

TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON
REPORT OF AUDIT
YEAR 2015

BEDARD, KUROWICKI & CO., CPA'S, PC
CERTIFIED PUBLIC ACCOUNTANTS

**TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON**

REPORT OF AUDIT

For the Year Ended 2015

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COUNTY OF HUNTERDON**

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COUNTY OF HUNTERDON**

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TOWNSHIP OF DELAWARE

PART I

REPORT OF EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

To the Honorable Mayor and Members
of the Township Committee
Township of Delaware, New Jersey

Report on the Financial Statements

We have audited the financial statements - *regulatory basis* of the various funds and account group of the Township of Delaware (the Municipality), as of and for the years then ended December 31, 2015 and 2014, and the related notes to the financial statements as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality'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 Municipality's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Municipality's financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and Non-Profit Organizations and the schedule of expenditures of state financial assistance as required by New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants. State Grants and State Aid*,

are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 3, 2016 on our consideration of the Municipality'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 Municipality's internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

August 3, 2016
Flemington, New Jersey

FINANCIAL STATEMENTS - REGULATORY BASIS

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
Current Fund
For the Years Ended December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Assets			
Regular fund			
Cash			
Treasurer	A-4	\$ 5,217,105	\$ 4,369,816
Change funds	A	825	825
		<u>5,217,930</u>	<u>4,370,641</u>
Delinquent property taxes receivable	A-7	356,882	422,155
Tax title liens receivable	A-8	20,549	16,648
Revenue accounts receivable	A-9	2,858	3,796
Due from other trust funds	A-10	18,091	71,556
Due from animal control fund	A-11	503	-
		<u>398,883</u>	<u>514,155</u>
Deferred charges			
Special emergency authorizations	A-13	12,000	24,000
		<u>12,000</u>	<u>24,000</u>
Total regular fund		<u>5,628,813</u>	<u>4,908,796</u>
Federal and state grant fund			
Cash			
Treasurer	A-4	31,031	32,044
Grants receivable	A-14	172,406	172,406
Due from regular fund	A-30	185,135	185,141
Due from trust fund	A-31	2,000	-
Total federal and state grant fund		<u>390,572</u>	<u>389,591</u>
Total assets		<u>\$ 6,019,385</u>	<u>\$ 5,298,387</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis (continued)
Current Fund (continued)
For the Years Ended December 31,

	Ref.	2015	2014
Liabilities, reserves and fund balance regular fund liabilities:			
Appropriation reserves	A-3;A-15	\$ 150,894	\$ 157,611
Encumbrances payable	A-16	32,683	64,946
Due to state of NJ veterans' & senior citizens' deductions	A-6	21,063	20,189
Due to federal & state grant fund	A-12	185,135	185,141
Due to general capital fund	A-25	98,675	207,498
Prepaid taxes	A-17	184,026	161,354
Tax overpayments	A-18	967	2,728
Regional high school taxes payable	A-19	1,638,828	1,553,674
Local school tax payable	A-20	1,885,970	1,710,762
County tax payable	A-21	8,591	10,357
Due county - food inspections	A-22	1,400	500
Due NJ - state training fees	A-23	1,744	1,438
Due NJ - marriage license and domestic partner fees	A-24	50	50
Due to Open Space trust fund	A-26	507,432	30,233
Due to other trust funds	A-27	23,000	23,000
		<u>4,740,458</u>	<u>4,129,481</u>
Reserve for receivables	A	398,883	514,155
Fund balance	A-1	489,472	265,160
Total regular fund		<u>5,628,813</u>	<u>4,908,796</u>
Federal & state grant fund			
Appropriated reserves for grants	A-28	366,085	387,993
Unappropriated reserves for grants	A-29	24,487	1,598
Total federal & state grant fund		<u>390,572</u>	<u>389,591</u>
Total liabilities, reserves and fund balance		<u>\$ 6,019,385</u>	<u>\$ 5,298,387</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Statement of Operations and Change
In Fund Balance - Regulatory Basis
For the Years Ended December 31,

	Ref.	2015	2014
Revenues and other income realized			
Fund balance utilized	A-2	\$ 241,000	\$ 350,000
Miscellaneous revenue anticipated	A-2	738,063	727,115
Receipts from delinquent taxes	A-2	334,838	349,103
Receipts from current taxes	A-2	19,764,316	19,186,609
Non-budget revenue	A-2	92,778	83,094
Other credits to income			
Interfunds returned-net	A-2	52,962	-
Tax overpayments canceled	A-18	260	200
Unexpended balance of appropriation reserves	A-15	100,016	66,400
Total income		<u>21,324,233</u>	<u>20,762,521</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,636,801	1,609,745
Other expenses	A-3	1,381,879	1,387,294
Capital improvements	A-3	200,000	237,500
Debt service	A-3	215,742	177,175
Deferred charges & statutory expenditures	A-3	363,248	347,479
County taxes	A-21	3,272,644	3,292,522
County share of added taxes	A-21	8,591	10,357
Regional high school taxes	A-19	5,445,579	5,275,272
Local district school taxes	A-20	7,855,988	7,688,575
Municipal open space tax	A-26	477,199	476,237
Other debits to income			
Interfunds advanced-net		-	33,039
Prior year senior citizen deduction disallowed	A-6	1,250	1,106
Total expenditures		<u>20,858,921</u>	<u>20,536,301</u>
Regulatory excess to fund balance		465,312	226,220
Balance January 1,	A	<u>265,160</u>	<u>388,940</u>
		730,472	615,160
Decreased by			
Utilized as anticipated revenue	A-2	<u>241,000</u>	<u>350,000</u>
Balance December 31,	A	<u>\$ 489,472</u>	<u>\$ 265,160</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2015

	Ref.	Anticipated		Realized	Excess or Deficit
		Budget	NJS 40:4-87		
Fund balance anticipated	A-1	\$ 241,000	\$ -	\$ 241,000	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-9	4,800	-	4,800	-
Fees and permits	A-2	18,000	-	32,280	14,280
Fines and costs					
Municipal court	A-9	40,800	-	46,860	6,060
Interest on investments and deposits	A-4	4,600	-	10,440	5,840
Uniform construction code fees	A-9	93,000	-	101,609	8,609
Interest & cost on taxes	A-4	100,000	-	113,367	13,367
Energy receipts tax	A-9	310,400	-	315,379	4,979
Supplemental energy receipts tax	A-9	14,622	-	14,622	-
Consolidated municipal property tax relief aid	A-9	8,983	-	4,004	(4,979)
Garden state trust fund	A-9	27,412	-	27,412	-
Reserve for payment of bonds	A-25	35,000	-	35,000	-
Share of court costs - Franklin Township	A-9	30,000	-	30,692	692
Recycling grant	A-14	1,598	-	1,598	-
	A-1	689,215	-	738,063	48,848
Receipts from delinquent taxes	A-1;A-2	343,182	-	334,838	(8,344)
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	2,930,450	-	3,104,315	173,865
Budget totals		4,203,847	-	4,418,216	\$ 214,369
Nonbudget revenues	A-1;A-2	-	-	92,778	
		\$4,203,847	\$ -	\$ 4,510,994	
	<u>Ref.</u>	<u>A-3</u>	<u>A-3</u>		

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues Regulatory Basis (continued)
For the Year Ended December 31, 2015

	<u>Ref.</u>		
Allocation of current tax collections			
Tax collections	A-1;A-7		\$ 19,764,316
Allocated to			
Local district school taxes	A-7	\$ 7,855,988	
Regional high school taxes	A-7	5,445,579	
County taxes	A-7	3,281,235	
Municipal open space tax	A-7	<u>477,199</u>	
			<u>17,060,001</u>
Balance for support of municipal budget appropriations			2,704,315
Add: Appropriation - "reserve for uncollected taxes"	A-3		<u>400,000</u>
Realized for support of municipal budget	A-2		<u><u>\$ 3,104,315</u></u>
Analysis of delinquent tax collections			
Taxes receivable	A-7		\$ 334,838
Tax title liens receivable	A-8		<u>-</u>
Total delinquent tax collections	A-2		<u><u>\$ 334,838</u></u>

	<u>Ref.</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Increase (Decrease)</u>
Interfund Analysis				
Due from other trust funds	A-10	\$ 18,091	\$ 71,556	\$ (53,465)
Due from Animal Control Fund	A-11	<u>503</u>	<u>-</u>	<u>503</u>
		<u>18,594</u>	<u>\$ 71,556</u>	<u>\$ (52,962)</u>
	<u>Ref.</u>			A-1

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues Regulatory Basis (continued)
For the Year Ended December 31, 2015

	<u>Ref.</u>		
Analysis of nonbudget revenue			
Treasurer			
Tax sale costs		\$ 1,753	
Outstanding checks cancelled		300	
Cable TV franchise fee		9,137	
Veterans' & seniors citizens' - administrative fees		969	
Homestead Rebate processing fee		314	
Police moonlighting		3,150	
Fema prior year reimbursements		70,317	
Poll rental		400	
Stockton share of court		1,539	
East Amwell share of court security		3,055	
Sale of surplus equipment		200	
Insurance recoveries		4,090	
Miscellaneous other		1,516	
Various refunds		<u>32,541</u>	
	A-4		\$ 129,281
Due from payroll - health insurance reimbursement	A-10		<u>5,479</u>
			134,760
Less: refunds	A-4		<u>41,982</u>
	A-2		<u>\$ 92,778</u>
Fees and permits analysis			
Planning Board & Board of Adjustment		\$ 15,155	
Police Department		713	
Board of Health		15,745	
Clerk		1,242	
Assessor		<u>160</u>	
	A-4		\$ 33,015
Less: fees refunded	A-4		<u>735</u>
	A-2		<u>\$ 32,280</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operations within "CAPS"						
General government						
Mayor and committee						
Salaries and wages	\$ 19,400	\$ 19,400	\$ 19,400	\$ -	\$ -	\$ -
Municipal clerk						
Salaries and wages	84,013	79,313	78,364	949	-	-
Postage & legal						
advertising	15,000	15,000	11,674	3,326	-	-
Other expenses	52,350	54,350	48,929	5,421	-	-
Elections						
Other expenses	3,600	3,600	2,933	667	-	-
Financial administration						
Salaries and wages	75,603	70,603	69,903	700	-	-
Other expenses	3,900	8,900	7,616	1,284	-	-
Audit services	26,250	26,250	26,250	-	-	-
Assessment of taxes						
Salaries and wages	33,479	33,479	33,479	-	-	-
Maintenance of						
tax map	3,000	3,000	2,644	356	-	-
Other expenses	1,925	1,925	1,316	609	-	-
Collection of taxes						
Salaries and wages	33,834	33,834	33,834	-	-	-
Other expenses	3,550	3,550	2,627	923	-	-
Legal services and costs						
Other expenses	65,000	47,600	31,992	15,608	-	-
Municipal prosecutor						
Salaries and wages	13,251	13,251	13,251	-	-	-
Engineering services						
& costs						
Other expenses	10,500	7,000	4,222	2,778	-	-

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Public buildings and grounds						
Salaries and wages - dilts farm	\$ 13,334	\$ 7,834	\$ 7,834	\$ -	\$ -	\$ -
Salaries and wages - buildings & grounds	10,500	10,500	10,078	422	-	-
Expense of dilts farm	13,000	9,000	6,791	2,209	-	-
Other expenses	22,850	25,850	24,036	1,814	-	-
Land use administration						
Planning board						
Salaries and wages	12,345	12,345	12,345	-	-	-
Other expenses	12,000	4,500	1,763	2,737	-	-
Zoning board						
Salaries and wages	19,204	19,304	19,263	41	-	-
Other expenses	1,000	1,700	1,571	129	-	-
Shade tree commission						
Other expenses	425	425	425	-	-	-
Board of adjustment						
Salaries and wages	8,629	8,629	8,629	-	-	-
Other expenses	5,240	3,740	1,736	2,004	-	-
Environmental commission						
Salaries and wages	1,500	1,500	1,249	251	-	-
Other expenses	1,400	1,400	290	1,110	-	-
Insurance						
Other insurance premiums	131,500	131,500	130,562	938	-	-
Surety bond premiums	1,800	1,800	1,400	400	-	-
Employee group health	455,000	450,000	430,666	19,334	-	-
Public safety						
Fire						
Aid to volunteer fire companies	83,000	83,000	83,000	-	-	-
Supplemental fire service program	2,520	2,520	2,520	-	-	-

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Public safety (cont'd)						
Police						
Salaries and wages	\$ 591,300	\$ 604,000	\$ 603,982	\$ 18	\$ -	\$ -
Purchase of police car	10,000	10,000	10,000	-	-	-
Other expenses	51,650	32,050	31,392	658	-	-
Supplemental safe neighborhood program:						
Salaries and wages	98,754	106,754	105,479	1,275	-	-
Other expenses	3,350	3,350	2,272	1,078	-	-
Office of emergency management						
Salaries and wages	11,567	11,867	11,843	24	-	-
Other expenses	4,500	4,200	2,151	2,049	-	-
First aid organization- contribution	21,000	21,000	21,000	-	-	-
Streets and roads						
Road repairs and maintenance						
Salaries and wages	438,575	446,575	444,343	2,232	-	-
Other expenses	158,300	202,800	198,169	4,631	-	-
Health and welfare						
Board of health						
Salaries and wages	15,180	15,180	14,000	1,180	-	-
Other expenses	1,860	1,860	1,655	205	-	-
Expenses of visiting homemakers						
Other expenses	500	500	500	-	-	-
Municipal court						
Salaries and wages	52,169	52,169	49,788	2,381	-	-
Other expenses	21,250	21,250	19,488	1,762	-	-
Public defender						
Other expenses	1,836	1,836	1,836	-	-	-
Contribution to senior citizens center	4,000	4,000	4,000	-	-	-
Senior health services	200	200	200	-	-	-

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Board of recreation commissioners						
Other expenses	\$ 16,800	\$ 19,800	\$ 16,884	\$ 2,916	\$ -	\$ -
Historical preservation society						
Other expenses	3,000	3,000	-	3,000	-	-
Construction official						
Salaries and wages	62,750	63,450	63,288	162	-	-
Other expenses	5,275	6,275	5,506	769	-	-
Sub code officials						
Plumbing inspector						
Salaries and wages	10,560	10,560	10,154	406	-	-
Electrical inspector						
Salaries and wages	16,254	16,254	16,254	-	-	-
Unclassified						
Gasoline & diesel fuel	72,000	62,000	43,131	18,869	-	-
Fuel oil	14,000	14,000	7,124	6,876	-	-
Electricity	20,000	20,000	18,322	1,678	-	-
Telephone	25,000	20,000	19,294	706	-	-
Street lighting	6,000	6,000	4,769	1,231	-	-
Data processing services						
Other expenses	10,000	10,000	9,990	10	-	-
Total operations within "CAPS"	<u>2,987,532</u>	<u>2,987,532</u>	<u>2,869,406</u>	<u>118,126</u>	<u>-</u>	<u>-</u>
Contingent	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
Total operations including contingent within "CAPS"	<u>2,987,582</u>	<u>2,987,582</u>	<u>2,869,406</u>	<u>118,176</u>	<u>-</u>	<u>-</u>
Detail						
Salaries and wages	1,622,201	1,636,801	1,626,760	10,041	-	-
Other expenses (including contingent)	<u>1,365,381</u>	<u>1,350,781</u>	<u>1,242,646</u>	<u>108,135</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>			
	<u>Budget</u>	<u>Budget</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>	<u>Over-</u>
		<u>After</u>				
		<u>Modification</u>				
Deferred charges						
Deficit in Animal Control Fund	\$ 268	\$ 268	\$ 268	\$ -	\$ -	\$ -
Statutory expenditures						
Contribution to public employees retirement system	95,964	95,964	95,964	-	-	-
Social Security System (OASI)	125,000	125,000	121,832	3,168	-	-
Police and Firemen's retirement system	129,966	129,966	129,966	-	-	-
State unemployment compensation	50	50	-	50	-	-
Total deferred charges and statutory expenditures - Municipal within "CAPS"	<u>351,248</u>	<u>351,248</u>	<u>348,030</u>	<u>3,218</u>	<u>-</u>	<u>-</u>
Total general appropriations for Municipal purposes within "CAPS"	<u>3,338,830</u>	<u>3,338,830</u>	<u>3,217,436</u>	<u>121,394</u>	<u>-</u>	<u>-</u>
Operations excluded from "CAPS"						
LOSAP (Fire Company)						
Other expenses	28,500	28,500	-	28,500	-	-
NJPDES Stormwater permit						
Street Division - other expenses	1,000	1,000	-	1,000	-	-

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>			
	Budget		Paid or Charged	Reserved	Balance Canceled	Over- expended
	<u>Budget</u>	<u>Modification</u>				
Operations excluded from "CAPS" (cont'd)						
Other operations excluded from "CAPS" (cont'd)						
Public & private programs offset by revenues						
Recycling grant						
Other expenses	\$ 1,598	\$ 1,598	\$ 1,598	\$ -	\$ -	\$ -
Total operations excluded from "CAPS"	<u>31,098</u>	<u>31,098</u>	<u>1,598</u>	<u>29,500</u>	<u>-</u>	<u>-</u>
Detail						
Other expenses	<u>31,098</u>	<u>31,098</u>	<u>1,598</u>	<u>29,500</u>	<u>-</u>	<u>-</u>
Capital improvements - excluded from "CAPS"						
Capital improvement fund	47,000	47,000	47,000	-	-	-
Reserves for						
Purchase of various equipment	60,000	60,000	60,000	-	-	-
Road improvements	70,000	70,000	70,000	-	-	-
Improvements to municipal facilities	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital improvements excluded from "CAPS"	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended December 31, 2015

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Municipal debt service excluded from "CAPS"						
Payment of bond principal	\$ 50,000	\$ 129,750	\$ 129,750	\$ -	\$ -	\$ -
Payment of bond anticipation notes	40,000	-	-			
Interest on bonds	121,944	81,194	76,017	-	5,177	-
Interest on notes	9,975	9,975	9,975	-	-	-
Total dept. service excluded from "CAPS"	<u>221,919</u>	<u>220,919</u>	<u>215,742</u>	<u>-</u>	<u>5,177</u>	<u>-</u>
Deferred charges excluded from "CAPS" - Special emergency authorizations - 5 years (NJ 40a: 4-55.1 & NJ 40a:4-55.13)	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred charges excluded from "CAPS"	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general approp, for municipal purposes excluded from "CAPS"	<u>465,017</u>	<u>464,017</u>	<u>429,340</u>	<u>29,500</u>	<u>5,177</u>	<u>-</u>
Subtotal general appropriations	3,803,847	3,802,847	3,646,776	150,894	5,177	-
Reserve for uncollected taxes	400,000	400,000	400,000	-	-	-
Total general appropriations	<u>\$4,203,847</u>	<u>\$4,202,847</u>	<u>\$ 4,046,776</u>	<u>\$ 150,894</u>	<u>\$ 5,177</u>	<u>\$ -</u>
<u>Ref.</u>	A-2	A-3	A-1;A-3	A;A-1		

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended December 31, 2015

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 3,474,278
Reserve for encumbrances	A-16	32,683
Reserve for uncollected taxes	A-2	400,000
Due from animal control fund	A-11	268
Special emergency authorization	A-13	12,000
Due to general capital fund	A-25	200,000
Appropriated reserve for grants	A-28	1,598
		4,120,827
Less		
Appropriation refunds	A-4	74,051
	A-3	\$ 4,046,776
 Appropriations		
Budget	A-2	\$ 4,203,847
Added by NJSA 40A:4-87	A-2	-
	A-3	\$ 4,203,847

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
Trust Fund

	<u>Ref.</u>	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2014</u>
Assets			
Animal control fund			
Reserve for Animal Control fund expenditures	B-3	\$ 595	\$ 268
Due from State of New Jersey	B-5	1	-
		<u>596</u>	<u>268</u>
LOSAP (unaudited)			
Investment	B-1	310,959	298,333
		<u>310,959</u>	<u>298,333</u>
Other trust funds			
Cash - Treasurer	B-1	805,867	1,275,098
Contras	B	5,287	2,698
Due from current fund	B-6	530,433	53,233
Due from general capital fund	B-7	632,021	632,021
Loans receivable	B-8	55,141	55,141
		<u>2,028,749</u>	<u>2,018,191</u>
Total assets		<u><u>\$ 2,340,304</u></u>	<u><u>\$ 2,316,792</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis (continued)
Trust Fund
For the Year Ended December 31,

	Ref.	2015	2014
Liabilities and reserves			
Animal control fund			
Cash deficit	B-1	\$ 93	\$ 254
Due to current fund	B-4	503	-
Due to State of New Jersey	B-5	-	14
		<u>596</u>	<u>268</u>
LOSAP (unaudited)			
Reserve for LOSAP	B-34	310,959	298,333
		<u>310,959</u>	<u>298,333</u>
Other trust funds			
Contras	B	5,287	2,698
Due to current fund	B-6	18,091	71,556
Reserve for open space	B-9	1,363,475	1,366,142
Reserve for loans receivable	B-8	55,141	55,141
Reserve for road improvements	B-10	65,176	65,176
Reserve for road opening permits	B-11	4,000	4,000
Reserve for quarry ordinance	B-12	2,916	2,916
Reserve for cash bonds	B-13	1,019	1,019
Reserve for miscellaneous trust	B-14	1,769	1,330
Reserve for escrow	B-15	103,554	98,378
Reserve for unemployment	B-16	82,702	84,030
Reserve for recreation	B-17	8,603	9,521
Reserve for recycling	B-18	(1,021)	330
Reserve for Sutton Burial Ground	B-19	8,418	8,402
Due to grant fund	B-20	2,000	-
Reserve for municipal alliance	B-21	8,615	494
Reserve for developer's deposits - COAH	B-22	79,933	84,334
Reserve for COAH - Interest	B-23	26,073	25,868
Reserve for insurance	B-24	15,474	15,474
Reserve for Public Defender	B-25	3,472	3,128
Reserve for POAA	B-26	16	16
Reserve for quarry reclamation fund	B-27	22,601	20,559
Reserve for tax premiums	B-28	112,300	39,800
Reserve for farmer's market	B-29	934	636
Reserve for retirement	B-30	10,018	10,007
Reserve for snow removal	B-31	881	4,992
Reserve for payroll withholdings	B-32	10,998	16,658
Reserve for police building	B-33	16,304	25,586
		<u>2,028,749</u>	<u>2,018,191</u>
Total liabilities and reserves		<u>\$ 2,340,304</u>	<u>\$ 2,316,792</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
For the Year Ended December 31,

	Ref.	2015	2014
Assets			
Cash	C-2	\$ 54,547	\$ 106,558
Due from current fund	C-5	98,675	207,498
Due from delaware river toll bridge commission	C-7	21,850	21,850
Deferred charges to future taxation			
Funded	C-8	7,859,000	6,878,000
Unfunded	C-9	864,000	1,537,000
Total assets		\$ 8,898,072	\$ 8,750,906
Liabilities, reserves and fund balance			
General serial bonds payable	C-17	\$ 7,859,000	\$ 6,878,000
Bond anticipation notes payable	C-18		798,000
Improvement authorizations			
Funded	C-10	55,549	35,826
Unfunded	C-10	191,010	287,802
Due to open space trust fund	C-6	632,021	632,021
Capital improvement fund	C-11	16,690	890
Reserves for			
Payment of debt service	C-12	72,979	77,979
Purchase of various equipment	C-13	40,000	23,000
Improvement of municipal facilities	C-14	15,000	15,000
Guard rails	C-15	2,325	2,325
Fund balance	C-1	13,498	63
Total liabilities, reserves and fund balance		\$ 8,898,072	\$ 8,750,906
Bonds and notes authorized but not issued	C-19	\$ 864,000	\$ 769,000

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Statement of Fund Balance - Regulatory Basis
General Capital Fund
For the Year Ending December 31,

	Ref.	2015	2014
Balance - January 1	C	\$ 63	\$ 2,063
Increased by			
Premium on sale of bonds	C-5	13,435	-
		13,498	2,063
Decreased by			
Appropriated to finance improvement Authorizations		-	2,000
		-	2,000
Balance - December 31	C	\$ 13,498	\$ 63

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
General Fixed Assets Account Group
Comparative Statement of General Fixed Assets - Regulatory Basis
For the Year Ended December 31,

	<u>2015</u>	<u>2014</u>
General fixed assets		
Land	\$ 1,860,804	\$ 1,860,804
Building & building improvements	525,121	525,121
Machinery & equipment	<u>2,960,032</u>	<u>2,817,107</u>
	<u>\$ 5,345,957</u>	<u>\$ 5,203,032</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 1 - Summary of significant accounting policies

A. Reporting entity

Except as noted below, the financial statements-regulatory basis of the Township of Delaware (the Municipality) include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Municipality, as required by N.J.S. 40A:5-5. Component units are legally separate organizations for which the Municipality is financially accountable. The Municipality is financially accountable for an organization if the Municipality appoints a voting majority of the organization's governing board and (1) the Municipality is able to significantly influence the programs or services performed or provided by the organization; or (2) the Municipality is legally entitled to or can otherwise access the organization's resources; the Municipality is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Municipality is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Municipality in that the Municipality approves the budget, the issuance of debt or the levying of taxes. The Lebanon Township Sewerage Authority is a component unit of the Municipality. However, under the regulatory basis of accounting in New Jersey, the component units are neither blended nor shown in a discrete presentation in the financial statements of the Municipality. The Authority does have an independent audit performed and a copy is available at the Authority's office.

B. Description of funds and account group

The accounting policies of the Municipality conform to the accounting principles applicable to municipalities, which have been prescribed by the New Jersey Division of Local Government Services, Department of Community Affairs (State of New Jersey). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Municipality accounts for its financial transactions through the following separate funds and account group:

Governmental Funds

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

Account Groups

General Fixed Assets Account Group - to account for all fixed assets of the Municipality. Neither infrastructure nor depreciation of assets of the municipality is recorded in the group.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Basis of accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting policies generally accepted in the United States of America (GAAP). The more significant differences, which may be material, are discussed further in part D of Note 1.

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

Budget and budgetary procedures

The State of New Jersey has promulgated the form and procedures for the municipality's cash basis budget in the Local Budget Law (N.J.S.A 40A:4-1). The municipality is only required to adopt budgets for the Current Fund and any Utility Fund, if applicable.

The municipality must introduce and approve its annual budget no later than February 10th and adopt no later than March 20th of its budget year, unless extended by the Director of the Division of Local Government Services (the Director). All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body. The approved budget must be advertised and a public hearing must be held prior to adoption. No budget or amendment thereof shall be adopted unless the Director has certified his approval thereof.

Emergency and special emergency appropriations may be made by resolution adopted by a 2/3 vote of the full membership of the governing body. All emergency appropriations must be raised in full in the succeeding year's budget, while special emergency appropriations financed from surplus funds shall be raised in installments of a least 20% annually until fully provided for.

Transfers between current year appropriations are allowed only during the last two months of the fiscal year. Transfers between prior year appropriation reserves are allowed only during the first three months of the fiscal year.

Revenues - are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Municipal budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Municipality's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Municipality which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

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 issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at year-end are reported as a cash liability in the financial statements and constitute part of the Municipality's statutory 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.

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

Tax Title Liens - are taxes which have been put up for sale but not been purchased. The Municipality then accepts the lien which will earn 18% per annum until the lien is paid off by the property owner.

The Municipality may choose to foreclose and return the property to the tax rolls.

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

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

Deferred Charges to Future Taxation - Funded and Unfunded (Capital Fund) - upon authorization of capital projects, the Municipality establishes deferred charges for the costs of the projects that are to be raised by future taxation. Deferred charges that relate to permanent debt issued are shown as funded. All other deferred charges are shown as unfunded.

General Fixed Assets - in accordance with New Jersey Administrative Code Section 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the State of New Jersey, which differs in certain respects from generally accepted accounting principles, all local units are required to have and maintain a fixed assets accounting and reporting system. In accordance with this administrative code requirement, fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Basis of accounting (continued)

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

No depreciation has been provided for in the financial statements.

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

D. Departures from Generally Accepted Accounting Principles

As noted, the accounting principles and practices used differ in some respects from generally accepted accounting principles (GAAP) for local governmental units. The more significant differences, which may be material, are as follows:

1. Financial Reporting Model- These statements are not based on the requirements as promulgated by GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement made dramatic changes to the financial reporting requirements of state and local governments for GAAP purposes.
2. Revenues- GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
3. Expenditures- GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
4. Interfunds- GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
5. Inventories- GAAP requires inventories to be reported on the balance sheet at year-end.
6. Fixed Assets- GAAP does not require the establishment of a reserve for amortization for utility fixed assets but does require the recording of depreciation as an operating expense of the utility.
7. Grant Accounting- GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
8. Capital Funds- GAAP requires separate funds for the recording of capital projects and payment of debt service while New Jersey requirements incorporates these transactions within one fund.
9. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Departures from Generally Accepted Accounting Principles (continued)

10. Losses arising from tax appeals and other contingencies are not recorded until paid

11. Financial Reporting Model-These statements are not presented on the requirements as Promulgated by GASB Statement 68, "Accounting and Financial Reporting for pensions-an Amendment of GASB Statement Number 27." This statement made dramatic changes to the Financial reporting requirements of state and local governments as it relates to reporting for Pensions for GAAP purposes. Information regarding pension activity is disclosed in Note 8.

It is not practicable to determine the effect of these differences on the financial statements.

Note 2 - Deposits and investments

State Requirements for deposits and investments

New Jersey statutes require each local unit to adopt a cash management plan and shall deposit and/or invest according to that plan, which shall include:

1. The designation of public depositories as defined in Section 1 of PL 1970 Chapter 236 (C17:9-41) and permit deposits in designated depositories;
2. The designation of any fund that meets the requirements established pursuant to Section 8 PL 1977, Chapter 396(C40A5-15.1);
3. The authorization for investments as permitted pursuant to Section 8 of PL 1977, Chapter 396 (C.40A:5-15.1); or
4. Any combination of these designations or authorizations.

Deposit and investment risk

GASB Statement Number 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:

Deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name.

Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

As the municipality has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the municipality has no such investments, this disclosure is not applicable.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 2 - Deposits and investments (continued)
Deposit and investment risk (continued)

3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools. This disclosure is reported below under "Concentration of Credit Risk."
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the municipality has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the municipality has no such investments this disclosure is not applicable.

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the municipality may invest with any one issuer. As of December 31, 2015, the municipality had no investments.

Note 3 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing Municipalities for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A 54:4 et seq. Special taxing Municipalities are permitted in New Jersey for various special services rendered to the properties located within the special Municipalities.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due March 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey Statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey Statutes.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 4 - Long-term debt

The Local Bond Law of the State of New Jersey governs the authorization of debt by municipalities to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded. Bond anticipation notes may also be issued to temporarily finance capital projects for periods not greater than one year and may be reissued in yearly installments not to exceed ten years. All bonds and notes issued by the municipality are general full faith and credit obligations.

Summary of municipal debt

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Issued			
General Bonds	\$ 7,859,000	\$ 7,676,000	\$ 8,023,000
Authorized but not issued			
General Bonds and notes	<u>864,000</u>	<u>769,000</u>	<u>769,000</u>
Net bonds and notes issued and authorized but not issued	<u>\$ 8,723,000</u>	<u>\$ 8,445,000</u>	<u>\$ 8,792,000</u>

Summary of statutory debt condition - annual debt statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .97%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local school district debt	\$ 2,660,000	\$ 2,660,000	\$ -
Regional school district debt	1,165,023	1,165,023	-
General debt	<u>8,723,000</u>	<u>72,979</u>	<u>8,650,021</u>
	<u>\$ 12,548,023</u>	<u>\$ 3,898,002</u>	<u>\$ 8,650,021</u>

Net Debt \$8,650,021 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$891,138,727 equals .97%.

Borrowing power under N.J.S. 40A:2-6 as amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 31,189,855
Net debt	<u>8,650,021</u>
Remaining borrowing power	<u>\$ 22,539,834</u>

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 4 - Long-term debt (continued)

Changes in long-term debt

During the years ended December 31, 2014 and 2015, the following changes occurred in long-term debt.

	Balance Jan. 1, 2014	Additions	Reductions	Balance Dec. 31, 2014
Issued debt				
General				
Bonds	\$ 7,225,000	\$ -	\$ 347,000	\$ 6,878,000
Notes	798,000	-	-	798,000
Authorized but not issued debt				
General				
Bonds and notes	769,000	-	-	769,000
Total	<u>\$ 8,792,000</u>	<u>\$ -</u>	<u>\$ 347,000</u>	<u>\$ 8,445,000</u>

	Balance Jan. 1, 2015	Additions	Reductions	Balance Dec. 31, 2015
Issued debt				
General				
Bonds	\$ 6,878,000	\$ 6,025,000	\$ 5,044,000	\$ 7,859,000
Notes	798,000	-	798,000	-
Authorized but not issued debt				
General				
Bonds and notes	769,000	95,000	-	864,000
Total	<u>\$ 8,445,000</u>	<u>\$ 6,120,000</u>	<u>\$ 5,842,000</u>	<u>\$ 8,723,000</u>

General Obligation Bonds- General obligation bonds at December 31, 2015 with their outstanding balances are comprised of the following individual issues:

\$4,190,000 - 2002 general obligation bonds due in annual installments of \$2,000 to \$232,000 beginning April 15, 2003 through October 15, 2022, interest at 2.00% to 5.25%.	\$ 14,000
\$5,392,000 - 2008 general obligation bonds due in annual installments of \$20,000 to \$191,000 beginning April 15, 2010 through October 15, 2038, interest at 4.55% to 5.20%.	330,000
\$2,350,000 - 2013 refunding bonds due in annual installments of \$235,000 to \$255,000 beginning October 15, 2013 through October 15, 2022, interest at 2.10%.	1,610,000
\$6,025,000 - 2015 refunding bonds due in annual installments of \$205,000 to \$375,000 beginning October 15, 2015 through October 15, 2038, interest at 2.00% to 4.00%.	5,905,000
Total	<u>\$ 7,859,000</u>

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 4 - Long-term debt (continued)
Schedule of annual debt service for principal and interest for outstanding bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 457,000	\$ 248,694	\$ 705,694
2017	457,000	236,108	693,108
2018	452,000	222,357	674,357
2019	457,000	208,568	665,568
2020	462,000	196,895	658,895
2021 - 2025	1,749,000	800,620	2,549,620
2026 - 2030	1,260,000	597,387	1,857,387
2031 - 2035	1,490,000	374,625	1,864,625
2036 - 2038	1,075,000	87,400	1,162,400
Total	<u>\$ 7,859,000</u>	<u>\$ 2,972,654</u>	<u>\$ 10,831,654</u>

Note 5 - Fund balances appropriated
Fund balances at December 31, 2015, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016, were as follows:

Current Fund	<u>\$ 295,437</u>
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Note 6 - School taxes
Local Municipality Tax and Regional High School Tax have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Balance of tax	\$ 3,937,047	\$ 3,761,839	\$ 2,722,735	\$ 2,637,581
Deferred	<u>2,051,077</u>	<u>2,051,077</u>	<u>1,083,907</u>	<u>1,083,907</u>
Tax payable (Prepaid)	<u>\$ 1,885,970</u>	<u>\$ 1,710,762</u>	<u>\$ 1,638,828</u>	<u>\$ 1,553,674</u>

Note 7 - Taxes collected in advance
Taxes collected in advance, include discounts allowed for prepayments and the amount set forth as cash liabilities in the financial statements as follows:

	<u>Balance</u>	<u>Balance</u>
	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2015</u>
Prepaid taxes	\$ 161,354	\$ 184,026
Less: discount allowed	-	-
Cash liability for taxes collected in advance	<u>\$ 161,354</u>	<u>\$ 184,026</u>

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions

Employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The three State-administered plans are:

- (1) The Public Employees' Retirement System
- (2) Defined Contribution Retirement Program
- (3) The Police and Firemen's Retirement System

Public Employees Retirement System

Plan description

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

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

The following represents the membership tiers for PERS:

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

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

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Allocation methodology and reconciliation to financial statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2015 and 2014 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

Contributions

The contribution policy for PERS is set by N.J.S.A 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2015 and 2014, the State's pension contribution was less than the actuarial determined amount.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Contributions (continued)

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

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the Municipality's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	\$ 4,951,727	\$ 4,548,181
Plan fiduciary net position	2,373,266	2,368,729
Net pension liability	<u>\$ 2,578,461</u>	<u>\$ 2,179,452</u>
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Collective net pension liability and actuarial information (continued)
Components of net pension liability (continued)

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

Inflation	3.04%
Salary increases (based on age)	
2012-2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Investment rate of return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-term expected rate of return

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

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Development Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.75%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	4.25%
REIT	4.25%	5.12%

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Collective net pension liability and actuarial information (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 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the Municipality as of June 30, 2015 and 2014, 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% point lower or 1% point higher than the current rate:

	<u>2015</u>
<u>At Current Discount Rate (4.90%)</u>	\$ 2,578,461
At a 1% Lower Rate (3.90%)	3,204,711
At a 1% Higher Rate (5.90%)	2,053,417
	<u>2014</u>
<u>At Current Discount Rate (5.39%)</u>	\$ 2,179,452
At a 1% Lower Rate (4.39%)	2,741,824
At a 1% Higher Rate (6.39%)	1,707,202

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,513	\$ -
Changes of assumptions	276,906	-
Net difference between projected and actual earnings on pension plan investments	-	41,457
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	-	47,153
Total	\$ 338,419	\$ 88,610

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources:				
Changes of assumptions	\$ 67,625	\$ 343,230	\$ 72,436	\$ 338,419
Deferred inflows of resources:				
Difference between projected and actual earnings on pension plan investments	128,162	(68,331)	18,374	41,457
Net of deferred outflows/(inflows)				\$ 296,962

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Public employees retirement systems (continued)
Collective net pension liability and actuarial information (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from the Municipality's contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>		
2016	\$	54,062
2017		54,062
2018		54,062
2019		86,103
2020		48,673
Total	<u>\$</u>	<u>296,962</u>

Pension Expense

For the year ended June 30, 2015, the Municipality recognized net pension expense of \$254,821 which represents the Municipality's proportionate share of allocable plan pension expense of \$169,147 less the net amortization of deferred amounts from changes in proportion of \$10,292 plus other adjustments of \$2 plus the actual contribution paid by the Municipality in the current year of \$95,964.

The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the Municipality for the year ending June 30, 2015 are as follows:

Service cost	\$	101,314
Interest on total pension liability		241,447
Member contributions		(56,042)
Administrative expense		1,883
Expected investment return net of investment expense		(172,515)
Pension Expense related to specific liabilities of individual employers		(1,002)
Recognition of deferred inflows/outflows of resources:		
Amortization of assumption changes or inputs		59,404
Amortization of expected versus actual experience		13,032
Amortization of projected versus actual investment earnings on pension plan investments		(18,374)
Pension expense	<u>\$</u>	<u>169,147</u>

The Federal Insurance Contribution Act also covers township employees.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Police and Fire Pension System (PFRS) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the PERS and PFRS who do not earn the minimum salary (\$8,200 for 2015) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution requirements

The contribution policy for the DCRP is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, PL 2008 and Chapter 103, PL 2008 (N.J.S.A 43:15:c-1 et seq.) The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A 43:15: C-1 et seq.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is available from the State Retirement System.

Police and Fireman's Retirement System

Plan description

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

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Police and Fireman’s Retirement System (continued)

The vesting and benefit provisions are set by NJSA 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1.	Members enrolled prior to May 22, 2010
2.	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3.	Members eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (Tiers 1 and 2 members) and 60% (Tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Allocation methodology and reconciliation to financial statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PFRS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division’s schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the years ended June 30, 2015 and 2014. Employer and non-employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and non-employer may result in immaterial differences.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Police and Fireman's Retirement System (continued)
Allocation methodology and reconciliation to financial statements (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer. The allocation percentages for each group as of June 30, 2015 and 2014 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2015 State special funding situation net pension liability amount of \$1,460,720,421 is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015, State special funding situation pension expense of \$182,203,735 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Contributions

The contribution policy for PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For Fiscal years 2015 and 2014, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Police and fireman’s retirement system (continued)
Contributions (continued)

The contribution policy for PFRS is set by New Jersey State Statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are a percentage of annual compensation, as defined, and are 10.00% of employees’ annual contractual compensation.

Special funding situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers relating to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities’ total proportionate share of the collective net pension liability that is associated with the local participating employer.

During the fiscal years ended June 30, 2015 and June 30, 2014, the State of New Jersey contributed \$13,088 and \$9,517 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contributions or \$31,361 and \$29,041, respectively.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the Municipality’s allocable share of the net pension liability for PFRS as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 7,136,920	\$ 6,272,020
Plan fiduciary net position	4,018,557	3,914,292
Net pension liability	<u>\$ 3,118,363</u>	<u>\$ 2,357,728</u>
Plan fiduciary net position as a percentage of the total pension liability	56.32%	62.41%

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continue)

Police and Fireman's Retirement System (continued)

Collective net pension liability and actuarial information (continued)

The collective 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. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.04%
Salary increases (based on age):	
2012-2021	2.60% - 9.48%
Thereafter	3.60% - 10.48%
Investment rate of return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Discount rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Police and Fireman's Retirement System (continued)

Collective net pension liability and actuarial information (continued)

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

The following presents the collective net pension liability of the Municipality as of June 30, 2015 and 2014, 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% point lower or 1% point higher than the current rate:

	2015
<u>At Current Discount Rate (5.79%)</u>	\$ 3,118,363
At a 1% lower rate (4.79%)	4,110,993
At a 1% higher rate (6.79%)	2,308,963
	2014
<u>At Current Discount Rate (6.32%)</u>	\$ 2,357,728
At a 1% lower rate (5.32%)	3,177,341
At a 1% higher rate (7.32%)	1,680,337

Collective deferred outflows of resources and deferred inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 24,728
Changes of assumptions	529,309	-
Net difference between projected and actual earnings on pension plan investments	-	49,897
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	78,433	-
Total	\$ 607,742	\$ 74,625

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Police and Fireman's Retirement System (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources:				
Differences between expected and actual experience and changes of assumptions	\$ 81,286	\$ 566,118	\$ 118,095	\$ 529,309
Deferred inflows of resources:				
Differences between projected and actual earning on pension plan investments	220,944	(114,578)	31,741	<u>74,625</u>
Net of deferred outflows/ (inflows)				<u>\$ 454,684</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from the Municipality contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year ending June 30,

2016	\$ 86,353
2017	86,353
2018	86,353
2019	141,589
2020	<u>54,036</u>
Total	<u>\$ 454,684</u>

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Police and Fireman's Retirement System (continued)

Collective net pension liability and actuarial information (continued)

The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the Municipality for the year ending June 30, 2015 are as follows:

Service cost	\$	147,645
Interest on total pension liability		402,304
Member contributions		(57,550)
Administrative expense		658
Expected investment return net of investment expense		(295,165)
Pension Expense related to specific liabilities of individual employers		(4,502)
Recognition of deferred inflows/outflows of resources:		
Amortization of assumption changes or inputs		118,095
Amortization of expected versus actual experience		(5,459)
Amortization of projected versus actual investment earnings on pension plan investments		(26,283)
Less: State proportionate share of employer expense		(31,361)
Pension expense	\$	248,382

A special funding situation exists where the State of New Jersey is responsible for a proportionate share of the net pension liability of the municipality. The combined net pension expense is summarized as follows for June 30, 2015 and June 30, 2014:

	2015	2014
Municipal share of net pension liability	\$ 2,866,942	\$ 2,128,522
State share of net pension liability	251,421	229,206
Net pension liability	\$ 3,118,363	\$ 2,357,728

Pension Expense

For the year ended June 30, 2015, the Municipality recognized net pension expense of \$383,761 which represents the Municipality's proportionate share of allocable plan pension expense of \$247,382 plus the net amortization of deferred amounts from changes in proportion of \$18,200 plus other adjustments to the net pension liability of \$22,215 plus amounts paid by the Municipality totaling \$95,964.

Note 9 - Post-retirement benefits

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 9 - Post-retirement benefits (continued)

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The Municipality adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Municipality on a monthly basis. Premiums are funded entirely by the Municipality and are based on the type of coverage selected by the employee.

The Municipality's contributions to the SHBP for post-retirement benefits for the years ended December 31, 2015, 2014, and 2013, were \$167,426, \$133,153, and \$142,680, which equaled the required benefit contribution for each year.

In addition, certain retirees were reimbursed for personally paid health benefits for the years ended December 31,

2015	\$	6,630
2014		6,685
2013		6,630

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 10 - Accrued sick and vacation benefits

The Township has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits have not been accrued by either charges to operations or to budgets of prior years. At December 31, 2015 and 2014, we have estimated this liability to be approximately \$102,796 and \$116,600, respectively. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit in the financial statements is not in agreement with GASB Statement Number 12 but is in accordance with reporting procedures promulgated by the State of New Jersey.

Note 11 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2014 and 2015:

	Balance Dec. 31, 2013	Additions	Deletions	Balance Dec. 31, 2014
Land	\$ 1,860,804	\$ -	\$ -	\$ 1,860,804
Building & building improvements	193,191	331,930	-	525,121
Furniture, Machinery & equipment	2,778,635	155,147	116,675	2,817,107
Construction in progress	391,636	-	391,636	-
Total	<u>\$ 5,224,266</u>	<u>\$ 487,077</u>	<u>\$ 508,311</u>	<u>\$ 5,203,032</u>

	Balance Dec. 31, 2014	Additions	Deletions	Balance Dec. 31, 2015
Land	\$ 1,860,804	\$ -	\$ -	\$ 1,860,804
Building & building improvements	525,121	-	-	525,121
Furniture, Machinery & equipment	2,817,107	142,925	-	2,960,032
Construction in progress	-	-	-	-
Total	<u>\$ 5,203,032</u>	<u>\$ 142,925</u>	<u>\$ -</u>	<u>\$ 5,345,957</u>

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 12 - Interfunds receivable and payable

The following Interfund balances remained on the various balance sheets of the Township as of December 31, 2015:

Fund	Interfund Receivable	Interfund Payable
Current Fund		
Trust Funds	\$ -	\$ 511,838
Federal and State Grant Fund	-	185,135
General Capital Fund	-	98,675
Grant Fund		
Current Fund	185,135	-
Trust Funds	2,000	-
General Capital Fund		
Current Fund	98,675	-
Trust Fund	-	632,021
Other Trust Funds		
General Capital Fund	632,021	-
Current Fund	511,838	-
Grant Fund	-	2,000
	\$ 1,429,669	\$ 1,429,669

Interfund balances are primarily a result of prior year activities which have not been cleared at the end of the current year.

Note 13 - Litigation

During the normal course of operations, lawsuits are occasionally brought against the Municipality. There are presently no outstanding lawsuits that would result in a contingent liability to the Township.

Note 14 - Contingent liabilities

The Township is not economically dependent on any one business or industry located within the Municipality.

Note 15 - Risk management

The Municipality 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.

Property and Liability Insurance - The Municipality maintains commercial insurance coverage for property, liability, and surety bonds. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

Note 16 - Subsequent events

The Municipality has evaluated subsequent events through August 3, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY SCHEDULES

**TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON**

2015

CURRENT FUND

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash - Treasurer

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2014	A	\$ 4,369,816	\$ 32,044
Increased by receipts			
Non-budget revenue	A-2	\$ 129,281	
Interest and cost on taxes	A-2	113,367	
Interest on investments and deposits	A-2	10,440	
Fees & permits	A-2	33,015	
Appropriation refunds	A-3	74,051	
State of NJ - veterans' & senior citizens' deductions	A-6	48,457	
Taxes receivable	A-7	19,886,239	
Revenue accounts receivable	A-9	550,400	
Due from other trust funds	A-10	93,947	
Prepaid taxes	A-17	184,026	
Tax overpayments	A-18	12,138	
Due county - Food inspection fees	A-22	2,200	
Due NJ - State training fees	A-23	8,965	
Due NJ - Marriage licenses & domestic partnership fees	A-24	525	
Due to general capital fund	A-25	833,499	
Unappropriated reserves for grants	A-29	-	\$ 24,487
Due from regular fund	A-30	-	3,813
		-	-
		<u>21,980,550</u>	<u>28,300</u>
		26,350,366	60,344

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash - Treasurer (continued)

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2015 budget appropriations	A-3	\$ 3,474,278	
2014 appropriation reserves	A-15	122,541	
Non budget revenue disbursements	A-2	41,982	
Fees and permits refunded	A-2	735	
Revenue accounts receivable			
refunds and adjustments	A-9	5,022	
Due from other trust funds	A-10	35,003	
Due from animal control fund	A-11	771	
Due to grant fund	A-12	6	
Tax overpayments refunded	A-18	10,911	
Regional high school tax payable	A-19	5,360,425	
Local school tax payable	A-20	7,680,780	
County taxes payable	A-21	3,283,001	
Due county - Food inspection fees	A-22	1,300	
Due NJ - State training fees	A-23	8,659	
Due NJ - Marriage licenses & domestic partnership fees	A-24	525	
Due to general capital fund	A-25	1,107,322	
Appropriated reserves for state grants	A-28		\$ 23,506
Due from regular fund	A-30		3,807
Due from trust fund	A-31		2,000
		<u>\$ 21,133,261</u>	<u>\$ 29,313</u>
Balance - December 31, 2015	A	<u><u>\$ 5,217,105</u></u>	<u><u>\$ 31,031</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash and Reconciliation
PER NJS 40A:5.5 - Treasurer

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2015		\$ 5,217,105	\$ 31,031
Increased by			
Receipts		4,843,685	11,914
		<u>10,060,790</u>	<u>42,945</u>
Decreased by			
Disbursements		4,069,735	3,615
		<u>4,069,735</u>	<u>3,615</u>
Balance - February 29, 2016		<u>\$ 5,991,055</u>	<u>\$ 39,330</u>
Cash reconciliation - February 29, 2016			
Balance per statement:			
Hopewell Valley Bank		\$ 5,940,958	\$ 40,337
Add: Deposit-in-transit		99,394	-
		<u>6,040,352</u>	<u>40,337</u>
Less: Outstanding checks		49,297	1,007
		<u>49,297</u>	<u>1,007</u>
Book balance		<u>\$ 5,991,055</u>	<u>\$ 39,330</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to State of New Jersey
Veterans' and Senior Citizens' Deductions

	<u>Ref.</u>		
Balance - December 31, 2014	A		\$ 20,189
Increased by			
Receipts	A-4	\$ 48,457	
Prior year senior citizen deductions disallowed by collector	A-1	<u>1,250</u>	
			<u>49,707</u>
			69,896
Decreased by			
Veterans' deductions per tax billings		41,750	
Veterans' deductions allowed by Tax Collector		750	
Senior Citizens' deductions per tax billings		6,000	
Senior Citizens' deductions allowed by Tax Collector		<u>500</u>	
		49,000	
Less: Senior Citizens' deductions disallowed by collector		<u>167</u>	
	A-7		<u>48,833</u>
Balance - December 31, 2015	A		<u><u>\$ 21,063</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Taxes Receivable and Analysis of Property Tax Levy

Year	Balance	2015 Levy	Added	Collected		Transferred	Senior	Tax	Cancellations	Balance
	12/31/2014		2015	2014	2015	to Tax	Citizens & Veterans' Deductions	Overpayment Applied		12/31/2015
Added and omitted taxes										
2009	\$ 8,650	\$ -	\$ -	\$ -	\$ 8,650	\$ -	\$ -	\$ -	\$ -	\$ -
2011	19,268	-	1,592	-	-	-	-	-	-	20,860
2012	24,310	-	1,601	-	3,057	-	-	-	-	22,854
2013	21,526	-	3,638	-	-	-	-	-	-	25,164
2014	348,401	-	4,064	-	323,131	923	-	-	-	28,411
2015	-	19,987,452	52,248	161,354	19,551,401	2,895	48,833	2,728	12,896	259,593
	<u>\$ 422,155</u>	<u>\$ 19,987,452</u>	<u>\$ 63,143</u>	<u>\$161,354</u>	<u>\$ 19,886,239</u>	<u>\$ 3,818</u>	<u>\$ 48,833</u>	<u>\$ 2,728</u>	<u>\$ 12,896</u>	<u>\$ 356,882</u>
<u>Ref.</u>	A	Reserve	Reserve	A-17	A-4	A-8	A-6	A-18	Reserve	A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Taxes Receivable and Analysis of Property Tax Levy (continued)

	<u>Ref.</u>	
Analysis of 2015 property tax		
Tax yield		
General purpose tax		\$ 19,987,452
Added and omitted taxes		<u>52,248</u>
	A-7	<u>\$ 20,039,700</u>
Appropriated to finance improvement		
Authorizations		
Local district school tax	A-2;A-20	\$ 7,855,988
Regional district school tax	A-2;A-19	5,445,579
County tax		\$ 2,732,945
County library tax		273,600
County open space tax		266,099
County share of added and omitted taxes		<u>8,591</u>
Total county taxes	A-2;A-21	3,281,235
Municipal open space tax		475,954
Municipal open space share of added and		
Omitted taxes		<u>1,245</u>
Total municipal open space tax	A-2;A-26	477,199
Municipal purpose tax	A-2	2,930,450
Additional tax levied		<u>49,249</u>
Total municipal purpose tax		<u>2,979,699</u>
	A-7	<u>\$ 20,039,700</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 16,648
Increased by		
Transferred from taxes receivable	A-7	\$ 3,818
Interest and costs on tax sale	Reserve	<u>83</u>
		<u>3,901</u>
Balance December 31, 2015	A	<u><u>\$ 20,549</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/14</u>	<u>Accrued in 2015</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/15</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 4,800	\$ 4,800	\$ -
Municipal court	A-2	3,796	45,922	46,860	2,858
Share of court costs - Franklin Township	A-2	-	30,692	30,692	-
Energy receipts tax	A-2	-	315,379	315,379	-
Supplemental energy receipts tax	A-2	-	14,622	14,622	-
Consolidated municipal property tax relief aid	A-2	-	4,004	4,004	-
Garden State Trust Fund - open space pilot aid	A-2	-	27,412	27,412	-
Uniform construction code fees	A-2	-	101,609	101,609	-
		<u>\$ 3,796</u>	<u>\$ 544,440</u>	<u>\$ 545,378</u>	<u>\$ 2,858</u>
	<u>Ref.</u>	A	Reserve	Below	A
Receipts	A-4			\$ 550,400	
Less: refunds and adjustments	A-4			<u>5,022</u>	
				<u><u>\$ 545,378</u></u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due From Other Trust Funds

	<u>Ref.</u>		
Balance - December 31, 2014	A	\$	71,556
Increased by			
Miscellaneous revenue not anticipated			
Payroll account - Health insurance reimbursement	A-2	\$	5,479
Disbursements	A-4		<u>35,003</u>
			40,482
			<u>112,038</u>
Decreased by			
Receipts	A-4		<u>93,947</u>
Balance - December 31, 2015	A	\$	<u><u>18,091</u></u>

	<u>Dec. 31, 2015</u>			<u>Dec. 31, 2014</u>
Analysis of balance				
Due from other trust funds	\$ 1,932		\$	1,856
Due from payroll	<u>16,159</u>			<u>69,700</u>
	<u><u>\$ 18,091</u></u>		<u><u>\$</u></u>	<u><u>71,556</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due From Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ -
Increased by		
Disbursements	A-4	771
		<u>771</u>
Decreased by		
Budget appropriation	A-3	268
		<u>268</u>
Balance December 31, 2015	A	<u><u>\$ 503</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due to Federal & State Grand Fund

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 185,141
Decreased by		
Disbursements	A-4	6
		<u>6</u>
Balance - December 31, 2015	A	<u><u>\$ 185,135</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Deferred Charges NJS 40A:4-55 Special Emergency Authorizations

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance 12/31/14</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance 12/31/15</u>
03/26/12	Revaluation of real property	\$ 60,000	\$ 12,000	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>
			<u>Ref.</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>
				A		A-3	A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Grants Receivable

Grant	Balance 12/31/14	Revenue in 2015	Received	Unappropriated Reserve Applied	Balance 12/31/15
OES grant	\$ 390	\$ -	\$ -	\$ -	\$ 390
Wild & scenic river	4,000	-	-	-	4,000
Sidewalk grant	1,044	-	-	-	1,044
Cool cities	23,150	-	-	-	23,150
Recreation Trails program	1,414	-	-	-	1,414
Deleware River Joint Toll Bridge Commission - Federal Twist Road project	55,525	-	-	-	55,525
NJ Department of Transportation - Meszaros Road project	533	-	-	-	533
NJ Department of Transportation - Grafton Road project	86,350	-	-	-	86,350
Recycling grant	-	1,598	-	1,598	-
	<u>\$ 172,406</u>	<u>\$ 1,598</u>	<u>\$ -</u>	<u>\$ 1,598</u>	<u>\$ 172,406</u>
<u>Ref.</u>	A	A-2	Below	A-29	A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves
For the Year Ended December 31, 2015

	<u>Balance</u> 12/31/14	<u>Balance After</u> Transfer	<u>Expended</u>	<u>Balance</u> Lapsed	<u>Over-</u> <u>expended</u>
Municipal clerk					
Salaries and wages	\$ 3,364	\$ 366	\$ -	\$ 366	\$ -
Other expenses					
Postage & advertising	2,201	2,246	399	1,847	-
Miscellaneous other expenses	1,485	2,326	739	1,587	-
Financial administration					
Salaries and wages	184	184	-	184	-
Other expenses	1,905	2,405	1,700	705	-
Assessment of taxes					
Maintenance of tax map	325	760	435	325	-
Other expenses	702	702	-	702	-
Revenue administration					
Salaries and wages	85	85	-	85	-
Other expenses	3,927	3,997	70	3,927	-
Legal services & costs					
Other expenses	7,404	6,561	3,157	3,404	-
Engineering service & costs					
Other expenses	1,046	1,046	-	1,046	-
Public building and grounds					
Salaries and wages					
Dilts farm	1,823	1,823	-	1,823	-
Buildings and grounds	1,375	1,375	-	1,375	-
Other expenses					
Expenses of Dilts farm	4,680	272	92	180	-
Miscellaneous other expenses	219	784	721	63	-
Planning board					
Other expenses	6,807	3,689	1,204	2,485	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves (continued)
For the Year Ended December 31, 2015

	<u>Balance</u> 12/31/14	<u>Balance After</u> Transfer	<u>Expended</u>	<u>Balance</u> Lapsed	<u>Over-</u> <u>expended</u>
Board of Adjustment					
Salaries & wages	\$ 4	\$ 4	\$ -	\$ 4	\$ -
Other expenses	169	169	-	169	-
Zoning Board					
Other expenses	3,468	1,468	420	1,048	-
Environmental Commission (RS 40:56A:-1 et seq):					
Salaries & wages	1,326	1,326	-	1,326	-
Other expenses	360	360	-	360	-
Insurance					
Other insurance premiums	880	880	-	880	-
Surety Bond premiums	960	960	-	960	-
Employee group health	55	55	-	55	-
Police					
Salaries & wages	23,936	23,936	-	23,936	-
Other expenses	3,414	4,438	1,455	2,983	-
Purchase of police car	439	439	-	439	-
Supplemental safe neighborhood program					
Salaries and wages	52	52	-	52	-
Other expenses	3,042	3,155	291	2,864	-
Construction code official					
Salaries and wages	54	54	-	54	-
Other expenses	24	24	-	24	-
Office of emergency management					
Salaries and wages	9	9	-	9	-
Other expenses	629	929	-	629	-
First Aid Organization - Contribution	9,495	44,120	44,120	-	-
Road repair and maintenance					
Salaries and wages	1,654	10,154	10,000	154	-
Other expenses	1,416	24,922	21,989	2,933	-
Board of health					
Salaries and wages	378	378	-	378	-
Other expenses	116	116	-	116	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves (continued)
For the Year Ended December 31, 2015

	<u>Balance 12/31/14</u>	<u>Balance After Transfer</u>	<u>Expended</u>	<u>Balance Lapsed</u>	<u>Over- expended</u>
Board of Recreation					
Commissioners					
Other expenses	\$ 7,501	\$ 7,501	\$ 6,414	\$ 1,087	\$ -
Historic Preservation Society					
Other expenses	-	3,000	3,000	-	-
Unclassified					
Utilities					
Gasoline & diesel fuel	11,269	11,269	971	10,298	-
Fuel oil	10	2,398	1,938	460	-
Electricity	692	2,281	1,589	692	-
Telephone	5,098	6,177	1,104	5,073	-
Street lighting	532	553	21	532	-
Data processing services	37	49	12	37	-
Contingent	50	50	-	50	-
Contribution to					
Social Security system	5,431	5,431	-	5,431	-
State unemployment	50	50	-	50	-
LOSAP	28,500	28,500	20,700	7,800	-
Municipal court					
Salaries and wages	5,365	5,365	-	5,365	-
Other expenses	2,664	2,664	-	2,664	-
NJPDES Stormwater permit	1,000	1,000	-	1,000	-
	<u>\$ 157,611</u>	<u>\$ 222,557</u>	<u>\$ 122,541</u>	<u>\$ 100,016</u>	<u>\$ -</u>
	<u>Ref.</u>				
	A	Below	A-4	A-1	
Appropriation reserves	A	\$ 157,611			
Encumbrances payable	A-16	<u>64,946</u>			
		<u>\$ 222,557</u>			

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Encumbrances Payable

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 64,946
Increased by		
2015 budget charges	A-3	<u>32,683</u>
		97,629
Decreased by		
Applied to appropriation reserves	A-15	<u>64,946</u>
Balance - December 31, 2015	A	<u><u>\$ 32,683</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prepaid Taxes

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 161,354
Increased by		
Collection of 2016 taxes	A-4	<u>184,026</u>
		345,380
Decreased by		
Applied to 2015 taxes receivable	A-7	<u>161,354</u>
Balance - December 31, 2015	A	<u><u>\$ 184,026</u></u>

A-18

TOWNSHIP OF DELAWARE
Schedule of Tax Overpayments

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 2,728
Increase by		
Overpayment received	A-4	<u>12,138</u>
		14,866
Decrease by		
Refunded	A-4	\$ 10,911
Applied to 2015 taxes	A-7	2,728
Overpayments canceled	A-1	<u>260</u>
		<u>13,899</u>
Balance - December 31, 2015	A	<u><u>\$ 967</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2014			
School tax payable	A	\$ 1,553,674	
School tax deferred (20.55%)		<u>1,083,907</u>	
			\$ 2,637,581
Increased by			
Levy-School year July 1, 2015 to June 30, 2016	A-7		<u>5,445,579</u>
			8,083,160
Decreased by			
Disbursements	A-4		<u>5,360,425</u>
Balance - December 31, 2015			
School tax payable	A	1,638,828	
School tax deferred (19.90%)		<u>1,083,907</u>	
			<u>\$ 2,722,735</u>
2015 Liability for Regional High School Tax			
Tax paid			\$ 5,360,425
Add: Tax payable December 31, 2015			<u>1,638,828</u>
			6,999,253
Less: Tax Payable December 31, 2014			<u>1,553,674</u>
Amount charged to operations	A-1		<u>\$ 5,445,579</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Local School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2014			
School tax payable	A	\$ 1,710,762	
School tax deferred (26.68%)		<u>2,051,077</u>	\$ 3,761,839
Increased by			
Levy-School year July 1, 2015 to June 30, 2016	A-7		<u>7,855,988</u>
			11,617,827
Decreased by			
Disbursements	A-4		<u>7,680,780</u>
Balance - December 31, 2015			
School tax payable	A	1,885,970	
School tax deferred (26.10%)		<u>2,051,077</u>	<u>\$ 3,937,047</u>
2015 Liability for Local School Tax			
Tax paid			\$ 7,680,780
Add: Tax payable December 31, 2015			<u>1,885,970</u>
			9,566,750
Less: Tax payable December 31, 2014			<u>1,710,762</u>
Amount charged to operations	A-1		<u>\$ 7,855,988</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 10,357
Increased by		
2015 levy		
County taxes		\$ 2,732,945
County Library tax		273,600
County Open Space tax		266,099
County share of added & omitted taxes		<u>8,591</u>
	A-1;A-7	<u>3,281,235</u>
		<u>3,291,592</u>
Decreased by		
Disbursements	A-4	<u>3,283,001</u>
Balance - December 31, 2015	A	<u><u>\$ 8,591</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due County - Food Inspections

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 500
Increased by		
Receipts	A-4	<u>2,200</u>
		2,700
Decreased by		
Disbursements	A-4	<u>1,300</u>
Balance - December 31, 2015	A	<u><u>\$ 1,400</u></u>

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TOWNSHIP OF DELAWARE
Schedule of Due NJ - State Training Fees

Balance - December 31, 2014	A	\$ 1,438
Increased by		
Receipts	A-4	<u>8,965</u>
		10,403
Decreased by		
Disbursements	A-4	<u>8,659</u>
Balance - December 31, 2015	A	<u><u>\$ 1,744</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due NJ - Marriage Licenses & Domestic Partnership Fees

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 50
Increased by		
Receipts	A-4	525
		<u>575</u>
Decreased by		
Disbursements	A-4	525
		<u>525</u>
Balance - December 31, 2015	A	<u><u>\$ 50</u></u>

A-25

TOWNSHIP OF DELAWARE
Schedule of Due to General Capital Fund

	<u>Ref.</u>		
Balance - December 31, 2014	A		\$ 207,498
Increase by			
Receipts	A-4	\$ 833,499	
Budget appropriation - Capital Improvement Fund	A-3	47,000	
Budget appropriation - Capital Reserves	A-3	<u>153,000</u>	
			<u>1,033,499</u>
			1,240,997
Decreased by			
Disbursements	A-4	1,107,322	
Budget revenue - Reserve for payment of bonds	A-2	<u>35,000</u>	
			1,142,322
Balance - December 31, 2015	A		<u><u>\$ 98,675</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to Open Space Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 30,233
Increased by 2015 tax levy	A-7	<u>477,199</u>
Balance - December 31, 2015	A	<u><u>\$ 507,432</u></u>

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TOWNSHIP OF DELAWARE
Schedule of Due to Other Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2014	A	<u>\$ 23,000</u>
Balance - December 31, 2015	A	<u><u>\$ 23,000</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/14	Transferred from 2015 Budget	Paid or Charged	Balance Canceled	Balance 12/31/15
NJ Body Armor	\$ 4,961	\$ -	\$ -	\$ -	\$ 4,961
Office of Emergency Management - 2005	3,220	-	1,585	-	1,635
Drunk Driving Enforcement	623	-	-	-	623
Stormwater Management	5,473	-	-	-	5,473
Delaware River Greenway	1,834	-	-	-	1,834
Cool Cities	23,150	-	-	-	23,150
Recreation Trails Program	1,150	-	-	-	1,150
Clean Communities Program - 2013	12,070	-	9,571	-	2,499
Clean Communities Program - 2014	19,264	-	-	-	19,264
Historic Preservation	5,887	-	-	-	5,887
NJ Division of Highway Safety	3,100	-	-	-	3,100
NJ Forest Service - Business Stimulus Fund	7,000	-	-	-	7,000
FEMA Grant - Sanford Road Project	348	-	-	-	348
FEMA Grant -Sanford Road Project Matching Funds	1,769	-	-	-	1,769
Delaware River Joint Toll Bridge Commission - Federal Twist Road Project	118,962	-	-	-	118,962
NJ Department of Transportation - Grafton Road Project	164,432	-	-	-	164,432
Hunterdon County Historic Preservation Grant	14,750	-	12,350	-	2,400
Recycling Grant - 2014	-	1,598	-	-	1,598
	<u>\$ 387,993</u>	<u>\$ 1,598</u>	<u>\$ 23,506</u>	<u>\$ -</u>	<u>\$ 366,085</u>
<u>Ref.</u>	A	A-3	A-4		A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Unappropriated Reserves for Grants

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 1,598
Increased by		
Grant funds received		
Body Armor grant		\$ 1,089
Clean Communities grant		<u>23,398</u>
	A-4	<u>24,487</u>
		26,085
Decreased by		
Applied to grants receivable	A-14	<u>1,598</u>
Balance - December 31, 2015	A	<u><u>\$ 24,487</u></u>

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TOWNSHIP OF DELAWARE
Schedule of Due From Regular Fund

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ 185,141
Increase by		
Disbursements	A-4	<u>3,807</u>
		188,948
Decrease by		
Receipts	A-4	<u>3,813</u>
Balance - December 31, 2015	A	<u><u>\$ 185,135</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from Trust Fund (Grant Fund)

	<u>Ref.</u>	
Balance - December 31, 2014	A	\$ -
Increased by		
Disbursements	A-4	<u>2,000</u>
Balance - December 31, 2015	A	<u><u>\$ 2,000</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

2015

TRUST FUND

TOWNSHIP OF DELAWARE
Schedule of Trust Fund Cash - Treasurer

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Balance - December 31, 2014 (deficit)	B	\$ (254)	\$ 1,573,431
Increased by receipts			
Animal control fund	B-3	\$ 15,880	
Due to current fund	B-4	787	
Due to State of New Jersey	B-5	1,948	
Due from current fund	B-6		\$ 111,473
Reserve for open space	B-9		990
Reserve for Miscellaneous Trust	B-14		1,020
Developers' deposits	B-15		35,343
Reserve for unemployment	B-16		2,629
Reserve for recreation	B-17		20,455
Reserve for recycling	B-18		4,423
Reserve for sutton burial ground	B-19		16
Reserve for municipal alliance	B-21		40,297
Reserve for developer's deposits - COAH	B-22		20,430
Reserve for COAH - interest	B-23		205
Reserve for public defender	B-25		344
Reserve for quarry reclamation fund	B-27		2,042
Reserve for tax sale premiums	B-28		102,600
Reserve for farmer's market	B-29		965
Reserve for retirement	B-30		5,011
Reserve for snow removal	B-31		10,000
Reserve for payroll	B-32		2,002,307
Reserve for LOSAP	B-34		21,860
		<u>18,615</u>	<u>2,382,410</u>
		18,361	3,955,841

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Trust Fund Cash - Treasurer (continued)

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Decreased by disbursements			
Animal control fund	B-3	\$ 16,475	
Due to current fund	B-4	16	
Due to State of New Jersey	B-5	1,963	
Due from current fund	B-6		\$ 164,939
Reserve for open space	B-9		480,856
Reserve for miscellaneous trust	B-14		581
Developers' deposits	B-15		30,167
Reserve for unemployment	B-16		3,957
Reserve for recreation	B-17		21,373
Reserve for recycling	B-18		3,774
Reserve for municipal alliance	B-21		32,176
Reserve for developer's deposits - COAH	B-22		24,831
Reserve for tax sale premiums	B-28		30,100
Reserve for farmer's market	B-29		667
Reserve for retirement	B-30		5,000
Reserve for snow removal	B-31		14,111
Reserve for payroll	B-32		2,007,967
Reserve for police building	B-33		9,282
Reserve for LOSAP	B-34		9,234
		<u>\$ 18,454</u>	<u>\$ 2,839,015</u>
Balance - December 31, 2015 (deficit)	B;B-2	<u>\$ (93)</u>	<u>\$ 1,116,826</u>
Analysis of other			
Other trust funds cash	B		\$ 805,867
LOSAP investments	B		<u>310,959</u>
			<u>\$ 1,116,826</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Trust Fund Cash and Reconciliation
PER NJS 40A:5-5 - Treasurer

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Balance - December 31, 2015	B-1	\$ (93)	\$ 1,116,826
Increased by			
Receipts		8,943	758,695
		<u>8,850</u>	<u>1,875,521</u>
Decreased by			
Disbursements		4,804	288,852
		<u>4,804</u>	<u>288,852</u>
Balance - February 29, 2016		<u>\$ 4,046</u>	<u>\$ 1,586,669</u>
Cash reconciliation - February 29, 2016			
Balance per statement			
Hopewell Valley Bank		\$ 8,096	\$ 1,168,825
TD Bank		-	106,282
Lincoln investments		-	310,959
		<u>8,096</u>	<u>1,586,066</u>
Add: Deposit-in-transit		809	1,651
		<u>8,905</u>	<u>1,587,717</u>
Less: Outstanding checks		4,859	1,048
		<u>4,859</u>	<u>1,048</u>
Book balance		<u>\$ 4,046</u>	<u>\$ 1,586,669</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Animal Control Fund Expenditures

	<u>Ref.</u>	
Balance - December 31, 2014 (deficit)	B	\$ (268)
Increased by receipts		
Animal control fees	B-1	\$ 15,880
Due from current fund	B-4	<u>268</u>
		<u>16,148</u>
		15,880
Decreased by		
Expenditures under RS 4:119.15	B-1	<u>16,475</u>
Balance - December 31, 2015 (deficit)	B	<u><u>\$ (595)</u></u>
Animal control collections		
2013		\$ 12,100
2014		<u>19,342</u>
Maximum allowable reserve		<u><u>\$ 31,442</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to Current Fund
Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ -
Increased by		
Receipts	B-1	<u>787</u>
		787
Decreased by		
Disbursements	B-1	\$ 16
Budget appropriation	B-3	<u>268</u>
		<u>284</u>
Balance - December 31, 2015	B	<u><u>\$ 503</u></u>

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TOWNSHIP OF DELAWARE
Schedule of Due (from) to State of New Jersey

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 14
Increased by		
State fees collected	B-1	<u>1,948</u>
		1,962
Increased by		
Disbursements	B-1	<u>1,963</u>
Balance - December 31, 2015 (due from)	B	<u><u>\$ (1)</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from/to Current Fund
Other Trust Funds

	<u>Ref.</u>		
Balance - December 31, 2014	B		\$ (18,323)
Increased by			
Open Space Trust tax levy	B-9	\$ 477,199	
Disbursements - other trust funds	B-1	576	
Disbursements - payroll withholdings	B-1	<u>164,363</u>	
			<u>642,138</u>
			623,815
Decreased by			
Receipts - other trust funds	B-1	651	
Payroll withholdings	B-1	<u>110,822</u>	
			<u>111,473</u>
Balance - December 31, 2015	B		<u><u>\$ 512,342</u></u>

	<u>12/31/15</u>	<u>12/31/14</u>
Analysis of balance		
Open Space trust - due from	\$ 507,433	\$ 30,233
Tax premiums - due from	23,000	23,000
Other trust funds - due to	(1,932)	(1,856)
Payroll withholdings - due to	<u>(16,159)</u>	<u>(69,700)</u>
	<u><u>\$ 512,342</u></u>	<u><u>\$ (18,323)</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u>\$ 632,021</u>
Balance - December 31, 2015	B	<u><u>\$ 632,021</u></u>

TOWNSHIP OF DELAWARE
Schedule of Loans Receivable

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u>\$ 55,141</u>
Balance - December 31, 2015	B	<u><u>\$ 55,141</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Open Space

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 1,366,142
Increased by		
2015 Municipal Open Space tax levy	B-6	\$ 477,199
Receipts	B-1	<u>990</u>
		<u>478,189</u>
		1,844,331
Decreased by		
Disbursements	B-1	<u>480,856</u>
Balance - December 31, 2015	B	<u><u>\$ 1,363,475</u></u>

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TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Improvements

	<u>Ref.</u>	
Balance December 31, 2014	B	<u>\$ 65,176</u>
Balance December 31, 2015	B	<u><u>\$ 65,176</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Opening Permits

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u>\$ 4,000</u>
Balance - December 31, 2015	B	<u><u>\$ 4,000</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Quarry Ordinance

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u>\$ 2,916</u>
Balance - December 31, 2015	B	<u><u>\$ 2,916</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Cash Bonds

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ <u>1,019</u>
Balance - December 31, 2015	B	\$ <u><u>1,019</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Miscellaneous Trust

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 1,330
Increased by		
Receipts	B-1	<u>1,020</u>
		2,350
Decreased by		
Disbursements	B-1	<u>581</u>
Balance - December 31, 2015	B	\$ <u><u>1,769</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Escrow

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 98,378
Increased by		
Receipts	B-1	35,343
		<u>133,721</u>
Decreased by		
Disbursements	B-1	30,167
		<u>30,167</u>
Balance - December 31, 2015	B	<u><u>\$ 103,554</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Unemployment

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 84,030
Increased by		
Receipts	B-1	\$ 40
Contra item	B-1	<u>2,589</u>
		<u>2,629</u>
		86,659
Decreased by		
Disbursements	B-1	3,957
		<u>3,957</u>
Balance - December 31, 2015	B	<u><u>\$ 82,702</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Recreation

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 9,521
Increased by		
Receipts	B-1	20,455
		<u>29,976</u>
Decreased by		
Disbursements	B-1	21,373
		<u>21,373</u>
Balance - December 31, 2015	B	<u>\$ 8,603</u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Recycling

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 330
Increased by		
Receipts	B-1	4,423
		<u>4,753</u>
Decreased by		
Disbursements	B-1	\$ 3,774
Expended in Grant Fund	B-20	2,000
		<u>5,774</u>
Balance - December 31, 2015 (deficit)	B	<u>\$ (1,021)</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Sutton Burial Ground

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 8,402
Increased by Receipts	B-1	<u>16</u>
Balance - December 31, 2015	B	<u><u>\$ 8,418</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due to Grant Fund

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ -
Increased by Recycling disbursements in Grant Fund	B-18	<u>2,000</u>
Balance - December 31, 2015	B	<u><u>\$ 2,000</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Municipal Alliance

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 494
Increased by		
Receipts	B-1	40,297
		<u>40,791</u>
Decreased by		
Disbursements	B-1	32,176
		<u>32,176</u>
Balance - December 31, 2015	B	<u><u>\$ 8,615</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Developer's Deposits - COAH

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 84,334
Increased by		
Receipts	B-1	20,430
		<u>20,430</u>
		104,764
Decreased by		
Disbursements	B-1	24,831
		<u>24,831</u>
Balance - December 31, 2015	B	<u><u>\$ 79,933</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for COAH - Interest

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 25,868
Increased by Receipts	B-1	<u>205</u>
Balance - December 31, 2015	B	<u><u>\$ 26,073</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Insurance

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u>\$ 15,474</u>
Balance - December 31, 2015	B	<u><u>\$ 15,474</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Public Defender

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 3,128
Increased by Receipts	B-1	<u>344</u>
Balance - December 31, 2015	B	<u><u>\$ 3,472</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve For POAA

	<u>Ref.</u>	
Balance - December 31, 2014	B	<u>\$ 16</u>
Balance - December 31, 2015	B	<u><u>\$ 16</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Quarry Reclamation Fund

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 20,559
Increased by Receipts	B-1	<u>2,042</u>
Balance - December 31, 2015	B	<u><u>\$ 22,601</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Tax Premiums

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 39,800
Increased by Receipts	B-1	<u>102,600</u>
		142,400
Decreased by Disbursements	B-1	<u>30,100</u>
Balance - December 31, 2015	B	<u><u>\$ 112,300</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Farmer's Market

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 636
Increased by		
Receipts	B-1	965
		<u>1,601</u>
Decreased by		
Disbursements	B-1	667
		<u>667</u>
Balance - December 31, 2015	B	<u>\$ 934</u>

B-30

TOWNSHIP OF DELAWARE
Schedule of Reserve for Retirement

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 10,007
Increased by		
Receipts	B-1	5,011
		<u>15,018</u>
Decreased by		
Disbursements	B-1	5,000
		<u>5,000</u>
Balance - December 31, 2015	B	<u>\$ 10,018</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Snow Removal

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 4,992
Increased by		
Receipts	B-1	<u>10,000</u>
		14,992
Decreased by		
Disbursements	B-1	<u>14,111</u>
Balance - December 31, 2015	B	<u><u>\$ 881</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Payroll Withholdings

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 16,658
Increased by		
Receipts	B-1	<u>2,002,307</u>
		2,018,965
Decreased by		
Disbursements	B-1	<u>2,007,967</u>
Balance - December 31, 2015	B	<u><u>\$ 10,998</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Police Building

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 25,586
Increased by		
Disbursements	B-1	<u>9,282</u>
Balance - December 31, 2015		<u><u>\$ 16,304</u></u>

B-34

TOWNSHIP OF DELAWARE
Schedule of Reserve For LOSAP - Unaudited

	<u>Ref.</u>	
Balance - December 31, 2014	B	\$ 298,333
Increased by		
Municipal contributions	B-1	\$ 20,700
Appreciation of assets	B-1	<u>1,160</u>
		<u>21,860</u>
		320,193
Decreased by		
Service fees	B-1	625
Withdrawals	B-1	<u>8,609</u>
		<u>9,234</u>
Balance - December 31, 2015	B	<u><u>\$ 310,959</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

2015

GENERAL CAPITAL FUND

TOWNSHIP OF DELAWARE
Schedule of General Capital Fund Cash - Treasurer

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 106,558
Increased by receipts		
Due from current fund	C-5	<u>300,150</u>
		406,708
Decreased by disbursements		
Due from current fund	C-5	\$ 142
Improvement authorizations	C-10	<u>352,019</u>
		<u>352,161</u>
Balance - December 31, 2015	C;C-3	<u><u>\$ 54,547</u></u>

C-3

TOWNSHIP OF DELAWARE
Schedule of General Capital Fund Cash and Reconciliation
PER NJS 40A:5-5 Treasurer

	<u>Ref.</u>	
Balance - December 31, 2015	C-2	\$ 54,547
Increased by		
Receipts		<u>18</u>
		54,565
Decreased by		
Disbursements		<u>900</u>
Balance - February 29, 2016		<u><u>\$ 53,665</u></u>
Cash reconciliation - February 29, 2016		
Balance per statement		
Hopewell Valley Bank		\$ 53,665
Less: Outstanding checks		<u>-</u>
Book balance		<u><u>\$ 53,665</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
General Capital Fund
Schedule of Cash Activity

Description	Balance 12/31/14	Receipts	Disbursements	Transfers (From) To	Balance 12/31/15
Fund balance	\$ 63	\$ -	\$ -	\$ 13,435	\$ 13,498
Capital improvement fund	890	-	-	15,800	16,690
Due to/from current fund	(207,498)	300,150	142	(191,185)	(98,675)
Due to/from open space trust fund	632,021	-	-	-	632,021
Due from Delaware River Toll Bridge Commission	(21,850)	-	-	-	(21,850)
Reserves for					
Payment of debt service	77,979	-	-	(5,000)	72,979
Guard rails	2,325	-	-	-	2,325
Purchase of various equipment	23,000	-	-	17,000	40,000
Improvement of municipal facilities	15,000	-	-	-	15,000
Excess financing - Acquisition of a fire truck	30,000	-	-	(30,000)	-
Improvement authorizations					
Acquisition of development rights and purchase of land	(199,000)	-	-	-	(199,000)
Codification of ordinances	11,157	-	-	-	11,157
Survey & engineering services on Dogwood Dr.	112	-	-	-	112
Acquisition of a fire truck	29,269	-	13,950	12,750	28,069

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
General Capital Fund (continued)
Schedule of Cash Activity (continued)

Description	Balance 12/31/14	Receipts	Disbursements	Transfers (From) To	Balance 12/31/15
Purchase of body armor vests	\$ 1,340	\$ -	\$ 818	\$ -	\$ 522
Repairs & maintenance of the tennis & basketball courts at Dilts Park	204	-	-	-	204
Improvements on various township roads	(311,467)	-	69,519	-	(380,986)
Supplies and labor for building improvements	574	-	574	-	-
Improvements to Dilts Park	3,000	-	2,100	-	900
Labor and materials for improvement to Delaware Township roads	1,859	-	1,859	-	-
Purchase of various road equipment	5,965	-	5,965	-	-
Purchase of various office equipment	11,615	-	8,448	-	3,167
Road drainage and construction	-	-	70,000	70,000	-
Purchase of various road equipment	-	-	31,985	40,000	8,015
Improvements to Dilts Park	-	-	3,000	3,000	-
Purchase of a 4 wheel drive vehicle	-	-	14,431	17,000	2,569
Purchase of records retention equipment	-	-	5,200	6,000	800
Acquisition of equipment	-	-	98,004	5,000	(93,004)
Purchase of road materials	-	-	26,166	26,200	34
Total	\$ 106,558	\$ 300,150	\$ 352,161	\$ -	\$ 54,547
<u>Ref.</u>	<u>C</u>	<u>C-2</u>	<u>C-2</u>	<u>-</u>	<u>C</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Schedule of Due From Current Fund

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 207,498
Increased by		
Disbursements	C-2	\$ 142
Improvement authorization refunds received in		
Current fund	C-10	12,750
Premium on sale of bonds received in current fund	C-1	13,435
2015 municipal budget appropriations		
Capital improvement fund	C-11	47,000
Reserve for purchase of various equipment	C-13	60,000
Reserve for road improvements	C-16	70,000
Reserve for improvement to municipal facilities	C-14	<u>23,000</u>
		<u>226,327</u>
		433,825
Decreased by		
Receipts	C-2	300,150
Reserve to pay debt service anticipated as		
2015 revenue	C-12	<u>35,000</u>
		<u>335,150</u>
Balance - December 31, 2015	C	<u><u>\$ 98,675</u></u>

C-6

TOWNSHIP OF DELAWARE
Schedule of Due to Open Space Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2014	C	<u>\$ 632,021</u>
Balance - December 31, 2015	C	<u><u>\$ 632,021</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due From Delaware River Toll Bridge Commission

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 21,850
Balance - December 31, 2015	C	<u>\$ 21,850</u>

TOWNSHIP OF DELAWARE
Schedule of Deferred Chares to Future Taxation - Funded

	<u>Ref.</u>		
Balance - December 31, 2014	C		\$ 6,878,000
Increased by			
Improvement costs funded by			
Serial bonds issued	C-9	\$ 768,000	
Excess financing received	C-12	30,000	
Refinancing bonds issued	C-17	<u>655,000</u>	
			<u>1,453,000</u>
			8,331,000
Decreased by			
2015 budget appropriation			
Payment of bonds	C-17		<u>472,000</u>
Balance - December 31, 2015	C		<u>\$ 7,859,000</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Deferred Charges to Future Taxation - Unfunded

Improvement Description	Balance 12/31/14	2015 Authorization	2015 Note Payments	Cash Received	Transferred to Deferred Taxation - Funded	Balance 12/31/15	Analysis of Balance 12/31/15		
							Expendi- tures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Acquisition of development rights and purchase of land #00-25	\$ 199,000	\$ -	\$ -	\$ -	\$ -	\$ 199,000	\$ 199,000	\$ -	\$ -
Acquisition of a fire truck #10-13	293,000	-	-	-	293,000	-	-	-	-
Renovating, equipping and furnishing a police building #2012-03	475,000	-	-	-	475,000	-	-	-	-
Improvements to various Roads #13-03	570,000	-	-	-	-	570,000	380,986	189,014	-
Acquisition of equipment #15-10	-	95,000	-	-	-	95,000	93,004	1,996	-
	<u>\$ 1,537,000</u>	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 768,000</u>	<u>\$ 864,000</u>	<u>\$ 672,990</u>	<u>\$ 191,010</u>	<u>\$ -</u>
<u>Ref.</u>	C	C-10			C-8	C	C-4	C-10	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Improvement Authorizations

Improvement Description	Ordinance		Balance 12/31/14		2015 Authorization	Paid or Charged	Unexpended Balance Canceled	Balance 12/31/15	
	Number	Amount	Funded	Unfunded				Funded	Unfunded
Codification of ordinances	06-22	\$ 28,000	\$ 11,157	\$ -	\$ -	\$ -	\$ -	\$ 11,157	\$ -
Survey & engineering services on Dogwood Dr.	09-15	10,000	112	-	-	-	-	112	-
Acquisition of a fire truck	10-13	350,000	-	29,269	-	1,200	-	28,069	-
Purchase of body armor vests	11-01	4,200	1,340	-	-	818	-	522	-
Repairs & maintenance of the tennis & basketball courts at Dilts Park	12-06	4,000	204	-	-	-	-	204	-
Improvements to various roads	13-03	600,000	-	258,533	-	69,519	-	-	189,014
Supplies and labor for building improvements	14-08	28,000	574	-	-	574	-	-	-
Improvements to Dilts Park	14-09	3,000	3,000	-	-	2,100	-	900	-
Labor and materials for improvement to Delaware Township roads	14-12	47,000	1,859	-	-	1,859	-	-	-
Purchase of various road equipment	14-11	26,000	5,965	-	-	5,965	-	-	-
Purchase of various office equipment	14-13	12,500	11,615	-	-	8,448	-	3,167	-
Road drainage and construction	15-07	70,000	-	-	70,000	70,000	-	-	-
Purchase of various road equipment	15-07	40,000	-	-	40,000	31,985	-	8,015	-
Improvements to Dilts Farm Park	15-07	3,000	-	-	3,000	3,000	-	-	-
Purchase of a 4 wheel drive vehicle	15-08	17,000	-	-	17,000	14,431	-	2,569	-
Purchase of records retention equipment	15-08	6,000	-	-	6,000	5,200	-	800	-
Acquisition of equipment	15-10	100,000	-	-	100,000	98,004	-	-	1,996
Purchase of road materials	15-11	26,200	-	-	26,200	26,166	-	34	-
			<u>\$ 35,826</u>	<u>\$ 287,802</u>	<u>\$ 262,200</u>	<u>\$ 339,269</u>	<u>\$ -</u>	<u>\$ 55,549</u>	<u>\$ 191,010</u>
	Ref.		C	C	Below	Below		C	C
Capital Improvement fund	C-11				\$ 31,200				
Deferred charges to future taxation unfunded	C-9				95,000				
Reserve for purchase of various equipment	C-13				43,000				
Reserve for road improvements	C-16				70,000				
Reserve for improvement of municipal facilities	C-14				23,000				
					<u>\$ 262,200</u>				
Disbursements	C-2					\$ 352,019			
Improvement authorization refunds received in current fund	C-10					(12,750)			
						<u>\$ 339,269</u>			

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Capital Improvement Fund

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 890
Increased by		
2015 budget appropriation	C-5	<u>47,000</u>
		47,890
Decreased by		
Appropriated to finance improvement authorizations	C-10	<u>31,200</u>
Balance - December 31, 2015	C	<u><u>\$ 16,690</u></u>

C-12

TOWNSHIP OF DELAWARE
Schedule of Reserve for Payment of Debt Service

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 77,979
Increased by		
Excess financing received	C-8	<u>30,000</u>
		107,979
Decreased by		
Anticipated as a revenue in current fund	C-5	<u>35,000</u>
Balance - December 31, 2015	C	<u><u>\$ 72,979</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Purchase of Various Equipment

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 23,000
Increased by		
2015 budget appropriation	C-5	<u>60,000</u>
		83,000
Decreased by		
Appropriated to finance improvement authorizations	C-10	<u>43,000</u>
Balance - December 31, 2015	C	<u><u>\$ 40,000</u></u>

C-14

TOWNSHIP OF DELAWARE
Schedule of Reserve For Improvements to Municipal Facilities

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ 15,000
Increased by		
2015 budget appropriation	C-5	<u>23,000</u>
		38,000
Decreased by		
Appropriated to finance improvement authorizations	C-10	<u>23,000</u>
Balance - December 31, 2015	C	<u><u>\$ 15,000</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Guard Rails

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ <u>2,325</u>
Balance - December 31, 2015	C	\$ <u><u>2,325</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Improvements

	<u>Ref.</u>	
Balance - December 31, 2014	C	\$ -
Increased by 2015 budget appropriation	C-5	<u>70,000</u> 70,000
Decreased by Appropriated to finance improvement authorizations	C-10	<u>70,000</u>
Balance - December 31, 2015	C	\$ <u><u>-</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of General Serial Bonds Payable

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding 12/31/15		Interest Rate	Balance 12/31/14	Increased	Decreased	Balance 12/31/15
			Date	Amount					
General improvements	12/04/2008	\$ 4,190,000	10/15/16	\$ 2,000	4.30%	\$ 16,000	\$ -	\$ 2,000	\$ 14,000
			10/15/17	2,000	5.25%				
			10/15/18	2,000	5.25%				
			10/15/19	2,000	4.63%				
			10/15/20	2,000	4.63%				
			10/15/21	2,000	4.75%				
			10/15/22	2,000	4.75%				
Open space acquisition	11/15/08	2,738,000	10/15/16	53,000	5.20%	2,543,000	-	2,377,000	166,000
			10/15/17	55,000	5.20%				
			10/15/18	58,000	5.20%				
General improvements	11/15/08	2,654,000	10/15/16	52,000	5.20%	2,459,000	-	2,295,000	164,000
			10/15/17	55,000	5.20%				
			10/15/18	57,000	5.20%				
Refunding bond issue	08/07/13	2,350,000	10/15/16	250,000	2.10%	1,860,000	-	250,000	1,610,000
			10/15/17	245,000	2.10%				
			10/15/18	235,000	2.10%				
			10/15/19	230,000	2.10%				
			10/15/20	225,000	2.10%				
			10/15/21	215,000	2.10%				
			10/15/22	210,000	2.10%				
Refunding bond issue	09/10/15	5,237,250	10/15/16	40,000	2.00%	-	5,237,250	77,250	5,160,000
			10/15/17	40,000	3.00%				
			10/15/18	40,000	3.00%				
			10/15/19	160,000	3.00%				
			10/15/20	170,000	4.00%				
			10/15/21	175,000	4.00%				
			10/15/22	185,000	3.00%				
			10/15/23	195,000	2.38%				
			10/15/24	200,000	2.50%				
			10/15/25	210,000	2.63%				
			10/15/26	215,000	2.75%				
			10/15/27	220,000	3.50%				

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Bond Anticipation Notes Payable

<u>Improvement Description</u>	<u>Original Note</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance 12/31/14</u>	<u>Increased</u>	<u>Bonds Issued</u>	<u>Balance 12/31/15</u>
		<u>Issue</u>	<u>Maturity</u>					
General purposes	12/05/12	12/05/14	12/05/15	1.25%	\$ 798,000	\$ -	\$ 798,000	\$ -
					<u>\$ 798,000</u>	<u>\$ -</u>	<u>\$ 798,000</u>	<u>\$ -</u>
				<u>Ref.</u>	<u>C</u>		<u>C-17</u>	<u>C</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Bonds and Notes Authorized but Not Issued

Ord #	Improvement Description	Balance 12/31/14	Increased in 2015	Increased in 2015	Balance 12/31/15
00-25	Acquisition of development rights and purchase of land	\$ 199,000	\$ -	\$ -	\$ 199,000
13-03	Improvement fo various roads	570,000	-	-	570,000
15-10	Acquisition of equipment	-	95,000	-	95,000
		<u>\$ 769,000</u>	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ 864,000</u>
	<u>Ref.</u>	C			C

See independent auditors' report.

TOWNSHIP OF DELAWARE

PART II

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING**

**SCHEDULE OF STATE AND FEDERAL
FINANCIAL ASSISTANCE**



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Honorable Mayor and Members
of the Township Committee
Township of Delaware
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements-regulatory basis of the various funds and account group of the Township of Delaware, in the County of Hunterdon, (the municipality) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 3, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That report contained an unmodified opinion on the financial statements-regulatory basis.

Internal Control Over Financial Reporting

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

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

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

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 Municipality'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 Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano, Jr.
Certified Public Accountant
Registered Municipal Accountant

Date August 3, 2016
Flemington, New Jersey

TOWNSHIP OF DELAWARE
Schedule of Financial Assistance
For the Year Ended December 31, 2015

Grant	Balance 12/31/2014	Receipts	Expended	Over- Expended/ Canceled	Balance 12/31/2015
NJ Body Armor - 2011	\$ 1,459	\$ -	\$ -	\$ -	\$ 1,459
NJ Body Armor - 2012	1,113	-	-	-	1,113
NJ Body Armor - 2013	1,299	-	-	-	1,299
NJ Body Armor - 2014	1,090	-	-	-	1,090
NJ Body Armor - 2015		1,089	-	-	1,089
Office of Emergency Management - 2005	3,220	-	1,585	-	1,635
DWI - Prior Years	201	-	-	-	201
DWI - Prior 2013	422	-	-	-	422
Stormwater Management	5,473	-	-	-	5,473
Delaware River Greenway	1,834	-	-	-	1,834
Cool Cities	23,150	-	-	-	23,150
Recreation Trails Program	1,150	-	-	-	1,150
Clean Communities Program - 2013	12,070	-	9,571	-	2,499
Clean Communities Program - 2014	19,264	-	-	-	19,264
Clean Communities Program - 2015		23,398	-	-	23,398
Historic Preservation Grant	5,887	-	-	-	5,887
NJ Division of Highway Safety	3,100	-	-	-	3,100
NJ Forest Service - Business Stimulus Fund	7,000	-	-	-	7,000
FEMA Grant - Sanford Road Project	348	-	-	-	348
FEMA Grant- Sanford Road Project - Matching Funds	1,769	-	-	-	1,769
Delaware River Joint Toll Bridge Commission - Federal Twist Road Project	63,437	-	-	-	63,437
NJ Dept of Transportation - Meszaros Road Project	(533)	-	-	-	(533)
NJ Dept of Transportation - Grafton Road Project	78,082	-	-	-	78,082
Hunterdon County Historic Preservation Grant	14,750	-	12,350	-	2,400
Recycling Grant - 2014	1,598	-	-	-	1,598
	<u>\$ 247,183</u>	<u>\$ 24,487</u>	<u>\$ 23,506</u>	<u>\$ -</u>	<u>\$ 248,164</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Notes to Schedule of Expenditures of Financial Assistance
For the Year Ended December 31, 2015

Note 1 - General

The accompanying Schedule of Financial Assistance (the "Schedule") includes the grant activity of the Township of Delaware, County of Hunterdon (the "Municipality") under programs of the state and other governments for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of the Non-Profit Organizations and the schedule of expenditures of financial assistance as required by New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedule presents only a selected portion of the operations of the Municipality, it is intended to and do not present the financial position, changes in fund balance or cash flows of the Municipality.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available.

Note 3 - Relationship to Federal and State financial reports

Amounts reported in the Schedules agree with the amounts reported in the related Federal and State financial reports.

TOWNSHIP OF DELAWARE

PART III

STATISTICAL DATA

INSURANCE SCHEDULE

LIST OF OFFICIALS

GENERAL COMMENTS

RECOMMENDATIONS

TOWNSHIP OF DELAWARE

STATISTICAL DATA

TOWNSHIP OF DELAWARE
Statistical Data
Comparative Schedule of Operations and Change
In Fund Balance - Regulatory Basis

	2015		2014	
	Amount	%	Amount	%
<u>Revenue and other income realized</u>				
Fund balance utilized	\$ 241,000	1.13	\$ 350,000	1.69
Miscellaneous - From other than local property Tax levied	984,079	4.61	876,809	4.22
Collection of delinquent taxes & tax title liens	334,838	1.57	349,103	1.68
Collection of current tax levy	<u>19,764,316</u>	<u>92.68</u>	<u>19,186,609</u>	<u>92.41</u>
Total income	<u>21,324,233</u>	<u>100.00</u>	<u>20,762,521</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures Municipal purposes	3,797,670	18.21	3,759,193	18.31
County taxes	3,281,235	15.73	3,302,879	16.08
Local school taxes	7,855,988	37.66	7,688,575	37.44
Regional school taxes	5,445,579	26.11	5,275,272	25.69
Municipal open space tax	477,199	2.29	476,237	2.32
Other debits to income	<u>1,250</u>	<u>0.01</u>	<u>34,145</u>	<u>0.17</u>
Total expenditures	<u>20,858,921</u>	<u>100.00</u>	<u>20,536,301</u>	<u>100.00</u>
Regulatory excess to fund balance	465,312		226,220	
<u>Fund balance</u>				
Fund balance January 1,	<u>265,160</u>		<u>388,940</u>	
	730,472		615,160	
Less: Utilization as anticipated revenue	<u>241,000</u>		<u>350,000</u>	
Fund balance December 31,	<u>\$ 489,472</u>		<u>\$ 265,160</u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Year	Apportionment				Total Tax Rate
	Municipal & Open Space	County	Local School	Regional High School	
	2015	\$ 0.43	\$ 0.41	\$ 0.99	
2014	0.41	0.42	0.97	0.67	2.47
2013*	0.37	0.42	0.98	0.64	2.41
2012	0.31	0.38	0.85	0.56	2.10
2011	0.30	0.37	0.84	0.55	2.06
2010	0.30	0.39	0.84	0.54	2.07
2009	0.29	0.38	0.81	0.58	2.06
2008	0.29	0.39	0.78	0.60	2.06
2007	0.28	0.39	0.77	0.60	2.04
2006	0.25	0.37	0.69	0.58	1.89

* Revalued/Reassessed

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed
			to Estimated Full Cash Valuations
2015	\$ 793,152,870	\$ 881,280,967	90.00%
2014	791,200,156	886,016,493	89.30%
2013*	787,068,690	897,256,328	87.72%
2012	911,663,133	957,931,211	95.17%
2011	910,694,220	984,321,465	92.52%
2010	908,222,212	1,014,206,825	89.55%
2009	904,532,341	1,003,974,575	90.10%
2008	897,994,980	1,043,088,417	86.09%
2007	891,383,319	1,045,979,504	85.22%
2006	888,197,519	916,467,168	96.92%

* Revalued/Reassessed

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year	Tax Levy	Cash Collections	Percentage of Collections
2015	\$ 20,039,700	\$ 19,764,316	98.63%
2014	19,547,863	19,186,609	98.15%
2013	19,004,642	18,649,706	98.13%
2012	19,188,246	18,796,219	97.96%
2011	18,850,610	18,465,116	97.96%
2010	18,887,078	18,422,195	97.54%
2009	18,706,104	18,466,104	98.72%
2008	18,647,744	18,435,074	98.86%
2007	18,370,000	18,160,970	98.86%
2006	16,943,988	16,706,439	98.60%

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

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)

ASSESSED VALUES DISTRIBUTION

Year	Vacant							Total
	Land	Residential	Apartments	Commercial	Farmland	Industrial	Real Property	
2006	\$ 11,581,520	\$ 576,921,700	\$ 1,065,700	\$ 18,552,800	\$ 269,759,200	\$ 8,724,800	\$ 886,605,720	
2007	11,832,320	580,165,800	1,065,700	18,552,800	269,586,500	8,724,800	889,927,920	
2008	13,593,120	586,282,500	1,065,700	18,483,500	268,458,700	8,742,900	896,626,420	
2009	12,155,120	592,543,500	1,065,700	19,279,100	269,345,100	8,742,900	903,131,420	
2010	10,571,520	595,297,600	1,065,700	18,830,500	272,201,900	8,742,900	906,710,120	
2011	12,373,520	594,251,900	1,065,700	18,597,500	274,268,500	8,742,900	909,300,020	
2012	11,155,520	598,887,800	1,065,700	19,047,700	271,316,300	8,740,600	910,213,620	
2013 (1)	8,649,620	515,755,700	939,500	17,203,300	235,828,100	7,270,600	785,646,820	
2014	8,135,620	525,352,300	939,500	17,196,100	231,875,600	7,270,600	790,769,720	
2015	6,913,420	536,516,600	939,500	17,273,600	223,780,610	7,270,600	792,694,330	

(1) Revalued/Reassessed

DELINQUENT TAXES AND TITLE LIENS

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

Year	Amount of	Amount of	Total	Percentage
	Tax Title Liens	Delinquent Taxes	Delinquent	of Tax Levy
2006	\$ 4,064	\$ 231,684	\$ 235,748	1.39%
2007	4,289	208,445	212,734	1.16%
2008	4,515	206,836	211,351	1.13%
2009	6,286	238,639	244,925	1.31%
2010	10,270	463,423	473,693	2.51%
2011	20,156	375,395	395,551	2.10%
2012	19,164	397,912	417,076	2.17%
2013	21,328	415,485	436,813	2.29%
2014	16,648	422,155	438,803	2.24%
2015	20,549	356,882	377,431	1.88%

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2015	None
2014	None
2013	None
2012	None
2011	None
2010	None
2009	None
2008	None
2007	None
2006	None

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2015	\$ 489,472	\$ 295,437
	2014	265,160	241,000
	2013	388,940	350,000
	2012	450,872	395,000
	2011	446,570	414,000
	2010	551,888	518,000
	2009	772,652	742,199
	2008	832,961	658,000
	2007	564,301	500,000
	2006	421,092	350,000

See independent auditors' report.

DELAWARE TOWNSHIP
Statistical Data
Debt Incurring Capacity as of Decmeber 31, 2015

Municipal

1. Equalized valuations of real property (2015, 2014, 2013)	\$ 891,138,727
2. Permitted municipal debt limitation (3.5% of \$891,138,727)	31,189,855
3. Net debt issued, outstanding & authorized	8,650,021
4. Excess school borrowing	-
5. Total charges to borrowing margin	<u>8,650,021</u>
6. Remaining municipal borrowing capacity	<u><u>\$ 22,539,834</u></u>

Local school district

1. Permitted school district debt limitation (3.0% of \$891,138,727)	\$ 26,734,162
2. Debt issued, outstanding & authorized	<u>2,660,000</u>
3. Remaining municipal borrowing capacity	<u><u>\$ 24,074,162</u></u>

Gross & Statutory Net Debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage
2015	\$ 12,548,023	\$ 8,650,021	0.97%
2014	12,934,194	8,337,021	0.94%
2013	13,649,838	8,649,021	0.95%
2012	13,826,822	8,339,000	0.88%
2011	14,149,173	8,249,000	0.84%
2010	14,932,151	8,468,801	0.84%
2009	15,275,183	8,391,801	0.82%

See independent auditors' report.

DELAWARE TOWNSHIP
Statistical Data
Statement of Indebtedness as of December 31, 2015

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds	\$	7,859,000	
Notes		-	
Bonds and notes authorized but not issued		864,000	\$ 8,723,000
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		2,660,000	
Notes		-	
Bonds and notes authorized but not issued		-	2,660,000
Regional school district			
Bonds, notes and loans issued and outstanding			
Bonds		1,165,023	
Notes		-	
Bonds and notes authorized but not issued		-	1,165,023
Total gross debt			12,548,023
Statutory deductions			
Municipal		72,979	
Local school district		2,660,000	
Regional school district		1,165,023	3,898,002
Total net debt			\$ 8,650,021
Overlapping debt as of December 31, 2015			
	Debt Outstanding	Estimated % Applicable	
Local school district debt	\$ 2,660,000	100.00%	\$ 2,660,000
Regional school district debt	11,870,000	9.81%	1,165,023
County debt	62,494,492	4.27%	2,668,701
Total overlapping debt			\$ 6,493,724

See independent auditors' report.

DELAWARE TOWNSHIP
Statistical Data
Statement of Indebtedness as of December 31, 2015 (continued)

Gross debt (\$12,548,023)		
Per capita (population 2010 census - 4,551)	\$	2,757
Percent of average equalized valuation basis (2015 - \$891,138,727)		1.41%
Percent of net valuation taxable (2015 - \$793,152,870)		1.58%
 Net municipal debt (\$8,650,021)		
Per capita (population 2010 census - 4,551)	\$	1,901
Percent of average equalized valuation basis (2015 - \$891,138,727)		0.97%
Percent of net valuation taxable (2015 - \$793,152,870)		1.09%
 Overall debt (gross and overlapping debt - \$15,905,439)		
Per capita (population 2010 census - 4,551)	\$	3,344
Percent of average equalized valuation basis (2015 - \$891,138,727)		1.71%
Percent of net valuation taxable (2015 - \$793,152,870)		1.92%

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Insurance
For the Year Ended December 31, 2015
(Unaudited)

	Coverage	Deductible
Workers compensation - Somerset County Joint Insurance Fund		
Policy limit	Statutory	
Package policy - Somerset County Joint Insurance Fund		
Property - buildings & contents - Fund limit	\$ 100,000,000	\$ -
Liability coverage casualty per occurrence	5,000,000	-
Auto liability	5,000,000	-
Public officials & employment practices	2,000,000	25,000
Excess liability	5,000,000	-
Crime	1,000,000	-
Pollution legal liability - Somerset County Joint Insurance Fund		
Each incident	1,000,000	25,000
Surety bonds		
Tax collector	175,000	-
Treasurer	100,000	-
Payroll clerk	100,000	-

The Somerset County Joint Insurance Fund is responsible for the first \$25,000 deductible per occurrence (other than flood). No per member specific deductible applies to the entity.

Adequacy of insurance coverage is the responsibility of the municipality.

See independent auditors' report.

TOWNSHIP OF DELAWARE
List of Officials

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>
Roger R. Locandro	Mayor
Joseph Vocke	Deputy Mayor
Charles Herman	Committeeperson
Susan D. Lockwood	Committeeperson
Kenneth Novak	Committeeperson

* * * * *

<u>Name</u>	<u>Title</u>
Judith Allen	Municipal Clerk
Linda Zengel	Treasurer & Chief Financial Officer
Danene Gooding	Tax Collector
Michelle Trivigno	Assessor
Kristina Hadinger	Attorney
John Lanza	Labor Attorney & Special Counsel
C. Richard Roseberry	Engineer

TOWNSHIP OF DELAWARE
General Comments

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of 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 the aggregate, \$17,500, except by contract or agreement."

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

The minutes indicated that contracts were awarded for the following items:

Rock Salt	Road Materials
Case Loader	Truck Body and Equipment
Painting Township Building	Police Building Landscaping

The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5 as follows:

Auditor	Engineer
Architect	Labor Attorney
Hydro Geologist	Risk Consultant
Historic Consultant	Municipal Attorney
Planning Consultants	Environmental Consultant
Finance Office Consultant	

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.

From our examination of expenditures, it appears that there were no individual payments, contracts or agreements in excess of \$17,500 "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 NJS 40A:11-6.

TOWNSHIP OF DELAWARE
General Comments

Collection of Interest on Delinquent Taxes and Assessments

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

On January 5, 2015, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED that the rate of interest to be charged by the Township of Delaware for nonpayment of taxes or assessments on or before the date they would become delinquent, shall be 8% on the first \$1,500 and 18% per annum on the balance over \$1,500 provided however that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same became payable. Any installment received after the expiration of the said ten day grace period, shall bear interest from the due date.

It appears from a test examination of the Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held in the year 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 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2015	4
2014	3
2013	4

Control Deficiencies

Segregation of Duties - The Municipality does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. This is due to the limited number of personnel of the Municipality. Accordingly, management of the Municipality should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control. We do not believe that the deficiencies described above are to be considered material weaknesses.

TOWNSHIP OF DELAWARE
General Comments

Other Comments

Municipal Expenditures

1. