 31, 2013	A		\$ 15,977.25
Increased by:			
Allowable Deductions per			
Tax Billings	A- 6	98,500.00	
2014 Sr. Citizens and Vet.			
Ded. Allowed by Collector	A- 6	<u>1,966.14</u>	
			<u>100,466.14</u>
			116,443.39
Decreased by:			
Collected	A- 4	99,274.93	
2013 Sr. Citizens and Vet.			
Ded. Disallowed by Collector	A- 1	229.86	
2014 Sr. Citizens and Vet.			
Ded. Disallowed by Collector	A- 6	<u>351.37</u>	
			<u>99,856.16</u>
Balance - December 31, 2014	A		<u>\$ 16,587.23</u>
Analysis of Sr. Citizens & Veterans			
<u>Deductions Allowed - 2014 Taxes</u>			
Per Tax Billings	A- 6		\$ 98,500.00
Allowed (Disallowed) by Tax Collector (Net)	A- 6		<u>1,614.77</u>
	A-7		<u>\$ 100,114.77</u>



SCHEDULE OF ACCOUNTS RECEIVABLE  
CURRENT FUND

		<u>BALANCE</u> <u>DEC. 31,2013</u>	<u>ACCRUED</u> <u>2014</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31,2014</u>
By Source:					
Alcoholic Beverages	A- 2		\$4,725.00	\$4,725.00	
Fees and Permits	A- 2		33,322.27	33,322.27	
Municipal Court	A- 2	\$15,718.21	181,967.86	184,381.28	\$13,304.79
Interest and Costs on Taxes	A- 2		29,265.76	29,265.76	
Interest on Investments and Deposits	A- 2		10,098.63	10,098.63	
Anticipated Utility Operating Surplus-Electric	A- 2		622,341.00	622,341.00	
Swimming Pool Fees	A- 2		115,291.00	115,291.00	
Cable Television Franchise Fees	A- 2		30,211.00	30,211.00	
Recreation Fees	A- 2		76,353.50	76,353.50	
Consolidated Municipal Property Tax Relief Aid	A- 2		64,038.00	64,038.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A- 2		323,131.00	323,131.00	
School Age Child Care	A- 2		349,953.53	349,953.53	
Dedicated Uniform Construction Code Fees Offset With Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):					
Uniform Construction Code Fees	A- 2		89,471.00	89,471.00	
Payment in Lieu of Taxes - Arisa Redevelopment	A- 2		109,814.37	109,814.37	
Reserve for Payment of Debt Service-General Capital Fund	A- 2		50,313.52	50,313.52	
Cell Tower Lease	A- 2		69,018.86	69,018.86	
Reserve for Hurricane Sandy	A- 2		182,437.84	182,437.84	
Utility Operating Surplus of Prior Year - Electric	A- 2		550,000.00	550,000.00	
		<u>15,718.21</u>	<u>2,891,754.14</u>	<u>2,894,167.56</u>	<u>13,304.79</u>

SCHEDULE OF ACCOUNTS RECEIVABLE  
CURRENT FUND

Exhibit - A-8  
Page 2 of 2

	<u>REF.</u>	<u>BALANCE DEC. 31,2013</u>	<u>ACCRUED 2014</u>	<u>COLLECTED</u>	<u>BALANCE DEC. 31,2014</u>
<b>Non - Budget Revenue:</b>					
State of NJ - DMV Inspection Fines			5,200.00	5,200.00	
Admin Fee Senior Citizen & Vet Deductions			1,985.50	1,985.50	
Senior Citizen Program			3,570.50	3,570.50	
Towing Fee - Admin Fee			3,600.00	3,600.00	
Cit-E-Net Fees			85.50	85.50	
Duplicate Bill Fee			20.00	20.00	
Snack Shack Revenue			2,460.00	2,460.00	
Miscellaneous			22,349.87	22,349.87	
	A-1,A-2	-	39,271.37	39,271.37	-
		\$15,718.21	\$2,931,025.51	\$2,933,438.93	\$13,304.79
	<u>Ref.</u>	A	Reserve		A

Analysis of Miscellaneous Revenues:

Account Receivable Collections				\$ 15,718.21
Current Year Collections				2,878,449.35
Subtotal	A- 4			2,894,167.56
Non-Budget Revenue	A- 4			39,271.37
				\$ 2,933,438.93

SCHEDULE OF INTERFUNDS  
CURRENT FUND

	<u>Ref.</u>	<u>BALANCE</u> <u>DEC. 31,2013</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31,2014</u>
Due to Federal & State Grant Fund	A	\$ 34,043.50	\$ 75,209.57	\$ 75,209.57	\$ 34,043.50
		<u>\$ 34,043.50</u>	<u>\$ 75,209.57</u>	<u>\$ 75,209.57</u>	<u>\$ 34,043.50</u>
Payables	<u>Ref.</u>	<u>\$ 34,043.50</u>			<u>\$ 34,043.50</u>
		<u>\$ 34,043.50</u>			<u>\$ 34,043.50</u>
Budgeted Grant Revenues	A-2			\$ 72,109.57	
Budgeted Grant Appropriations	A-3		\$ 75,209.57		
Cash Disbursements	A-4			3,100.00	
			<u>\$ 75,209.57</u>	<u>\$ 75,209.57</u>	

SCHEDULE OF 2013 APPROPRIATION RESERVES

Exhibit - A-10  
Page 1 of 5

	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>RESERVE FOR</u> <u>ENCUMB-</u> <u>RANCES</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>GENERAL GOVERNMENT</u>					
General Administration					
Salaries and Wages	\$ 3.47		\$ 3.47		\$ 3.47
Other Expenses	377.20		377.20		377.20
Mayor and Council					
Salaries and Wages	30.36		30.36		30.36
Other Expenses	1,181.77		1,181.77		1,181.77
Payroll Processing Fees	1,252.13	186.48	1,438.61	636.12	802.49
Municipal Clerk					
Salaries and Wages	218.67		218.67		218.67
Other Expenses	3,917.74	1,766.54	5,684.28	2,947.60	2,736.68
Financial Administration					
Salaries and Wages	783.55		783.55		783.55
Other Expenses					
Annual Audit	488.00		488.00		488.00
Misc. Other Expenses	3,745.61	414.13	3,159.74	1,141.07	2,018.67
Assessment of Taxes					
Salaries and Wages	77.16		77.16		77.16
Other Expenses	464.95		464.95		464.95
Collection of Taxes					
Salaries and Wages	43.01		43.01		43.01
Other Expenses	2,649.29		2,649.29	72.80	2,576.49
Legal Services and Costs					
Other Expenses	2,447.45	3,615.01	16,062.46	15,851.41	211.05
Engineering Services and Costs					
Other Expenses					
Misc. Other Expenses	5,771.72	23.25	4,794.97		4,794.97
Groundwater Monitoring	100.00		100.00		100.00
Municipal Land Use Law (N.J.S.A. 40:55D-1)					
Zoning/Board of Adjustments					
Salaries and Wages	599.62		599.62		599.62
Other Expenses	850.01	30.84	880.85	30.84	850.01
Planning Board					
Other Expenses	6,165.24		4,665.24	375.00	4,290.24
Board of Adjustment					
Other Expenses	2,368.00		1,368.00	150.00	1,218.00

SCHEDULE OF 2013 APPROPRIATION RESERVES

Exhibit - A-10  
Page 2 of 5

	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>RESERVE FOR</u> <u>ENCUMB-</u> <u>RANCES</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>INSURANCE</u>					
Surety Bonds	\$ 55.00		\$ 55.00		\$ 55.00
Other Insurane Premiums	344.04		344.04		344.04
Workers' Compensation	59.55		59.55		59.55
Group Insurance Plan for Employees	25,161.12	470.00	18,131.12	9,055.53	9,075.59
Unemployment Insurance	3,600.00		3,600.00		3,600.00
Health Benefit Waiver	12,386.94		10,386.94	5,045.04	5,341.90
<u>PUBLIC SAFETY</u>					
Fire					
Salaries and Wages					
Other Expenses					
Other Misc. Expenses	403.46	15,880.31	16,783.77	15,298.84	1,484.93
Municipal Prosecutor					
Salaries and Wages	760.00	960.00	1,720.00	960.00	760.00
Municipal Court					
Salaries and Wages	5,332.79		2,332.79	263.76	2,069.03
Other Expenses	1,582.07	1,847.22	3,429.29	1,913.22	1,516.07
Public Defender					
Other Expenses	5,861.00		5,861.00		5,861.00
Police					
Salaries and Wages					
Regular	63,435.73		34,435.73	8,800.10	25,635.63
Dispatchers	3,652.44		3,652.44	2,687.75	964.69
Other Expenses					
Other Misc. Expenses	1,482.32	7,804.63	17,286.95	7,737.39	9,549.56
Telephone	258.91	583.26	842.17	807.65	34.52
Crossing Guards					
Salaries and Wages	8,621.15		6,621.15	4,648.71	1,972.44
Other Expenses	3,514.15	211.75	3,725.90	211.75	3,514.15
Emergency Management Services					
Salaries and Wages	105.00		105.00		105.00
Other Misc. Expenses					

SCHEDULE OF 2013 APPROPRIATION RESERVES

Exhibit - A-10  
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	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>RESERVE FOR</u> <u>ENCUMB-</u> <u>RANCES</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>PUBLIC WORKS</u>					
Road Repairs and Maintenance					
Salaries and Wages	\$ 554.49	\$	\$ 554.49	\$ 374.86	\$ 179.63
Other Expenses	5,877.26	910.47	5,787.73	1,208.85	4,578.88
Snow Removal					
Salaries and Wages	500.00		45,500.00	45,500.00	
Other Expenses	212.20	287.80	500.00	500.00	
Central Garage					
Salaries and Wages	2,313.41		2,313.41	372.88	1,940.53
Other Expenses	1,246.02	8,126.27	9,872.29	8,721.76	1,150.53
Street Cleaning					
Salaries and Wages	743.19		743.19	581.02	162.17
Other Expenses	2,658.40	287.01	2,945.41	349.28	2,596.13
Shade Tree Commission					
Other Expenses	7,524.40	169.06	2,693.46	627.60	2,065.86
Garbage and Trash Removal					
Salaries and Wages	262.92		262.92		262.92
Other Expenses	16,200.12	29,807.82	43,507.94	35,653.45	7,854.49
Environmental Commission					
Other Expenses	490.00	60.00	550.00	60.00	490.00
O.S.H.A. Requirement(P.L. 1983 Ch. 516)					
Public Works					
Other Expenses	1,283.57	58.40	1,341.97	58.40	1,283.57
Public Building and Grounds					
Salaries and Wages	358.51		358.51		358.51
Other Expenses	424.32	2,460.99	2,885.31	1,698.63	1,186.68
Recycling Program					
Salaries and Wages	884.91		884.91	461.53	423.38
Other Expenses	10,982.14	4,385.64	12,867.78	4,861.00	8,006.78
<u>HEALTH</u>					
Board of Health					
Salaries and Wages	428.51		428.51	100.00	328.51
Other Expenses	406.00		406.00		406.00
Dog Regulation					
Other Expenses	213.00	254.00	467.00	254.00	213.00
Property Clean-Ups					
Other Expense	13,175.00		3,675.00	550.00	3,125.00

SCHEDULE OF 2013 APPROPRIATION RESERVES

Exhibit - A-10  
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	<u>BALANCE</u> <u>DEC. 31, 2013</u>	<u>RESERVE FOR</u> <u>ENCUMB-</u> <u>RANCES</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>RECREATION AND PARKS</u>					
Parks and Playgrounds					
Salaries and Wages	\$ 791.71	\$	\$ 791.71	\$ 325.65	\$ 466.06
Other Expenses	4,276.39	419.50	4,695.89	510.52	4,185.37
Department of Recreation					
Salaries and Wages	3,278.51		3,278.51		3,278.51
Other Expenses	10,002.10	2,376.62	11,378.72	2,050.12	9,328.60
Celebration of Public Events					
Other Expenses	144.19	185.00	329.19	185.00	144.19
Office on Aging					
Salaries and Wages	6,998.92		3,998.92		3,998.92
Other Expenses	167.38	1,637.87	2,805.25	2,278.51	526.74
Pool Expenses					
Salaries and Wages	546.06		546.06		546.06
Other Expenses	9.42	352.10	361.52	100.00	261.52
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Telephone					
Salaries and Wages	1,876.78		1,876.78	1,119.90	756.88
Other Expenses	446.30	190.93	1,137.23	405.29	731.94
Gasoline	12,456.05	2,950.45	12,406.50	8,362.84	4,043.66
Natural Gas - Heating	2,624.93	885.28	3,510.21	2,647.34	862.87
<u>UNCLASSIFIED</u>					
Terminal Leave					
Sick and Vacation S & W			10,000.00	10,000.00	
Construction Code Official					
Salaries and Wages	898.51		898.51		898.51
Other Expenses	938.19		938.19		938.19
Total Operations Within "CAPS"	282,344.43	89,598.63	371,943.06	208,553.01	163,390.05
Contingent	1,000.00		1,000.00		1,000.00
Total Operations Including Contingent Within "CAPS"	283,344.43	89,598.63	372,943.06	208,553.01	164,390.05
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	16,779.05		16,779.05	1,511.35	15,267.70
Defined Contribution Retirement Program	1,000.00		1,000.00		1,000.00
Total Deferred Charges and Statutory Expend. - Municipal - Within "CAPS"	17,779.05		17,779.05	1,511.35	16,267.70
Total General Appropriations for Municipal Purposes Within "CAPS"	301,123.48	89,598.63	390,722.11	210,064.36	180,657.75

