

TOWNSHIP OF MONTAGUE

COUNTY OF SUSSEX

REPORT OF AUDIT

2015

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
REPORT OF AUDIT
2015

TOWNSHIP OF MONTAGUE
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TOWNSHIP OF MONTAGUE

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2015



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Independent Auditors' Report

The Honorable Mayor and Members
 of the Township Committee
 Township of Montague
 Montague, New Jersey

Report on the Financial Statements

We have audited the financial statements - *regulatory basis* - of the various funds of the Township of Montague in the County of Sussex (the "Township") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws 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 fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Mayor and Members
of the Township Committee
Township of Montague
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2015 and 2014 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Montague as of December 31, 2015 and 2014, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

The Honorable Mayor and Members
of the Township Committee
Township of Montague
Page 3

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

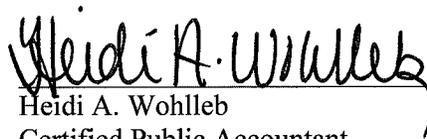
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2016 on our consideration of the Township of Montague's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Montague's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
March 17, 2016

NISIVOCCIA LLP



Heidi A. Wohlleb

Certified Public Accountant

Registered Municipal Accountant No. 481

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
CURRENT FUND

TOWNSHIP OF MONTAGUE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 774,188.39	\$ 789,071.86
Change Fund		50.00	50.00
Petty Cash Fund		200.00	200.00
Due From State of New Jersey:			
Senior Citizens' and Veterans' Deductions		24,556.57	24,806.57
		<u>798,994.96</u>	<u>814,128.43</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	260,119.23	245,084.73
Tax Title Liens Receivable	A-8	661,252.17	564,515.02
Property Acquired for Taxes at Assessed Valuation		786,100.00	829,600.00
Total Receivables and Other Assets With Full Reserves		<u>1,707,471.40</u>	<u>1,639,199.75</u>
Deferred Charges:			
Special Emergency Appropriations		150,116.00	197,920.00
Total Regular Fund		<u>2,656,582.36</u>	<u>2,651,248.18</u>
Federal and State Grant Fund:			
Due from Current Fund	A	12,273.94	19,484.41
Total Federal and State Grant Fund		<u>12,273.94</u>	<u>19,484.41</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,668,856.30</u>	<u>\$ 2,670,732.59</u>

TOWNSHIP OF MONTAGUE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		<u>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-11	\$ 204,248.94	\$ 208,035.23
Encumbered	A-3;A-11	19,803.48	44,120.13
		<u>224,052.42</u>	<u>252,155.36</u>
Prepaid Taxes		94,787.88	80,435.81
County Taxes Payable		335.42	32,225.22
Other Encumbrance Payable			20,667.50
Due to:			
State of New Jersey:			
Marriage License Fees		100.00	75.00
DCA Training Fees		751.00	604.00
Federal and State Grant Fund	A	12,273.94	19,484.41
Reserve for:			
Master Plan		1,760.02	1,760.02
Tax Maps		2,239.91	7,087.41
Redemption of Third Party Liens		8,803.21	7,606.57
Reserve for Revaluation			55,868.00
		<u>345,103.80</u>	<u>477,969.30</u>
Reserve for Receivables and Other Assets	A	1,707,471.40	1,639,199.75
Fund Balance	A-1	604,007.16	534,079.13
Total Regular Fund		<u>2,656,582.36</u>	<u>2,651,248.18</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	253.86	5,361.40
Reserve for Encumbrances	A-14	14.10	156.00
Unappropriated Reserves	A-15	12,005.98	13,967.01
Total Federal and State Grant Fund		<u>12,273.94</u>	<u>19,484.41</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,668,856.30</u>	<u>\$ 2,670,732.59</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 290,000.00	\$ 220,000.00
Miscellaneous Revenue Anticipated		499,959.68	501,839.96
Receipts from:			
Delinquent Taxes		240,926.67	176,923.24
Current Taxes		8,586,002.92	8,536,727.28
Nonbudget Revenue		62,129.21	43,407.16
Other Credits to Income:			
Cancellation of Federal and State Grant Fund:			
Appropriated Grant Reserves		4,392.85	
Unappropriated Grant Reserves			56.78
Cancellation of Reserve for Vital Statistics			2,448.45
Cancellation of Reserve for Storm Damage			88.59
Cancellation of Local School Taxes Payable			10,196.11
Cancellation of Redemption of Outside Liens		1,257.10	
Unexpended Balance of Appropriation Reserves		147,824.71	138,982.10
Total Income		<u>9,832,493.14</u>	<u>9,630,669.67</u>
<u>Expenditures</u>			
Budget Appropriations - Municipal Purposes		1,912,932.38	1,944,569.73
County Taxes		1,765,615.91	1,772,836.36
Local School District Taxes		5,791,930.00	5,795,764.00
Prior Year Senior Citizen and Veteran Deductions Disallowed		2,086.30	1,250.00
Cancellation of Tax Overpayments		0.52	
Total Expenditures		<u>9,472,565.11</u>	<u>9,514,420.09</u>
Excess in Revenue		359,928.03	116,249.58
Adjustments Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Special Emergency Appropriation			170,520.00
Statutory Excess to Fund Balance		359,928.03	286,769.58
Balance January 1		534,079.13	467,309.55
		<u>894,007.16</u>	<u>754,079.13</u>
Decreased by:			
Utilized as Anticipated Revenue		290,000.00	220,000.00
Balance December 31	A	<u>\$ 604,007.16</u>	<u>\$ 534,079.13</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 290,000.00	\$ 290,000.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	2,000.00	2,400.00	\$ 400.00
Fees and Permits	6,800.00	7,882.00	1,082.00
Fines and Costs:			
Municipal Court	15,000.00	19,666.03	4,666.03
Interest and Costs on Taxes	27,500.00	39,481.88	11,981.88
Interest on Investments and Deposits	1,500.00	1,811.76	311.76
Energy Receipts Tax	253,520.00	253,520.00	
Garden State Preservation Trust Fund	123,371.00	123,371.00	
Uniform Construction Code Fees	25,000.00	25,643.00	643.00
Recycling Tonnage Grant	4,098.21	4,098.21	
Clean Communities Program Grant	9,868.80	9,868.80	
Uniform Fire Safety Act	10,000.00	12,217.00	2,217.00
Total Miscellaneous Revenue	<u>478,658.01</u>	<u>499,959.68</u>	<u>21,301.67</u>
Receipts from Delinquent Taxes	200,000.00	240,926.67	40,926.67
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>1,394,274.37</u>	<u>1,478,457.01</u>	<u>84,182.64</u>
Budget Totals	2,362,932.38	2,509,343.36	146,410.98
Nonbudget Revenue		<u>62,129.21</u>	<u>62,129.21</u>
	<u>\$ 2,362,932.38</u>	<u>\$ 2,571,472.57</u>	<u>\$ 208,540.19</u>

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(continued)

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections of Current Taxes		\$ 8,586,002.92
Allocated to:		
Local School District Taxes	\$ 5,791,930.00	
County Taxes	1,765,615.91	
		7,557,545.91
Balance for Support of Municipal Budget Appropriations		1,028,457.01
Add: Appropriation "Reserve for Uncollected Taxes"		450,000.00
Realized for Support of Municipal Budget		\$ 1,478,457.01

Receipts from Delinquent Taxes:

Delinquent Tax Collections		\$ 231,320.21
Tax Title Lien Collections		9,606.46
		\$ 240,926.67

Analysis of Nonbudget Revenue:

Treasurer:

Sussex County PILOT Program	\$ 12,769.69	
Cable Franchise Fee	14,617.00	
Tax Auction	1,709.50	
Equipment Auction	19,000.00	
Tax Assessor	30.00	
Senior Citizens and Veterans Deductions' Administrative Fee	898.27	
Municipal Clerk	1,829.55	
Other Miscellaneous	8,644.73	
		\$ 59,498.74

Tax Collector:

Miscellaneous		2,630.47
		\$ 62,129.21

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Appropriations Within "CAPS":				
GENERAL GOVERNMENT:				
Vital Statistics:				
Salaries & Wages	\$ 900.00	\$ 900.00	\$ 862.08	\$ 37.92
Other Expenses	50.00	50.00		50.00
Mayor and Committee:				
Salaries & Wages	14,400.00	14,400.00	14,102.48	297.52
Other Expenses	500.00	500.00	345.00	155.00
Municipal Clerk:				
Salaries & Wages	88,000.00	90,300.00	90,082.68	217.32
Other Expenses	44,200.00	44,200.00	42,368.05	1,831.95
Financial Administration:				
Salaries & Wages	20,000.00	17,700.00	17,500.08	199.92
Other Expenses	2,000.00	2,000.00	398.00	1,602.00
Other Expenses - Contractual	16,740.61	16,953.28	16,953.28	
Other Expenses - Grant Writer	4,000.00	4,000.00		4,000.00
Audit Services	22,500.00	22,500.00	15,810.00	6,690.00
Computer Services	12,400.00	12,400.00	3,769.99	8,630.01
Collection of Taxes:				
Salaries & Wages	26,000.00	26,000.00	24,031.20	1,968.80
Other Expenses	4,000.00	4,000.00	2,125.20	1,874.80
Liquidations of Tax Title Liens:				
Other Expenses	1,000.00	1,000.00		1,000.00
Assessment of Taxes:				
Salaries & Wages	25,000.00	25,000.00	23,490.44	1,509.56
Other Expenses	5,000.00	3,832.00	794.19	3,037.81
Legal Services and Costs:				
Salaries & Wages	30,000.00	30,000.00	25,096.08	4,903.92
Other Expenses	5,000.00	5,000.00	4,393.38	606.62
Engineering Services and Costs:				
Other Expenses	12,000.00	12,000.00	4,425.00	7,575.00
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Other Expenses- Miscellaneous	1,200.00	1,200.00	895.00	305.00
Other Expenses- Contractual	16,212.96	16,000.29	15,959.18	41.11

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Appropriations Within "CAPS":				
PUBLIC SAFETY:				
Constable:				
Salaries & Wages	\$ 4,800.00	\$ 5,968.00	\$ 5,912.32	\$ 55.68
"911" Dispatching Communication:				
Other Expenses	11,712.00	11,712.00	11,712.00	
Emergency Management Systems:				
Salaries & Wages	8,800.00	8,800.00	8,629.92	170.08
Other Expenses	1,000.00	1,000.00	822.00	178.00
Other Expenses - First Responders	10,000.00	10,000.00	8,891.12	1,108.88
Salaries & Wages - Flood Mitigation	2,300.00	2,300.00	2,122.56	177.44
Other Expenses - Flood Mitigation	200.00	200.00		200.00
Fire:				
Montague Fire Department - Other Expenses	100,000.00	100,000.00	95,467.87	4,532.13
Other Expenses - Fire Truck Repairs	25,000.00	25,000.00	23,718.58	1,281.42
First Aid Squad Contributions	32,500.00	32,500.00	32,500.00	
Uniform Safety Act (Ch.383 P.L. 1983):				
Fire Official:				
Salaries & Wages	5,300.00	5,300.00	5,208.24	91.76
Other Expenses	5,000.00	5,037.00	4,317.00	720.00
Fire Prevention:				
Other Expenses	2,000.00	1,963.00	1,131.95	831.05
PUBLIC WORKS FUNCTIONS:				
Road Repairs and Maintenance:				
Salaries & Wages	190,000.00	190,000.00	151,943.64	38,056.36
Other Expenses	86,000.00	76,072.89	59,137.90	16,934.99
Other Expenses - Various Roads	44,000.00	53,927.11	53,927.11	
Snow Removal:				
Salaries & Wages	25,000.00	25,000.00	20,496.83	4,503.17
Other Expenses	65,000.00	65,000.00	57,435.95	7,564.05

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Appropriations Within "CAPS":				
PUBLIC WORKS FUNCTIONS: (CONT'D)				
Sanitation:				
Salaries & Wages - Recycling	\$ 1,600.00	\$ 1,600.00	\$ 1,384.80	\$ 215.20
Other Expenses - Garbage Collection / Recycling	8,000.00	8,000.00	7,793.05	206.95
Public Buildings and Grounds:				
Salaries & Wages	4,200.00	4,200.00	3,485.68	714.32
Other Expenses	25,000.00	25,000.00	17,114.40	7,885.60
HEALTH & WELFARE:				
Board of Health:				
Salaries & Wages	2,200.00	2,200.00	2,080.80	119.20
Animal Regulation:				
Other Expenses	10,000.00	10,000.00	9,159.00	841.00
RECREATION & EDUCATION:				
Youth Activities:				
Other Expenses	9,000.00	8,990.00	7,945.26	1,044.74
Contributions to Senior Citizen Center	4,000.00	4,000.00	4,000.00	
Historic Preservation Society Committee:				
Other Expenses	4,500.00	4,510.00	4,510.00	
Celebration of Public Events, Anniversaries or Holidays:				
Other Expenses	2,000.00	2,000.00	1,433.64	566.36
INSURANCE (NJS A 40A:4-45.3(00)):				
Other Insurance Premiums	56,800.00	56,800.00	56,094.00	706.00
Workers Compensation Insurance	17,000.00	17,000.00	16,906.00	94.00
Group Insurance Plan for Employees	70,000.00	70,000.00	65,705.72	4,294.28
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries & Wages	15,500.00	15,500.00	13,221.00	2,279.00
Other Expenses	2,450.00	2,450.00	2,444.01	5.99
Other Expenses-Contractual	31,200.00	31,200.00	31,200.00	
Fire Sub-Code Official:				
Salaries & Wages	5,800.00	5,800.00	5,732.16	67.84

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Appropriations Within "CAPS":				
UNIFORM CONSTRUCTION CODE: (CONT'D)				
Code Enforcement Official:				
Salaries & Wages	\$ 11,800.00	\$ 11,800.00	\$ 11,585.48	\$ 214.52
Other Expenses	500.00	500.00		500.00
Housing:				
Salaries & Wages	5,300.00	5,300.00	5,114.12	185.88
Other Expenses	500.00	500.00		500.00
UNCLASSIFIED:				
Electricity	13,000.00	13,000.00	10,345.28	2,654.72
Telephone	11,000.00	11,000.00	9,337.27	1,662.73
Fuel Oil	43,000.00	43,000.00	22,203.34	20,796.66
Gasoline/Diesel Fuel	5,000.00	5,000.00		5,000.00
Fire Hydrant Contract	10,500.00	10,500.00	9,470.25	1,029.75
Total Operations Within "CAPS"	<u>1,339,565.57</u>	<u>1,339,565.57</u>	<u>1,165,041.56</u>	<u>174,524.01</u>
Total Operations including Contingent within "CAPS"	<u>1,339,565.57</u>	<u>1,339,565.57</u>	<u>1,165,041.56</u>	<u>174,524.01</u>
Detail:				
Salaries & Wages	486,900.00	488,068.00	432,082.59	51,081.49
Other Expenses (Including Contingent)	852,665.57	851,497.57	732,958.97	123,442.52

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Deferred Charges and Statutory Expenditures - Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	\$ 42,584.00	\$ 42,584.00	\$ 42,584.00	
Social Security System (O.A.S.I.)	37,000.00	37,000.00	31,594.37	\$ 5,405.63
Unemployment Compensation	5,000.00	5,000.00	492.72	4,507.28
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	84,584.00	84,584.00	74,671.09	9,912.91
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Appropriations for Municipal Purposes Within "CAPS"	1,424,149.57	1,424,149.57	1,239,712.65	184,436.92
	<hr/>	<hr/>	<hr/>	<hr/>
Operations Excluded from "CAPS":				
Affordable Housing Administration:				
(N.J.S.A. 40A:45.3T)- Other Expenses	250.00	250.00	250.00	
Joint Municipal Court:				
Other Expenses - Contractual	63,000.00	63,000.00	43,187.98	19,812.02
Public and Private Programs Offset by Revenues:				
Recycling Tonnage Grant	4,098.21	4,098.21	4,098.21	
Clean Communities Grant	9,868.80	9,868.80	9,868.80	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operations Excluded from "CAPS"	77,217.01	77,217.01	57,404.99	19,812.02
	<hr/>	<hr/>	<hr/>	<hr/>
Detail:				
Other Expenses	77,217.01	77,217.01	57,404.99	19,812.02
	<hr/>	<hr/>	<hr/>	<hr/>

