

Report of Audit

on the

Financial Statements

of the

Township of Union

in the

County of Hunterdon
New Jersey

for the

Year Ended
December 31, 2015

TOWNSHIP OF UNION

I N D E X

	<u>PAGE</u>
<u>PART I</u>	
Independent Auditor's Report	1-3
	<u>EXHIBITS</u>
<u>Financial Statements - Regulatory Basis</u>	
<u>Current Fund:</u>	
Balance Sheets - Regulatory Basis	"A"
Statements of Operations and Change in Fund Balance - Regulatory Basis for the Year Ended December 31, 2015	"A-1"
Statement of Revenues - Regulatory Basis for the Year Ended December 31, 2015	"A-2"
Statement of Expenditures - Regulatory Basis for the Year Ended December 31, 2015	"A-3"
<u>Trust Fund:</u>	
Balance Sheets - Regulatory Basis	"B"
<u>General Capital Fund:</u>	
Balance Sheets - Regulatory Basis	"C"
Statement of Fund Balance - Regulatory Basis	"C-1"
<u>Public Assistance Trust Fund:</u>	
Balance Sheets - Regulatory Basis	"E"
<u>General Fixed Assets Account Group:</u>	
Balance Sheets - Regulatory Basis	"F"
	<u>PAGE</u>
Notes to Financial Statements	4-28

TOWNSHIP OF UNION

I N D E X (CONTINUED)

EXHIBITS

Supplementary Schedules - All Funds

Current Fund:

Schedule of Cash-Treasurer	"A-4"
Schedule of Cash-Collector	"A-5"
Schedule of Tax Title Liens	"A-6"
Schedule of Taxes Receivable and Analysis of Property Tax Levy	"A-7"
Schedule of Due State of New Jersey Per Chapter 20, P.L. 1971	"A-8"
Schedule of Revenue Accounts Receivable	"A-9"
Schedule of Interfunds	"A-10"
Schedule of Reserves for Sale of Municipal Assets	"A-11"
Schedule of Reserves for Grants - Unappropriated - Grant Fund	"A-12"
Schedule of 2014 Appropriation Reserves	"A-13"
Schedule of County Taxes Payable	"A-14"
Schedule of Local District School Tax	"A-15"
Schedule of Regional High School Tax	"A-16"
Schedule of Prepaid Taxes	"A-17"
Schedule of Tax Overpayments	"A-18"
Schedule of Grants Receivable - Grant Fund	"A-19"
Schedule of Reserve for Grants Appropriated - Grant Fund	"A-20"
Schedule of Reserve for Miscellaneous Reserves	"A-21"
Schedule of Petty Cash	"A-22"
Schedule of Due Current Fund - Grant Fund	"A-23"
Schedule of Municipal Open Space Tax Payable	"A-24"
Schedule of Encumbrances Payable	"A-25"
Schedule of Deferred Charges	"A-26"

Trust Fund:

Schedule of Cash-Treasurer	"B-1"
Schedule of Reserve for Animal Control Trust Fund Expenditures	"B-2"
Schedule of Due State of New Jersey - Animal Control Fund	"B-3"
Schedule of Reserve for Encumbrances Payable-Trust Other Fund	"B-4"
Schedule of Various Reserves and Deposits	"B-5"
Schedule of Due Current Fund	"B-6"

TOWNSHIP OF UNION

I N D E X (CONTINUED)

EXHIBITS

General Capital Fund:

Schedule of Cash-Treasurer	"C-2"
Analysis of Cash	"C-3"
Schedule of Deferred Charges to Future Taxation - Funded	"C-4"
Schedule of Deferred Charges to Future Taxation - Unfunded	"C-5"
Schedule of Contracts Payable	"C-6"
Schedule of Improvement Authorizations	"C-7"
Schedule of Capital Improvement Fund	"C-8"
Schedule of Due Current Fund	"C-9"
Schedule of Grants Receivable	"C-10"
Schedule of Green Trust Loans Payable	"C-11"
Schedule of General Serial Bonds	"C-12"
Schedule of Bond Anticipation Notes	"C-13"
Schedule of Reserve for Debt Service	"C-14"

Public Assistance Trust Fund:

Schedule of Public Assistance Cash-Treasurer	"E-1"
Schedule of Public Assistance Cash and Reconciliation per N.J.S.A. 40A:5-5	"E-2"
Schedule of Public Assistance Cash and Reconciliation as of December 31, 2015	"E-3"
Schedule of Public Assistance Revenues	"E-4"

PAGE

PART II

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	29-30
Schedule of Expenditures of Federal Awards - Year Ended December 31, 2015	31
Schedule of Expenditures of State Financial Assistance - Year Ended December 31, 2015	32
Notes to the Schedule of Expenditures State Financial Assistance - Year Ended December 31, 2015	33-34

PART III

Statistical Data	35-37
Officials in Office and Surety Bonds	38
General Comments and Recommendations	39-42

TOWNSHIP OF UNION

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2015 AND 2014



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Union
County of Hunterdon
Hampton, New Jersey 08827

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 of Union'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 of Union'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 regulatory financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of Union as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2015 and 2014, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

SUPLEE, CLOONEY & COMPANY

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Union's regulatory financial statements. The supplementary information and data and schedules of federal awards and state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the regulatory 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 April 27, 2016 on our consideration of the Township of Union'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 Union's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 27, 2016