SCHEDULE OF 2013 APPROPRIATION RESERVES

Exhibit - A-10  
Page 5 of 5

	<u>BALANCE DEC. 31, 2013</u>	<u>RESERVE FOR ENCUMB- RANCES</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Maintenance of Free Public Library	1,817.32	3,258.69	5,076.01	3,970.19	1,105.82
Stormwater Pollution Programs					
NJPDES/Stormwater Permit (N.J.S.A. 40A:4-45.3(cc))					
Engineering - Other Expenses	<u>447.28</u>	<u>                    </u>	<u>447.28</u>	<u>                    </u>	<u>447.28</u>
Total Other Operations-Excluded From "CAPS"	<u>2,264.60</u>	<u>3,258.69</u>	<u>5,523.29</u>	<u>3,970.19</u>	<u>1,553.10</u>
Interlocal Municipal Service Agreements					
Board of Health-County of Middlesex					
Public Health Service Contract					
Other Expenses & EDRS	1,736.30		1,736.30		1,736.30
Middlesex County Improvement Authority					
Recycling Program					
Other Expenses	4,145.41	4,697.39	8,842.80	5,610.73	3,232.07
Township of East Brunswick					
Public Safety Comm. System	3,500.00		3,500.00		3,500.00
Borough of Helmetta					
Animal Control	92.00		92.00		92.00
Shelter	112.50	681.00	793.50	756.00	37.50
Township of South Brunswick					
Mobile Data Terminal System	1,250.00	250.00	1,500.00	250.00	1,250.00
County of Middlesex Radio Network					
Other Expense	<u>1,500.00</u>	<u>                    </u>	<u>1,500.00</u>	<u>                    </u>	<u>1,500.00</u>
Total Interlocal Municipal Service Agreements	<u>12,336.21</u>	<u>5,628.39</u>	<u>17,964.60</u>	<u>6,616.73</u>	<u>11,347.87</u>
Additional Appropriations Offset by Revenues (N.J.S.A. 40A:4-45.3h)					
School Age Child Care Program	30,042.64	4,004.20	34,046.84	5,529.38	28,517.46
Donations-Milltown Revital. Comm.	<u>2,562.80</u>	<u>2,684.50</u>	<u>5,247.30</u>	<u>5,247.30</u>	<u>                    </u>
Total Additional Approps. Offset by Revenues	<u>32,605.44</u>	<u>6,688.70</u>	<u>39,294.14</u>	<u>10,776.68</u>	<u>28,517.46</u>
Matching Funds for Grants	<u>2,000.00</u>	<u>                    </u>	<u>2,000.00</u>	<u>                    </u>	<u>2,000.00</u>
Total General Appropriations	\$ <u>350,329.73</u>	\$ <u>105,174.41</u>	\$ <u>455,504.14</u>	\$ <u>231,427.96</u>	\$ <u>224,076.18</u>
	<u>REF.</u>	A	A		A-1
Cash Disbursements	A-4			\$ 226,663.25	
Accounts Payable	A-13			<u>4,764.71</u>	
				\$ <u>231,427.96</u>	

SCHEDULE OF DUE FROM  
TOWNSHIP OF EAST BRUNSWICK  
PREPAID GASOLINE AND DIESEL EXPENSE  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2013	A	\$8,450.00
Balance - December 31, 2014	A	<u>\$8,450.00</u>

SCHEDULE OF OTHER RESERVES  
CURRENT FUND

<u>PURPOSE</u>	<u>BALANCE</u> <u>DEC. 31,2013</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31,2014</u>
DCA Fees	\$ 819.00	\$ 4,763.00	\$ 3,640.00	\$ 1,942.00
Developers Agreement-Storm Drainage	7,150.00			7,150.00
DPW Garage Repair	7,792.53			7,792.53
Milltown Revitalization	6,653.00	12,460.00	6,653.00	12,460.00
Milltown Revitalization - Clock	<u>1,747.25</u>	<u>2,562.80</u>	<u>430.72</u>	<u>3,879.33</u>
	<u>\$ 24,161.78</u>	<u>\$ 19,785.80</u>	<u>\$ 10,723.72</u>	<u>\$ 33,223.86</u>

<u>REF.</u>	A	A-4		A
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Revenues	A-2	\$ 6,653.00
Cash Disbursements	A-4	<u>4,070.72</u>
		<u>\$ 10,723.72</u>

SCHEDULE OF COMMITMENTS PAYABLE  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2013	A	\$143,061.23
Increased by:		
Transfer from 2013 Appropriation Reserves	A-10	4,764.71
2014 Budget Appropriations	A- 3	<u>65,000.00</u>
		<u>69,764.71</u>
		212,825.94
Decreased by:		
Cash Disbursements	A- 4	<u>93,119.49</u>
Balance - December 31, 2014	A	<u><u>\$119,706.45</u></u>
<u>Analysis of Balance @ 12/31/14</u>		
LOSAP-2014		\$81,288.29
Appropriations		<u>38,418.16</u>
		<u><u>\$119,706.45</u></u>

Exhibit - A-14

SCHEDULE OF TAX OVERPAYMENTS  
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2013	A	\$42,334.25
Increased by:		
Collected	A- 4	<u>38,601.45</u>
		80,935.70
Decreased by:		
Overpayments Applied to Current Year Taxes	A- 7	<u>42,334.25</u>
Balance - December 31, 2014	A	<u><u>\$38,601.45</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXREF.

Balance - December 31, 2013			
Deferred School Taxes		6,552,016.00	
Prepaid School Taxes	A	<u>(84,272.00)</u>	\$6,467,744.00
Increased by:			
Levy, School Year July 1, 2014 to June 30, 2015	A-7		<u>14,042,771.00</u>
			\$20,510,515.00
Decreased by:			
Cash Disbursements	A-1, A-4		<u>13,742,663.00</u>
Balance - December 31, 2014			
Deferred School Taxes		6,552,016.00	
School Taxes Payable	A	<u>215,836.00</u>	
			<u><u>\$6,767,852.00</u></u>

Exhibit - A-16

SCHEDULE OF COUNTY TAXES PAYABLE  
CURRENT FUNDREF.

Increased by:			
2014 Tax Levy:			
County Tax	A-1,A-7	3,167,180.73	
County Open Space Preservation	A-1,A-7	258,293.79	
County Share of Added Taxes	A-1,A-7	<u>1,575.98</u>	
			\$3,427,050.50
Decreased by:			
Payment:			
2014 Levy	A- 4		<u><u>\$3,427,050.50</u></u>

SCHEDULE OF DUE TO/FROM CURRENT FUND  
GRANT FUND

	<u>REF.</u>		
Balance - December 31, 2013 (Due from)	A		\$ 34,043.50
Increased by:			
Realized as Revenue - 2014 Budget	A-2, A-18	72,109.57	
Cash Receipts - Matching Funds	A-4	<u>3,100.00</u>	
			<u>75,209.57</u>
			109,253.07
Decreased by:			
2014 Grant Fund Appropriations	A-3, A-19		<u>75,209.57</u>
Balance - December 31, 2014 (Due from)	A		<u><u>\$ 34,043.50</u></u>

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE  
STATE AND FEDERAL GRANTS FUND

PROGRAM	BALANCE DEC. 31, 2013	2014 BUDGET REVENUE	TRANSFERRED FROM UNAPPROP. GRANTS	CASH RECEIPTS	BALANCE DEC. 31, 2014
Federal:					
HUD Block Grant-Senior Program:					
2011	\$ 13,100.00			13,100.00	\$ -
2012	17,000.00			298.41	16,701.59
2013	40,769.00			18,140.00	22,629.00
2014		37,940.00			37,940.00
Office on Aging					
2009	215.00				215.00
2013	1,143.00			1,143.00	
2014		6,000.00		5,715.00	285.00
	<u>72,227.00</u>	<u>43,940.00</u>		<u>38,396.41</u>	<u>77,770.59</u>
State:					
ANJEC Smart Growth Planning Grant					
2008	2,400.00				2,400.00
Body Armor Replacement Program		3,893.40	2,212.48	1,680.92	
Clean Communities Program					
2014		11,910.17		11,910.17	
2012 Green Communities Challenge Grant	3,000.00			3,000.00	
Middlesex County Sustainable Econ Growth Grant	81,800.00			80,855.00	945.00
Sustainable Jersey Small Grant 2013	5,000.00				5,000.00
NJLM Education Fund	1,150.00				1,150.00
2012 Quality of Life Grant	2,000.00				2,000.00
Municipal Alliance on Alcoholism and Drug Abuse:					
2010	1,017.75				1,017.75
2011	2,018.66				2,018.66
2013	6,557.25			6,557.25	
2014		12,366.00		4,122.00	8,244.00
	<u>\$ 104,943.66</u>	<u>\$ 28,169.57</u>	<u>\$ 2,212.48</u>	<u>\$ 108,125.34</u>	<u>\$ 22,775.41</u>
	<u>\$ 177,170.66</u>	<u>\$ 72,109.57</u>	<u>\$ 2,212.48</u>	<u>\$ 146,521.75</u>	<u>\$ 100,546.00</u>
<u>REF.</u>	A	A-2, A-17	A-21	A-4	A

SCHEDULE OF RESERVE FOR STATE AND  
FEDERAL GRANTS - APPROPRIATED

<u>PROGRAM</u>	<u>BALANCE DEC. 31, 2013</u>	<u>TRANSFERRED FROM 2014 BUDGET</u>	<u>2013 ENCUMB</u>	<u>2014 ENCUMB</u>	<u>PAID OR CHARGED</u>	<u>BALANCE DEC. 31, 2014</u>
Federal:						
County of Middlesex:						
Community Development Block Grant	\$ 3,636.32					\$ 3,636.32
Office on Aging Grant 2014		6,000.00			6,000.00	-
Community Development Block Grant:						
2011	13,173.92					13,173.92
2012	17,387.02				4,394.05	12,992.97
2013	24,439.50		3,263.66	379.00	17,098.34	10,225.82
2014		37,940.00			12,821.63	25,118.37
Bikeway Program	5,665.25					5,665.25
<b>Total Federal</b>	<b>64,302.01</b>	<b>43,940.00</b>	<b>3,263.66</b>	<b>379.00</b>	<b>40,314.02</b>	<b>70,812.65</b>
State:						
Body Armor Replacement Program						
2012	1,052.29			264.34	785.95	2.00
2014		3,893.40		521.61		3,371.79
Municipal Alliance on Alcohol and Drug Abuse: Grant						
2012	4,178.76					4,178.76
2013			5,633.25		5,633.25	-
2014		12,366.00		1,600.00	9,942.58	823.42
Match						
2012	2,061.00					2,061.00
2013	1,889.96		28.25		28.25	1,889.96
2014		3,100.00				3,100.00
Clean Communities Program						
2013	3,633.73					3,633.73
2014		11,910.17			8,090.43	3,819.74
Alcohol Education and Rehabilitation						
2009	1,369.13				1,369.13	-
2011	1,884.67					1,884.67
2012	2,482.30					2,482.30
2013	580.52				130.87	449.65
Drunk Driving Enforcement Fund						
2010	61.00				61.00	-
2012	12,860.09				1,539.00	11,321.09
Law Enforcement Response to Communities Grant	50.00					50.00
Municipal Stormwater Grant						
Prior	107.00					107.00
2008	5.03					5.03
Probation Department	893.42					893.42

SCHEDULE OF RESERVE FOR STATE AND  
FEDERAL GRANTS - APPROPRIATED

<u>PROGRAM</u>	<u>BALANCE DEC. 31, 2013</u>	<u>TRANSFERRED FROM 2014 BUDGET</u>	<u>2013 ENCUMB</u>	<u>2014 ENCUMB</u>	<u>PAID OR CHARGED</u>	<u>BALANCE DEC. 31, 2014</u>
State:						
2012 Quality of Life Grant	3,000.00					3,000.00
Sustainable Jersey Small Grants Program	66,658.00			1,837.34	60,819.92	4,000.74
Target Crime Prevention Grant	2,035.00			608.65	1,426.35	-
	<u>104,801.90</u>	<u>31,269.57</u>	<u>5,661.50</u>	<u>4,831.94</u>	<u>89,826.73</u>	<u>47,074.30</u>
County of Middlesex						
Open Space, Recreation, Farmland 2005	5.59					5.59
Mill Pond Improvements	438.25					438.25
County of Middlesex - Revitalization Program	495.40					495.40
	<u>939.24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>939.24</u>
	<u>\$ 170,043.15</u>	<u>\$ 75,209.57</u>	<u>\$ 8,925.16</u>	<u>\$ 5,210.94</u>	<u>\$ 130,140.75</u>	<u>\$ 118,826.19</u>
	A	A-3, A-17	A	A	A-4	A

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND  
GRANT FUND

	<u>REF.</u>	
Balance - December 31, 2013	A	\$ 50,000.00
Balance - December 31, 2014	A	<u>\$ 50,000.00</u>

SCHEDULE OF RESERVE FOR STATE AND  
FEDERAL GRANTS - UNAPPROPRIATED

<u>PROGRAM</u>	<u>BALANCE DEC. 31, 2013</u>	<u>TRANSFERRED TO GRANTS RECEIVABLE</u>
Body Armor	<u>\$ 2,212.48</u>	<u>\$ 2,212.48</u>
	<u>\$ 2,212.48</u>	<u>\$ 2,212.48</u>
	A	A-18

**Trust Fund**

TRUST FUNDS  
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance 12/31/13	Cash Receipts	Disbursements	Encumbrances 12/31/13	Encumbrances 12/31/14	Balance 12/31/14
<b>Animal Control:</b>						
Due from Clerk.....	\$ -	\$ (18.40)				\$ (18.40)
Due to NJ - State License Fees.....	-	710.40	(702.00)			8.40
Animal Control Reserves.....	1,096.14	2,623.00	(2,544.50)			1,174.64
<b>Total</b>	<b>1,096.14</b>	<b>3,315.00</b>	<b>(3,246.50)</b>			<b>1,164.64</b>
<b>Payroll:</b>						
Deductions Payable (Net Change).....	66,328.10	2,051,145.69	(2,054,301.13)			63,172.66
<b>Total</b>	<b>66,328.10</b>	<b>2,051,145.69</b>	<b>(2,054,301.13)</b>			<b>63,172.66</b>
<b>Public Assistance:</b>						
Reserve for Public Assistance.....	8,973.76	17.94	(17.94)			8,973.76
<b>Total</b>	<b>8,973.76</b>	<b>17.94</b>	<b>(17.94)</b>			<b>8,973.76</b>
<b>Other Trust Funds:</b>						
Reserve for Encumbrance.....	15,258.97			(15,258.97)	13,640.47	13,640.47
Reserve for Unemployment Insurance.....	61,846.91		(25,631.36)			36,215.55
<b>Miscellaneous Reserves:</b>						
Accumulated Absences - Current.....	39,473.16	5,000.00	(13,732.99)			30,740.17
Accumulated Absences - Water/Sewer.....	54,001.70	5,000.00	(2,082.72)			56,918.98
Accumulated Absences - Electric.....	68,072.73	5,000.00	(3,072.49)			70,000.24
Deposits and Performance Bonds.....	174,931.15	201.26	(36,335.48)			138,796.93
Developer's Escrow.....	62,780.71	3,698.62	(3,100.50)		(605.25)	62,773.58
Engineering Inspection Fees.....	53,460.35	8,536.95	(14,094.50)	742.75		48,645.55
Fire Fines-Fire Department.....	632.20	2,000.00	(3,026.54)	3,026.54	(2,632.20)	-
History Book.....	3,950.00					3,950.00
Parking Offense Adjudication Act.....	480.00	96.00				576.00
Public Defender Fees.....	7.50	4,227.29	(4,025.00)	875.00	(700.00)	384.79
Recreation.....	6,341.30	21,657.50	(20,316.63)	2,090.00	(4,855.00)	4,917.17
Recycling.....	17,746.67	19,200.37	(10,691.50)		(3,991.50)	22,264.04
Senior Citizen Donation.....	11,843.07	1,300.00				13,143.07
Shade Tree Donations.....	800.00					800.00
Snow Removal.....	18,496.06	66,156.26	(47,957.88)	6,724.68	(856.52)	42,562.60
Street Opening Deposits.....	3,000.00	3,000.00				6,000.00
Tax Sale Premium.....	292,700.00	168,500.00	(213,500.00)			247,700.00
Teen Council.....	3,816.15					3,816.15
Translator Services.....	67.13		(46.20)			20.93
UCC Penalty.....	241.00		(1,957.75)	1,800.00		83.25
<b>Total</b>	<b>889,946.76</b>	<b>313,574.25</b>	<b>(399,571.54)</b>	<b>-</b>	<b>-</b>	<b>803,949.47</b>
<b>Total</b>	<b>\$ 966,344.76</b>	<b>\$ 2,368,052.88</b>	<b>\$ (2,457,137.11)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 877,260.53</b>

Ref.

B

B

License Fees Collected:

Year	Amount
2012	\$2,571.00
2013	<u>2,650.00</u>
	<u>\$5,221.00</u>

Note: R.S. 4:19.11

" . . . there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE  
PAYROLL TRUST FUND

	<u>BALANCE</u> <u>DEC. 31,2013</u>	<u>BOROUGH'S</u> <u>SHARE</u>	<u>INCREASES</u> <u>PAYROLL</u> <u>DEDUCTIONS</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DEC. 31,2014</u>
Federal Withholding Tax			\$526,739.77	\$526,739.77	
FICA and Medicare		\$347,318.76	347,318.76	694,637.52	
PERS	\$30,198.00		166,565.92	166,842.42	\$29,921.50
PERS Contributory Group Insurance	2,442.58		11,811.72	11,986.15	2,268.15
PERS Loan	4,368.40		46,071.96	46,559.07	3,881.29
PFRS	18,638.38		130,094.22	129,530.65	19,201.95
PFRS Loan	708.95		41,019.84	41,668.28	60.51
State Unemployment Tax	(3.60)		24,115.12	24,115.12	(3.60)
State of New Jersey Withholding Tax			139,785.47	139,785.47	
NY Life Insurance	(662.40)		6,909.62	7,374.61	(1,127.39)
Dental Insurance	1,620.40		13,574.33	12,545.10	2,649.63
Health Insurance			152,551.59	152,551.59	
Union Dues	2,874.61		17,817.90	19,085.22	1,607.29
Arrears - PERS	626.40				626.40
PERS Supplemental Annuity	760.00		7,096.00	7,084.00	772.00
PFRS Supplemental Annuity	41.10				41.10
Deferred Compensation			38,774.57	40,565.00	(1,790.43)
Garnishment	1,815.78				1,815.78
Child Support	(215.73)		20,573.12	21,178.38	(820.99)
AFLAC	3,115.23		11,447.02	12,052.78	2,509.47
Taxable Fringe Benefit			1,560.00		1,560.00
	<u>\$66,328.10</u>	<u>\$347,318.76</u>	<u>\$1,703,826.93</u>	<u>\$2,054,301.13</u>	<u>\$63,172.66</u>
<u>REF.</u>	B	B-1	B-1	B-1	B

- 77 -

**General Capital Fund**

**SCHEDULE OF GENERAL CAPITAL FUND  
CASH AND INVESTMENTS - TREASURER**

	<u>REF.</u>		
Balance - December 31, 2013	C,C-3		\$585,979.08
Increased by Receipts:			
Deferred Charges to Future Taxation - Unfunded	C- 6	13,330.00	
Notes Paid by Budget Approp	C- 6	<u>80,000.00</u>	
			<u>93,330.00</u>
			679,309.08
Decreased by Disbursements:			
Improvement Authorizations	C- 9	488,293.41	
Bond Anticipation Notes	C-13	80,000.00	
Payment of Debt Service	C-14	<u>50,313.52</u>	
			<u>618,606.93</u>
Balance - December 31, 2014			<u><u>\$60,702.15</u></u>

ANALYSIS OF GENERAL CAPITAL FUND  
CASH AND INVESTMENTS

Exhibit - C-3

	BALANCE DEC. 31, <u>2013</u>	BALANCE DEC. 31, <u>2014</u>
Fund Balance	\$4,556.15	\$4,556.15
Capital Improvement Fund	141,005.74	65,005.74
Encumbrances Payable	507,850.44	291,732.00
Water Retention	11,428.58	11,428.58
Reserve for Payment of Debt	50,313.52	
Due from Grant Fund	(50,000.00)	(50,000.00)
Due from State of NJ - DOT	(434,794.00)	(434,794.00)

Improvement Authorizations:

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>		
1074	Improve. To Intersection at Booram Ave, Ochs Ave, Main St	(66,648.51)	(53,318.51)
1212	2005 Road Improvements and Improve. to Borough Hall	81.41	81.41
1237	Brook Drive Phase II	3,760.94	1,424.34
1249/1320	Various Capital Improvements	3,963.13	3,639.61
1282	Preliminary Expense New Firehouse	218.54	3,001.14
1293	2009 Milling and Paving Program	3,852.11	1,515.51
1295	Acquisition of a Garbage Truck and Garbage Picker	4,324.57	2,404.63
1319/1342	Improvement to Brook Dr. and the Construction of the School Street Retaining Wall	345,562.23	391,170.41
1329/1352	Improvements to South Street Area Roadway	32,018.56	
1335	Refunding Bonds 2011	2,711.23	2,711.23
1349	Acquisition of Kuhlthau Avenue	4,295.11	1,944.98
1356	Purchase of Police Car Video Cameras	6,624.84	6,624.84
1357	Acquisition of New Radio Communication System	12,373.19	1,059.31
1363	Tree Removal Services	2,481.30	2,481.30
1393	Phase II of the South Street Area Roadway Improvements		(26,590.98)
1397	Construction, Rehabilitation and Repair of COAH Housing		7,893.74
1399	Various Capital Improvements		(173,269.28)
		<u>\$585,979.08</u>	<u>\$60,702.15</u>

Ref.

C

C

STATEMENT OF INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

New Jersey Department of Transportation

	<u>Ref.</u>	<u>Total</u>	<u>South Street Ord. 1329/1352</u>	<u>Brook Drive Phase IV &amp; V Ord 1319/1342</u>	<u>Phase II South Street Area Roadway Improve. Ord. 1393</u>
Balance December 31, 2013	C	\$ 444,794.00	\$ 239,148.96	\$ 205,645.04	
Increased by:					
Grant Awards	C-11	<u>360,000.00</u>			<u>\$ 360,000.00</u>
Balance December 31, 2014	C	<u>\$ 804,794.00</u>	<u>\$ 239,148.96</u>	<u>\$ 205,645.04</u>	<u>\$ 360,000.00</u>
Detail:					
Reserved		\$ 370,000.00		\$ 10,000.00	\$ 360,000.00
Unreserved		<u>434,794.00</u>	<u>239,148.96</u>	<u>195,645.04</u>	
		<u>\$ 804,794.00</u>	<u>\$ 239,148.96</u>	<u>\$ 205,645.04</u>	<u>\$ 360,000.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	C	\$ 5,642,695.08
Decreased by:		
Serial Bonds	C-7	735,000.00
Loans Payable	C-8	<u>13,081.08</u>
		<u>748,081.08</u>
Balance - December 31, 2014	C	\$ <u>\$4,894,614.00</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION  
UNFUNDED

ORD NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	2014 AUTHOR.	NOTES PAID BY BUDGET APPROPRIATION	2014 FUNDING	BALANCE DEC. 31, 2014	ANALYSIS OF BALANCE - DECEMBER 31, 2014		
							BOND ANTICIPATION NOTES	UNEXPENDED EXPENDITURES	UNEXPENDED BALANCE OF IMPROV. AUTH.
<u>General Improvements:</u>									
1074	Improve. To Intersection at Booream Ave, Ochs Ave, Main St	\$ 66,648.51			\$ 13,330.00	\$ 53,318.51		\$ 53,318.51	
1237	Road Improvements	37,000.00				37,000.00		-	37,000.00
1295	Acquisition of a Garbage Truck and Garbage Picker	5,728.00				5,728.00		-	5,728.00
1335	Refunding Bonds 2011	80,000.00		80,000.00		-		-	
1349	Acquisition of 120 Kuhlthau Avenue	32,000.00				32,000.00		-	32,000.00
1393	Phase II of the South Street Area Roadway Improvements		396,000.00			396,000.00		26,590.98	369,409.02
1397	Construction, Rehabilitation and Repair of COAH Housing		261,000.00			261,000.00		-	261,000.00
1399	Various Capital Improvements		1,216,000.00			1,216,000.00		173,269.28	1,042,730.72
		<u>\$ 221,376.51</u>	<u>\$ 1,873,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ 13,330.00</u>	<u>\$ 2,001,046.51</u>	<u>\$ -</u>	<u>\$ 253,178.77</u>	<u>\$ 1,747,867.74</u>
	<u>REF.</u>	C	C-9	C-2	C-2	C			

SCHEDULE OF SERIAL BONDS - GENERAL CAPITAL FUND

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2013</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2014</u>						
			<u>OUTSTANDING - DEC. 31, 2014</u>	<u>DATE</u>					<u>AMOUNT</u>					
General Obligation Bonds	08/01/03	\$ 3,832,000.00				\$ 440,000.00	\$ 440,000.00	\$ -						
General Obligation Bonds	08/01/05	3,415,000.00				180,000.00	180,000.00	-						
General Obligation Refunding Bonds	06/11/13	2,250,000.00	08/01/15	205,000.00	2.000%	2,225,000.00	15,000.00	2,210,000.00						
			08/01/16	200,000.00	3.000%									
			08/01/17	205,000.00	3.000%									
			08/01/18	205,000.00	3.000%									
			08/01/19	210,000.00	2.000%									
			08/01/20	205,000.00	2.000%									
			08/01/21	205,000.00	2.000%									
			08/01/22	200,000.00	2.125%									
			08/01/23	195,000.00	3.000%									
			08/01/24	190,000.00	3.000%									
			08/01/25	190,000.00	3.000%									
			General Obligation Bonds	12/17/13	2,580,000.00				12/15/15	200,000.00	3.000%	2,580,000.00	100,000.00	2,480,000.00
12/15/16	200,000.00	3.000%												
12/15/17	200,000.00	3.000%												
12/15/18	200,000.00	3.000%												
12/15/19	200,000.00	3.000%												
12/15/20	200,000.00	3.000%												
12/15/21	200,000.00	3.000%												
12/15/22	200,000.00	3.000%												
12/15/23	200,000.00	3.000%												
12/15/24	200,000.00	3.000%												
12/15/25	175,000.00	3.125%												
12/15/26	175,000.00	3.250%												
12/15/27	130,000.00	3.500%												
						<u>\$ 5,425,000.00</u>	<u>\$ 735,000.00</u>	<u>\$ 4,690,000.00</u>						
<u>REF.</u>						C	C-5	C						

SCHEDULE OF NJDEP GREEN TRUST LOAN PAYABLE - GENERAL CAPITAL FUND

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>LOAN REPAYMENT PERIOD</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2013</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2014</u>
Improvements to Mill Pond Park - Phase II	\$279,334.33	01/01/09-2028	01/21/15	\$ 6,638.81	2.00%	\$ 217,695.08	\$ 13,081.08	\$ 204,614.00
			07/21/15	6,705.20	2.00%			
			01/21/16	6,772.25	2.00%			
			07/21/16	6,839.97	2.00%			
			01/21/17	6,908.37	2.00%			
			07/21/17	6,977.46	2.00%			
			01/21/18	7,047.23	2.00%			
			07/21/18	7,117.70	2.00%			
			01/21/19	7,188.88	2.00%			
			07/21/19	7,260.77	2.00%			
			01/21/20	7,333.38	2.00%			
			07/21/20	7,406.71	2.00%			
			01/21/21	7,480.78	2.00%			
			07/21/21	7,555.58	2.00%			
			01/21/22	7,631.14	2.00%			
			07/21/22	7,707.45	2.00%			
			01/21/23	7,784.53	2.00%			
			07/21/23	7,862.37	2.00%			
			01/21/24	7,941.00	2.00%			
			07/21/24	8,020.41	2.00%			
			01/21/25	8,100.61	2.00%			
			07/21/25	8,181.62	2.00%			
			01/21/26	8,263.43	2.00%			
			07/21/26	8,346.07	2.00%			
			01/21/27	8,429.53	2.00%			
			07/21/27	8,513.82	2.00%			
			01/21/28	8,598.93	2.00%			
					<u>REF.</u>	C	C-5	C

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DEC. 31, 2013		2014 AUTHORIZED	2013 ENCUMB	PAID OR CHARGED	2014 ENCUMB	BALANCE - DEC. 31, 2014	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
<u>General Improvements:</u>											
1212	2005 Road Improvements and Improve. to Borough Hall	08/22/05	\$ 235,000.00	\$ 81.41			\$ 143.75	\$ 143.75		\$ 81.41	
1237	Brook Drive Phase II (NJ Transportation Trust \$215,000)	06/12/06	280,000.00	3,760.94	37,000.00		643.75	2,980.35		1,424.34	37,000.00
1249/1320	Various Capital Improvements	05/28/07	733,500.00	3,963.13			643.75	967.27		3,639.61	
1282	Preliminary Expense New Firehouse	12/08/08	350,000.00	218.54			13,625.48	862.29	9,980.59	3,001.14	
1293	2009 Milling and Paving Program	06/22/09	100,000.00	3,852.11			643.75	2,980.35		1,515.51	
1295	Acquisition of a Garbage Truck and Garbage Picker	09/14/09	210,000.00	4,324.57	5,728.00		643.75	2,563.69		2,404.63	5,728.00
1319/1342	Improvement to Brook Dr. and the Construction of the School Street Retaining Wall (NJDOT \$441,000)	08/23/10	1,027,000.00	345,562.23			90,522.09	42,525.91	2,388.00	391,170.41	
1329/1352	Improvements to South Street Area Roadway (NJDOT \$350,000 and \$300,000)	04/25/11	400,000.00								
			330,000.00	32,018.56			386,001.02	362,500.47	55,519.11	-	
1335	Refunding Bonds 2011	05/23/11	240,000.00		2,711.23					2,711.23	
1349	Acquisition of Kuhlthau Avenue	05/29/12	390,000.00	4,295.11	32,000.00		6,703.11	3,183.88	5,869.36	1,944.98	32,000.00
1356	Purchase of Police Car Video Cameras	06/25/12	52,000.00	6,624.84						6,624.84	
1357	Acquisition of New Radio Communication System	06/25/12	525,000.00	12,373.19			8,279.99	19,593.87		1,059.31	
1363	Tree Removal Services	10/09/12	20,000.00	2,481.30						2,481.30	
1393	Phase II of the South Street Area Roadway Improvements	02/24/14	396,000.00			396,000.00		24,980.23	1,610.75		369,409.02
1397	Construction, Rehabilitation and Repair of COAH Housing	04/14/14	275,000.00			275,000.00		2,969.76	3,136.50	7,893.74	261,000.00
1399	Various Capital Improvements	07/28/14	1,278,000.00			1,278,000.00		22,041.59	213,227.69		1,042,730.72
				<u>\$ 419,555.93</u>	<u>\$ 77,439.23</u>	<u>\$ 1,949,000.00</u>	<u>\$ 507,850.44</u>	<u>\$ 488,293.41</u>	<u>\$ 291,732.00</u>	<u>\$ 425,952.45</u>	<u>\$ 1,747,867.74</u>
		<u>REF.</u>	C	C	C-6	C	C-2	C	C	C	C
Deferred Charges to Future Taxation - Unfunded		C-6			\$ 1,873,000.00						
Capital Improvement Fund		C-10			76,000.00						
						<u>\$ 1,949,000.00</u>					

SCHEDULE OF CAPITAL IMPROVEMENT FUND  
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	C	\$ 141,005.74
Decreased by:		
Appropriated to Finance Improvement Authorizations	C- 9	<u>76,000.00</u>
Balance - December 31, 2014	C	<u>\$ 65,005.74</u>

SCHEDULE OF RESERVE FOR DOT GRANT FUNDS  
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	C	\$ 10,000.00
Increased by:		
2014 Grant Award	C-4	<u>360,000.00</u>
Balance - December 31, 2014	C	<u>\$ 370,000.00</u>

SCHEDULE OF RESERVE FOR WATER RETENTION  
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	C	\$ 11,428.58
Balance - December 31, 2014	C	<u>\$ 11,428.58</u>

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL DATE OF ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2013</u>	<u>DECREASED</u>
1335	Refunding Bonds 2011 (Tax Appeals)	06/30/11	06/28/13	06/28/14	1.04%	<u>\$ 80,000.00</u>	<u>\$ 80,000.00</u>
						<u>\$ 80,000.00</u>	<u>\$ 80,000.00</u>
					<u>Ref.</u>	C	C- 2

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE  
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	C	\$ 50,313.52
Decreased by:		
2014 Budget Revenue	C-2	<u>\$ 50,313.52</u>

SCHEDULE OF DUE FROM GRANT FUND  
GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	C	\$ 50,000.00
Balance - December 31, 2014	C	<u>\$ 50,000.00</u>

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31,2013</u>	<u>2014 AUTHORIZED</u>	<u>2014 FUNDING</u>	<u>BALANCE DEC. 31,2014</u>
1074	Improve. To Intersection at Booream Ave, Ochs Ave, Main St	\$ 66,648.51		\$ 13,330.00	\$ 53,318.51
1237	Brook Drive Phase II (NJ Transportation Trust \$215,000)	37,000.00			37,000.00
1295	Acquisition of a Garbage Truck and Garbage Picker	5,728.00			5,728.00
1349	Acquisition of 120 Kuhlthau Avenue	32,000.00			32,000.00
1393	Phase II of the South Street Area Roadway Improvements		\$ 396,000.00		396,000.00
1397	Construction, Rehabilitation and Repair of COAH Housing		261,000.00		261,000.00
1399	Various Capital Improvements		1,216,000.00		1,216,000.00
		<u>\$ 141,376.51</u>	<u>\$ 1,873,000.00</u>	<u>\$ 13,330.00</u>	<u>\$ 2,001,046.51</u>

Footnote C

**Water and Sewer Utility Fund**

SCHEDULE OF WATER AND SEWER UTILITY CASH AND INVESTMENTS  
TREASURER

Exhibit - D-5

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2013	D	\$1,249,556.09	\$174,106.73
Increased by Receipts:			
Water Tower Collection Rental Fees	D- 3	119,360.19	
Morel Assessment	D- 3	50,000.00	
Miscellaneous Revenue Not Anticipated	D- 3	46,749.38	
Collector	D- 7	2,323,595.36	
Consumer Overpayments	D-11	5,388.81	
Interfunds	D-19		10,000.00
Capital Improvement Fund	D-20		10,000.00
		<u>2,545,093.74</u>	<u>20,000.00</u>
		3,794,649.83	194,106.73
Decreased by Disbursements:			
2014 Budget Appropriations	D- 4	1,710,602.70	
Appropriation Reserves	D- 9	252,766.10	
Accrued Int. on Bonds & Notes	D-10	135,475.41	
Overpayments Refunded	D-11	5,995.58	
Accounts Payable	D-12	141.00	
Due to Water and Sewer Operating	D-13	10,000.00	
Improvement Authorizations	D-21		142,147.79
		<u>2,114,980.79</u>	<u>142,147.79</u>
Balance - December 31, 2014	D,D-6	<u><u>\$1,679,669.04</u></u>	<u><u>\$51,958.94</u></u>

ANALYSIS OF WATER AND SEWER CAPITAL  
CASH AND INVESTMENTS

	BALANCE DEC. 31, 2013	RECEIPTS		DISBURSEMENTS		BALANCE DEC. 31, 2014	
		MISCEL- LANEOUS	IMPROV. AUTHOR.	MISCELLA- NEOUS	TRANSFERS		
					FROM	TO	
Fund Balance	\$ 20,187.01						\$ 20,187.01
Capital Improvement Fund	56,987.05	10,000.00		66,900.00			87.05
Encumbrances Payable	128,711.54				128,711.54	41,080.55	41,080.55
Reserve for Payment of Debt Service	7,019.85						7,019.85
Due to Water/Sewer Operating Fund	(10,000.00)	10,000.00					
Due from NJEIT	(296,051.00)						(296,051.00)
<u>Ord.</u>							
<u>No.</u>							
		<u>Improvement Authorizations</u>					
1248	Cleaning and Lining of Water Main - Main Street	3,519.25					3,519.25
1254	Installation & Replacement of Water Main - West Lawrence	4,152.37		2,980.38		643.75	1,815.74
1317/1330/	Installation and Replacement of						
1344	Water Main - West Lawrence	235,224.41		125,578.26	1,318.25	127,143.04	235,470.94
1364	Replacement of Riva Avenue Water Main	24,356.25		3,261.37		924.75	22,019.63
1401	Acquisition of Equipment			679.28	39,328.00		(40,007.28)
1404	Various Improvements to Water System		66,900.00	9,648.50	434.30		56,817.20
		<u>\$ 174,106.73</u>	<u>\$ 86,900.00</u>	<u>\$ 142,147.79</u>	<u>\$ 66,900.00</u>	<u>\$ 169,792.09</u>	<u>\$ 169,792.09</u>
							<u>\$ 51,958.94</u>
<u>Ref.</u>		D	D-14,D-25,D-26	D-19	D-21,D-26	D-19	D-19
							D

Exhibit - D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
WATER AND SEWER UTILITY OPERATING FUND

Balance - December 31, 2013	D	\$374,985.93
Increased by:		
2014 Rents Levied	Reserve	<u>2,315,606.45</u>
		2,690,592.38
Decreased by:		
Cash Receipts	D-3,D-5	<u>2,323,595.36</u>
Balance - December 31, 2014	D	<u><u>\$366,997.02</u></u>

Exhibit - D-8

SCHEDULE OF INVENTORY  
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	D	\$16,310.00
Balance - December 31, 2014	D	<u><u>\$16,310.00</u></u>

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

WATER AND SEWER UTILITY OPERATING FUND  
STATEMENT OF 2012 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	BALANCE DECEMBER 31, 2013		BALANCE AFTER		PAID OR	BALANCED
	APROPRIATION RESERVES	RESERVE FOR ENCUMBRANCES	TRANSFERS	CHARGED	LAPSED	
Operations:						
Salaries and Wages	\$ 36,874.56	\$	\$ 36,874.56	\$ 519.84	\$	36,354.72
Other Expenses	134,033.48	30,919.80	164,953.28	75,101.41		89,851.87
Bulk Water Purchase - City of New Brunswick	143,723.60		143,723.60	73,286.80		70,436.80
Sewer Disposal - City of New Brunswick	127,792.07		127,792.07	101,576.54		26,215.53
Sewer Back Charges - City of New Brunswick	0.01		0.01			0.01
Total Operations	442,423.72	30,919.80	473,343.52	250,484.59		222,858.93
Capital Improvements:						
Capital Outlay	7,597.25	32,402.75	40,000.00	34,644.75		5,355.25
Total Capital Improvements	7,597.25	32,402.75	40,000.00	34,644.75		5,355.25
Deferred Charges and Statutory Expenditures						
Contribution to:						
Public Employees' Retire. System	2.00		2.00			2.00
Social Security System	1,719.58		1,719.58	39.51		1,680.07
Total Deferred Charges and Statutory Expenditures	1,721.58		1,721.58	39.51		1,682.07
	\$ 451,742.55	\$ 63,322.55	\$ 515,065.10	\$ 285,168.85		\$ 229,896.25

REF.

D

D

D-1

Cash Disbursements  
Accounts Payable

D-5  
D-12

\$ 252,766.10  
32,402.75  
\$ 285,168.85

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS  
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2013	D		\$51,311.59
Increased by:			
Budget Appropriations:			
Interest on Bonds	D- 4	74,532.33	
Interest on NJ EIT Loan	D- 4	<u>56,750.90</u>	
			<u>131,283.23</u>
			182,594.82
Decreased by:			
Payment	D- 5		<u>135,475.41</u>
Balance - December 31, 2014	D		<u><u>\$47,119.41</u></u>

Analysis of Balance - December 31, 2014:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Outstanding December 31, 2014</u>	<u>Acruel Period</u>		<u>Accruel</u>
Bonds	2013	Various	\$ 2,230,000.00	5 months	\$	23,750.00
	2013	Various	428,000.00	13 days		237.97
Loans - NJEIT	2008	Various	610,000.00	5 months		13,098.96
	2012	Various	490,000.00	5 months		8,676.56
	2013	Various	147,801.00	5 months		<u>1,355.92</u>
Total						<u><u>\$47,119.41</u></u>

SCHEDULE OF CONSUMER OVERPAYMENTS  
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	D	\$6,758.98
Increased by:		
Overpayments Collected	D- 5	<u>5,388.81</u>
		12,147.79
Decreased by:		
Overpayments Refunded	D- 5	<u>5,995.58</u>
Balance - December 31, 2014	D	<u><u>\$6,152.21</u></u>

SCHEDULE OF ACCOUNTS PAYABLE  
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	D	\$44,371.82
Increased by:		
Transfer from 2013 Appropriation Reserves	D- 9	<u>32,402.75</u>
		76,774.57
Decreased by:		
Cash Disbursements	D- 5	<u>141.00</u>
Balance - December 31, 2014	D	<u><u>\$76,633.57</u></u>

SCHEDULE OF DUE TO WATER AND SEWER CAPITAL UTILITY FUND  
WATER AND SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 10,000.00
Decreased by:		
Cash Disbursements	D- 5	<u>\$ 10,000.00</u>

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2013	D	\$ 7,019.85
Balance, December 31, 2014	D	<u>\$ 7,019.85</u>

SCHEDULE OF FIXED CAPITAL  
WATER AND SEWER UTILITY CAPITAL FUND

<u>ACCOUNT</u>	BALANCE DEC. 31, <u>2013</u>	BALANCE DEC. 31, <u>2014</u>
Water Storage Facility	\$254,258.00	\$254,258.00
Transmission Mains and Accessories	19,682.00	19,682.00
Distribution Mains and Accessories	348,816.00	348,816.00
Auxiliary Water Main	7,494.00	7,494.00
Service Pipes and Stops	7,789.00	7,789.00
Meter, Meter Boxes and Vaults	91,056.75	91,056.75
Fire Hydrants and Cisterns	32,647.28	32,647.28
General Equipment	11,186.37	11,186.37
Engineering and Superintendence	1,168.00	1,168.00
Repainting and Refurbishing of Storage Tanks	33,772.67	33,772.67
Replacement of Sewer Pumps and Purchase of Sewer Equipment	78,761.89	78,761.89
Computer System	26,000.00	26,000.00
Improvement to Water System - 1993	83,884.60	83,884.60
Construction of Municipal Building	189,000.00	189,000.00
Construction of a Water Main	1,018,979.81	1,018,979.81
Repairs to Washington Avenue	30,040.28	30,040.28
Construction of Water Tower and Pump Station	3,142,321.29	3,142,321.29
Relocation of Water Main	116,922.03	116,922.03
Capital Outlay - 1999	827.75	827.75
Pump Station Equipment - 1999	86,831.65	86,831.65
Pump Truck and Backhoe - 1999	180,000.00	180,000.00
Purchase of Computer System - 1995	30,000.00	30,000.00
Acquisition of Computer Equipment - 1999	40,000.00	40,000.00
Acquisition of Dump Truck - 1999	38,000.00	38,000.00
Improvement to Church Street Pump Station - 2002	3,000,000.00	3,000,000.00
Looping of Various Water Mains	279,490.36	279,490.36
Conestoga Storage Building - 2006	19,000.00	19,000.00
Cleaning & Lining of Water Mains	45,050.04	45,050.04
Installation & Replacement of Water Main - West Lawrence Street	7,821.61	7,821.61
2008/2009 Appropriation Reserves	11,500.00	11,500.00
Cleaning & Lining of Water Mains	1,752,874.21	1,752,874.21
Installation & Replacement of Water Main - West Lawrence Street	87,980.40	87,980.40
	<u>\$11,073,155.99</u>	<u>\$11,073,155.99</u>

REF.

D

D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
WATER AND SEWER UTILITY CAPITAL FUND

ORDINANCE NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>AMOUNT</u>	BALANCE DEC. 31,2013	2014 AUTH- ORIZATIONS	BALANCE DEC. 31,2014
General Improvements:						
1248	Cleaning & Lining of Water Mains	05/28/07	\$1,800,000.00	\$2,075.75		\$2,075.75
1254	Installation & Replacement of Water Main - West Lawrence	08/27/07	100,000.00	4,197.99		4,197.99
1317/1330/1344	Sewer Pump Station Improvements - Washington Avenue	07/26/10; 04/05/11	2,225,000.00	2,225,000.00		2,225,000.00
1364	Replacement of Riva Avenue Water Main	11/26/12	425,000.00	425,000.00		425,000.00
1401	Acquisition of Equipment	07/28/14	120,000.00		120,000.00	120,000.00
1404	Various Improvements to Water System	09/08/14	1,404,900.00		1,404,900.00	1,404,900.00
				<u>\$2,656,273.74</u>	<u>\$1,524,900.00</u>	<u>\$4,181,173.74</u>
				REF.	D	D-21
				D		D

SCHEDULE OF SERIAL BONDS - WATER AND SEWER CAPITAL FUND

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2013</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2014</u>						
			<u>OUTSTANDING - DATE</u>	<u>DEC. 31,2014 AMOUNT</u>										
Water/Sewer Bonds	08/01/05	\$ 3,565,000.00				\$ 185,000.00	\$ 185,000.00	-						
Water/Sewer Refunding Bonds	06/11/13	2,270,000.00	08/01/15	\$ 200,000.00	2.000%	2,250,000.00	20,000.00	2,230,000.00						
			08/01/16	205,000.00	3.000%									
			08/01/17	215,000.00	3.000%									
			08/01/18	215,000.00	3.000%									
			08/01/19	210,000.00	2.000%									
			08/01/20	205,000.00	2.000%									
			08/01/21	200,000.00	2.000%									
			08/01/22	200,000.00	2.125%									
			08/01/23	195,000.00	3.000%									
			08/01/24	195,000.00	3.000%									
			08/01/25	190,000.00	3.000%									
			Water-Sewer Utility Bonds	12/17/13	448,000.00				12/15/15	30,000.00	3.000%	448,000.00	20,000.00	428,000.00
									12/15/16	25,000.00	3.000%			
12/15/17	25,000.00	3.000%												
12/15/18	30,000.00	3.000%												
12/15/19	30,000.00	3.000%												
12/15/20	30,000.00	3.000%												
12/15/21	30,000.00	3.000%												
12/15/22	30,000.00	3.000%												
12/15/23	40,000.00	3.000%												
12/15/24	40,000.00	3.000%												
12/15/25	40,000.00	3.125%												
12/15/26	40,000.00	3.250%												
12/15/27	38,000.00	3.500%												
						<u>\$ 2,883,000.00</u>	<u>\$ 225,000.00</u>	<u>\$ 2,658,000.00</u>						
<u>REF.</u>						D	D-23	D						

Exhibit - D-18

SCHEDULE OF ACCOUNTS RECEIVABLE DUE FROM NJEIT

Balance, December 31, 2013	D	\$ 296,051.00
Balance, December 31, 2014	D	<u>\$ 296,051.00</u>

Exhibit - D-19

SCHEDULE OF DUE FROM WATER AND SEWER OPERATING FUND

Balance, December 31, 2013	D	\$ 10,000.00
Increased by:		
Cash Receipts	D- 5	<u>\$ 10,000.00</u>

Exhibit - D-20

SCHEDULE OF CAPITAL IMPROVEMENT FUND  
WATER/SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 56,987.05
Increased by:		
2014 Budget Appropriation	D-5	<u>10,000.00</u>
		66,987.05
Decreased by:		
Deferred Reserve for Amortization	D-24	<u>66,900.00</u>
Balance - December 31, 2014	D	<u>\$ 87.05</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
WATER AND SEWER UTILITY CAPITAL FUND

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2013		2014 AUTH- ORIZATIONS	2013 ENCUMB	PAID/ CHARGED	2014 ENCUMB	BALANCE DEC. 31, 2014			
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED		
1248	Cleaning & Lining of Water Mains	05/28/07	\$1,800,000.00	\$	3,519.25					\$	3,519.25	\$	-
1254	Installation & Replacement of Water Main - West Lawrence	08/27/07	100,000.00	4,152.37	\$ 27,000.00		\$ 643.75	\$ 2,980.38			1,815.74	\$	27,000.00
1317/1330/1344	Washington Ave Pump Station Improvement (NJEIT - \$3,513,808.00)	07/26/10; 04/05/11 01/23/12	2,225,000.00	235,224.41	176,632.00		127,143.04	125,578.26	\$ 1,318.25		235,470.94		176,632.00
1364	Replacement of Riva Avenue Water Main	11/26/12	425,000.00	24,356.25			924.75	3,261.37			22,019.63		
1401	Acquisition of Equipment	07/28/14	120,000.00			\$ 120,000.00		679.28	39,328.00				79,992.72
1404	Various Improvements to Water System	09/08/14	1,404,900.00			1,404,900.00		9,648.50	434.30		56,817.20		1,338,000.00
				<u>\$ 267,252.28</u>	<u>\$ 203,632.00</u>	<u>\$ 1,524,900.00</u>	<u>\$ 128,711.54</u>	<u>\$ 142,147.79</u>	<u>\$ 41,080.55</u>		<u>\$ 319,642.76</u>		<u>\$ 1,621,624.72</u>
		<u>REF.</u>		D	D	D-16	D	D-5	D		D		D

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE  
WATER AND SEWER CAPITAL FUND

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>DATE OF ISSUE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2013</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2014</u>
Water Systems Improvements - State Portion	\$745,000.00	11/06/08	08/01/15	\$ 30,000.00	5.00%	\$ 640,000.00	\$ 30,000.00	\$ 610,000.00
			08/01/16	35,000.00	5.00%			
			08/01/17	35,000.00	5.00%			
			08/01/18	35,000.00	5.00%			
			08/01/19	35,000.00	5.25%			
			08/01/20	40,000.00	5.50%			
			08/01/21	40,000.00	5.50%			
			08/01/22	45,000.00	5.50%			
			08/01/23	45,000.00	5.50%			
			08/01/24	50,000.00	5.00%			
			08/01/25	50,000.00	5.00%			
			08/01/26	55,000.00	5.00%			
			08/01/27	55,000.00	5.00%			
			08/01/28	60,000.00	5.00%			
Water Systems Improvements - Federal Portion	\$735,700.00	11/06/08	02/01/15	9,519.16	0.00%	565,199.89	38,114.49	527,085.40
			08/01/15	27,686.94	0.00%			
			02/01/16	9,064.96	0.00%			
			08/01/16	30,260.71	0.00%			
			02/01/17	8,535.07	0.00%			
			08/01/17	29,730.82	0.00%			
			02/01/18	8,005.18	0.00%			
			08/01/18	29,200.93	0.00%			
			02/01/19	7,475.28	0.00%			
			08/01/19	28,671.03	0.00%			
			02/01/20	6,918.89	0.00%			
			08/01/20	31,142.61	0.00%			
			02/01/21	6,252.74	0.00%			
			08/01/21	30,476.46	0.00%			
			02/01/22	5,586.59	0.00%			
			08/01/22	32,838.27	0.00%			
			02/01/23	4,837.17	0.00%			
			08/01/23	32,088.85	0.00%			
			02/01/24	4,087.75	0.00%			
			08/01/24	34,367.39	0.00%			
			02/01/25	3,330.76	0.00%			
			08/01/25	33,610.40	0.00%			
			02/01/26	2,573.76	0.00%			
			08/01/26	35,881.37	0.00%			
02/01/27	1,741.07	0.00%						
08/01/27	35,048.68	0.00%						
02/01/28	908.38	0.00%						
08/01/28	37,244.18	0.00%						

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE  
WATER AND SEWER CAPITAL FUND

- 105 -

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>DATE OF ISSUE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2013</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2014</u>
Water Systems Improvements - State Portion	\$ 530,000.00	05/03/12	08/01/15	\$ 20,000.00	4.000%	\$ 510,000.00	20,000.00	\$ 490,000.00
			08/01/16	20,000.00	5.000%			
			08/01/17	20,000.00	5.000%			
			08/01/18	20,000.00	5.000%			
			08/01/19	25,000.00	5.000%			
			08/01/20	25,000.00	5.000%			
			08/01/21	25,000.00	5.000%			
			08/01/22	25,000.00	5.000%			
			08/01/23	30,000.00	5.000%			
			08/01/24	30,000.00	5.000%			
			08/01/25	30,000.00	5.000%			
			08/01/26	35,000.00	5.000%			
			08/01/27	35,000.00	3.000%			
			08/01/28	35,000.00	3.000%			
			08/01/29	35,000.00	3.125%			
			08/01/30	40,000.00	3.200%			
			08/01/31	40,000.00	3.250%			
Water Systems Improvements - Federal Portion	578,569.00	05/03/12	02/01/15	9,806.25	0.00%	529,537.75	29,418.75	500,119.00
			08/01/15	19,612.50	0.00%			
			02/01/16	9,806.25	0.00%			
			08/01/16	19,612.50	0.00%			
			02/01/17	9,806.25	0.00%			
			08/01/17	19,612.50	0.00%			
			02/01/18	9,806.25	0.00%			
			08/01/18	19,612.50	0.00%			
			02/01/19	9,806.25	0.00%			
			08/01/19	19,612.50	0.00%			
			02/01/20	9,806.25	0.00%			
			08/01/20	19,612.50	0.00%			
			02/01/21	9,806.25	0.00%			
			08/01/21	19,612.50	0.00%			
			02/01/22	9,806.25	0.00%			
			08/01/22	19,612.50	0.00%			
			02/01/23	9,806.25	0.00%			
			08/01/23	19,612.50	0.00%			
			02/01/24	9,806.25	0.00%			
			08/01/24	19,612.50	0.00%			
02/01/25	9,806.25	0.00%						
08/01/25	19,612.50	0.00%						
02/01/26	9,806.25	0.00%						
08/01/26	19,612.50	0.00%						
02/01/27	9,806.25	0.00%						
08/01/27	19,612.50	0.00%						
02/01/28	9,806.25	0.00%						

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE  
WATER AND SEWER CAPITAL FUND

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>DATE OF ISSUE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2013</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2014</u>
Water Systems Improvements - Federal Portion (cont'd.)	578,569.00	05/03/12	08/01/28	19,612.50	0.00%			
			02/01/29	9,806.25	0.00%			
			08/01/29	19,612.50	0.00%			
			02/01/30	9,806.25	0.00%			
			08/01/30	19,612.50	0.00%			
			02/01/31	9,806.25	0.00%			
			08/01/31	19,612.75	0.00%			
Water Systems Improvements - State Portion	154,956.00	05/29/13	08/01/15	7,173.00	0.35%	154,956.00	7,155.00	147,801.00
			08/01/16	7,198.00	0.54%			
			08/01/17	7,237.00	0.74%			
			08/01/18	7,290.00	0.98%			
			08/01/19	7,362.00	1.31%			
			08/01/20	7,458.00	1.59%			
			08/01/21	7,577.00	1.83%			
			08/01/22	7,716.00	2.04%			
			08/01/23	7,873.00	2.23%			
			08/01/24	8,049.00	2.36%			
			08/01/25	8,238.00	2.46%			
			08/01/26	8,441.00	2.84%			
			08/01/27	8,681.00	2.93%			
			08/01/28	8,935.00	3.00%			
			08/01/29	9,203.00	3.08%			
			08/01/30	9,487.00	3.14%			
			08/01/31	9,785.00	3.20%			
08/01/32	10,098.00	3.26%						
Water Systems Improvements - Federal Portion	446,990.00	05/29/13	02/01/15	7,576.10	0.00%	431,837.80	22,728.30	409,109.50
			08/01/15	15,152.20	0.00%			
			02/01/16	7,576.10	0.00%			
			08/01/16	15,152.20	0.00%			
			02/01/17	7,576.10	0.00%			
			08/01/17	15,152.20	0.00%			
			02/01/18	7,576.10	0.00%			
			08/01/18	15,152.20	0.00%			
			02/01/19	7,576.10	0.00%			
			08/01/19	15,152.20	0.00%			
			02/01/20	7,576.10	0.00%			
			08/01/20	15,152.20	0.00%			
			02/01/21	7,576.10	0.00%			
			08/01/21	15,152.20	0.00%			
			02/01/22	7,576.10	0.00%			
			08/01/22	15,152.20	0.00%			
			02/01/23	7,576.10	0.00%			
			08/01/23	15,152.20	0.00%			
			02/01/24	7,576.10	0.00%			

SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE  
WATER AND SEWER CAPITAL FUND

<u>PURPOSE</u>	<u>AMOUNT OF LOAN</u>	<u>DATE OF ISSUE</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31,2013</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31,2014</u>
Water Systems Improvements - Federal Portion (cont'd.)	446,990.00	05/29/13	08/01/24	15,152.20	0.00%			
			02/01/25	7,576.10	0.00%			
			08/01/25	15,152.20	0.00%			
			02/01/26	7,576.10	0.00%			
			08/01/26	15,152.20	0.00%			
			02/01/27	7,576.10	0.00%			
			08/01/27	15,152.20	0.00%			
			02/01/28	7,576.10	0.00%			
			08/01/28	15,152.20	0.00%			
			02/01/29	7,576.10	0.00%			
			08/01/29	15,152.20	0.00%			
			02/01/30	7,576.10	0.00%			
			08/01/30	15,152.20	0.00%			
			02/01/31	7,576.10	0.00%			
			08/01/31	15,152.20	0.00%			
			02/01/32	7,576.10	0.00%			
			08/01/32	15,152.30	0.00%			
						<u>\$ 2,831,531.44</u>	<u>\$ 147,416.54</u>	<u>\$ 2,684,114.90</u>
					<u>REF.</u>	D	D-23	D

SCHEDULE OF RESERVE FOR AMORTIZATION  
WATER AND SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	D	\$ 7,698,066.29
Increased by:		
Bonds Paid by Budget Appropriation	D-17	225,000.00
NJEIT Loan Interest Paid by Budget Appropriation	D-22	<u>147,416.54</u>
		<u>372,416.54</u>
Balance - December 31, 2014	D	<u>\$ 8,070,482.83</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
WATER AND SEWER UTILITY CAPITAL FUND

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORD.</u>	<u>BALANCE DEC. 31, 2013</u>	<u>FIXED CAPITAL AUTHORIZED</u>	<u>BALANCE DEC. 31, 2014</u>
1033	Acquis. of Computer Equipment	05/10/99	\$ 2,000.00		\$ 2,000.00
1051	Acquis. of Dump Truck	12/13/99	1,900.00		1,900.00
1248	Cleaning and Lining of Water Mains - Main Street	05/28/07	100,300.00		100,300.00
1254	Installation and Replacement of Water Main - West Lawrence Street	08/27/07	5,000.00		5,000.00
N/A	2008/2009 Various Capital	12/31/09	4,000.00		4,000.00
1404	Various Improvements to Water System	09/08/14	<u>                    </u>	<u>66,900.00</u>	<u>66,900.00</u>
			<u>\$ 113,200.00</u>	<u>\$ 66,900.00</u>	<u>\$ 180,100.00</u>
	<u>Ref.</u>		D	D-20	D

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

ORDINANCE				
<u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31,2013</u>	<u>2014 AUTHORIZED</u>	<u>BALANCE DEC. 31,2014</u>
1254	Installation and Replacement of Water Main West Lawrence Street	\$ 27,000.00		\$ 27,000.00
1317/1330/1344	Sewer System Pump Station Improvements Washington Ave.	176,632.00		176,632.00
1401	Acquisition of Equipment		\$ 120,000.00	120,000.00
1404	Various Improvements to Water System		1,338,000.00	1,338,000.00
		<u>\$ 203,632.00</u>	<u>\$ 1,458,000.00</u>	<u>\$ 1,661,632.00</u>

Footnote D

**Electric Utility Fund**

SCHEDULE OF ELECTRIC UTILITY CASH AND INVESTMENTS  
TREASURER

Exhibit - E-5

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance - December 31, 2013	E	\$ 2,053,015.55	\$ 3,028,198.36
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	E- 3	76,859.43	
Collector	E- 8	8,105,594.29	
Consumer Overpayments	E-13	6,214.37	
Consumer Deposits	E-14	52,950.00	
Bond Anticipation Notes Issued	E-17		<u>2,000,000.00</u>
		<u>8,241,618.09</u>	<u>2,000,000.00</u>
		10,294,633.64	5,028,198.36
Decreased by Disbursements:			
Surplus - Prior Year (General Budget)	E- 1	550,000.00	
2014 Budget Appropriations	E- 4	6,472,604.93	
Appropriated Reserves	E-11	528,247.21	
Overpayment Refunds	E-13	4,464.43	
Consumer Deposit - Refunds	E-14	22,576.06	
Accrued Interest on Bonds & Notes	E-16	68,428.11	
Bond Anticipation Notes Redeemed	E-17		2,000,000.00
Improvement Authorizations	E-22		<u>1,517,379.92</u>
		<u>7,646,320.74</u>	<u>3,517,379.92</u>
Balance - December 31, 2014	E, E-7	\$ <u><u>2,648,312.90</u></u>	\$ <u><u>1,510,818.44</u></u>