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Capital Improvements - Excluded from "CAPS": Capital Improvement Fund	\$ 308,500.00	\$ 308,500.00	\$ 308,500.00	
Total Capital Improvements - Excluded from "CAPS"	<u>308,500.00</u>	<u>308,500.00</u>	<u>308,500.00</u>	
Municipal Debt Service - Excluded from "CAPS": Payment of Bond Anticipation Notes and Capital Notes	50,000.00	50,000.00	50,000.00	
Interest on Notes	5,261.80	5,261.80	5,261.80	
Total Municipal Debt Service - Excluded from "CAPS"	<u>55,261.80</u>	<u>55,261.80</u>	<u>55,261.80</u>	
Deferred Charges - Municipal - Excluded from "CAPS": Special Emergency Authorizations: 5 Years (N.J.S. 40A:4-55)	47,804.00	47,804.00	47,804.00	
Total Deferred Charges - Municipal - Excluded from "CAPS":	<u>47,804.00</u>	<u>47,804.00</u>	<u>47,804.00</u>	
Total General Appropriations - Excluded from "CAPS"	<u>488,782.81</u>	<u>488,782.81</u>	<u>468,970.79</u>	\$ 19,812.02
Subtotal General Appropriations	1,912,932.38	1,912,932.38	1,708,683.44	204,248.94
Reserve for Uncollected Taxes	<u>450,000.00</u>	<u>450,000.00</u>	<u>450,000.00</u>	
Total General Appropriations	<u>\$ 2,362,932.38</u>	<u>\$ 2,362,932.38</u>	<u>\$ 2,158,683.44</u>	<u>\$ 204,248.94</u>

Ref.

A

TOWNSHIP OF MONTAGUE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Ref</u>	<u>Analysis of Paid or Charged</u>
Reserve for Uncollected Taxes		\$ 450,000.00
Encumbrances	A	19,803.48
Deferred Charges:		
Special Emergency Authorizations		47,804.00
Due to Federal and State Grant Fund		13,967.01
Cash Disbursed		<u>1,666,274.73</u>
		2,197,849.22
Less: Appropriation Refunds		<u>39,165.78</u>
		 <u><u>\$ 2,158,683.44</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
TRUST FUNDS

TOWNSHIP OF MONTAGUE
TRUST FUNDS
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

		December 31,	
		2015	2014
		Ref.	
<u>ASSETS</u>			
Assessment Trust Fund:			
Assessment Liens	B-8	\$ 23,323.56	\$ 23,323.56
Animal Control Fund:			
Cash and Cash Equivalents	B-4	4,914.95	4,601.35
Other Trust Funds:			
Cash and Cash Equivalents	B-4	235,240.78	180,106.00
TOTAL ASSETS		\$ 263,479.29	\$ 208,030.91

TOWNSHIP OF MONTAGUE
TRUST FUNDS
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS
(Continued)

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Trust Fund:			
Reserve for Assessments & Liens	B-9	\$ 23,323.56	\$ 23,323.56
Animal Control Fund:			
Prepaid Licenses		620.00	465.00
Due to State of New Jersey		12.00	
Reserve for Animal Control Fund Expenditures	B-6	4,282.95	4,136.35
		<u>4,914.95</u>	<u>4,601.35</u>
Other Trust Funds:			
Reserve for:			
Accrued Sick and Vacation		18,844.44	18,844.44
Road Openings		4,350.00	4,350.00
Unemployment Compensation		8,749.76	10,401.62
Monuments		1,920.00	1,920.00
Driveway Bonds		3,202.00	3,202.00
Recreation		23,888.49	25,958.49
Public Defender		5,991.70	5,991.70
Tax Sale Premiums		96,900.00	35,900.00
Fire Prevention		9,581.52	7,701.52
Council on Affordable Housing		95.18	9,553.91
Escrow		11,131.43	9,569.16
Revolving Loan		13,640.75	9,767.65
Storm Recovery		36,945.51	36,945.51
		<u>235,240.78</u>	<u>180,106.00</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 263,479.29</u>	<u>\$ 208,030.91</u>

TOWNSHIP OF MONTAGUE
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
GENERAL CAPITAL FUND

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 429,066.16	\$ 414,774.20
Deferred Charges to Future Taxation:			
Unfunded	C-4	452,520.00	502,520.00
TOTAL ASSETS		\$ 881,586.16	\$ 917,294.20
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 452,520.00	\$ 502,520.00
Improvement Authorizations:			
Funded	C-5	108,985.10	36,938.66
Unfunded	C-5	2,264.00	16,436.62
Capital Improvement Fund	C-6	249,590.84	197,867.17
Encumbrances Payable		2,205.22	95,298.00
Reserve for:			
Improvements to Municipal Building		4,521.00	4,521.00
Improvements to Various Roads			2,212.75
Construction of Firehouse		50,000.00	50,000.00
Purchase of Emergency Management Equipment		1,500.00	1,500.00
Improvements to Parks/Recreation		10,000.00	10,000.00
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 881,586.16	\$ 917,294.20

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
GENERAL FIXED ASSETS ACCOUNT GROUP
(Unaudited)

TOWNSHIP OF MONTAGUE
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Unaudited)

	December 31,	
	2015	2014
<u>ASSETS</u>		
Land and Buildings	\$ 2,078,085.46	\$ 2,151,085.46
Equipment and Vehicles	1,910,417.00	1,662,116.01
 TOTAL ASSETS	 \$ 3,988,502.46	 \$ 3,813,201.47
<u>RESERVES</u>		
Reserve for Fixed Assets	\$ 3,988,502.46	\$ 3,813,201.47
 TOTAL RESERVES	 \$ 3,988,502.46	 \$ 3,813,201.47

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Montague include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Montague, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Montague do not include the operations of the Volunteer Fire Company.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Montague conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Montague 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.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The following is a summary of significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Federal and state grants are generally recognized when budgeted in the Current Fund and when improvements are authorized in the General Capital Fund. The amounts recorded as property taxes receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled 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 during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded and inventories would not be reflected as expenditures at the time of purchase, and the Town's net pension liability and related deferred inflows and outflows would be recorded.

The cash basis of accounting is followed in the Trust Funds.

- D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans, or by capital lease purchase agreements.

- E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments - Investments are stated at cost or amortized cost, which approximates market.

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.

Grants Receivable - Grants receivable represent the total grant awards less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

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

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

General Fixed Assets (Unaudited) – General fixed assets are recorded at cost, except for land and buildings, which are recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are added to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current and General Capital Funds. The values recorded in the general fixed assets account group and the Current and General Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

- F. Budget/Budgetary Control – An annual appropriated budget is usually prepared in the first quarter for the Current Operating Fund. The budget is submitted to the governing body and the State Division of Local Government Service. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in NJSA 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

Summary of Municipal Debt

The Local Bond Law governs the issuance of bonds to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power have been pledged to the payment of the general obligation debt principal and interest.

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt

	December 31,		
	2015	2014	2013
<u>Issued</u>			
General:			
Bonds and Notes	\$ 452,520.00	\$ 502,520.00	\$ 386,270.00
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	-0-	-0-	-0-
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 452,520.00</u>	<u>\$ 502,520.00</u>	<u>\$ 386,270.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.14%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 79,000.00	\$ 79,000.00	
General Debt	<u>452,520.00</u>		<u>\$ 452,520.00</u>
	<u>\$ 531,520.00</u>	<u>\$ 79,000.00</u>	<u>\$ 452,520.00</u>

Net Debt \$452,520 divided by Average Equalized Valuations of \$334,671,188.67 of Real Property = 0.14%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 11,713,491.60
Net Debt	<u>452,520.00</u>
Remaining Borrowing Power	<u>\$ 11,260,971.60</u>

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

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Prior Year

<u>Fund</u>	<u>Balance 12/31/2013</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance 12/31/2014</u>
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 386,270.00</u>	<u>\$ 502,520.00</u>	<u>\$ 386,270.00</u>	<u>\$ 502,520.00</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

<u>Fund</u>	<u>Balance 12/31/2014</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance 12/31/2015</u>
Bond Anticipation Notes:				
General Capital Fund	<u>\$ 502,520.00</u>	<u>\$ 452,520.00</u>	<u>\$ 502,520.00</u>	<u>\$ 452,520.00</u>

General Capital Fund Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>
Acquisition of Real Property	8/12/2016	0.95%	\$ 71,370.00
Acquisition of a New Pumper /Tanker Fire Truck	8/12/2016	0.95%	180,100.00
Acquisition of a Utility Truck	8/12/2016	0.95%	34,800.00
Acquisition of a Dumb Truck	8/12/2016	0.95%	<u>166,250.00</u>
Total Debt Issued and Outstanding			<u>\$ 452,520.00</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$967,131 at December 31, 2014. See Note 5 for further information on the PERS.

Note 3: Fund Balance Appropriated

The amount of fund balance at December 31, 2015, which is included in the introduced budget in the Current Fund for the year ending December 31, 2016 is \$280,000.

Note 4: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Montague has elected not to defer school taxes.

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans

Town employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee's Retirement System (PERS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Department of the Treasury, Treasury of Pensions and Benefits (the "Treasury"). For additional information about the PERS, please refer to the Treasury's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State's fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$42,584 for 2015.

The employee contribution rate was 7.06% effective July 1, 2015. Increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At December 31, 2015, the Township reported a liability of \$967,131 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the Township's proportion was 0.005%, which was a decrease of 0.0007 % from its proportion measured as of June 30, 2013. The Township has rolled forward the net pension liability to December 31, 2014 with no adjustments.

For the year ended December 31, 2015, the Township recognized pension expense of \$42,584.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Treasury of Investments and Treasury of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer GO 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 5: Pension Plans (Cont'd)

B. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of December 31, 2014 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Year Ended December 31, 2015		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
Township 's proportionate share of the Net Pension Liability	\$ 1,216,684	\$ 967,131	\$ 757,570

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

Note 6: Accrued Sick and Vacation Benefits

The Township permits employees to accrue unused sick and vacation pay, which may be taken as time off or paid upon retirement or separation at the employee's current rate. It is estimated that the current cost of such compensation would approximate \$7,368.36. This amount is not reported either as an expenditure or liability. Such compensation would be included in the Township's budget operating expenditures in the year it is paid. This amount is fully reserved in the Reserve for Accrued Sick and Vacation of \$18,844.44 on the Trust Funds balance sheet at December 31, 2015.

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

	2015*	2014	2013
<u>Tax Rate</u>	\$ 2.50	\$ 3.92	\$ 3.79
<u>Apportionment of Tax Rate</u>			
Municipal	.39	.55	.52
County	.50	.78	.76
Local School	1.61	2.59	2.51
<u>Assessed Valuations</u>			
2015	\$ 358,643,300.00		
2014		\$ 223,187,675.00	
2013			\$ 223,538,693.00

* Revaluation was effective in this year

Comparison of Tax Levies and Collections 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.

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collection
2015	\$ 8,953,431.33	\$ 8,586,002.92	95.89%
2014	8,919,700.79	8,536,727.28	95.70%
2013	8,479,239.08	8,172,797.51	96.38%

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 7: Selected Tax Information (Cont'd)

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 8: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposit, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximated the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following two pages.

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 agency 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 deposits of public funds that exceed insurance limits as follows:

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
 (Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition

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

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.

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (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 that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

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

- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2015, cash and cash equivalents of the Township of Montague consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Totals</u>
Current	\$ 250.00	\$ 773,604.07	\$ 584.32	\$ 774,438.39
Other Trust		235,240.78		235,240.78
Animal Control		4,914.95		4,914.95
General Capital		418,666.07	10,400.09	429,066.16
	<u>\$ 250.00</u>	<u>\$ 1,432,425.87</u>	<u>\$ 10,984.41</u>	<u>\$ 1,443,660.28</u>

The carrying amount of the Township's cash and cash equivalents at year end was \$1,443,660.28 and the bank balance was \$1,460,036.08. The \$10,984.41 in the NJ Cash Management Fund is uninsured and unregistered. During the year ended December 31, 2015, the Township did not hold any investments.

Note 9: Post-Retirement Medical Benefits

In addition to the pension benefits described in Note 5, the Township provides other post-retirement benefits to certain Township employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

The Township 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.

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 accordance with the Township's resolution, Township employees are entitled to the following benefits:

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
 (Continued)

Note 9: Post-Retirement Medical Benefits (Cont'd)

The coverage applies to the employee and dependents. In the event of an employee's death, coverage ceases. In order to be eligible for this benefit, the employee must have a minimum of twenty-five (25) years of full-time service with the Township.

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 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.

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget.

For the year ended December 31, 2015, the Township had 2 retired employees who met post-retirement eligibility requirements for health care benefits and recognized expenses of \$16,828.92. For the year ended December 31, 2014, the Township had 2 retired employees who met post-retirement eligibility requirements for health care benefits and recognized expenses of \$15,953.28.

Note 10: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to employees through the State of New Jersey health benefits plan.

The Township of Montague is currently a member of the Statewide Insurance Fund (the "Fund"). This Fund provides their members with Liability, Property and Workers' Compensation Insurance.

The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for respective members in order to keep local property taxes at a minimum. Each

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 10: Risk Management (Cont'd)

member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

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

The December 31, 2015 audit report of the Fund is not filed as of the date of this audit. Selected, summarized financial information for the Fund as of December 31, 2014, is as follows:

	<u>Statewide Insurance Fund</u>
Total Assets	\$ 37,339,955
Net Position	\$ 5,177,252
Total Revenue	\$ 25,202,318
Total Expenses	\$ 27,035,844
Change in Net Position	\$ (1,833,526)
Member Dividends	\$ -0-

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Statewide Insurance Fund
1 Sylvan Way
Parsippany, New Jersey 07054

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township 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 Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous year.

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Year</u>	<u>Township Contributions</u>	<u>Interest Earnings</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 721.96	\$ -0-	\$ 262.72	\$ 2,636.54	\$ 8,749.76
2014	2,969.66	-0-	938.91	-0-	10,401.62
2013	4,336.64	-0-	1,016.31	-0-	6,493.05

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 12,273.94
Federal and State Grant Fund	\$ 12,273.94	
	<u>\$ 12,273.94</u>	<u>\$ 12,273.94</u>

The interfund receivable in the Federal and State Grant Fund and the interfund payable in the Current Fund are due to the normal timing difference between the disbursement and receipt of grant funds.

Note 12: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, which can include claims for property damage, personal injury and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution would not have a material adverse effect on its financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 13: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

TOWNSHIP OF MONTAGUE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 14: Deferred Compensation

The Township of Montague offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by Nationwide Retirement Solutions, is available to all Township employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

Note 15: Fixed Assets (Unaudited)

The following is a schedule of the Township of Montague's fixed assets:

	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Deletions</u>	<u>Balance</u> <u>12/31/2015</u>
Land and Buildings	\$2,151,085.46		\$ (73,000.00)	\$2,078,085.46
Equipment and Vehicles	<u>1,662,118.01</u>	<u>\$ 248,298.99</u>		<u>1,910,417.00</u>
	<u>\$3,813,203.47</u>	<u>\$ 248,298.99</u>	<u>\$ (73,000.00)</u>	<u>\$3,988,502.46</u>

Note 16: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding year. At December 31, 2015, the following deferred charge is shown on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>2016 Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>to Succeeding</u> <u>Years' Budgets</u>
Current Fund:			
Special Emergency Authorization	<u>\$ 150,116.00</u>	<u>\$ 47,804.00</u>	<u>\$ 102,312.00</u>

The appropriation in the 2016 budget is not less than that required by statute.

TOWNSHIP OF MONTAGUE

SUPPLEMENTARY DATA

TOWNSHIP OF MONTAGUE
SCHEDULE OF OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2015

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Richard Innella	Mayor		
George Zitone	Deputy Mayor		
Glenn Barbagallo	Committeeperson		
Gene Crawford	Committeeperson		
Paul Brislin	Committeeperson		
Eileen DeFabiis	Municipal Clerk	\$ 250,000.00	Statewide Insurance Fund
Sharon Yarosz	Chief Financial Officer/Treasurer	250,000.00	Statewide Insurance Fund
Frances Multari	Tax Collector and Tax Search Officer	250,000.00	Statewide Insurance Fund
Jason Laliker	Tax Assessor	(A)	
Bob Huber	Construction Official and Building Inspector	(A)	
Sharon Tufaro	Code Enforcement Official/ Zoning Official	(A)	
Harold E. Pellow & Associates, Inc.	Township Engineer		
Michael Garofalo	Attorney		

(A) - A faithful performance blanket bond for \$250,000, issued by Statewide Insurance Fund, was also in effect for all other employees.

The surety bond was examined and appeared to be properly executed.

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
CURRENT FUND

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 789,071.86
Increased by Receipts:		
Tax Collector	\$ 9,023,045.78	
Revenue Accounts Receivable	444,699.03	
Miscellaneous Revenue Not Anticipated	59,498.74	
Interest on Investments and Deposits	1,811.76	
Due to Federal and State Grant Fund:		
Unappropriated Grant Reserves	12,005.98	
Due to/from State of New Jersey:		
Veterans' and Senior Citizens' Deductions	44,913.70	
Marriage License Fees	550.00	
DCA Training Fees	3,815.00	
Appropriation Refunds	39,165.78	
		<u>9,629,505.77</u>
		<u>10,418,577.63</u>

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF CASH - TREASURER
(Continued)

	<u>Ref.</u>	
Decreased by Disbursements:		
2015 Budget Appropriations	\$	1,666,274.73
2014 Appropriation Reserves		104,330.65
Tax Overpayments Refunded		19,092.45
Due from Federal and State Grant Fund:		
Appropriated Grant Reserves		14,823.60
Due to/from Other Trust Funds:		
Tax Sale Premiums		79,500.00
Due to State of New Jersey:		
Marriage License Fees		525.00
DCA Training Fees		3,668.00
Local School District Taxes		5,791,930.00
County Taxes		1,797,505.71
Other Encumbrances Payable		20,667.50
Reserve for Tax Maps		4,847.50
Reserve for Revaluation		55,868.00
Reserve for Redemption of Outside Liens		<u>85,356.10</u>
		<u>\$ 9,644,389.24</u>
Balance December 31, 2015	A	<u><u>\$ 774,188.39</u></u>

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2015

Increased by Receipts:			
Taxes Receivable	\$	8,686,703.26	
Interest and Costs on Taxes		39,481.88	
2016 Prepaid Taxes		94,787.88	
Tax Overpayments		22,525.99	
Tax Title Lien Redemption		9,606.46	
Outside Lien Redemption		87,809.84	
Due to Other Trust Funds:			
Tax Sale Premiums		79,500.00	
Miscellaneous Revenue not Anticipated		<u>2,630.47</u>	
	\$		<u>9,023,045.78</u>
Decreased by:			
Disbursed to Municipal Treasurer			<u>\$ 9,023,045.78</u>

CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2015 Levy	Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2014		2014	2015					Dec. 31, 2015
2014	\$ 245,084.73			\$ 231,320.21		\$ (2,086.30)	\$ 0.60	\$ 6,310.98	\$ 9,539.24
2015		\$ 8,953,431.33	\$ 80,435.81	8,455,383.05	\$ 3,434.06	46,750.00	17,490.07	99,358.35	250,579.99
	<u>\$ 245,084.73</u>	<u>\$ 8,953,431.33</u>	<u>\$ 80,435.81</u>	<u>\$ 8,686,703.26</u>	<u>\$ 3,434.06</u>	<u>\$ 44,663.70</u>	<u>\$ 17,490.67</u>	<u>\$ 105,669.33</u>	<u>\$ 260,119.23</u>
Ref.	A								A

Analysis of 2015 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 8,951,736.77
Added and Omitted Taxes (54:4-63.1 et.seq.)	<u>1,694.56</u>
	<u>\$ 8,953,431.33</u>

Tax Levy:

Local School District Taxes	\$ 5,791,930.00
County Taxes	\$ 1,765,280.49
Due County for Added and Omitted Taxes	<u>335.42</u>
	1,765,615.91
Local Tax for Municipal Purposes Levied	1,394,274.37
Add: Additional Tax Levied	<u>1,611.05</u>
	<u>1,395,885.42</u>
	<u>\$ 8,953,431.33</u>

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 564,515.02
Increased by:		
Transfer from Taxes Receivable		\$ 105,669.33
Interest and Costs on Tax Sale		<u>674.28</u>
		<u>106,343.61</u>
		<u>670,858.63</u>
Decreased by:		
Cash Received		<u>9,606.46</u>
Balance December 31, 2015	A	<u><u>\$ 661,252.17</u></u>

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

	<u>Accrued In</u> <u>2015</u>	<u>Collected By</u> <u>Treasurer</u>
Clerk:		
Licenses:		
Alcoholic Beverages	\$ 2,400.00	\$ 2,400.00
Fees and Permits	7,882.00	7,882.00
Municipal Court:		
Fines and Costs	19,666.03	19,666.03
Energy Receipts Tax	253,520.00	253,520.00
Uniform Fire Safety Act	12,217.00	12,217.00
Garden State Preservation Trust Fund	123,371.00	123,371.00
Uniform Construction Code Fees	25,643.00	25,643.00
	<u>\$ 444,699.03</u>	<u>\$ 444,699.03</u>

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
Vital Statistics:				
Salaries & Wages	\$ 400.08	\$ 400.08		\$ 400.08
Other Expenses	50.00	50.00		50.00
Mayor and Committee:				
Salaries & Wages	622.56	622.56		622.56
Other Expenses	115.00	115.00	\$ 24.00	91.00
Municipal Clerk:				
Salaries & Wages	1,120.74	1,120.74	729.17	391.57
Other Expenses	11,668.64	11,668.64	7,383.26	4,285.38
Financial Administration:				
Salaries & Wages	7,487.69	7,487.69	729.17	6,758.52
Other Expenses	1,756.00	1,756.00		1,756.00
Audit Services	5,590.00	5,590.00	5,590.00	
Computer Services	5,465.15	5,465.15	36.40	5,428.75
Collection of Taxes:				
Salaries & Wages	1,722.16	1,722.16		1,722.16
Other Expenses	1,070.14	1,070.14		1,070.14
Liquidations of Tax Title Liens:				
Other Expenses	8,858.33	8,858.33		8,858.33
Assessment of Taxes:				
Salaries & Wages	168.95	168.95		168.95
Other Expenses	160.44	160.44		160.44
Legal Service Costs:				
Other Expenses	27,701.78	27,701.78	1,684.28	26,017.50
Engineering Services and Costs:				
Other Expenses	550.10	751.25	751.25	
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Other Expenses - Miscellaneous	461.92	260.77		260.77
PUBLIC SAFETY:				
Constable:				
Salaries & Wages	7.84	7.84		7.84
Emergency Management Systems:				
Salaries & Wages	49.52	49.52		49.52
Other Expenses	400.00	400.00		400.00
Other Expenses - First Responders	5,818.89	5,761.49	5,761.49	
Salaries & Wages - Flood Mitigation	19.20	19.20		19.20
Other Expenses - Flood Mitigation	500.00	500.00		500.00
Fire:				
Contribution to Montague Fire Department	19,932.21	20,096.67	20,096.67	
Other Expenses - Fire Truck Repairs	18,778.42	18,671.36	18,671.36	
Uniform Safety Act (Ch.383 P.L. 1983):				
Fire Official:				
Salaries & Wages	4.00	4.00		4.00
Other Expenses	1,650.55	1,650.55	165.00	1,485.55
Fire Prevention:				
Other Expenses	183.40	183.40		183.40
STREETS & ROADS:				
Road Repairs and Maintenance:				
Salaries & Wages	37,181.70	37,181.70		37,181.70
Other Expenses	6,995.43	6,995.43	6,995.43	

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
STREETS & ROADS:				
Snow Removal:				
Salaries & Wages	\$ 1,362.10	\$ 1,362.10		\$ 1,362.10
Other Expenses	14,172.57	14,172.57	\$ 9,337.95	4,834.62
Sanitation:				
Salaries & Wages - Recycling	1,459.35	1,312.35		1,312.35
Garbage Collection/ Recycling	199.70	346.70	346.70	
Public Buildings and Grounds:				
Salaries & Wages	56.16	56.16		56.16
Other Expenses	4,991.15	4,991.15	1,088.81	3,902.34
HEALTH & WELFARE:				
Board of Health:				
Salaries & Wages	10.00	10.00		10.00
PARKS & RECREATION:				
Youth Activities:				
Other Expenses	1,486.50	1,486.50	197.07	1,289.43
Historic Preservation Society Committee:				
Other Expenses	70.00	70.00		70.00
Celebration of Public Events, Anniversaries or Holidays:				
Other Expenses	717.96	717.96	72.96	645.00
INSURANCE:				
Other Insurance Premiums	379.36	379.36		379.36
Workers Compensation Insurance	306.60	306.60		306.60
Group Insurance Plan for Employee	9,200.36	9,200.36		9,200.36
Health Benefit Waivers	51.20	51.20		51.20
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries & Wages	344.29	344.29		344.29
Other Expenses	1,407.00	1,407.00	1,362.80	44.20
Fire Sub-Code Official:				
Salaries & Wages	30.40	30.40		30.40
UNIFORM CONSTRUCTION CODE (Cont'd):				
Code Enforcement Official:				
Salaries & Wages	5.60	5.60		5.60
Other Expenses	700.00	700.00		700.00
Housing Inspector:				
Other Expenses	600.00	600.00	100.00	500.00
UNCLASSIFIED:				
Electricity	2,635.49	2,635.49	1,113.00	1,522.49
Telephone	1,002.40	1,002.40	916.62	85.78
Fuel Oil	8,476.10	8,476.10	2,441.18	6,034.92
Gasoline/ Diesel Fuel	1,812.48	1,812.48		1,812.48
Fire Hydrant Contract	4,504.90	4,504.90	2,470.50	2,034.40
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	5,045.00	5,045.00		5,045.00
Social Security System (O.A.S.I.)	6,551.17	6,551.17		6,551.17

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015
(Continued)

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
Operations Excluded from "CAPS":				
Affordable Housing Administration:				
(N.J.S.A. 40A:45.3T)- Other Expenses	\$ 250.00	\$ 250.00		\$ 250.00
Joint Municipal Court:				
Other Expenses - Contractual	17,836.68	17,836.68	\$ 16,265.58	1,571.10
	\$ 252,155.36	\$ 252,155.36	\$ 104,330.65	\$ 147,824.71
<u>Ref.</u>				
<u>Analysis of Balance December 31, 2014:</u>				
Unencumbered	A \$ 208,035.23			
Encumbered	A 44,120.13			
	\$ 252,155.36			

TOWNSHIP OF MONTAGUE
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2015

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ -0-
Increased by:		
Levy - Calendar Year 2015		<u>5,791,930.00</u>
		5,791,930.00
Decreased by:		
Payments to Local School District		<u><u>\$ 5,791,930.00</u></u>

TOWNSHIP OF MONTAGUE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>Balance Dec. 31, 2014</u>	<u>2015 Budget Revenue Realized</u>	<u>Transferred from Unappropriated Reserves</u>	<u>Balance Dec. 31, 2015</u>
Clean Communities Grant		\$ 9,868.80	\$ 9,868.80	
Recycling Tonnage Grant		4,098.21	4,098.21	
	<u>\$ -0-</u>	<u>\$ 13,967.01</u>	<u>\$ 13,967.01</u>	<u>\$ -0-</u>

Ref. A

A

TOWNSHIP OF MONTAGUE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2014	Transferred from 2015 Budget Appropriations	Encumbrances Payable	Expended in Current Fund	Cancelled	Balance Dec. 31, 2015
Municipal Court Alcohol Rehabilitation - 2005	\$ 312.38				\$ 312.38	
Municipal Court Alcohol Rehabilitation - 2012	431.70				431.70	
Recycling Tonnage Grant	311.34	\$ 4,098.21	\$ 14.10	\$ 4,353.00		\$ 42.45
Clean Communities Grant	813.21	9,868.80		10,470.60		211.41
Reserve for FEMA Reimbursement - Flood Mitigation	<u>3,648.77</u>				<u>3,648.77</u>	
	<u>\$ 5,517.40</u>	<u>\$ 13,967.01</u>	<u>\$ 14.10</u>	<u>\$ 14,823.60</u>	<u>\$ 4,392.85</u>	<u>\$ 253.86</u>
			A			A
Balance December 31, 2014	A \$ 5,361.40					
Encumbrances Payable	A <u>156.00</u>					
	<u>\$ 5,517.40</u>					

TOWNSHIP OF MONTAGUE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Transferred to</u> <u>2015 Budget</u> <u>Revenue</u>	<u>Received in</u> <u>Current</u> <u>Fund</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Clean Communities	\$ 9,868.80	\$ 9,868.80	\$ 12,005.98	\$ 12,005.98
Recycling Tonnage Grant	4,098.21	4,098.21		
	<u>\$ 13,967.01</u>	<u>\$ 13,967.01</u>	<u>\$ 12,005.98</u>	<u>\$ 12,005.98</u>
<u>Ref.</u>	A			A

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
TRUST FUNDS

TOWNSHIP OF MONTAGUE
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

		<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
<u>Ref.</u>			
Balance December 31, 2014	B	\$ 4,601.35	\$ 180,106.00
Increased by Receipts:			
Animal Control License Fees		\$ 2,822.60	
Late Fees		350.00	
Replacement License Fee		4.00	
State Registration Fees		647.40	
Prepaid Licenses		620.00	
Recreation Fees			\$ 3,965.00
Tax Sale Premiums			79,500.00
Unemployment Contributions:			
Employee			262.72
Employer			721.96
Escrow Deposits			6,108.15
Fire Prevention			1,880.00
Revolving Loan Deposits			9,955.00
Council on Affordable Housing			150.00
		<u>4,444.00</u>	<u>102,542.83</u>
		9,045.35	282,648.83
Decreased by Disbursements:			
Due to State of New Jersey		635.40	
Administrative Expenditures		3,495.00	
Tax Sale Premiums			18,500.00
Unemployment Compensation			2,636.54
Recreation Expenses			6,035.00
Escrow Deposits Refunded			4,545.88
Revolving Loan Expenses			6,081.90
Council on Affordable Housing			9,608.73
		<u>4,130.40</u>	<u>47,408.05</u>
Balance December 31, 2015	B	<u>\$ 4,914.95</u>	<u>\$ 235,240.78</u>

TOWNSHIP OF MONTAGUE
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MONTAGUE
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 4,136.35
Increased by:		
Animal Control License Fees:		
Collected in Current Year		\$ 2,822.60
Prepaid License Fees Applied		465.00
Replacement Fee		4.00
Late Fees		350.00
		3,641.60
		7,777.95
Decreased by:		
Expenditures Under R.S. 4:19-15.11		3,495.00
		3,495.00
Balance December 31, 2015	B	\$ 4,282.95

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 3,765.20
2014	3,660.40
	3,660.40
Maximum Allowable Reserve	\$ 7,425.60

TOWNSHIP OF MONTAGUE
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENT LIENS

<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Improvements to Various Roads	\$ 23,323.56	\$ 23,323.56
	<u>\$ 23,323.56</u>	<u>\$ 23,323.56</u>
	<u>Ref.</u> B	B

TOWNSHIP OF MONTAGUE
ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS

<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>
Improvements to Various Roads	\$ 23,323.56	\$ 23,323.56
	<u>\$ 23,323.56</u>	<u>\$ 23,323.56</u>
	<u>Ref.</u> B	B

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
GENERAL CAPITAL FUND

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 414,774.20
Increased by:		
2015 Budget Appropriations:		
Budget Appropriation - Payment of Bond Anticipation Notes		\$ 50,000.00
Capital Improvement Fund		308,500.00
Bond Anticipation Notes		<u>452,520.00</u>
		<u>811,020.00</u>
		1,225,794.20
Decreased by:		
Improvement Authorization Expenditures		198,910.04
Encumbrances Payable		95,298.00
Bond Anticipation Notes		<u>502,520.00</u>
		<u>796,728.04</u>
Balance December 31, 2015	C	<u><u>\$ 429,066.16</u></u>

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2014	Receipts		Disbursements			Transfers		Balance Dec. 31, 2015	
		Budget Appropriations	Bond Anticipation Notes	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To		
Capital Improvement Fund	\$ 197,867.17	\$ 308,500.00					\$ 258,287.25	\$ 1,510.92	\$ 249,590.84	
Encumbrances Payable	95,298.00					\$ 95,298.00		2,205.22	2,205.22	
Reserve for Improvements to Municipal Building	4,521.00								4,521.00	
Reserve for Improvements to Various Roads	2,212.75						2,212.75			
Reserve for Construction of Firehouse	50,000.00								50,000.00	
Reserve for Purchase of Emergency Management Equipment	1,500.00								1,500.00	
Reserve for Improvements to Parks/Recreation	10,000.00								10,000.00	
<u>No.</u>	<u>Improvement Description</u>									
06-12;	Addition to DPW Building - Garage and									
12-03	Renovations to Municipal Building	14,172.62	5,770.00	\$ 11,464.09	\$ 5,770.00				2,708.53	
10-05	Acquisition of Real Property		29,130.00	\$ 71,370.00	100,500.00					
11-10;	Acquisition of a New Pumper /									
11-11	Tanker Fire Truck		10,600.00	180,100.00	190,700.00					
12-07	Acquisition of A Utility Truck		4,500.00	34,800.00	39,300.00					
3-05;13-07	1992 Ford Dump Truck With Plow and Spreader	862.92					862.92			
13-11	Hoses for Volunteer Fire Department	331.00					331.00			
14-02	2002 International 5600 Dump Truck	317.00					317.00			
14-07	Preliminary Planning for Firehouse	3,152.25		992.50					2,159.75	
14-08	Acquisition of Dump Truck	2,264.00		166,250.00	166,250.00				2,264.00	
14-10	Repair and Resurfacing of Various Roads	7,275.49		7,272.49					3.00	
14-14	Purchase of 911 Equipment for Cellular Tower	24,000.00							24,000.00	
14-15	Purchase of Radio Equipment	1,000.00							1,000.00	
15-06	Beach Drive Culvert Rehabilitation			108.00			1,295.00	20,000.00	18,597.00	
15-09	Purchase of Mason Dump Truck and Snow Plow			69,318.00				70,000.00	682.00	
15-10	Repair and Resurfacing of Various Roads			85,240.14			910.22	135,000.00	48,849.64	
15-12	Repair and Resurfacing of Various Roads			15,000.00				15,000.00		
15-14	Backhoe Thumb			5,144.82				7,000.00	1,855.18	
15-15	Tailgate Sander			4,370.00				5,000.00	630.00	
15-17	Cell Tower Equipment							3,500.00	3,500.00	
	Preliminary Planning Expense for Construction							5,000.00	5,000.00	
15-19	of a new Firehouse/Community Center									
		<u>\$ 414,774.20</u>	<u>\$ 358,500.00</u>	<u>\$ 452,520.00</u>	<u>\$ 198,910.04</u>	<u>\$ 502,520.00</u>	<u>\$ 95,298.00</u>	<u>\$ 264,216.14</u>	<u>\$ 264,216.14</u>	<u>\$ 429,066.16</u>

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Authorization	Funded by Budget Appropriations	Balance Dec. 31, 2015	Analysis of Balance December 31, 2015	
						Bond Anticipation Notes	Unexpended Improvement Authorizations
06-12;	Addition to DPW Building - Garage and						
12-03	Renovations to Municipal Building	\$ 5,770.00		\$ 5,770.00			
10-05	Acquisition of Real Property	100,500.00		29,130.00	\$ 71,370.00	\$ 71,370.00	
11-10;	Acquisition of a New Pumper /						
11-11	Tanker Fire Truck	190,700.00		10,600.00	180,100.00	180,100.00	
12-07	Acquisition of A Utility Truck	39,300.00		4,500.00	34,800.00	34,800.00	
14-08	Acquisition of Dump Truck	166,250.00			166,250.00	166,250.00	
		<u>\$ 502,520.00</u>	<u>\$ -0-</u>	<u>\$ 50,000.00</u>	<u>\$ 452,520.00</u>	<u>\$ 452,520.00</u>	<u>\$ -0-</u>
	<u>Ref.</u>	C			C		

Analysis of Unexpended Improvement Authorizations:

Improvement Authorizations - Unfunded	\$ 2,264.00
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ord. #14-08	<u>2,264.00</u>
	<u>\$ -0-</u>

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance December 31, 2014		2015 Authorizations	Paid or Charged		Improvement Authorizations Cancelled	Balance December 31, 2015	
				Funded	Unfunded	Various Funding Sources	Encumbered	Cash Disbursed		Funded	Unfunded
06-12;	Addition to DPW Building - Garage and	7/11/2006;									
12-03	Renovations to Municipal Building	5/18/2012	\$ 200,000.00		\$ 14,172.62			\$ 11,464.09		\$ 2,708.53	
13-05;13-07	1992 Ford Dump Truck With Plow and Spreader	7/9/2013	27,000.00	\$ 862.92					\$ 862.92		
13-11	Hoses for Volunteer Fire Department	13/10/13	7,000.00	331.00					331.00		
14-02	2002 International 5600 Dump Truck	3/25/2014	11,000.00	317.00					317.00		
14-07	Preliminary Planning for Firehouse	5/27/2014	4,200.00	3,152.25				992.50		2,159.75	
14-08	Acquisition of Dump Truck	6/24/2014	175,000.00		2,264.00						\$ 2,264.00
14-10	Repair and Resurfacing of Various Roads	8/26/2014	25,000.00	7,275.49				7,272.49		3.00	
14-14	Purchase of 911 Equipment for Cellular Tower	11/12/2014	24,000.00	24,000.00						24,000.00	
14-15	Purchase of Radio Equipment	11/12/2014	1,000.00	1,000.00						1,000.00	
15-06	Beach Drive Culvert Rehabilitation	7/14/2015	20,000.00			\$ 20,000.00	\$ 1,295.00	108.00		18,597.00	
15-09	Purchase of Mason Dump Truck and Snow Plow	7/28/2015	70,000.00			70,000.00		69,318.00		682.00	
15-10	Repair and Resurfacing of Various Roads	8/11/2015	135,000.00			135,000.00	910.22	85,240.14		48,849.64	
15-12	Repair and Resurfacing of Various Roads	8/25/2015	15,000.00			15,000.00		15,000.00			
15-14	Backhoe Thumb	8/25/2015	7,000.00			7,000.00		5,144.82		1,855.18	
15-15	Tailgate Sander	8/25/2015	5,000.00			5,000.00		4,370.00		630.00	
15-17	Cell Tower Equipment	9/8/2015	3,500.00			3,500.00				3,500.00	
15-19	Preliminary Planning Expenses for Construction of a New Firehouse/Community Center	10/27/2015	5,000.00			5,000.00				5,000.00	
				<u>\$ 36,938.66</u>	<u>\$ 16,436.62</u>	<u>\$ 260,500.00</u>	<u>\$ 2,205.22</u>	<u>\$198,910.04</u>	<u>\$ 1,510.92</u>	<u>\$ 108,985.10</u>	<u>\$ 2,264.00</u>
		Ref.		C	C					C	C
	Capital Improvement Fund					\$ 258,287.25			\$ 1,510.92		
	Reserve for Improvements to Various Roads.					2,212.75					
						<u>\$ 260,500.00</u>					

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 197,867.17
Increased by:		
Current Fund Budget Appropriation		308,500.00
Improvement Authorizations Cancelled		<u>1,510.92</u>
		<u>507,878.09</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>258,287.25</u>
Balance December 31, 2015	C	<u><u>\$ 249,590.84</u></u>

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE

Ord. Date	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2014	Issued	Matured	Balance Dec. 31, 2015
		Original Note	Issue	Maturity					
7/11/2006; 5/18/2012	Addition to DPW Building - Garage and Renovations to Municipal Building	9/7/2006	8/15/2014	8/14/2015	1.05%	\$ 5,770.00		\$ 5,770.00	
4/1/2010	Acquisition of Real Property	9/15/2010	8/15/2014 8/13/2015	8/14/2015 8/12/2016	1.05% 0.95%	100,500.00	\$ 71,370.00	100,500.00	\$ 71,370.00
9/13/2011	Acquisition of a New Pumper / Tanker Fire Truck	8/22/2012	8/15/2014 8/13/2015	8/14/2015 8/12/2016	1.05% 0.95%	190,700.00	180,100.00	190,700.00	180,100.00
6/26/2012	Acquisition of Utility Truck	8/22/2012	8/15/2014 8/13/2015	8/14/2015 8/12/2016	1.05% 0.95%	39,300.00	34,800.00	39,300.00	34,800.00
6/24/2014	Acquisition of Dump Truck	8/15/2014	8/15/2014 8/13/2015	8/14/2015 8/12/2016	1.05% 0.95%	166,250.00	166,250.00	166,250.00	166,250.00
						\$ 502,520.00	\$ 452,520.00	\$ 502,520.00	\$ 452,520.00
						<u>Ref.</u>	C		C
							\$ 452,520.00	\$ 452,520.00	
								50,000.00	
						\$ 452,520.00	\$ 502,520.00		

Renewals
Paid by Budget Appropriation

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2015

Ord. No.	Improvement Description	Funded by Budget Appropriation	Bond Anticipation Notes Issued	Bond Anticipation Notes Matured
06-12; 12-03	Addition to DPW Building - Garage and Renovations to Municipal Building	\$ 5,770.00		\$ 5,770.00
10-05	Acquisition of Real Property	29,130.00	\$ 71,370.00	100,500.00
11-10; 11-11	Acquisition of a New Pumper/Tanker Fire Truck	10,600.00	180,100.00	190,700.00
12-07	Acquisition of A Utility Truck	4,500.00	34,800.00	39,300.00
14-08	Acquisition of Dump Truck		166,250.00	166,250.00
		<u>\$ 50,000.00</u>	<u>\$ 452,520.00</u>	<u>\$502,520.00</u>

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
SEWER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MONTAGUE
COUNTY OF SUSSEX
2015
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF MONTAGUE

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF MONTAGUE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF MONTAGUE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

New Jersey Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities Act	765-042-4900- 004-V42Y-6020	01/01/13	12/31/15	\$ 10,521.81		\$ 813.21	\$ 10,521.81
			01/01/14	12/31/16	9,868.80		9,657.39	9,657.39
			01/01/15	12/31/16	12,005.98	\$ 12,005.98		
	Recycling Tonnage	752-042-4900- 001-V42Y-6020	01/01/13	12/31/15	4,327.95		311.34	4,327.95
			01/01/14	12/31/16	4,098.21		4,041.66	4,041.66
Total Department of Environmental Protection						12,005.98	14,823.60	28,548.81
TOTAL STATE AWARDS						\$ 12,005.98	\$ 14,823.60	\$ 28,548.81

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF MONTAGUE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

A. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Township of Montague under programs of the federal and state governments for the year ended December 31, 2015. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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 Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township of Montague
Montague, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Montague, in the County of Sussex (the "Township") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated March 17, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal

The Honorable Mayor and Members
of the Township Committee
Township of Montague
Page 2

control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2015-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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*.

The Township's Response to the Finding

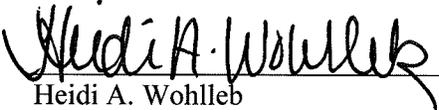
The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Mount Arlington, New Jersey
March 17, 2016

NISIVOCCIA LLP



Heidi A. Wohlleb
Certified Public Accountant
Registered Municipal Accountant No. 481

TOWNSHIP OF MONTAGUE
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency was disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2015 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards.

Finding 2015-1:

Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes, and permit and license fees; and recording of these collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds and the review of the quarterly payroll reports are performed by the Chief Financial Officer while the Finance Department Accounting Clerk is responsible for the processing of payroll, disbursement of funds and the deposit and recording of receipts for the various funds. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response:

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not applicable since expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since expenditures were below the single audit threshold.

TOWNSHIP OF MONTAGUE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015

The Township's finding regarding segregation of duties noted during 2014 was not resolved in 2015 and is included in the audit for the year ended December 31, 2015.

TOWNSHIP OF MONTAGUE

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF MONTAGUE
COMMENTS AND RECOMMENDATIONS

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

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

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (N.J.S.A. 40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

Effective January 1, 2011 the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. Effective July 1, 2015 and thereafter the bid threshold was increased to \$40,000 for a contracting unit with a qualified purchasing agent.

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

TOWNSHIP OF MONTAGUE
COMMENTS AND RECOMMENDATIONS
(Continued)

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

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 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. None were noted. It was noted that one State Contract utilized was not approved in the minutes. As the Finance Office has already instituted procedures to ensure all State Contracts are approved in the minutes in the future, no recommendation is deemed necessary at this time.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent. On January 1, 2015, the governing body adopted a resolution authorizing interest to be charged at the rate of 8% per annum on the first \$1,500.00 of delinquent taxes and 18% per annum for delinquent taxes in excess of \$1,500.00. Interest to be waived on current taxes paid within the first 10 days after due dates.

From our testing of the Tax Collector's records, it appeared that interest was charged, for delinquent tax payments, in accordance with the above resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held on June 12, 2015 and all eligible properties were included. Inspection of tax sale certificates revealed that tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2015	304
2014	297
2013	105

Our audit revealed that there are a large number of liens. In prior years, the Township had instituted in-rem foreclosure proceedings on certain properties. It is recommended that a continuing effort be made to utilize all means provided by statute to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Management's Response:

The Township intends to institute in-rem foreclosure proceedings on additional properties in 2016 and continue the proceedings started in prior years. Every effort will continue to be made to liquidate the tax title liens in order to get these properties back on a taxpaying basis.

TOWNSHIP OF MONTAGUE
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2016 Taxes	20
Payments of 2015 Taxes	20
Delinquent Taxes Receivable	15
Tax Title Liens Receivable	10

Verification notices were mailed to confirm balances receivable as of December 31, 2015. The items that were returned were compared to, and are in agreement with, the Township's records. For receivable items not returned, alternative procedures were performed.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Township is currently in compliance with the accounting requirements for maintenance of an encumbrance accounting system and a general ledger system as required by the New Jersey Administrative Code. However, improvement could be made regarding the fixed assets records as detailed below.

Fixed Assets

A significant effort has been made in the last few years to update the fixed assets records for new additions and deletions. However, as the records had not been updated from approximately 1986 to 1995, there were not sufficient records maintained on file to support the valuation for certain fixed assets included in the general fixed assets account group.

It is recommended that consideration be given to engaging an independent appraisal company to completely inventory the fixed assets of the Township.

Management's Response:

The Township will determine whether there are sufficient funds in the current year's budget to engage an independent appraisal company to inventory the Township's fixed assets.

TOWNSHIP OF MONTAGUE
COMMENTS AND RECOMMENDATIONS
(Continued)

Payroll

During the review of the Payroll records we noted that employee health benefit withholdings for certain employees were not accurately calculated.

Recommendation

It is recommended that greater care be taken when calculating the required employee health benefit contribution.

Management's Response

The Township will take greater care going forward when calculating the employee health benefit contributions for individuals to ensure that the appropriate amounts are being withheld.

Suggestions to Management

Deferred Compensation Plans

The Township has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the Township. The Township should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the Township's fiduciary responsibilities.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the Township consider options to test and protect the Township from cyber-crime.

Status of Prior Year Recommendations

The Township resolved the prior year comments and recommendations related to obtaining obtain a dedication by rider for Reserve for the Council on Affordable Housing. The Township had proceeded with measures to resolve recommendation 2 during previous years; however resolution will take a number of years. Recommendations 1 and 3 were not resolved and corrective action is in the process of being implemented with respect to these recommendations.

TOWNSHIP OF MONTAGUE
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Consideration be given to providing for a more adequate segregation of duties with respect to the recording and treasury functions.
2. All means provided by statute continue to be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.
3. Consideration is given to engaging an independent appraisal company to completely inventory the fixed assets of the Township.
4. Greater care be taken when calculating the required employee health benefit contribution.

* * * * *