CURRENT FUND

TOWNSHIP OF UNION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
Cash-Treasurer	A-4	\$ 2,686,840.83	\$ 2,400,896.14
Due State of New Jersey-Chapter 20, PL 1971	A-8	7,222.30	7,222.30
		<u>\$ 2,686,840.83</u>	<u>\$ 2,408,118.44</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 236,048.13	\$ 174,329.62
Tax Title Liens Receivable	A-6	70,810.85	57,253.74
Revenue Accounts Receivable	A-9	3,927.09	6,662.46
Interfunds Receivable	A-10	17,302.95	12,768.21
	A	<u>\$ 328,089.02</u>	<u>\$ 251,014.03</u>
Deferred Charges:			
Emergency Authorization	A-26	\$ 133,334.00	\$ 110,000.00
		<u>\$ 133,334.00</u>	<u>\$ 110,000.00</u>
		<u>\$ 3,148,263.85</u>	<u>\$ 2,769,132.47</u>
Grant Fund:			
Grants Receivable	A-19	\$ 2,296.96	\$ 2,296.96
Due Current Fund	A-23	35,808.43	38,778.43
		<u>\$ 38,105.39</u>	<u>\$ 41,075.39</u>
		<u>\$ 3,186,369.24</u>	<u>\$ 2,810,207.86</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 138,459.19	\$ 128,229.54
Encumbrances Payable	A-25	44,883.48	161,325.47
Prepaid Taxes	A-17	79,713.89	112,925.21
Tax Overpayments	A-18	29,432.60	35,725.65
Interfunds Payable	A-10	35,808.43	38,778.43
Reserve for Sale of Municipal Assets	A-11	9,379.50	
County Taxes-Payable	A-14	11,944.48	12,597.31
Local District School Tax Payable	A-15	36,153.09	1,549.59
Regional High School Tax	A-16	1,217,307.43	1,275,730.93
Miscellaneous Reserves	A-21	68,533.75	12,000.00
		<u>\$ 1,671,615.84</u>	<u>\$ 1,778,862.13</u>
Reserve for Receivables and Other Assets	A	328,089.02	251,014.03
Fund Balance	A-1	1,148,558.99	739,256.31
		<u>\$ 3,148,263.85</u>	<u>\$ 2,769,132.47</u>
Grant Fund:			
Reserve for Grants Appropriated	A-20	\$ 38,105.39	\$ 30,242.66
Reserve for Grants Unappropriated	A-12		10,832.73
		<u>\$ 38,105.39</u>	<u>\$ 41,075.39</u>
		<u>\$ 3,186,369.24</u>	<u>\$ 2,810,207.86</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 476,000.00	\$ 465,000.00
Miscellaneous Revenue Anticipated	A-2	808,842.72	887,156.22
Receipts From Delinquent Taxes	A-2	658,153.61	193,822.14
Receipts From Current Taxes	A-2	18,064,247.62	17,904,428.37
Non-Budget Revenue	A-2	49,885.57	46,910.97
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	55,954.93	73,064.45
Tax Overpayments Canceled			241.42
Interfunds Returned			3,588.11
<u>Total Income</u>		<u>\$ 20,113,084.45</u>	<u>\$ 19,574,211.68</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	\$ 1,872,183.00	\$ 1,903,672.07
Deferred Charges and Statutory Expenditures	A-3	91,915.00	86,853.00
Operations Excluded From "CAPS":			
Operating	A-3	63,930.26	55,566.11
Capital Improvements	A-3	150,000.00	147,000.00
Municipal Debt Service	A-3	468,625.79	492,263.34
Deferred Charges	A-3	36,666.00	
County Taxes	A-14	3,053,636.02	2,897,921.52
County Share of Added Taxes	A-14	11,944.48	12,597.31
Local District School Tax	A-15	8,777,206.00	8,707,999.00
Regional High School Tax	A-16	4,610,297.00	4,727,144.00
Municipal Open Space Tax	A-24	139,165.72	136,600.66
Refund of Prior Year Revenue	A-4	705.46	3,854.05
Senior Citizen and Veteran Canceled	A-8	6,972.30	
Interfunds Advanced		4,534.74	
<u>Total Expenditures</u>		<u>\$ 19,287,781.77</u>	<u>\$ 19,171,471.06</u>
Excess in Revenue		\$ 825,302.68	\$ 402,740.62
Adjustments to Income before Fund Balance:			
Expenditures Included Above which are by Statute			
Deferred Charges to the Budget of the Succeeding Year	A-3:A-26	60,000.00	110,000.00
Statutory Excess to Fund Balance		\$ 885,302.68	\$ 512,740.62
<u>Fund Balance</u>			
Balance, January 1	A	739,256.31	691,515.69
		\$ 1,624,558.99	\$ 1,204,256.31
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	476,000.00	465,000.00
Fund Balance, December 31	A	<u>\$ 1,148,558.99</u>	<u>\$ 739,256.31</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		BUDGET	SPECIAL N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 476,000.00		\$ 476,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	\$ 16,800.00	\$	\$ 16,800.00	\$
Fees and Permits:					
Other	A-2	75,000.00		73,036.45	(1,963.55)
Fines:					
Municipal Court	A-9	87,000.00		90,405.43	3,405.43
Interest and Costs on Taxes	A-9	50,000.00		40,997.00	(9,003.00)
Interest on Investments	A-9	2,200.00		1,914.68	(285.32)
Sewer Rent Charge-Clinton Town	A-9	90,000.00		25,829.40	(64,170.60)
Garden State Preservation Trust Fund	A-9	16,911.00		16,911.00	
Energy Receipts Tax	A-9	374,897.00		374,897.00	
Reserve to Pay Debt Service-Milligan	A-9	60,000.00		60,000.00	
Reserve to Pay Debt-Douglass	A-9	80,000.00		80,000.00	
Exxon Mobile Grant	A-19		1,000.00	1,000.00	
Clean Communities Program	A-19		16,219.03	16,219.03	
Recycling Tonnage Grant	A-19	10,516.08		10,516.08	
Alcohol Rehabilitation and Education	A-19	316.65		316.65	
	A-1	\$ 863,640.73	\$ 17,219.03	\$ 808,842.72	\$ (72,017.04)
Receipts From Delinquent Taxes	A-7	\$ 150,000.00	\$	\$ 658,153.61	\$ 508,153.61
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-7	\$ 1,681,598.29	\$	\$ 1,971,998.40	\$ 290,400.11
<u>Budget Totals</u>		\$ 3,171,239.02	\$ 17,219.03	\$ 3,914,994.73	\$ 726,536.68
Non-Budget Revenue	A-1:A-2			49,885.57	49,885.57
		\$ 3,171,239.02	\$ 17,219.03	\$ 3,964,880.30	\$ 776,422.25
	REF.	A-3	A-3		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>		
Allocation of Current Tax Collections:			
Collections Realized on a Cash Basis	A-1:A-7	\$	18,064,247.62
Allocated to:			
School and County Taxes			<u>16,592,249.22</u>
Balance for Support of Municipal Budget Appropriations		\$	1,471,998.40
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3		<u>500,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>1,971,998.40</u></u>
Fees and Permits	A-9	\$	73,741.45
Less: Refunds	A-4		<u>705.00</u>
	A-2	\$	<u><u>73,036.45</u></u>
<u>Analysis of Non-Budget Revenues</u>			
Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Cable TV Franchise Fee		\$	4,882.70
Rental Income			4,300.00
Payment in Lieu of Taxes			4,493.94
Recycling			506.40
Building Fees			2,690.00
LOSAP Surrender			23,347.92
Miscellaneous			21,729.53
Administrative Fee - Senior Citizen and Veterans			<u>600.00</u>
	A-4	\$	62,550.49
Tax Collector	A-5		<u>1,486.10</u>
			64,036.59
Refunds	A-4		<u>14,151.02</u>
	A-2	\$	<u><u>49,885.57</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS				CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT:</u>					
General Administration:					
Salaries and Wages	\$ 12,000.00	\$ 12,000.00	\$ 11,987.49	\$ 12.51	\$
Other Expenses	25,000.00	30,000.00	24,490.11	5,509.89	
Mayor and Council:					
Salaries and Wages	13,800.00	13,800.00	13,800.00		
Municipal Clerk:					
Salaries and Wages	77,000.00	77,000.00	74,019.36	2,980.64	
Financial Administration:					
Salaries and Wages	43,260.00	43,260.00	43,048.78	211.22	
Other Expenses	6,000.00	8,500.00	7,761.42	738.58	
Audit Services	29,500.00	29,500.00	29,500.00		
Computerized Data Processing:					
Other Expenses	16,000.00	16,000.00	14,200.85	1,799.15	
Revenue Administration (Tax Collection):					
Salaries and Wages	15,375.00	15,625.00	15,575.07	49.93	
Other Expenses	4,000.00	4,000.00	2,855.81	1,144.19	
Tax Assessment Administration:					
Salaries and Wages	25,950.00	25,950.00	25,945.25	4.75	
Other Expenses	2,000.00	2,000.00	350.00	1,650.00	
Legal Services:					
Other Expenses	80,000.00	85,000.00	81,075.27	3,924.73	
Engineering Services:					
Other Expenses	55,000.00	55,000.00	54,880.58	119.42	
<u>LAND USE ADMINISTRATION:</u>					
Municipal Land Use Law (NJSA 40:550-1)					
Planning Board:					
Salaries and Wages	20,640.00	20,640.00	17,630.54	3,009.46	
Other Expenses	15,000.00	15,000.00	12,367.06	2,632.94	
Emergency COAH Compliance		60,000.00	60,000.00		
Zoning Board of Adjustment:					
Salaries and Wages	12,400.00	12,400.00	12,384.75	15.25	
Other Expenses:					
Miscellaneous Other Expenses	100.00	100.00		100.00	
<u>INSURANCE:</u>					
Liability Insurance	85,000.00	83,400.00	83,349.00	51.00	
Worker Compensation Insurance	25,000.00	23,000.00	22,711.00	289.00	
Employee Insurance	150,291.00	144,641.00	136,009.56	8,631.44	
<u>PUBLIC SAFETY FUNCTIONS:</u>					
Office of Emergency Management:					
Salaries and Wages	6,843.00	7,343.00	6,595.56	747.44	
Other Expenses	2,500.00	2,500.00	2,300.15	199.85	
Aid to Volunteer Fire Companies	74,894.00	74,894.00	74,894.00		
Aid to Volunteer Fire Companies - Adjoining	56,378.00	56,378.00	56,376.48	1.52	
Contributions to First Aid Organizations	54,473.00	54,473.00	54,473.00		
Contributions to First Aid Organizations - Adjoining	20,679.00	20,679.00	20,676.72	2.28	
Fire Department:					
Other Expenses:					
Fire Hydrant Services	13,000.00	13,000.00	9,317.25	3,682.75	

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS				
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
<u>PUBLIC WORKS FUNCTIONS:</u>					
Street and Road Maintenance:					
Salaries and Wages	\$ 285,000.00	\$ 285,000.00	\$ 268,374.30	\$ 16,625.70	
Other Expenses:	250,000.00	250,000.00	222,047.44	27,952.56	
Solid Waste Collection:					
Salaries and Wages	19,000.00	19,000.00	17,930.56	1,069.44	
Other Expenses:					
Sewer Rent Charges	95,000.00	73,500.00		8,500.00	65,000.00
Miscellaneous	23,000.00	23,000.00	19,363.27	3,636.73	
Building and Grounds:					
Other Expenses	25,000.00	35,000.00	29,172.22	5,827.78	
<u>HEALTH AND HUMAN SERVICES FUNCTIONS:</u>					
Public Health Services (Board of Health):					
Other Expenses	100.00	100.00	62.28	37.72	
Environmental Health Services:					
Other Expenses	600.00	600.00	447.73	152.27	
Animal Control Services:					
Salaries and Wages	6,000.00	6,000.00	5,903.24	96.76	
Other Expenses	3,500.00	3,500.00	1,299.00	2,201.00	
Contributions to Social Services Agencies:					
Other Expenses	5,000.00	5,000.00	1,530.00	3,470.00	
<u>PARKS AND RECREATION FUNCTIONS:</u>					
Recreation Services and Programs:					
Other Expenses	43,800.00	43,800.00	41,393.22	2,406.78	
Insurance Premiums	2,100.00	2,100.00	2,071.00	29.00	
Maintenance of Parks:					
Other Expenses	12,500.00	20,000.00	14,868.66	5,131.34	
Municipal Court:					
Other Expenses	113,500.00	113,500.00	113,500.00		
<u>UNCLASSIFIED:</u>					
Electricity	11,000.00	11,000.00	9,612.83	1,387.17	
Street Lighting	7,500.00	7,500.00	3,613.72	3,886.28	
Telephone	8,000.00	8,000.00	6,384.17	1,615.83	
Fuel Oil #2	1,500.00	1,500.00	704.15	795.85	
Gasoline and Diesel Fuel	23,000.00	23,000.00	15,240.52	7,759.48	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 1,877,183.00	\$ 1,937,183.00	\$ 1,742,093.37	\$ 130,089.63	\$ 65,000.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS				CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
DEFERRED CHARGES AND STATUTORY EXPENDITURES- MUNICIPAL WITHIN "CAPS":					
Statutory Expenditures:					
Contribution to:					
Unemployment Insurance	\$ 500.00	\$ 500.00	\$ 349.58	\$ 150.42	
Social Security System	45,000.00	45,000.00	39,180.86	5,819.14	
Public Employees Retirement System	46,415.00	46,415.00	46,415.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 91,915.00	\$ 91,915.00	\$ 85,945.44	\$ 5,969.56	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 1,969,098.00	\$ 2,029,098.00	\$ 1,828,038.81	\$ 136,059.19	\$ 65,000.00
OPERATIONS EXCLUDED FROM "CAPS":					
Health Benefits	\$ 4,709.00	\$ 4,709.00	\$ 4,709.00		\$
Road Department:					
Salaries & Wages	10,060.75	10,060.75	10,060.75		
Other Expenses	7,908.75	7,908.75	7,908.75		
Fire Department:					
LOSAP - Other Expenses	13,200.00	13,200.00	10,800.00	2,400.00	
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	\$ 35,878.50	\$ 35,878.50	\$ 33,478.50	\$ 2,400.00	\$
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES:					
Exxon Mobil Foundation Grant (N.J.S. 40A:4-87 +\$1,000.00)	\$	\$ 1,000.00	\$ 1,000.00		\$
Clean Communities Program (N.J.S. 40A:4-87 +16,219.03)		16,219.03	16,219.03		
Recycling Tonnage Grant	10,516.08	10,516.08	10,516.08		
Alcohol Education Rehabilitation	316.65	316.65	316.65		
TOTAL PUBLIC AND PRIVATE PROGRAMS	\$ 10,832.73	\$ 28,051.76	\$ 28,051.76	\$	\$
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	\$ 46,711.23	\$ 63,930.26	\$ 61,530.26	\$ 2,400.00	\$
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS":					
Capital Improvement Fund	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00		\$
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00	\$	\$
MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS":					
Payment of Bond Principal	\$ 285,000.00	\$ 285,000.00	\$ 285,000.00		\$
Payment of Bond Anticipation Notes	9,000.00	9,000.00	8,862.00		138.00
Interest on Bonds	168,213.76	168,213.76	168,213.76		
Interest on Notes	6,550.03	6,550.03	6,550.03		
TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"	\$ 468,763.79	\$ 468,763.79	\$ 468,625.79	\$	\$ 138.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS				
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
DEFERRED CHARGES-MUNICIPAL EXCLUDED FROM "CAPS"					
Emergency Authorization:	\$ 36,666.00	\$ 36,666.00	\$ 36,666.00	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS":	\$ 702,141.02	\$ 719,360.05	\$ 716,822.05	\$ 2,400.00	\$ 138.00
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 2,671,239.02	\$ 2,748,458.05	\$ 2,544,860.86	\$ 138,459.19	\$ 65,138.00
RESERVE FOR UNCOLLECTED TAXES	500,000.00	500,000.00	500,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 3,171,239.02</u>	<u>\$ 3,248,458.05</u>	<u>\$ 3,044,860.86</u>	<u>\$ 138,459.19</u>	<u>\$ 65,138.00</u>
	REF.	A-2	A-1	A:A-1	
Budget	A-3	\$ 3,171,239.02			
Emergency Authorization 40A:4-48	A-26	60,000.00			
Appropriation by 40A:4-87	A-2	17,219.03			
		<u>\$ 3,248,458.05</u>			
Encumbered	A-25		\$ 43,228.48		
Reserve for Uncollected Taxes	A-2		500,000.00		
Deferred Charges	A-26		36,666.00		
Miscellaneous Reserves	A-21		60,000.00		
Reserve for Grants Appropriated	A-20		28,051.76		
Cash Disbursements	A-4		2,404,919.54		
			<u>\$ 3,072,865.78</u>		
Less: Refunds	A-4		28,004.92		
			<u>\$ 3,044,860.86</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

TOWNSHIP OF UNION

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Animal Control Trust Fund:			
Cash	B-1	\$ <u>5,847.57</u>	\$ <u>10,698.65</u>
		\$ <u>5,847.57</u>	\$ <u>10,698.65</u>
Other Funds:			
Cash	B-1	\$ <u>1,009,013.34</u>	\$ <u>971,713.56</u>
		\$ <u>1,009,013.34</u>	\$ <u>971,713.56</u>
		\$ <u><u>1,014,860.91</u></u>	\$ <u><u>982,412.21</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Trust Fund:			
Due Current Fund	B-6	\$ 51.50	\$ 47.44
Due From State of New Jersey	B-3	6.60	1.20
Accounts Payable	B-1		453.00
Prepaid Licenses	B-1	2,081.20	2,038.70
Reserve for Animal Control			
Trust Fund Expenditures	B-2	<u>3,708.27</u>	<u>8,158.31</u>
		\$ <u>5,847.57</u>	\$ <u>10,698.65</u>
Other Funds:			
Due Current Fund	B-6	\$ 17,076.11	\$ 12,554.02
Reserve For:			
Encumbrances	B-4	88,161.17	29,414.38
Various Reserves and Deposits	B-5	<u>903,776.06</u>	<u>929,745.16</u>
		\$ <u>1,009,013.34</u>	\$ <u>971,713.56</u>
		\$ <u><u>1,014,860.91</u></u>	\$ <u><u>982,412.21</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,710,841.85	\$ 1,541,508.29
Deferred Charges to Future Taxation - Funded	C-4	4,062,350.20	4,449,366.24
Deferred Charges to Future Taxation - Unfunded	C-5	1,597,016.00	656,828.00
Grants Receivable	C-10	116,010.04	153,510.04
		<u>\$ 7,486,218.09</u>	<u>\$ 6,801,212.57</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-12	\$ 3,635,000.00	\$ 3,920,000.00
Bond Anticipation Notes	C-13	1,597,016.00	656,828.00
Loan Payable - New Jersey Department of Environmental Protection	C-11	427,350.20	529,366.24
Improvement Authorizations:			
Funded	C-7	137,550.97	156,998.47
Unfunded	C-7	68,480.68	
Reserve for:			
Contracts Payable	C-6	205,781.41	
Debt Service	C-14	1,235,760.23	1,351,125.02
Due Current Fund	C-9	175.34	166.75
Capital Improvement Fund	C-8	175,609.83	185,559.83
Fund Balance	C-1	3,493.43	1,168.26
		<u>\$ 7,486,218.09</u>	<u>\$ 6,801,212.57</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2014	C	\$	1,168.26
Increased by:			
Premium on Sale of Notes	C-2		<u>2,325.17</u>
Balance, December 31, 2015	C	\$	<u><u>3,493.43</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

PUBLIC ASSISTANCE TRUST FUND

"E"

TOWNSHIP OF UNION

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
<u>ASSETS</u>			
Cash - Treasurer: Public Assistance Trust Fund I	E-1	\$ <u>1,456.12</u>	\$ <u>1,455.51</u>
		\$ <u>1,456.12</u>	\$ <u>1,455.51</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance: Public Assistance Trust Fund I		\$ <u>1,456.12</u>	\$ <u>1,455.51</u>
		\$ <u>1,456.12</u>	\$ <u>1,455.51</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF UNION
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

	DECEMBER <u>31, 2015</u>	DECEMBER <u>31, 2014</u>
General Fixed Assets:		
Sites	\$ 14,544,184.00	\$ 14,544,184.00
Site Improvements	168,183.00	168,183.00
Buildings and Building Improvements	715,061.00	715,061.00
Machinery and Equipment	<u>1,369,613.00</u>	<u>1,239,750.00</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 16,797,041.00</u>	<u>\$ 16,667,178.00</u>
Investment in General Fixed Assets	<u>\$ 16,797,041.00</u>	<u>\$ 16,667,178.00</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF UNION

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Union is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Union include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Union, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Union do not include the operations of the volunteer fire companies, first aid squads, local or regional school districts, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Union conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Union are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - 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.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from U.S. generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Adjustments for assets acquired/sold subsequent to this date have not been recorded. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Township's most recent property revaluation.

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012 the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013 GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (continued) - At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Township of Union has the following cash and cash equivalents at December 31, 2015:

Fund Type:	Bank Balance	N.J. Cash Management	Reconciling Items:		Reconciled Balance
			Additions	Deletions	
Current Fund	\$ 2,675,427.35	\$ 10,158.65	\$ 32,692.96	\$ 31,438.13	\$ 2,686,840.83
Animal Control Fund	5,847.57				5,847.57
Other Trust Fund	997,024.39	227.39	20,338.99	8,577.43	1,009,013.34
General Capital Fund	1,710,824.86	16.99			1,710,841.85
Public Assistance Trust Fund	1,456.12				1,456.12
<u>TOTAL DECEMBER 31, 2015</u>	<u>\$ 5,390,580.29</u>	<u>\$ 10,403.03</u>	<u>\$ 53,031.95</u>	<u>\$ 40,015.56</u>	<u>\$ 5,413,999.71</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2015, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial risk. Of the cash on balance in the bank, \$500,000.00 was covered by Federal Depository Insurance and \$4,890,580.29 was covered under the provisions of NJGUDPA.

B. Investments

The purchases of investments by the Township are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2015, the Township has \$10,403.03 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Township is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, based by the full faith and credit of the Township.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2015</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 5,659,366.20	\$ 5,106,194.24	\$ 5,510,062.14
Less: Funds Temporarily Held to Pay Bonds and Notes - Gen. Capital	<u>1,235,760.23</u>	<u>1,351,125.02</u>	<u>1,460,461.40</u>
<u>Net Debt Issued</u>	<u>\$ 4,423,605.97</u>	<u>\$ 3,755,069.22</u>	<u>\$ 4,049,600.74</u>
 NET BONDS, NOTES AND LOANS ISSUED AND AUTHORIZED BUT NOT ISSUED	 <u>\$ 4,423,605.97</u>	 <u>\$ 3,755,069.22</u>	 <u>\$ 4,049,600.74</u>

SUMMARY OF REGULATORY 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 regulatory net debt of .561%.

	<u>GROSS DEBT</u>	<u>DEDUCTION</u>	<u>NET DEBT</u>
LOCAL SCHOOL DEBT	\$ 12,435,000.00	\$ 12,435,000.00	\$
REGIONAL SCHOOL DEBT	144,490.08	144,490.08	
GENERAL DEBT	<u>5,659,366.20</u>	<u>1,235,760.23</u>	<u>4,423,605.97</u>
	<u>\$ 18,238,856.28</u>	<u>\$ 13,815,250.31</u>	<u>\$ 4,423,605.97</u>

NET DEBT \$4,423,605.97 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$787,970,467 EQUALS .561%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2015	\$ <u>787,970,467.00</u>
3-1/2% of Equalized Valuation Basis	\$ 27,578,966.35
Net Debt	<u>4,423,605.97</u>
Remaining Borrowing Power	\$ <u>23,155,360.38</u>

*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 3% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

Long-Term Debt

Serial Bonds

\$4,285,000.00 of 2006 Serial Bonds with annual principal installments of \$265,000 to \$350,000 starting 2012 through November 2026 at variable interest rate of 4.50% to 5.0%. \$ 3,635,000.00

Green Acres Loan

\$1,000,725.24 of 1999 Green Acres Loan with semi-annual principal and interest installments of \$31,784.54 through April 2018 at an interest rate of 2.0%. \$ 154,264.05

\$747,300 of 2003 Green Acres Loan with semi-annual principal and interest installments of \$26,263.37 through December 2021 at an interest rate of 2.0%. \$ 273,086.15

NOTE 3: LONG-TERM DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2015, the Township has no authorized but not issued bonds and notes.

SCHEDULE OF GREEN ACRES TRUST LOANS

CALENDAR YEAR	SAXTON		HOFFMAN		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2016	\$ 60,786.20	\$ 2,782.86	\$ 43,280.35	\$ 5,246.40	\$ 112,095.81
2017	62,008.01	1,561.06	44,150.29	4,376.46	112,095.82
2018	31,469.84	314.70	45,037.71	3,489.05	80,311.30
2019			45,942.96	2,583.79	48,526.75
2020			46,866.41	1,660.33	48,526.74
2021			47,808.43	718.31	48,526.74
	<u>\$ 154,264.05</u>	<u>\$ 4,658.62</u>	<u>\$ 273,086.15</u>	<u>\$ 18,074.34</u>	<u>\$ 450,083.16</u>

SCHEDULE OF SERIAL BONDS PAYABLE

CALENDAR YEAR	2006 ISSUE		TOTAL
	PRINCIPAL	INTEREST	
2016	\$ 295,000.00	\$ 153,963.76	\$ 448,963.76
2017	310,000.00	139,213.76	449,213.76
2018	320,000.00	123,713.76	443,713.76
2019	335,000.00	110,913.76	445,913.76
2020	350,000.00	97,513.76	447,513.76
2021	345,000.00	83,513.76	428,513.76
2022	340,000.00	69,713.76	409,713.76
2023	340,000.00	55,773.76	395,773.76
2024	335,000.00	41,748.76	376,748.76
2025	335,000.00	27,930.00	362,930.00
2026	330,000.00	13,860.00	343,860.00
	<u>\$ 3,635,000.00</u>	<u>\$ 917,858.84</u>	<u>\$ 4,552,858.84</u>

NOTE 4: SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Outstanding Bond Anticipation Notes are summarized as follow:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>
General Capital			
Ord. 2000-15	0.82%	1/11/2007	\$ 388,222.00
Ord. 2000-16	0.82%	1/11/2007	259,744.00
Ord. 2015-03	0.82%	10/21/2015	<u>949,050.00</u>
			<u>\$ 1,597,016.00</u>

In accordance with NJSA 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Township may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year, and bear an interest rate that does not exceed 6%. The Township did not have any Tax Anticipation Notes in 2015.

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 which were appropriated and included as anticipated revenue in their own respective funds are as follows:

Current Fund	\$486,000.00*
--------------	---------------

*Per introduced budget

NOTE 6: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
Prepaid Taxes	<u>\$79,713.89</u>	<u>\$112,925.21</u>

NOTE 7: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

NOTE 7: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. Effect July 2015 PERS provides for employee contributions of 6.92% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTE 7: PENSION PLANS (CONTINUED)

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Township employees are also covered by the Federal Insurance Contribution Act. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$48,643.00 for 2013, \$41,353.00 for 2014 and \$ 46,415.00 for 2015.

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$1,316,333.00 for the Township of Union's proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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 employers, actuarially determined. At June 30, 2015, the Townships proportion was 0.0058639217 percent, which was an increase of 0.0002336679 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$98,429.00 for the Township of Union's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2015 billing was \$79,090.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$31,403.00
Changes of assumptions		141,364.00
Net difference between projected and actual earnings on pension plan investments	\$21,164.00	
Changes in proportion and differences between Town contributions and proportionate share of contributions		<u>55,828.00</u>
	<u>\$21,164.00</u>	<u>\$228,595.00</u>

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2016	\$27,599.31
2017	\$27,599.31
2018	\$27,599.31
2019	\$43,956.33
2020	\$24,848.36

Additional Information

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

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	\$1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Town's Proportion	0.0058639217%	0.0056302538%

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2014</u>		<u>June 30, 2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%	5.00%	1.04%
Core Bond	1.00%	2.49%		
Intermediate Term Bonds	11.20%	2.26%		
Mortgages	2.50%	2.17%	2.10%	1.62%
High Yield Bonds	5.50%	4.82%	2.00%	4.03%
Inflation Indexed Bonds	2.50%	3.51%	1.50%	3.25%
Broad U.S. Equities	25.90%	8.22%	27.25%	8.52%
Developed Foreign Markets	12.70%	8.12%	12.00%	6.88%
Emerging Market Equities	6.50%	9.91%	6.40%	10.00%
Private Equity	8.25%	13.02%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.25%	4.92%	12.00%	4.72%
Real Estate (Property)	3.20%	5.80%	2.00%	6.83%
Commodities	2.50%	5.35%	1.00%	5.32%
U.S. Treasuries			1.75%	1.64%
Investment Grade Credit			10.00%	1.79%
Global Debt ex US			3.50%	-0.40%
REIT			4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

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

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Town's proportionate share of the pension liability	1,636,041.00	1,316,333.00	1,048,292.00

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 9: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 10: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2015. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51.

NOTE 11: CONTINGENT LIABILITIES

The Township participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to state financial assistance programs will be discussed in detail in Part II of the 2015 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2015, the Township does not believe that any material liabilities will result from such audits.

NOTE 12: 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. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 table is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and the previous two years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 7.07	\$ 1,048.89	\$ 398.58	\$ 32,176.25
2014	25.03	1,094.66	387.55	31,518.87
2013	22.68	5,017.99		30,786.73

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

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

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 17,302.95	\$ 35,808.43
Grant Fund	35,808.43	
Animal Control Trust Fund		51.50
Trust Other Fund		17,076.11
General Capital Fund		175.34
	<u>\$ 53,111.38</u>	<u>\$ 53,111.38</u>

All balances resulted from the time lag between the dates that payment between funds is made.

NOTE 14: DEFERRED SCHOOL TAXES

New Jersey statutes provide for the deferral of liability for not more than 50% of the annual levy when school taxes are raised on a school year basis and such taxes have not been requisitioned by the school district.

LOCAL DISTRICT SCHOOL TAX

	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
Balance of Tax Deferred	\$4,388,418.09 <u>4,352,265.00</u>	\$4,353,814.59 <u>4,352,265.00</u>
School Tax Payable	<u>\$36,153.09</u>	<u>\$1,549.59</u>

REGIONAL HIGH SCHOOL TAX

	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
Balance of Tax Deferred	\$2,305,148.43 <u>1,087,841.00</u>	\$2,363,571.93 <u>1,087,841.00</u>
School Tax Payable	<u>\$1,217,307.43</u>	<u>\$1,275,730.93</u>

NOTE 15: LENGTH OF SERVICE AWARDS PROGRAM

During 2000, the Township of Union adopted an ordinance establishing a Length of Service Awards Program for the members of the Pattenberg Volunteer Fire Company pursuant to N.J.S.A. 40A:14-183 *et seq.* Under this program, each volunteer of the Pattenberg Volunteer Fire Company that performs the maximum amount of service will have an annual amount of \$600.00 deposited into a tax deferred income account that will earn interest for the volunteer. The amount budgeted for this cost was \$10,800.00 in 2015.

The accompanying financial statements do not include the Township's Length of Service Awards Program's activities. The Township's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 16: DEFERRED COMPENSATION PLANS

The Township offers its employees enrollment in a deferred compensation plan created in accordance with Internal Revenue Code Section 403 (b). The plan, which is administered by VALIC, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 17: COMPENSATED ABSENCES

The Township does not have a policy which allows employees to accrue unused vacation and sick pay.

NOTE 18: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Township is required to implement the note disclosure provision of GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement which was adopted during 2004 by the Government Accounting Standard Board (GASB) requires the Township to disclose in the notes of the financial statements the future cost of the other post employment benefits (OPEB) on a present value basis instead of the present pay as you go method. OPEB obligations are non-pension benefits that the Township has contractually agreed to provide employees once they have retired. The Township does not provide post retirement benefits other than pension to its employees which is provided through the New Jersey pension system.

NOTE 19: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	BALANCE DECEMBER <u>31, 2015</u>	2016 BUDGET APPROPRIATION	BALANCE TO SUCCEEDING <u>BUDGETS</u>
Current:			
Special Emergency Authorization	<u>\$73,334.00</u>	<u>\$36,666.00</u>	<u>\$36,668.00</u>
Emergency Authorization	<u>\$60,000.00</u>	<u>\$60,000.00</u>	<u>\$0.00</u>

NOTE 20: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through April 27, 2016 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that there are no subsequent events needed to be disclosed.

TOWNSHIP OF UNION

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF CASH-TREASURER

<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2014	\$ 2,400,896.14	\$
Increased by Receipts:		
Collector	\$ 18,924,558.71	\$
State of New Jersey-Chapter 20, P.L. 1971	30,000.00	
Revenue Accounts Receivable	740,498.96	
Miscellaneous Revenue Not Anticipated	62,550.49	
Appropriation Refunds	28,004.92	
Grants Receivable		17,219.03
Interfunds Received	703,256.04	20,189.03
Petty Cash	100.00	
Reserve for Sale of Municipal Assets	9,379.50	
	<u>20,498,348.62</u>	<u>37,408.06</u>
	\$ 22,899,244.76	\$ 37,408.06
Decreased by Disbursements:		
2015 Appropriations	\$ 2,404,919.54	\$
2014 Appropriation Reserves	233,600.08	
Interfunds Disbursed	710,760.78	17,219.03
County Taxes	3,066,233.33	
Local District School Tax	8,742,602.50	
Regional High School Tax	4,668,720.50	
Municipal Open Space Tax	139,165.72	
Tax Overpayments	14,992.64	
Grants Appropriated		20,189.03
Miscellaneous Reserves	215,747.36	
Petty Cash	100.00	
Refund of Miscellaneous Revenue Not Anticipated	14,151.02	
Refund of Current Year Revenues	705.00	
Refund of Prior Year Revenues	705.46	
	<u>20,212,403.93</u>	<u>37,408.06</u>
Balance, December 31, 2015	\$ <u>2,686,840.83</u>	\$ <u>-0-</u>

"A-5"

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR

REF.

Received:				
Interest on Delinquent Taxes	A-9	\$	40,997.00	
Taxes Receivable	A-7		18,542,794.91	
2016 Taxes Prepaid	A-17		79,713.89	
Outside Liens	A-21		213,936.11	
Tax Overpayments	A-18		45,130.70	
Senior Citizen Deductions Disallowed	A-8		500.00	
Miscellaneous Revenue Not Anticipated	A-2		1,486.10	
			<u>1,486.10</u>	
				\$ <u>18,924,558.71</u>
Decreased by Disbursements:				
Payments to Treasurer	A-4			\$ <u>18,924,558.71</u>

"A-6"

SCHEDULE OF TAX TITLE LIENS

Balance, December 31, 2014	A			\$ 57,253.74
Increased by:				
Transfers From Taxes Receivable	A-7	\$	13,374.76	
Interest and Costs Accrued by Tax Sale of October 16, 2015			<u>208.64</u>	
				\$ <u>13,583.40</u>
				\$ <u>70,837.14</u>
Decreased by:				
Canceled				<u>26.29</u>
Balance, December 31, 2015	A			\$ <u>70,810.85</u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE	2015 LEVY	ADDED	COLLECTED		OVERPAYMENTS APPLIED	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE
	DECEMBER 31, 2014			IN 2014	IN 2015				DECEMBER 31, 2015
2012	\$ 779.10	\$	\$	\$	\$ 779.10	\$	\$	\$	\$
2013	724.28				724.28				
2014	172,826.24		485,446.83		656,650.23		92.43	1,530.41	
	\$ 174,329.62	\$	\$ 485,446.83	\$	\$ 658,153.61	\$	\$ 92.43	\$ 1,530.41	\$
2015		18,335,188.57		112,925.21	17,914,891.30	36,431.11	23,048.47	11,844.35	236,048.13
	\$ 174,329.62	\$ 18,335,188.57	\$ 485,446.83	\$ 112,925.21	\$ 18,573,044.91	\$ 36,431.11	\$ 23,140.90	\$ 13,374.76	\$ 236,048.13
REF.	A			A-2:A-17	A-2	A-2:A-18		A-6	A
Collector	A-5				\$ 18,542,794.91				
State of New Jersey	A-8				30,250.00				
					\$ 18,573,044.91				

ANALYSIS OF 2015 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax	\$ 18,263,154.30
Added Taxes (54:4-63.1 et seq.)	72,034.27
	<u>\$ 18,335,188.57</u>

TAX LEVY

Regional High School A-16	\$ 4,610,297.00
Local District School A-15	8,777,206.00
Municipal Open Spac A-24	139,165.72
County Taxes:	
County Tax (Abstrac A-14)	\$ 3,053,636.02
Due County for Addc A-14	11,944.48
Total County Taxes	3,065,580.50
Local Tax for Municip A-2	\$ 1,681,598.29
Add: Additional Tax Levied	61,341.06
	<u>1,742,939.35</u>
	<u>\$ 18,335,188.57</u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance Due from, December 31, 2014	A	\$	7,222.30
Increased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		\$	2,750.00
Veterans			27,500.00
			<hr/>
			30,250.00
		\$	<hr/>
			37,472.30
Decreased by:			
Received From State of New Jersey	A-4	\$	30,000.00
Canceled	A-1		6,972.30
Disallowed by Collector - 2014 Taxes	A-5		500.00
			<hr/>
			37,472.30
			<hr/> <hr/>

SUMMARY OF 2015 EXEMPTIONS

Senior Citizens and Veterans Deductions Per Tax Billings		\$	<hr/>	30,250.00
	A-7	\$	<hr/> <hr/>	30,250.00

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

		BALANCE DECEMBER 31, 2014	ACCRUED IN 2015	COLLECTED BY		BALANCE DECEMBER 31, 2015
REF.				COLLECTOR	TREASURER	
Clerk:						
Alcoholic Beverage Licenses	A-2	\$	\$ 16,800.00	\$	\$ 16,800.00	\$
Fees and Permits	A-2		17,381.45		17,381.45	
Recreation:						
Fees and Permits	A-2		56,360.00		56,360.00	
Municipal Court:						
Fines and Costs	A-2	6,662.46	87,670.06		90,405.43	3,927.09
Interest and Costs on Taxes	A-2		40,997.00	40,997.00		
Interest on Investments	A-2		1,914.68		1,914.68	
Rental - Sewer Department	A-2		25,829.40		25,829.40	
Energy Receipts Tax	A-2		374,897.00		374,897.00	
Garden State Trust	A-2		16,911.00		16,911.00	
Reserve to Pay Debt Service-Milligan	A-2		60,000.00		60,000.00	
Reserve to Pay Debt-Douglass	A-2		80,000.00		80,000.00	
		<u>\$ 6,662.46</u>	<u>\$ 778,760.59</u>	<u>\$ 40,997.00</u>	<u>\$ 740,498.96</u>	<u>\$ 3,927.09</u>
REF.		A		A-5	A-4	A

TOWNSHIP OF UNION
CURRENT FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2014:						
Due From	A	\$ 12,768.21	\$	\$ 47.44	\$ 12,554.02	\$ 166.75
Due To	A	<u>38,778.43</u>	<u>38,778.43</u>	<u></u>	<u></u>	<u></u>
Cash Receipts	A-4	<u>703,256.04</u>	<u>17,219.03</u>	<u></u>	<u>571.01</u>	<u>685,466.00</u>
Cash Disbursements	A-4	<u>710,760.78</u>	<u>20,189.03</u>	<u>4.06</u>	<u>5,093.10</u>	<u>685,474.59</u>
Balance, December 31, 2015:						
Due From	A	\$ 17,302.95	\$	\$ 51.50	\$ 17,076.11	\$ 175.34
Due To	A	<u>35,808.43</u>	<u>35,808.43</u>	<u></u>	<u></u>	<u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF RESERVES FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>		
Increased by:			
Cash Receipts	A-4	\$	9,379.50
Balance, December 31, 2015	A	\$	<u>9,379.50</u>

TOWNSHIP OF UNION

GRANT FUND

SCHEDULE OF RESERVES FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2014	APPLIED TO <u>RECEIVABLE</u>
Alcohol Education and Rehabilitation Fund	\$ 316.65	\$ 316.65
Recycling Tonnage Grant	<u>10,516.08</u>	<u>10,516.08</u>
	\$ <u>10,832.73</u>	\$ <u>10,832.73</u>
<u>REF.</u>	A	A-19

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES:</u>				
General Administration	\$ 698.70	\$ 698.70	\$	698.70
Municipal Clerk	2.56	2.56		2.56
Financial Administration	1.18	1.18		1.18
Revenue Administration	206.50	206.50		206.50
Assessment of Taxes	156.18	156.18		156.18
Planning Board	356.91	356.91		356.91
Zoning Board of Adjustments	2.21	2.21		2.21
Office of Emergency Management	389.08	389.08		389.08
Street and Road Maintenance	6,343.10	6,343.10	5,350.00	993.10
Animal Control Services	194.58	194.58		194.58
<u>OTHER EXPENSES:</u>				
General Administration	4,011.37	8,322.18	4,208.25	4,113.93
Financial Administration	459.97	459.97	317.70	142.27
Audit Services	60.00	60.00		60.00
Computer Data Processing	2,950.14	2,950.14	258.00	2,692.14
Revenue Administration	556.66	737.73	135.10	602.63
Assessment of Taxes	1,226.00	1,270.00	110.00	1,160.00
Legal Services and Costs	1,930.42	5,129.21	4,839.86	289.35
Engineering Services	8,651.70	8,651.70	2,435.50	6,216.20
Planning Board	1,930.53	1,955.52	1,159.39	796.13
Zoning Board of Adjustments	100.00	100.00		100.00
Unemployment Insurance	137.17	137.17		137.17
Liability Insurance	594.00	594.00		594.00
Worker Compensation Insurance	747.00	747.00		747.00
Employee Insurance	4,216.19	966.19		966.19
Office of Emergency Management	469.10	469.10		469.10
Contributions to First Aid Organization - Adjoining	0.90	0.90		0.90
Fire Hydrant Services	3,182.75	3,182.75	3,105.75	77.00
Street and Road Maintenance	22,656.60	39,367.86	39,334.87	32.99
Solid Waste Collection - Sewer Rent	26,599.49	56,958.32	52,205.69	4,752.63
Solid Waste Collection - Other	2,613.58	2,613.58	2,584.19	29.39
Building and Grounds	2,381.31	3,580.68	1,905.37	1,675.31
Environmental Health Services	417.30	417.30		417.30
Public Health Services	100.00	100.00		100.00
Animal Control Services	500.00	500.00		500.00
Contribution to Social Services Agencies	1,126.42	1,126.42	1,126.42	
Recreation Services and Programs- Other Expense	3,177.65	6,954.90	5,850.94	1,103.96
Maintenance of Parks	520.04	1,000.04	480.00	520.04
Electricity	1,036.42	1,036.42	41.42	995.00
Street Lighting	1,785.45	1,785.45	1,320.21	465.24
Telephone	1,261.29	1,296.29	880.06	416.23
Fuel Oil #2	500.00	500.00		500.00
Gasoline-Diesel Fuel	1,838.19	2,088.19	1,947.26	140.93
Social Security System (O.A.S.I.)	7,289.00	7,289.00		7,289.00
Municipal Court		34,000.00	34,000.00	
Insurance:				
Employee Group Health	3,510.00	3,510.00		3,510.00
Length of Service Award Program	1,200.00	1,200.00		1,200.00
Purchase of Back Hoe	10,141.90	80,146.00	70,004.10	10,141.90
	\$ 128,229.54	\$ 289,555.01	\$ 233,600.08	\$ 55,954.93

REF. A A-4 A-1

Balance, December 31, 2014	A-13	\$ 128,229.54
Encumbrances Payable	A-25	161,325.47
		\$ 289,555.01

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	A	\$	12,597.31
2015 Tax Levy:			
County Taxes	A-1:A-7	\$	2,549,840.97
County Open Space	A-1:A-7		248,436.38
County Library	A-1:A-7		255,358.67
County Share of Added Taxes	A-1:A-7		<u>11,944.48</u>
			<u>3,065,580.50</u>
		\$	<u>3,078,177.81</u>
Decreased by:			
Cash Disbursements	A-4		<u>3,066,233.33</u>
Balance, December 31, 2015	A	\$	<u><u>11,944.48</u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>REF.</u>		
Balance, December 31, 2014:			
School Tax Deferred		\$ 4,352,265.00	
School Tax Payable	A	<u>1,549.59</u>	
			\$ 4,353,814.59
Increased by:			
Levy	A-7		<u>8,777,206.00</u>
			<u>13,131,020.59</u>
Decreased by:			
Cash Disbursements	A-4		<u>8,742,602.50</u>
Balance, December 31, 2015:			
School Tax Deferred		\$ 4,352,265.00	
School Tax Payable	A	<u>36,153.09</u>	
			\$ <u><u>4,388,418.09</u></u>
2015 Liability for Local District School Tax:			
Tax Paid	A-4		\$ 8,742,602.50
Tax Payable, December 31, 2015	A-15		<u>36,153.09</u>
			<u>8,778,755.59</u>
Less:			
Tax Payable December 31, 2014	A-15		<u>1,549.59</u>
	A-1		\$ <u><u>8,777,206.00</u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

	<u>REF.</u>		
Balance, December 31, 2014:			
School Tax Deferred		\$ 1,087,841.00	
School Tax Payable	A	<u>1,275,730.93</u>	
			\$ 2,363,571.93
Increased by:			
Levy	A-7		<u>4,610,297.00</u>
			6,973,868.93
Decreased by:			
Cash Disbursements	A-4		<u>4,668,720.50</u>
Balance, December 31, 2015:			
School Tax Deferred		\$ 1,087,841.00	
School Tax Payable	A	<u>1,217,307.43</u>	
			\$ <u><u>2,305,148.43</u></u>
2015 Liability for Regional High School Tax:			
Tax Paid	A-4		\$ 4,668,720.50
Tax Payable, December 31, 2015	A-16		<u>1,217,307.43</u>
			5,886,027.93
Less:			
Tax Payable, December 31, 2014	A-16		<u>1,275,730.93</u>
	A-1		\$ <u><u>4,610,297.00</u></u>

"A-17"

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2014 (2015 Taxes)	A	\$	112,925.21
Increased by:			
Collection of 2016 Taxes	A-5		79,713.89
		\$	<u>192,639.10</u>
Decreased by:			
Application to 2015 Taxes Receivable	A-7		<u>112,925.21</u>
Balance, December 31, 2015 (2016 Taxes)	A	\$	<u><u>79,713.89</u></u>

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2014	A	\$	35,725.65
Increased by:			
Cash Receipts	A-5		45,130.70
		\$	<u>80,856.35</u>
Decreased by:			
Cash Disbursements	A-4	\$	14,992.64
Applied	A-7		<u>36,431.11</u>
			<u>51,423.75</u>
Balance, December 31, 2015	A	\$	<u><u>29,432.60</u></u>

TOWNSHIP OF UNION

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER <u>31, 2014</u>	ACCRUED 2015 <u>BUDGET</u>	CASH <u>RECEIPTS</u>	UNAPPROPRIATED <u>APPLIED</u>	BALANCE DECEMBER <u>31, 2015</u>
Clean Communities Program	\$	\$ 16,219.03	\$ 16,219.03	\$	\$
Alcohol Education Rehabilitation		316.65		316.65	
Exxon Mobil Foundation		1,000.00	1,000.00		
NJHWP&PC- Initial Assessment	135.16				135.16
NJHWP&PC- Plan Conformance	2,161.80				2,161.80
Recycling Tonnage Grant		10,516.08		10,516.08	
	<u>2,296.96</u>	<u>28,051.76</u>	<u>17,219.03</u>	<u>10,832.73</u>	<u>2,296.96</u>
	\$	\$	\$	\$	\$
<u>REF.</u>	A	A-2	A-4	A-12	A

TOWNSHIP OF UNION

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER <u>31, 2014</u>	2015 BUDGET APPROPRIATIONS	CASH DISBURSEMENTS	BALANCE DECEMBER <u>31, 2015</u>
Clean Communities Program	\$ 11,373.98	\$ 16,219.03	\$ 16,219.03	\$ 11,373.98
Smart Growth Planning	10,000.00			10,000.00
Recycling Tonnage Grant	3,751.09	10,516.08	3,000.00	11,267.17
Exxon Mobil Foundation	1,000.00	1,000.00	970.00	1,030.00
Anheuser Busch - Environmental Commission	350.00			350.00
Alcohol Education Rehabilitation		316.65		316.65
Municipal Stormwater Regulation Grant	2,808.00			2,808.00
NJHWP&PC - Initial Assessment	710.66			710.66
NJHWP&PC - Plan Conformance	248.93			248.93
	<u>\$ 30,242.66</u>	<u>\$ 28,051.76</u>	<u>\$ 20,189.03</u>	<u>\$ 38,105.39</u>

REF.

A

A-3

A-4

A

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS RESERVES

	BALANCE DECEMBER 31, 2014	CASH RECEIPTS	TRANSFERRED FROM BUDGET	PAID OR CHARGED	BALANCE DECEMBER 31, 2015
Off Tract Improvements	\$ 12,000.00	\$	\$	\$	\$ 12,000.00
Outside Liens		213,936.11		213,936.11	
COAH Litigation			60,000.00	3,466.25	56,533.75
	<u>\$ 12,000.00</u>	<u>\$ 213,936.11</u>	<u>\$ 60,000.00</u>	<u>\$ 217,402.36</u>	<u>\$ 68,533.75</u>
<u>REF.</u>	A	A-5	A-3		A
Cash Disbursements	A-4			\$ 215,747.36	
Encumbrances Payable	A-25			<u>1,655.00</u>	
				<u>\$ 217,402.36</u>	

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF PETTY CASH

	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>
Township Clerk	\$ <u>100.00</u>	\$ <u>100.00</u>
	\$ <u><u>100.00</u></u>	\$ <u><u>100.00</u></u>
<u>REF.</u>	A-4	A-4

TOWNSHIP OF UNION

GRANT FUND

SCHEDULE OF DUE CURRENT FUND - GRANT FUND

	<u>REF.</u>		
Balance, December 31, 2014 (Due From)	A	\$	(38,778.43)
Increased by:			
Cash Receipts	A-4		20,189.03
		\$	<u>(18,589.40)</u>
Decreased by:			
Cash Disbursements	A-4		<u>17,219.03</u>
Balance, December 31, 2015 (Due From)	A	\$	<u><u>(35,808.43)</u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

	<u>REF.</u>	
Increased by:		
2015 Tax Levy	A-1:A-7	\$ <u>139,165.72</u>
Decreased by:		
Cash Disbursements	A-4	\$ <u><u>139,165.72</u></u>

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2014	A	\$ 161,325.47
Increased by:		
Transferred from 2015 Appropriations	A-3	\$ 43,228.48
Reserve for Miscellaneous Reserves	A-21	<u>1,655.00</u>
		\$ <u>44,883.48</u>
		\$ <u>206,208.95</u>
Decreased by:		
Transferred to 2014 Appropriation Reserves	A-13	<u>161,325.47</u>
Balance, December 31, 2015	A	\$ <u><u>44,883.48</u></u>

TOWNSHIP OF UNION

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	<u>REF.</u>	<u>SPECIAL EMERGENCY AUTHORIZATION (N.J.S.A. 40A: 4-55) ROAD DAMAGE</u>	<u>EMERGENCY AUTHORIZATION (N.J.S.A. 40A: 4-48) COAH EXPENSES</u>	<u>TOTAL</u>
Balance, December 31, 2014	A	\$ 110,000.00	\$	\$ 110,000.00
Increased by: 2015 Authorization	A-3	<u>110,000.00</u>	<u>60,000.00</u>	<u>60,000.00</u>
		\$	\$ <u>60,000.00</u>	\$ <u>170,000.00</u>
Decreased by: Budget Appropriation	A-3	<u>36,666.00</u>		<u>36,666.00</u>
Balance, December 31, 2015	A	<u><u>73,334.00</u></u>	<u><u>60,000.00</u></u>	<u><u>133,334.00</u></u>

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>TRUST OTHER</u>
Balance, December 31, 2014	B	\$ 10,698.65	\$ 971,713.56
Increased by Receipts:			
Dog License Fees	B-2	\$ 4,172.80	\$
Due From State of New Jersey	B-3	765.60	
Prepaid Licenses	B	2,081.20	
Various Reserves and Deposits	B-5		998,109.13
Due Current Fund	B-6	4.06	6,073.55
		<u>7,023.66</u>	<u>1,004,182.68</u>
		\$ 17,722.31	\$ 1,975,896.24
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	B-2	\$ 10,661.54	\$
Due From State of New Jersey	B-3	760.20	
Accounts Payable	B	453.00	
Various Reserves and Deposits	B-5		965,331.44
Due Current Fund	B-6		1,551.46
		<u>11,874.74</u>	<u>966,882.90</u>
Balance, December 31, 2015	B	\$ <u>5,847.57</u>	\$ <u>1,009,013.34</u>

"B-2"

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2014	B	\$	8,158.31
Increased by:			
License Fees Collected	B-1	\$	4,172.80
Prepaid Licenses Applied	B		<u>2,038.70</u>
			6,211.50
		\$	<u>14,369.81</u>
Decreased by:			
Cash Disbursements	B-1		<u>10,661.54</u>
Balance, December 31, 2015		\$	<u><u>3,708.27</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>		<u>AMOUNT</u>
2014	\$	5,925.60
2013		<u>6,091.69</u>
	\$	<u><u>12,017.29</u></u>

"B-3"

SCHEDULE OF DUE STATE OF NEW JERSEY -
ANIMAL CONTROL FUND

Balance, December 31, 2014	B	\$	1.20
Increased by:			
Cash Receipts	B-1		<u>765.60</u>
		\$	<u>766.80</u>
Decreased by:			
Cash Disbursements	B-1		<u>760.20</u>
Balance, December 31, 2015	B	\$	<u><u>6.60</u></u>

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF ENCUMBRANCES PAYABLE
TRUST OTHER FUND

REF.

Balance, December 31, 2014	B	\$	29,414.38
Increased by:			
Transfer from Reserves and Deposits	B-5	\$	<u>88,161.17</u>
			117,575.55
Decreased by:			
Transfer to Reserves and Deposits	B-5		<u>29,414.38</u>
Balance, December 31, 2015	B	\$	<u><u>88,161.17</u></u>

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2014	CASH RECEIPTS	CASH DISBURSED	ENCUMBERED	BALANCE DECEMBER 31, 2015
Driveway Deposits	\$ 31,162.75	\$ 1,503.36	\$ 1,391.75	\$ 613.00	\$ 30,661.36
Escrow Deposits	191,986.90	136,975.99	49,425.85	75.00	279,462.04
Land Use Deposits	77,384.63	81,184.17	97,962.54	9,734.06	50,872.20
C.O.A.H. Deposits	34,652.47	6,617.82	39,303.88	1,248.67	717.74
Unemployment Compensation	31,518.87	1,055.96	398.58		32,176.25
Performance Bond Deposits	426,449.97	13,187.30	42,851.74	76,490.44	320,295.09
Open Space	158,870.12	139,234.52	112,601.98		185,502.66
Payroll Agency	3,360.26	618,175.01	621,395.12		140.15
Public Defender	3,773.57	175.00			3,948.57
	<u>\$ 959,159.54</u>	<u>\$ 998,109.13</u>	<u>\$ 965,331.44</u>	<u>\$ 88,161.17</u>	<u>\$ 903,776.06</u>
		B-1	B-1	B-4	B
Balance, December 31, 2014	B \$ 929,745.16				
Encumbrances Payable	B-4 <u>29,414.38</u>				
	<u>\$ 959,159.54</u>				

TOWNSHIP OF UNION

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>ANIMAL CONTROL FUND</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2014:				
Due To	B	\$ <u>12,601.46</u>	\$ <u>47.44</u>	\$ <u>12,554.02</u>
Increased by:				
Cash Receipts	B-1	<u>6,077.61</u>	<u>4.06</u>	<u>6,073.55</u>
		\$ <u>18,679.07</u>	\$ <u>51.50</u>	\$ <u>18,627.57</u>
Decreased by:				
Cash Disbursements	B-1	<u>1,551.46</u>		<u>1,551.46</u>
Balance, December 31, 2015:				
Due To	B	\$ <u><u>17,127.61</u></u>	\$ <u><u>51.50</u></u>	\$ <u><u>17,076.11</u></u>

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2014	C		\$ 1,541,508.29
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$ 150,000.00	
Premium on Sale of Notes	C-1	2,325.17	
Grants Receivable	C-10	37,500.00	
Due Current Fund	C-9	8.59	
Bond Anticipation Notes	C-13	1,597,016.00	
Reserve for Debt Service	C-14	24,635.21	
			<u>1,811,484.97</u>
			\$ <u>3,352,993.26</u>
Decreased by Disbursements:			
Contracts Payable	C-6	\$ 854,185.41	
Bond Anticipation Notes	C-13	647,966.00	
Reserve for Debt Service	C-14	140,000.00	
			<u>1,642,151.41</u>
Balance, December 31, 2015	C:C-3		\$ <u><u>1,710,841.85</u></u>

"C-3"

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2015

Capital Improvement Fund	\$	175,609.83
Fund Balance		3,493.43
Contracts Payable		205,781.41
Reserve for Debt Services		1,235,760.23
Unexpended Proceeds of Bond Anticipation Notes on "C-5"		68,480.68
Improvement Authorizations:		
Funded Improvements Listed on "C-7"		137,550.97
Due Current Fund		175.34
Grants Receivable		<u>(116,010.04)</u>
	\$	<u>1,710,841.85</u>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2014	C	\$	4,449,366.24
Decreased by:			
2015 Budget Appropriation to Pay:			
Bond Principal	C-12	\$	285,000.00
Loan Principal	C-11		<u>102,016.04</u>
			<u>387,016.04</u>
Balance, December 31, 2015	C	\$	<u>4,062,350.20</u>

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

<u>NUMBER</u>		BALANCE DECEMBER 31, 2015	ANALYSIS OF BALANCE DECEMBER 31, 2015	
			BOND ANTICIPATION NOTES	UNEXPENDED BALANCE
2000-15	General Improvements: Purchase of Real Property - Geiler	\$ 388,222.00	\$ 388,222.00	\$
2000-16	Purchase of Real Property - Manzaone	259,744.00	259,744.00	
2015-03	Various Capital Improvements	949,050.00	949,050.00	
		<u>\$ 1,597,016.00</u>	<u>\$ 1,597,016.00</u>	<u>\$</u>
		REF. C	C-13	
	Improvement Authorizations - Unfunded			\$ 68,480.68
	Unexpended Proceeds of Bond Anticipation Notes			<u>68,480.68</u>

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>	
Increased by:		
Contracts Issued	C-7	\$ 1,059,966.82
Decreased by:		
Cash Disbursements	C-2	<u>854,185.41</u>
Balance, December 31, 2015	C	<u><u>\$ 205,781.41</u></u>

TOWNSHIP OF UNION
 GENERAL CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2014		2015 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2015	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
2003-13	Purchase of Fire Engine	11/05/03	\$ 360,000.00	\$ 162.35	\$	\$	\$	\$ 162.35	\$
2005-06	Perryville Road Improvement	05/18/05	291,250.00	3,067.34				3,067.34	
2005-11	Purchase of Land - Milligan Tract	11/02/05	10,655,959.00	9,353.67				9,353.67	
2007-02	Watershed Protection Plan	03/07/07	237,362.00	20,794.00				20,794.00	
2008-03	Van Syckels Road Improvement	04/16/08	190,000.00	84,997.22				84,997.22	
2011-16	Municipal Building HVAC	12/07/11	27,500.00	3,450.00			1,119.50	2,330.50	
2012-11	Perryville Road Improvement	07/11/12	166,000.00	22,326.39			18,328.00	3,998.39	
2013-07	Race Street Embankment Stabilization	09/04/13	75,000.00	158.21				158.21	
2013-08	Demolition of BL 21 L19 231 Main Street	11/06/13	25,000.00	176.75				176.75	
2014-06	Municipal Building Drainage repairs	05/07/14	13,000.00	233.75				233.75	
2014-07	Perryville Road Improvements	06/04/14	220,000.00	12,278.79				12,278.79	
2015-03	Various Capital Improvements	08/24/15	1,109,000.00			1,109,000.00	1,040,519.32		68,480.68
				\$ 156,998.47	\$	\$ 1,109,000.00	\$ 1,059,966.82	\$ 137,550.97	\$ 68,480.68
		<u>REF.</u>		C	C		C-6	C:C-3	C:C-5
	Capital Improvement Fund		C-8			\$ 159,950.00			
	Bonds and Notes Authorized					949,050.00			
						\$ 1,109,000.00			

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 185,559.83
Increased by:		
2015 Budget Appropriation	C-2	<u>150,000.00</u>
		\$ <u>335,559.83</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	<u>159,950.00</u>
Balance, December 31, 2015	C	\$ <u><u>175,609.83</u></u>

"C-9"

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 166.75
Increased by:		
Cash Receipts	C-2	<u>8.59</u>
Balance, December 31, 2015	C	<u>\$ 175.34</u>

"C-10"

SCHEDULE OF GRANTS RECEIVABLE

Balance, December 31, 2014	C	\$ 153,510.04
Decreased by:		
Cash Receipts	C-2	<u>37,500.00</u>
Balance, December 31, 2015	C	<u>\$ 116,010.04</u>

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOANS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2015</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2015</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Saxton Property	10/29/1999	\$ 1,000,724.34	2016	\$ 60,786.20	2.00%	\$ 213,852.53	\$ 59,588.48	\$ 154,264.05
			2017	62,008.01				
			2018	31,469.84				
Hoffman Property	12/17/2004	747,301.00	2016	43,280.35	2.00%	315,513.71	42,427.56	273,086.15
			2017	44,150.29				
			2018	45,037.71				
			2019	45,942.96				
			2020	46,866.41				
			2021	47,808.43				
					<u>\$ 529,366.24</u>	<u>\$ 102,016.04</u>	<u>\$ 427,350.20</u>	
				<u>REF.</u>	C	C-4	C	

TOWNSHIP OF UNION
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2015</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2015</u>		
			<u>DATE</u>	<u>AMOUNT</u>						
Farm Preservation and Open Space	04/06/2007	\$ 4,285,001.00	11/15/16	\$ 295,000.00		\$	\$	\$		
			11/15/17	310,000.00						
			11/15/18	320,000.00						
			11/15/19	335,000.00						
			11/15/20	350,000.00						
			11/15/21	345,000.00						
			11/15/22	340,000.00						
			11/15/23	340,000.00						
			11/15/24	335,000.00						
			11/15/25	335,000.00	4.5% to					
			11/15/26	330,000.00	5.0%					
								<u>3,920,000.00</u>	<u>285,000.00</u>	<u>3,635,000.00</u>
								<u>\$ 3,920,000.00</u>	<u>\$ 285,000.00</u>	<u>\$ 3,635,000.00</u>
				<u>REF.</u>	C	C-4	C			

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2015</u>
2000-15	Acquisition of Real Property	01/11/2007	05/30/2014 05/28/2015	05/29/2015 05/27/2016	1.00% 0.82%	\$ 393,476.00	\$ 388,222.00	\$ 393,476.00	\$ 388,222.00
2000-16	Acquisition of Development Interest	01/11/2007	05/30/2014 05/28/2015	05/29/2015 05/27/2016	1.00% 0.82%	263,352.00	259,744.00	263,352.00	259,744.00
2015-03	Various Capital Improvements	10/21/2015	10/21/2015	05/27/2016	0.82%	_____	949,050.00	_____	949,050.00
						<u>\$ 656,828.00</u>	<u>\$ 1,597,016.00</u>	<u>\$ 656,828.00</u>	<u>\$ 1,597,016.00</u>
					<u>REF.</u>	C	C-2		C:C-5
					Notes Paid by Budget Disbursements			\$ 8,862.00 <u>647,966.00</u>	
								<u>\$ 656,828.00</u>	

TOWNSHIP OF UNION

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR DEBT SERVICE

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 1,351,125.02
Increased by:		
Cash Receipts	C-2	<u>24,635.21</u>
		\$ <u>1,375,760.23</u>
Decreased by:		
Transferred to Current Fund as Anticipated Revenue	C-2	<u>140,000.00</u>
Balance, December 31, 2015	C	\$ <u><u>1,235,760.23</u></u>

TOWNSHIP OF UNION

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F.</u> <u>ACCOUNT I</u>	<u>FUND</u> <u>TOTAL</u>
Balance, December 31, 2014	E	\$ 1,455.51	\$ 1,455.51
Increased by Receipts:			
Interest Earned	E-4	<u>0.61</u>	<u>0.61</u>
Balance, December 31, 2015	E	<u>\$ 1,456.12</u>	<u>\$ 1,456.12</u>

TOWNSHIP OF UNION

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5

	<u>REF.</u>		
Balance, December 31, 2015	E	\$	1,456.12
Increased by:			
Cash Receipts Record			<u>0.12</u>
Balance February 29, 2016		\$	<u><u>1,456.24</u></u>

RECONCILIATION-FEBRUARY 29, 2016

	<u>P.A.T.F.</u>		<u>TOTAL</u>
	<u>ACCOUNT #1</u>		
Balance on Deposit per Statement:			
PNC Bank			
Account #81-3010-9633	\$	<u>1,456.24</u>	\$ <u>1,456.24</u>
Balance February 29, 2016	\$	<u><u>1,456.24</u></u>	\$ <u><u>1,456.24</u></u>

TOWNSHIP OF UNION

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
AS OF DECEMBER 31, 2015

	<u>REF.</u>		
Balance, December 31, 2014	E-1	\$	1,455.51
Increased by:			
Cash Receipts	E-4		<u>0.61</u>
Balance, December 31, 2015	E-1	\$	<u><u>1,456.12</u></u>

RECONCILIATION-DECEMBER 31, 2015

	<u>P.A.T.F.</u>		<u>TOTAL</u>
	<u>ACCOUNT #1</u>		
Balance on Deposit per Statement:			
PNC Bank			
Account #81-3010-9633	\$	<u>1,456.12</u>	\$ <u>1,456.12</u>
Balance, December 31, 2015	\$	<u><u>1,456.12</u></u>	\$ <u><u>1,456.12</u></u>

TOWNSHIP OF UNION

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES

	<u>REF.</u>	<u>P.A.T.F. ACCOUNT #1</u>	<u>FUND TOTAL</u>
Interest Earned		\$ <u>0.61</u>	\$ <u>0.61</u>
<u>TOTAL RECEIPTS</u>	E-1	\$ <u><u>0.61</u></u>	\$ <u><u>0.61</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

TOWNSHIP OF UNION

PART II

REPORTS 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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

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

The Honorable Mayor and Members
of the Township Committee
Township of Union
County of Hunterdon
Hampton, New Jersey 08827

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Union, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated April 27, 2016. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Union prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory financial statements, we considered the Township's 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 Township's internal control.

SUPLEE, CLOONEY & COMPANY

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 of Union's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we also noted an immaterial instance of noncompliance which is discussed in Part III, Comments and Recommendations Section of this report.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 27, 2016

TOWNSHIP OF UNION

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

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2015 RECEIVED	2015 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2015
			FROM	TO				
<u>Department of Transportation</u> Highway Planning and Construction - Passed Through the New Jersey Department of Transportation	20.205	2013-078-6320-480-ALL	01/01/13	12/31/13	\$ 150,000.00	\$ 37,500.00	\$ 37,500.00	\$ 150,000.00
Totals					\$	\$ 37,500.00	\$ 37,500.00	\$ 150,000.00

TOWNSHIP OF UNION

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2015

32

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT PERIOD</u>		<u>GRANT AWARD AMOUNT</u>	<u>2015 RECEIVED</u>	<u>2015 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2015</u>
		<u>FROM</u>	<u>TO</u>				
<u>Department of Environmental Protection</u>							
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	01/01/15	12/31/15	\$ 16,219.03	\$ 16,219.03	\$ 16,219.03	16,219.03
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	01/01/14	12/31/14	13,351.11			1,977.13
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	Continuous		17,043.87		3,000.00	5,776.70
Highlands-Initial Assessment	09-100-082-2078-033	01/01/09	12/31/09	19,000.00			18,289.34
Highlands-Plan Conformance	09-100-082-2078-033	01/01/09	12/31/09	100,000.00			99,751.07
Sidney Brook	4801-100-042-4801-442-VB78-6120	2007	Open	237,362.00			217,741.98
Municipal Stormwater Grant	05-100-042-4850-118-WQ04-281	01/01/05	12/31/05	5,000.00			2,192.00
				\$	<u>16,219.03</u>	\$ <u>19,219.03</u>	<u>361,947.25</u>
<u>Department of Transportation</u>							
Van Syckles Road	6320-480-078-6320-AJ3-TCAP-6010	01/01/08	12/31/08	150,000.00	\$	\$	99,619.18
Van Syckles Road - East Section 2		2002	Open	188,000.00			141,990.80
				\$	<u></u>	\$ <u></u>	<u>241,609.98</u>
<u>Department of Law and Public Safety</u>							
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-X100-6020	Continuous		316.65	\$	\$	
<u>Department of Community Affairs</u>							
Smart Growth	02-1736-00	01/01/06	12/31/06	10,000.00	\$	\$	
				\$	<u>16,219.03</u>	\$ <u>19,219.03</u>	<u>603,557.23</u>

TOWNSHIP OF UNION

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

YEAR ENDED DECEMBER 31, 2015

NOTE 1. GENERAL

The accompanying schedules of expenditures of financial awards present the activity of all federal and state financial award programs of the Township of Union, County of Hunterdon, New Jersey. All federal and state awards received directly from federal or state agencies, as well as federal financial awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Township's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. These amounts are reported in either the Current Fund, Grant Fund, General Capital Fund or Trust Other Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS-REGULATORY BASIS
(CONTINUED)

Revenues:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$	\$ 16,219.03	1,000.00	\$ 17,219.03
General Capital Fund	<u>37,500.00</u>	<u> </u>	<u> </u>	<u>37,500.00</u>
	<u>\$ 37,500.00</u>	<u>\$ 16,219.03</u>	<u>\$ 1,000.00</u>	<u>\$ 54,719.03</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$	\$ 19,219.03	970.00	\$ 20,189.03
General Capital Fund	<u>37,500.00</u>	<u> </u>	<u> </u>	<u>37,500.00</u>
	<u>\$ 37,500.00</u>	<u>\$ 19,219.03</u>	<u>\$ 970.00</u>	<u>\$ 57,689.03</u>

NOTE 5. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedule.

THIS PAGE INTENTIONALLY LEFT BLANK

PART III
TOWNSHIP OF UNION
STATISTICAL DATA
LIST OF OFFICIALS
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015

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

	<u>YEAR 2015</u>		<u>YEAR 2014</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 476,000.00	2.37	\$ 465,000.00	2.38
Miscellaneous-From Other Than Local Property Tax Levies	914,683.22	4.55	1,010,961.17	5.16
Collection of Delinquent Taxes and Tax Title Liens	658,153.61	3.27	193,822.14	0.99
Collection of Current Tax Levy	<u>18,064,247.62</u>	<u>89.81</u>	<u>17,904,428.37</u>	<u>91.47</u>
<u>TOTAL INCOME</u>	<u>\$ 20,113,084.45</u>	<u>100.00 %</u>	<u>\$ 19,574,211.68</u>	<u>100.00 %</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 2,683,320.05	13.91	\$ 2,685,354.52	14.01
County Taxes	3,065,580.50	15.89	2,910,518.83	15.18
School Taxes	13,387,503.00	69.41	13,435,143.00	70.08
Other	<u>151,378.22</u>	<u>0.78</u>	<u>140,454.71</u>	<u>0.73</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 19,287,781.77</u>	<u>100.00 %</u>	<u>\$ 19,171,471.06</u>	<u>100.00 %</u>
Excess in Revenue	\$ 825,302.68		\$ 402,740.62	
Adjustments to Income Before Fund Balance				
Expenditures Included Above Which are by Statute				
Deferred Charges to the Budget of the Succeeding Year	<u>60,000.00</u>		<u>110,000.00</u>	
Statutory Excess to Fund Balance	\$ 885,302.68		\$ 512,740.62	
Fund Balance, January 1	<u>739,256.31</u>		<u>691,515.69</u>	
	\$ 1,624,558.99		\$ 1,204,256.31	
Less: Utilization as Anticipated Revenue	<u>476,000.00</u>		<u>465,000.00</u>	
Fund Balance, December 31	<u>\$ 1,148,558.99</u>		<u>\$ 739,256.31</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$2.635</u>	<u>\$2.650</u>	<u>\$2.684</u>
Appointment of Tax Rate:			
Municipal	\$0.242	\$0.228	\$0.204
Municipal Open Space	0.020	0.020	0.020
County	0.368	0.356	0.363
County Open Space	0.036	0.035	0.037
County Library	0.037	0.036	0.037
Local District School	1.267	1.280	1.273
Regional High School	<u>0.665</u>	<u>0.695</u>	<u>0.750</u>

Assessed Valuation:

2015	<u>\$693,098,648.00</u>		
2014		<u>\$680,116,119.00</u>	
2013			<u>\$683,453,507.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2015	\$18,335,188.57	\$18,064,247.62	98.52%
2014	\$18,100,940.33	\$17,904,428.37	98.91%
2013	\$18,368,252.67	\$18,150,939.28	98.81%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2015	\$70,810.85	\$236,048.13	\$306,858.98	1.67%
2014	\$57,253.74	\$174,329.62	\$231,583.36	1.28%
2013	\$38,999.61	\$202,116.34	\$241,115.95	1.31%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2015	\$ 1,148,558.99	\$ 486,000.00 *
	2014	739,256.31	476,000.00
	2013	691,515.69	465,000.00
	2012	273,087.03	107,240.58
	2011	496,869.83	425,000.00

*Per Introduced Budget

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Frank Mazza	Mayor	*	
Matt Severino	Deputy Mayor	*	
William Bischoff	Committeeman	*	
Bruce Hirt	Committeeman	*	
Michelle McBride	Committeewoman	*	
Grace Brennan	Chief Financial Officer	\$1,000,000.00	Municipal Excess J.I.F.
Colleen Dolan	Tax Collector	\$1,000,000.00	Municipal Excess J.I.F.
Ella Malecki-Ruta	Township Clerk	*	
Michelle Trivigno	Tax Assessor	*	
J. Peter Jost	Township Attorney		

* There is a Blanket Bond provided by Public Alliance Insurance Coverage Fund in the amount of \$50,000.00 with \$950,000 of excess coverage provided by the Municipal Excess Liability Joint Insurance Fund. This bond covers employees , volunteers, non-compensated officials and officers other than those specifically bonded.

All bonds were examined and were properly executed.

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2015, municipalities that had not appointed a qualified purchasing agent had the bid threshold set at \$17,500.00.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute the Solicitor's opinion should be sought before a commitment is made.

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

Road Improvements
Purchase of Dump Truck

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed. Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolution authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 was advertised during 2015 for the following professional services:

Township Auditor
Township Engineer
Township Attorney
Planning Consultant
Environmental Consultant
Bond Counsel

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 non-payment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 7, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes.

BE IT RESOLVED that pursuant to N.J.S.A. 50:4-67, the Township Committee of the Township of Union, County of Hunterdon, and State of New Jersey, hereby fixes the rate of interest to be charged on all delinquent taxes for the year 2015 at the rate of 8% (eight percent) per annum on the first one thousand five hundred (\$1,500.00) dollars of delinquency and 18% (eighteen percent) per annum on any amount in excess of one thousand five hundred dollars of delinquency.

BE IT FURTHER RESOLVED, that notwithstanding the above provision, no interest shall be charge if payment of any installment is made within ten (10) days after the date upon which the same become payable according to the laws in such cases made and provided. If such payment is not made within ten (10) days grace period, the above rate of interest shall run and accrue from the original due date of such taxes.

It appears from an examination of the records that interest was collected in accordance with the forgoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 16, 2015 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2015	7
2014	6
2013	4

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

CONFIRMATION OF DELINQUENT TAXES AND OTHER CHARGES

A confirmation 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</u>
Delinquent Tax Positive Confirmation	15
Information Tax Current Positive Confirmation	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

Purchasing

There was no evidence to indicate that the bids were requested by public advertisement or that proper authorization to waive bidding procedures was adopted for cumulative purchases exceeding \$17,500.00 for automotive repair and for road repair supplies.

RECOMMENDATION

That strict adherence be maintained with respect to the public advertisement of bids when estimated orders are expected to exceed statutory limits.