SCHEDULE OF CHANGE FUND  
ELECTRIC UTILITY OPERATING FUND

	BALANCE DEC. 31, <u>2013</u>	BALANCE DEC. 31, <u>2014</u>
Collector	<u>\$100.00</u>	<u>\$100.00</u>
<u>Ref.</u>	E	E

ANALYSIS OF ELECTRIC CAPITAL  
CASH AND INVESTMENTS

	BALANCE DEC. 31, 2013	RECEIPTS		DISBURSEMENTS		BALANCE DEC. 31, 2014		
		MISCEL- LANEOUS	IMPROV. AUTHOR.	MISCELLA- NEOUS	TRANSFERS			
					FROM	TO		
Fund Balance	\$51,875.13					\$	\$51,875.13	
Capital Improvement Fund	22,321.81			10,000.00			12,321.81	
Reserve for Ext. of Electric Line	7,700.00						7,700.00	
Due to Electric Utility Operating Fund	1,795.32						1,795.32	
Various Reserves	90,115.00						90,115.00	
Reserve for Payment of Debt Service	34,639.40						34,639.40	
Encumbrances Payable	192,744.39				\$192,744.39	\$12,819,763.25	12,819,763.25	
Ord. No.	<u>Improvement Authorizations:</u>							
1241	Acquisition of Utility Vehicle	2,831.37		2,980.37		643.75	494.75	
1313	Acquisition of Real Property	993,625.10		915,783.96	3,850.00	4,813.97	78,805.11	
1318	Acquisition of Transformer	5,011.55		2,980.37		643.75	2,674.93	
1340	Various Electric Utility	7,138.81		2,980.39	56,649.32	57,299.57	4,808.67	
1360	Electric Substation	1,618,400.48		591,776.33	12,758,829.63	129,343.35	(11,602,862.13)	
1400	Acquisition of Bucket Truck		10,000.00	878.50	434.30		8,687.20	
		<u>\$3,028,198.36</u>	<u>\$10,000.00</u>	<u>\$1,517,379.92</u>	<u>\$10,000.00</u>	<u>\$13,012,507.64</u>	<u>\$13,012,507.64</u>	<u>\$1,510,818.44</u>
<u>Ref.</u>		E	E-2,E-12,E-27	E-22	E-23	E-22	E-22	E

Exhibit - E-8

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$801,733.65
Increased by:		
2014 Rents Levied	Reserve	<u>7,974,551.89</u>
		8,776,285.54
Decreased by:		
Cash Receipts	E-5	<u>8,105,594.29</u>
Balance - December 31, 2014	E	<u><u>\$670,691.25</u></u>

Exhibit - E-9

SCHEDULE OF DUE TO STATE OF NJ - LIFELINE FEE  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$112.50
Balance - December 31, 2014	E	<u><u>\$112.50</u></u>

Exhibit - E-10

SCHEDULE OF INVENTORY  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$93,361.00
Balance - December 31, 2014	E	<u><u>\$93,361.00</u></u>

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

ELECTRIC UTILITY OPERATING FUND  
STATEMENT OF 2013 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>BALANCE</u> DECEMBER 31, 2013	<u>RESERVES</u>	<u>ENCUMBRANCES</u>	<u>BALANCE</u> AFTER TRANSFERS	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCED</u> <u>LAPSED</u>
Operations:						
Salaries and Wages	\$	24,117.62	\$	24,117.62	\$	1,051.52
Other Expenses		6.30	59,807.17	89,813.47	73,255.91	16,557.56
Bulk Energy Purchase - City of New Brunswick		<u>704,517.60</u>	<u>1,260.00</u>	<u>675,777.60</u>	<u>458,414.58</u>	<u>217,363.02</u>
Total Operations		<u>728,641.52</u>	<u>61,067.17</u>	<u>789,708.69</u>	<u>532,722.01</u>	<u>256,986.68</u>
Capital Improvements:						
Capital Outlay		<u>7,850.00</u>		<u>7,850.00</u>		<u>7,850.00</u>
Total Capital Improvements:		<u>7,850.00</u>		<u>7,850.00</u>		<u>7,850.00</u>
Deferred Charges and Statutory Expenditures						
Contribution to:						
Social Security System		<u>7,143.82</u>		<u>7,143.82</u>	<u>79.92</u>	<u>7,063.90</u>
Total Deferred Charges and Statutory Expenditures		<u>7,143.82</u>		<u>7,143.82</u>	<u>79.92</u>	<u>7,063.90</u>
	\$	<u>743,635.34</u>	\$	<u>804,702.51</u>	\$	<u>532,801.93</u>
		<u>61,067.17</u>	\$	<u>804,702.51</u>	<u>532,801.93</u>	<u>271,900.58</u>

REF.

E

E

E-1

Cash Disbursements  
Accounts Payable

E-5  
E-15

\$ 528,247.21  
4,554.72  
\$ 532,801.93

SCHEDULE OF RESERVE FOR PAYMENT OF DEBT SERVICE  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2013	E	\$	34,639.40
Balance - December 31, 2014	E	\$	<u>34,639.40</u>

SCHEDULE OF CONSUMER OVERPAYMENTS  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2013	E	\$	8,409.82
Increased by:			
Overpayments Collected	E- 5		<u>6,214.37</u>
			14,624.19
Decreased by:			
Overpayments Refunded	E- 5		<u>4,464.43</u>
Balance - December 31, 2014	E	\$	<u>10,159.76</u>

SCHEDULE OF CONSUMER DEPOSITS  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2013	E	\$	72,513.82
Increased by:			
Cash Receipts	E- 5		<u>52,950.00</u>
			125,463.82
Decreased by:			
Cash Disbursements	E- 5		<u>22,576.06</u>
Balance - December 31, 2014	E	\$	<u><u>102,887.76</u></u>

SCHEDULE OF ACCOUNTS PAYABLE  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>		
Balance - December 31, 2013	E	\$	58,642.81
Increased by:			
2013 Budget Appropriation Reserves	E-11		<u>4,554.72</u>
Balance - December 31, 2014	E	\$	<u><u>63,197.53</u></u>

SCHEDULE OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$ 2,936.74
Increased by:		
Budget Appropriations:		
Interest on Bonds	E- 4	55,828.11
Interest on Notes	E- 4	12,600.00
Interest Adjustment	E-1	<u>7,525.37</u>
		<u>75,953.48</u>
		78,890.22
Decreased by:		
Payment	E- 5	<u>68,428.11</u>
Balance - December 31, 2014	E	<u><u>\$ 10,462.11</u></u>

Analysis of Balance - December 31, 2014:

	Date of <u>Issue</u>	Interest <u>Rate</u>	Amount Outstanding December 31, <u>2014</u>	Acrua <u>l</u> Period	<u>Accrual</u>
BAN's	12/17/13	1.00%	\$ 2,000,000.00	5 months	\$ 8,333.33
Bonds	12/17/13	Various	1,784,000.00	14 days	<u>2,128.78</u>
Total					<u><u>\$ 10,462.11</u></u>

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL DATE OF ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2013</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2014</u>
1360	Electric Substation	12/18/12	08/01/14	01/30/15	1.00%	<u>\$ 2,000,000.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ 2,000,000.00</u>	<u>\$2,000,000.00</u>
						<u>\$ 2,000,000.00</u>	<u>\$ 2,000,000.00</u>	<u>\$ 2,000,000.00</u>	<u>\$2,000,000.00</u>
					<u>Ref.</u>	E	E-5	E-5	E

**SCHEDULE OF FIXED CAPITAL  
ELECTRIC UTILITY CAPITAL FUND**

<u>ACCOUNT</u>	BALANCE DEC. 31, <u>2013</u>	BALANCE DEC. 31, <u>2014</u>
Property	\$109,850.00	\$109,850.00
Structures and Improvements	10,870.00	10,870.00
Overhead Conductors and Devices	252,506.00	252,506.00
Station Equipment	653,267.00	653,267.00
Poles, Towers and Fixtures	81,139.17	81,139.17
Underground Conductors and Devices	3,172.00	3,172.00
Line Transformers	194,177.00	194,177.00
Services	27,534.30	27,534.30
Electrical Circuits and Lines	289,476.47	289,476.47
Meters	90,365.56	90,365.56
Street Lighting and Sig. System	47,851.00	47,851.00
Dump Truck	19,511.62	19,511.62
Structures and Improvements	29,727.00	29,727.00
Office Furniture and Equipment	52,646.00	52,646.00
Transportation Equipment	101,101.00	101,101.00
Tools and Work Equipment	3,156.00	3,156.00
Laboratory Equipment	759.00	759.00
Power Operated Equipment	889.00	889.00
Communications Equipment	579.00	579.00
Paving and Fencing Parking Lot	11,537.98	11,537.98
Backhoe and Bucket Truck	129,475.48	129,475.48
Telescoping Boom Bucket Truck	49,447.18	49,447.18
Computer System	36,857.85	36,857.85
Equipment and Improvements - 1990	154,469.77	154,469.77
Utility Vehicle and Equipment - 1991	107,357.42	107,357.42
Improvements to System - 1990	138,144.39	138,144.39
Purchase of Electric Utility Vehicles - 1993	465.84	465.84
Construction of Municipal Building	646,894.48	646,894.48
Improvement to No. Side Circuit - East Mill - 1998	521,310.46	521,310.46
Capital Outlay - 1999	3,276.00	3,276.00
Computer System - 1999	39,142.15	39,142.15
Improvement to Substation - 1999	247,700.00	247,700.00
Electric System Improvement 1999	156,318.80	156,318.80
Computer Equipment	30,800.00	30,800.00
Utility Truck	78,000.00	78,000.00
Michelin Field	64,000.00	64,000.00
Conestoga Storage Building	19,000.00	19,000.00
Utility Truck - 2008	191,825.34	191,825.34
2009 Appropriation for Reserves	93,300.00	93,300.00
2010 Appropriations	18,720.00	18,720.00
Acquisition of Transformers	428,721.16	428,721.16
	<u>\$5,135,341.42</u>	<u>\$5,135,341.42</u>

REF.

E

E

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
ELECTRIC UTILITY CAPITAL FUND

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31,2013	2014 AUTHOR- IZATIONS	BALANCE DEC. 31,2014
		DATE	AMOUNT			
General Improvements:						
1241	Utility Vehicle	12/25/06	\$ 200,000.00	\$ 8,174.66		\$ 8,174.66
1313	Acquisition of Real Property	12/22/10	1,050,000.00	1,050,000.00		1,050,000.00
1318	Acquisition of Transformer	12/22/10	480,000.00	51,278.84		51,278.84
1340	Various Electric Utility	09/26/11	525,000.00	525,000.00		525,000.00
1360	Electric Substation	08/27/12	14,000,000.00	14,000,000.00		14,000,000.00
1400	Acquisition of Bucket Truck	07/28/14	200,000.00		200,000.00	200,000.00
				<u>\$ 15,634,453.50</u>	<u>\$ 200,000.00</u>	<u>\$15,834,453.50</u>
				REF.	E	E-22
						E

SCHEDULE OF SERIAL BONDS - ELECTRIC CAPITAL FUND

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DEC. 31,2013	DECREASED	BALANCE DEC. 31,2014
			OUTSTANDING - DATE	DEC. 31,2014 AMOUNT				
Electric Utility Bonds	12/17/13	\$ 1,854,000.00	12/15/15	\$ 135,000.00	3.000%	\$ 1,854,000.00	\$ 70,000.00	\$1,784,000.00
			12/15/16	135,000.00	3.000%			
			12/15/17	135,000.00	3.000%			
			12/15/18	135,000.00	3.000%			
			12/15/19	135,000.00	3.000%			
			12/15/20	135,000.00	3.000%			
			12/15/21	135,000.00	3.000%			
			12/15/22	140,000.00	3.000%			
			12/15/23	140,000.00	3.000%			
			12/15/24	140,000.00	3.000%			
			12/15/25	140,000.00	3.125%			
			12/15/26	140,000.00	3.250%			
			12/15/27	139,000.00	3.500%			
						<u>\$ 1,854,000.00</u>	<u>\$ 70,000.00</u>	<u>\$1,784,000.00</u>
					REF	E	E-28	E

SCHEDULE OF VARIOUS RESERVES

	BALANCE DEC. 31,2013	BALANCE DEC. 31,2014
Substation Upgrades	\$ 30,115.00	\$ 30,115.00
Substation Relocation	30,000.00	30,000.00
Electrical System Capital Improvements	30,000.00	30,000.00
	<u>\$ 90,115.00</u>	<u>\$ 90,115.00</u>
REF	E	E

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
ELECTRIC UTILITY CAPITAL FUND

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2013		2014 AUTHOR-IZATIONS	2013 ENCUMB.	PAID/CHARGED	2014 ENCUMB.	BALANCE DEC. 31, 2014	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
1241	Acquisition of Utility Vehicle	12/25/06	\$ 200,000.00	\$ 1,035.74	\$ 4,000.00		\$ 643.75	\$ 2,980.37			\$ 2,699.12
1313	Acquisition of Real Property	12/22/10	1,050,000.00	993,625.10			4,813.97	915,783.96	3,850.00	78,805.11	
1318	Acquisition of Transformer	12/22/10	480,000.00	5,011.55	45,000.00		643.75	2,980.37		2,674.93	45,000.00
1340	Various Electric Utility	09/26/11	525,000.00	7,138.81			57,299.57	2,980.39	56,649.32	4,808.67	
1360	Electric Substation	08/27/12	14,000,000.00		13,620,195.80		129,343.35	591,776.33	12,758,829.63		398,933.19
1400	Acquisition of Bucket Truck	07/28/14	200,000.00			200,000.00		878.50	434.30	8,687.20	190,000.00
				<u>\$ 1,006,811.20</u>	<u>\$ 13,669,195.80</u>	<u>\$ 200,000.00</u>	<u>\$ 192,744.39</u>	<u>\$1,517,379.92</u>	<u>\$12,819,763.25</u>	<u>\$ 94,975.91</u>	<u>\$ 636,632.31</u>
<u>REF.</u>				E	E	E-19	E	E-5	E	E	E

SCHEDULE OF CAPITAL IMPROVEMENT FUND  
ELECTRIC UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$ 22,321.81
Decreased by:		
Improvement Authorizations	E-25	<u>10,000.00</u>
Balance - December 31, 2014	E	<u>\$ 12,321.81</u>

SCHEDULE OF RESERVE FOR EXTENSION OF ELECTRICAL LINE  
ELECTRIC UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$ 7,700.00
Balance - December 31, 2014	E	<u>\$ 7,700.00</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
ELECTRIC UTILITY CAPITAL FUND

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>CAPITAL IMPROVEMENT FUND</u>	<u>BALANCE DECEMBER 31, 2014</u>
N/A	2009-2010 Various Capital	12/31/10	\$ 112,020.00		\$ 112,020.00
1400	Acquisition of Bucket Truck	07/28/14		<u>\$ 10,000.00</u>	<u>10,000.00</u>
			<u>\$ 112,020.00</u>	<u>\$ 10,000.00</u>	<u>\$ 122,020.00</u>
		<u>REF.</u>	E	E-23	E

SCHEDULE OF DUE FROM ELECTRIC CAPITAL UTILITY FUND  
ELECTRIC UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$ 1,795.63
Balance - December 31, 2014	E	<u>\$ 1,795.63</u>

SCHEDULE OF DUE TO ELECTRIC OPERATING UTILITY FUND  
ELECTRIC UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$ 1,795.63
Balance - December 31, 2014	E	<u>\$ 1,795.63</u>

SCHEDULE OF RESERVE FOR AMORTIZATION  
ELECTRIC UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2013	E	\$4,754,774.92
Increased by:		
Payment of Serial Bonds	E-20	<u>70,000.00</u>
Balance - December 31, 2014	E	<u>\$4,824,774.92</u>

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2013</u>	<u>2014 AUTHORIZED</u>	<u>BALANCE DEC. 31, 2014</u>
1241	Acquisition of Utility Vehicle	\$4,000.00		\$ 4,000.00
1318	Acquisition of Transformer	45,000.00		45,000.00
1360	Electric Substation	12,000,000.00		12,000,000.00
1400	Acquisition of Bucket Truck	<u>                    </u>	<u>190,000.00</u>	<u>190,000.00</u>
		<u>\$ 12,049,000.00</u>	<u>\$ 190,000.00</u>	<u>\$12,239,000.00</u>

Footnote E

**Governmental Fixed Assets**

SCHEDULE OF INVESTMENT IN GOVERNMENTAL FIXED ASSETS  
STATEMENT OF GOVERNMENTAL FIXED ASSETS

<u>Governmental Fixed Assets</u>	<u>DEC. 31, 2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>DEC. 31, 2014</u>
Land & Buildings	\$ 6,122,350.00	\$	\$	\$ 6,122,350.00
Equipment	3,511,096.00	145,093.00	91,893.00	3,564,296.00
Vehicles	<u>3,828,009.00</u>	<u>183,317.00</u>	<u>188,500.00</u>	<u>3,822,826.00</u>
	<u>\$ 13,461,455.00</u>	<u>\$ 328,410.00</u>	<u>\$ 280,393.00</u>	<u>\$ 13,509,472.00</u>
<u>Ref.</u>	F			F

**BOROUGH OF MILLTOWN**  
**MIDDLESEX COUNTY, NEW JERSEY**



**PART III**  
**SUPPLEMENTARY DATA**

**Length of Service Award Program (LOSAP) (Unaudited)**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
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MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Mayor and Members  
of the Municipal Council  
Borough of Milltown  
County of Middlesex, New Jersey

We have reviewed the accompanying statement of assets, liabilities and net assets of the Borough of Milltown Length of Service Award Program (LOSAP) as of December 31, 2014, and the related statement of revenues, expenses and other changes in net assets for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the administration of the Borough. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Borough is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.

*Hodulik & Morrison, P.A.*  
HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants

Highland Park, New Jersey  
July 15, 2015

BOROUGH OF MILLTOWN  
LENGTH OF SERVICE AWARD PROGRAM (LOSAP)  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
(UNAUDITED)  
AS AT DECEMBER 31, 2014

Assets	
Investments, at fair value	\$ <u>811,461.85</u>
Total Assets	\$ <u><u>811,461.85</u></u>
Net Assets	
Restricted	\$ <u>811,461.85</u>
Total Net Assets	\$ <u><u>811,461.85</u></u>

See Accompanying Notes and Accountant's Review Report

BOROUGH OF MILLTOWN  
 SCHEDULE OF LENGTH OF SERVICE  
 AWARD PROGRAM (LOSAP) - (UNAUDITED)  
 STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Restricted Net Assets	
Contributions	\$ 63,271.91
Withdrawals	(11,890.49)
Appreciation	57,456.41
Service Charges	<u>(1,950.00)</u>
Increase in Net Assets	106,887.83
Net Assets - Beginning of the Year	\$ <u>704,574.02</u>
Net Assets - End of the Year	\$ <u><u>811,461.85</u></u>

See Accompanying Notes and Accountant's Review Report

BOROUGH OF MILLTOWN LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Borough of Milltown Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and P.L. 1997, c.388, as amended by P.L. 2001, c.272. The Borough established the LOSAP Program for the Milltown Volunteer Fire Company and the Milltown Volunteer Rescue Squad on January 1, 2000 through Ordinance #1042, as amended on January 1, 2008 by Ordinance #07-1258. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters and rescue squad members who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the enacting LOSAP ordinance. The Borough of Milltown sponsors LOSAP through an annual award appropriated through the municipal budget.

B. Basis of Presentation

The accounting policies of the Borough of Milltown (the "Borough"), Length of Service Award Program (LOSAP) (the "Program") conform to the accounting principles and practices prescribed by the division of Local Government Services, department of Community Affairs, State of New Jersey.

C. Description of Program

The Program was created in accordance with the Internal Revenue Code Section 457. The Program is offered to all volunteer members that meet the criteria set by the Borough, and provides for fixed annual contributions for all eligible members. The deferred compensation is not available to volunteer members until termination, retirement, death, or unforeseeable emergency. Earnings of the Program and contributions by the Borough are subject to vesting provisions of the plan and are exempt from income taxes until distribution to the participating volunteers.

The Borough offers the Program to the participants through the Lincoln Financial Group.

All amounts of compensation deferred under the Program, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the Borough (without being restricted to the provisions of benefits under the Program), subject only to the claims of the Borough's general creditors. Participant's rights under the Program are equal to those of general creditors of the Borough in an amount equal to the fair market value of the deferred account for each participant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Description of Program (Cont'd.)

In accordance with standards established by the Governmental Accounting Standards Board, the Program balances are displayed in the Trust Fund of the Borough. The Program is tax exempt under Internal revenue Code Section 457.

D. Amount of Contribution

The Borough shall provide for annual contributions that range from \$1,175.30 to \$1,269.81 to each eligible member that meets the qualification criteria outlined in NOTE 2.

NOTE 2: QUALIFICATIONS

- A. Member qualifying for a year of active service defined as serving a total of 12 months from January 1 to December 31 of each qualifying year must earn a minimum of 100 points.
- B. The Board of Fire Officers, in good standing, shall automatically earn points after successful completion of calendar year as follows: Chief = 150 pts.; Deputy Chief = 130 pts. and Assistant Chief = 125 pts.
- C. For each point earned in excess of 100 points, qualifying member shall receive an additional contribution of one dollar per point, not to exceed \$50.00 per qualifying year.

**Other Supplementary Data**

BOROUGH OF MILLTOWN  
MIDDLESEX COUNTY, NEW JERSEY

COMBINED BALANCE SHEET ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER & SEWER UTILITY FUND	ELECTRIC UTILITY FUND	GOVERNMENTAL FIXED ASSETS	MEMORANDUM ONLY TOTALS	
							BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013
Cash and Investments	\$ 1,534,999.76	\$ 877,260.53	\$ 60,702.15	\$ 1,731,627.98	\$ 4,159,231.34		\$ 8,363,821.76	\$ 9,283,367.68
Accounts Receivable:								
State, Federal and Local Grants	100,546.00		804,794.00	296,051.00			1,201,391.00	918,015.66
Due from State of New Jersey	16,587.23						16,587.23	15,977.25
Taxes, Assmts., Liens and Utility Charges	971,125.41			366,997.02	670,691.25		2,008,813.68	1,815,711.29
Interfund Loans	34,043.50		50,000.00		1,795.63		85,839.13	95,839.13
Other Accounts Receivable	21,754.79	18.40			112.50		21,885.69	24,280.71
Prepaid School Tax								84,272.00
Inventory				16,310.00	93,361.00		109,671.00	109,671.00
Property Acquired for Taxes - Assessed Valuation	3,400.00						3,400.00	3,400.00
Deferred Charges								
Deferred Charges to Future Taxation:								
General Capital Fund			6,895,660.51				6,895,660.51	5,864,071.59
Governmental Fixed Assets						13,509,472.00	13,509,472.00	13,461,455.00
Fixed Capital				11,073,155.99	5,135,341.42		16,208,497.41	16,208,497.41
Fixed Capital Authorized & Uncompleted				4,181,173.74	15,834,453.50		20,015,627.24	18,290,727.24
<b>Total Assets</b>	<b>\$ 2,682,456.69</b>	<b>\$ 877,278.93</b>	<b>\$ 7,811,156.66</b>	<b>\$ 17,665,315.73</b>	<b>\$ 25,894,986.64</b>	<b>\$ 13,509,472.00</b>	<b>\$ 68,440,666.65</b>	<b>\$ 66,175,285.96</b>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>								
Bonds, Notes and Loans Payable			\$ 4,894,614.00	\$ 5,342,114.90	\$ 3,784,000.00		\$ 14,020,728.90	\$ 15,291,226.52
Prepaid Taxes, Dog Licenses, Assessments	123,551.80						123,551.80	104,640.47
Tax, Utility Charge and Other Overpayments	38,601.45			6,152.21	10,159.76		54,913.42	57,503.05
School Taxes Payable	215,836.00						215,836.00	
Appropriation Reserves	411,604.18			564,679.23	1,415,064.27		2,391,347.68	1,717,963.25
Reserve for Encumbrances	181,974.78	13,640.47	291,732.00	167,755.10	12,983,296.45		13,638,398.80	1,093,054.63
Amounts Pledged to Specific Purposes	33,223.86	800,457.40	381,428.58	7,019.85	235,342.16		1,457,471.85	1,192,649.64
Developers Deposits and Escrow Funds								
Improvement Authorizations			2,173,820.19	1,941,267.48	731,608.22		4,846,695.89	15,643,886.44
Interfund Loans	84,043.50				1,795.63		85,839.13	95,839.13
Other Liabilities	119,706.45	63,181.06	65,005.74	123,840.03	85,981.45		457,714.73	576,966.89
Investments in Governmental Fixed Assets						13,509,472.00	13,509,472.00	13,461,455.00
Reserve for Amortization of Costs of Fixed Capital - Acquired or Authorized				8,070,482.83	4,824,774.92		12,895,257.75	12,452,841.21
Deferred Reserve for Amortization				180,100.00	122,020.00		302,120.00	225,220.00
Reserve for Certain Assets Receivable	996,280.20			383,307.02	764,052.25		2,143,639.47	1,952,950.50
Fund Balance	477,634.47		4,556.15	878,597.08	936,891.53		2,297,679.23	2,309,089.23
<b>Total Liabilities, Reserves and Fund Balance</b>	<b>\$ 2,682,456.69</b>	<b>\$ 877,278.93</b>	<b>\$ 7,811,156.66</b>	<b>\$ 17,665,315.73</b>	<b>\$ 25,894,986.64</b>	<b>\$ 13,509,472.00</b>	<b>\$ 68,440,666.65</b>	<b>\$ 66,175,285.96</b>

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

Revenue and Other <u>Income Realized</u>	Year 2014		Year 2013	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$330,000.00	1.28	\$200,000.00	0.80
Miscellaneous - From Other Than Local Property Tax Levies	3,236,277.68	12.58	3,285,416.74	13.11
Collection of Delinquent Taxes and Tax Title Liens	229.86	0.00	510.45	0.00
Collection of Current Tax Levy	<u>22,149,868.26</u>	<u>86.13</u>	<u>21,580,924.96</u>	<u>86.09</u>
Total Income	<u>25,716,375.80</u>	<u>100.00</u>	<u>25,066,852.15</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	7,941,294.33	31.25	7,826,793.53	31.81
County Taxes	3,427,050.50	13.49	3,482,784.43	14.15
Local School Taxes	14,042,771.00	55.26	13,297,458.00	54.04
Other Expenditures	<u>229.86</u>	<u>0.00</u>		
Total Expenditures	<u>25,411,345.69</u>	<u>100.00</u>	<u>24,607,035.96</u>	<u>100.00</u>
Excess Revenues	305,030.11		459,816.19	
Fund Balance - January 1	<u>502,604.36</u>		<u>242,788.17</u>	
	807,634.47		702,604.36	
Less: Utilized as Anticipated Revenue	<u>330,000.00</u>		<u>200,000.00</u>	
Fund Balance - December 31	<u>\$477,634.47</u>		<u>\$502,604.36</u>	

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

Revenue and Other Income Realized	Year 2014		Year 2013	
	Amount	%	Amount	%
Fund Balance	\$ 206,413.04	6.94	\$ 316,901.13	10.86
Collection of Water and Sewer Rents	2,323,595.36	78.08	2,222,692.02	76.18
Miscellaneous - From Other Than Water and Sewer Rents	446,005.82	14.99	378,045.30	12.96
Total Income	<u>2,976,014.22</u>	<u>100.00</u>	<u>2,917,638.45</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,851,210.74	73.08	1,825,810.74	69.11
Capital Improvements	85,000.00	3.36	50,000.00	1.89
Debt Service	515,167.57	20.34	681,091.89	25.78
Deferred Charges and Statutory Expenditures	81,861.40	3.23	85,085.00	3.22
Total Expenditures	<u>2,533,239.71</u>	<u>100.00</u>	<u>2,641,987.63</u>	<u>100.00</u>
Excess in Revenues	442,774.51		275,650.82	
Fund Balance - January 1	<u>622,048.60</u>		<u>663,298.91</u>	
	1,064,823.11		938,949.73	
Less: Utilized as Anticipated Revenue	<u>206,413.04</u>		<u>316,901.13</u>	
Fund Balance - December 31	<u>\$ 858,410.07</u>		<u>\$ 622,048.60</u>	

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

<u>Revenue and Other Income Realized</u>	Year 2014		Year 2013	
	Amount	%	Amount	%
Anticipated Surplus	\$ 50,000.00	0.59	\$ 199,375.00	2.21
Collection of Electric Rents	8,105,594.29	95.31	8,083,644.15	89.51
Miscellaneous - From Other Than Electric Rents	348,760.01	4.10	747,500.47	8.28
Total Income	8,504,354.30	100.00	9,030,519.62	100.00
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	7,192,000.00	88.49	7,443,350.00	90.03
Capital Improvements	55,000.00	0.68	55,000.00	0.67
Debt Service	138,428.11	1.70	31,600.00	0.38
Deferred Charges and Statutory Expenditures	111,861.40	1.38	115,084.00	1.39
Other Expenditures	7,525.37	0.09		
Surplus (General Budget)	622,341.00	7.66	622,341.00	7.53
Total Expenditures	8,127,155.88	100.00	8,267,375.00	100.00
Excess in Revenues	377,198.42		763,144.62	
Fund Balance - January 1	1,107,817.98		1,094,048.36	
	1,485,016.40		1,857,192.98	
Less:				
Anticipated Surplus	50,000.00		199,375.00	
Surplus - Prior Year (General Budget)	550,000.00		550,000.00	
Fund Balance - December 31	\$885,016.40		\$1,107,817.98	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>\$5.016</u>	<u>\$4.871</u>	<u>\$4.702</u>
<u>Apportionment of Tax Rate:</u>			
County	<u>0.705</u>	<u>0.712</u>	<u>0.671</u>
Open Spaces	<u>0.058</u>	<u>0.061</u>	<u>0.062</u>
Local School	<u>3.125</u>	<u>2.996</u>	<u>2.897</u>
Municipal	<u>1.065</u>	<u>1.035</u>	<u>1.004</u>
Municipal Library	<u>0.063</u>	<u>0.067</u>	<u>0.068</u>

ASSESSED VALUATIONS

2014	<u>\$449,462,134.00</u>		
2013		<u>\$450,580,758.00</u>	
2012			<u>\$454,712,953.00</u>

Note: Under the provisions of Chapter 73, P.L. 1976, the County Board of Taxation estimated the amount of approved Veterans and Senior Citizens Tax Deductions to be \$98,500.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2014	\$22,555,381.08	\$ 22,149,868.26	98.20%
2013	21,965,078.62	21,580,924.96	98.25%
2012	21,382,608.39	20,965,413.94	98.05%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2014	\$ 957,347.67	\$ 13,777.74	\$ 971,125.41	4.31%
2013	633,579.92	5,411.79	638,991.71	2.91%
2012	319,681.94		319,681.94	1.50%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2014 by foreclosure or deed, as a result of liquidation of tax title liens.

There was no property acquired by liquidation of tax title liens on December 31, for the last three years.

COMPARISON OF WATER AND SEWER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS*</u>
2014	\$2,315,606.45	\$2,323,595.36
2013	2,310,866.50	2,222,692.02
2012	2,335,068.27	2,413,232.06

COMPARISON OF ELECTRIC UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS*</u>
2014	\$7,974,551.89	\$8,105,594.29
2013	8,280,024.00	8,083,644.15
2012	8,278,060.58	8,513,850.00

\* Cash collections include amounts which were levied in prior years.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>	<u>TRANSFERRED TO CURRENT FUND IN SUCCEEDING YEAR</u>
Current Fund	2014	\$477,634.47	\$447,000.00	N/A
	2013	502,604.36	330,000.00	N/A
	2012	242,788.17	200,000.00	N/A
	2011	504,627.86	365,000.00	N/A
	2010	699,034.95	466,510.00	N/A
Water & Sewer Utility Fund	2014	858,410.07	338,803.55	None
	2013	622,048.60	206,413.04	None
	2012	663,298.91	316,901.13	None
	2011	556,597.25	327,770.00	None
	2010	376,293.39	156,692.31	None
Electric Utility Fund	2014	885,016.40	None	622,341.00
	2013	1,107,817.98	50,000.00	622,341.00
	2012	1,094,048.36	199,375.00	622,341.00
	2011	892,823.15	None	527,919.00
	2010	632,923.87	None	363,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2014.

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BONDS</u>	<u>NAME OF CORPORATE SURETY</u>
Eric Steeber	Mayor		
Neil Raciti	Council President		
Randy Farkas	Councilperson		
Francis Guyette	Councilperson		
Doriann Kerber	Councilperson		
Patricia Murray	Councilperson		
Joseph Pietanza	Councilperson		
Denise Biancamano	Chief Financial Officer Business Administrator	\$ 50,000.00	Fidelity & Deposit Company of Maryland
Michael S. Januszka	Borough Clerk		
Karl R. Meyertons	Magistrate	33,000.00	Fidelity & Deposit Company of Maryland
Dione Longuillo	Court Administrator	33,000.00	Fidelity & Deposit Company of Maryland
Diane Wagner	Tax Collector, Tax and Sewer Assessment Search Officer Utility Collector	450,000.00	Fidelity & Deposit Company of Maryland
Eldo Magnani, Jr.	Tax Assessor		
Michael McClelland	Borough Engineer		
Peter Vignuolo	Borough Attorney		
Lisa Vignuolo	Prosecutor		

All other employees were covered under a Public Employees Blanket Bond issued by Fidelity & Deposit Company of Maryland in the amount of \$250,000.00.

**BOROUGH OF MILLTOWN**  
**MIDDLESEX COUNTY, NEW JERSEY**

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**PART IV – GENERAL COMMENTS AND RECOMMENDATIONS**

**BOROUGH OF MILLTOWN  
COUNTY OF MIDDLESEX, NEW JERSEY  
FOR YEAR ENDED DECEMBER 31, 2014**

**GENERAL COMMENTS**

An audit of the financial accounts and transactions of the Borough of Milltown, County of Middlesex, New Jersey, for the year ended December 31, 2014, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of Milltown, County of Middlesex, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were agreed with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of Milltown, County of Middlesex, New Jersey as of and for the transition year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (Cont'd.)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated July 15, 2015 on the financial statements of the Borough of Milltown. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

#### Control Deficiencies:

##### 2014-1 Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices: Tax Collector, Utility Collector, Borough Clerk, Municipal Court and Vital Registrar. This condition is the result of the multi-tasks required of the personnel within the respective offices.

##### 2014-2 Appropriate Reviews and Approvals of Transactions

Conditions exist whereby disbursements are being made to various state agencies without proper review and approval by the Finance Department and with only one signature required to make such disbursements in the following offices: Borough Clerk and Municipal Court.

## GENERAL COMMENTS

### OTHER MATTERS

#### CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

N.J.S.A. 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 of \$17,500.00 except by contract or agreement."

On June 9, 2010, the Local Public Contracts Law was amended, effective on January 1, 2011. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$21,000.00 to \$26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Borough's Purchasing Agent is "Qualified" the Council may increase the bid threshold from \$29,000.00 to \$36,000.00. On May 5, 2011, a revised Local Finance Notice was issued which reduced the threshold for Non-QPA municipalities from \$26,000.00 to \$17,500.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 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.

A test of the Borough's purchasing procedures indicates bids were requested by public advertising for the following items as disclosed in the official minutes:

Pump Station Improvements; Sanitary Sewerage System Improvements; and Radio Communication System

The minutes indicated the adoption of resolutions authorizing the purchase through state approved vendors as required by N.J.A.C. 5:34-1.2.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding contracts or agreements for "Professional Services" per N.J.S.A. 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.

Examination of expenditures revealed that no individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Any interpretations as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

## GENERAL COMMENTS

### Compliance with P.L. 2005, c.271

The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. "Pay-to-Play" laws cover all contracts (not just professional services as some believe). Any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Borough to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006.

A non-compliance would result with the issuance of purchase orders exceeding \$17,500 during the fiscal period without a "fair and open" process, and without obtaining the requisite disclosures. It is important to note that the laws and regulations implementing "Pay-to-Play" focus on vendors rather than categories of goods and services. While this change may appear subtle, it greatly expands the monitoring required to assure continuing compliance.

Tests of expenditures indicated the Borough had the required documentation for compliance with P.L. 2005, c.271 for items tested.

## COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Borough has adopted the following resolution on January 6, 2014 authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED, by the Mayor and Borough Council of the Borough of Milltown, County of Middlesex, State of New Jersey, that in accordance with the provisions of N.J.S.A. 54:4-67, the Tax Collector of the Borough of Milltown be and she is hereby authorized and directed to charge interest on all delinquent taxes or assessments at the rate of 8% per annum on the first \$1,500.00 of such delinquency and 18% per annum on any amount in excess of \$1,500.00, on all delinquencies in excess of \$10,000.00, a penalty pursuant to the provisions of P.L. 1991, Chapter 75, is hereby fixed in the amount of 6% of such delinquency, to be calculated from the date the tax was payable until the date of actual payment, provided however, that no interest shall be charged if payment of any installment is made within ten (10) days after the time within the same became payable.

An examination of the Collector's records indicated that interest on all delinquent accounts was calculated in accordance with the foregoing resolution for items tested.

GENERAL COMMENTS

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 30, 2014. Properties that were in bankruptcy proceedings were excluded from the sale.

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	7
2013	7
2012	7

INTERFUND BALANCES

At December 31, 2014, the balance sheets of the following funds included interfunds payable:

Current Fund:	
Due to Grant Fund	\$34,043.50
Grant Fund:	
Due to General Capital Fund	50,000.00
Electric Capital Fund:	
Electric Operating Fund	1,795.63

These interfunds, in most cases, resulted from 2014 operations and should be cleared by cash transfers where feasible. It was noted that prior year interfund loans payable were cleared where feasible by cash transfer in 2014.

As the existence of these interfund balances did not result in a material distortion of income, and they are not indicative of an inability of any fund to meet its annual cash flow requirements from its own respective cash receipts, no recommendation is made as part of this report.

INVESTMENTS OF FUNDS

The Chief Financial Officer had the funds of the Borough invested in interest-bearing investments or accounts during 2014. Earnings from the investments are shown as revenue in the various accounts of the Borough for the year 2014. The investment program maintained by the Borough complies substantively with N.J.S.A. 40A:5-14.

The Borough has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that "each local unit shall adopt a cash management plan and shall deposit its funds pursuant to that plan".

All investments held by the Borough were directly confirmed as of December 31, 2014.

## GENERAL COMMENTS

### PURCHASE ORDER SYSTEM AND ENCUMBRANCE SYSTEM

Budgetary accounting was maintained on an encumbrance accounting system during 2014. A review of the operation of the encumbrance system indicated the issuance of confirming orders.

It is recommended that the practice of issuing confirming orders be discontinued.

### PAYMENT OF CLAIMS

Claims were examined on a test basis for the year under review. Minor exceptions were noted relating to supporting documentation, missing certifications, and vendor's affidavit. While the frequency was negligible, greater care should be exercised to assure completeness in all respects before payment.

### MUNICIPAL COURT

The financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account indicated that deposits were recorded and spread by receipt category, cash was reconciled monthly and disbursements were made to the appropriate agencies on a timely basis. The examination of the bail account's financial and supporting records maintained by the Municipal Court indicated no exceptions for items tested.

The processing of traffic and criminal cases entered on the State's on-line computer system indicated no exceptions with respect to items tested.

### CONTROL DEFICIENCIES:

Absence of appropriate reviews and approvals of transactions.

The current arrangements with the Borough of Milltown's financial institution provides for photocopies of the cancelled checks to be included in the monthly bank statements, rather than individual checks. The manner in which the photocopies are presented does not allow for a review of endorsements on the back of the respective checks.

### OTHER OFFICIALS COLLECTING FEES

The reviews of the condition of records maintained by the various departments, which were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A:5-15, that amounts charged were in accordance with the provisions of the Borough Code, and that monthly financial reports are being submitted to the Finance Department timely. The examination of the records for the year under review was found to be in generally good order.

## GENERAL COMMENTS

### SURETY BONDS

The "List of Officials", included as part of the Supplementary Data, disclosed the status of surety bond coverage in effect at December 31, 2014, disclosed compliance with requirements, as promulgated by the Local Finance Board, State of New Jersey, for the Municipal Court and the Tax/Utility Collector.

During July 1998 the Local Finance Board completed a readopting of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. We suggest that the Borough review these revised regulations and determine their applicability.

### WATER AND SEWER UTILITY FUND

The result of operations for the Water & Sewer Utility Operating Fund is set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$2,976,014.22 and expenditures amounted to \$2,553,239.71 resulting in an excess of revenues of \$442,774.51 and excess in revenues of \$297,878.26 for debt statement purposes.

### ELECTRIC UTILITY FUND

The result of operations for the Electric Utility Operating Fund is set forth in Exhibit "E-1" of this report. Realized revenues amounted to \$8,504,354.30 and expenditures amounted to \$8,127,155.88 resulting in excess revenues of \$377,198.42 and excess revenues of \$790,008.65 for debt statement purposes.

The Borough should continue efforts in the implementation of analytical review procedures in order to monitor its purchasing and billing cycles in the electric utility fund.

### CONDITION OF RECORDS - TAX COLLECTOR

The condition of the records maintained by the Tax Collector was reviewed. Computerized cash receipts records were proved to manual controls daily and in total monthly.

### CONDITION OF RECORDS - TAX ASSESSOR

The condition of the records maintained by the Tax Assessor was reviewed. Senior Citizen and Veteran Deduction applications and supporting documentation were reviewed. There were no exceptions for the items tested.

## GENERAL COMMENTS

### CONDITION OF RECORDS – FINANCE DEPARTMENT

The Finance Department utilized a computerized general ledger accounting system during 2014. General ledgers were maintained for all funds. The Borough is currently in compliance with New Jersey Administration Code 5:30-5.7, establishment and maintenance of a general ledger for at least the current fund.

### ADMINISTRATION AND ACCOUNTING FOR FEDERAL, STATE AND COUNTY GRANT PROGRAMS

The Borough operated various programs during 2014, which were funded in whole or in part by State or Federal grant assistance. These programs often vary as to the application and approval process; matching funds requirements, grant periods, required approvals for modification of budgets and the timing and frequency of financial reporting. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. Based upon the myriad compliance and reporting requirements for grant awards, the Borough should continue to develop administrative control functions over grant program. One of the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04 is that the Schedules of Federal and State Financial Assistance be prepared by the grantee. The respective grantor agencies do not always provide the appropriate level of information in order to allow the Borough to prepare these schedules of financial assistance accurately. To the extent in which it is possible, we suggest the Borough provide for the segregation of funding sources by federal, state and local within its grant fund ledgers and prepare the applicable reporting of federal and state financial assistance expenditure of awards to include all federal and state financial assistance expended.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the applicable requirements. We suggest the Borough review all of the applicable grant requirements and the Borough's system of internal controls in order to ensure the Borough's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

#### Internal Control Documentation

Statement on Auditing Standards 115 sets forth requirements upon the auditee that includes the documentation of its internal controls. We suggest the Borough initiate this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

## GENERAL COMMENTS

### COMPLIANCE with N.J.A.C 5:30:

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as “technical accounting directives”, as codified in the New Jersey Administration Code as follows:

N.J.A.C. 5:30 – 5.2 - Encumbrance Accounting: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of Milltown is in full compliance with this directive.

N.J.A.C. 5:30 – 5.6 - Fixed Asset Accounting: This directive requires the development and implementation of an accounting system which assigns values to covered assets and can track additions, retirements and transfers of inventoried assets.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Borough is in full compliance with this directive.

### COMPLIANCE WITH LOCAL FINANCE NOTICES

Local Finance Notice (LFN) No. 92-15 requires that the Borough prepare and file a corrective action plan in accordance with the approved schedule. The corrective action plan was prepared and filed subsequent to the receipt of the 2013 audit.

In accordance with LFN No. CFO-10, Uniform Construction Code expenditure records were tested for compliance with N.J.A.C. 5-23.17(C)2, and no exceptions were noted for items tested.

RECOMMENDATIONS

We recommend the following:

That the practice of issuing confirming orders be discontinued.

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ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Borough of Milltown, and the courtesies extended to us were greatly appreciated.

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

Very truly yours,

HODULIK & MORRISON, P.A.



Andrew G. Hodulik, CPA, RMA  
No. 406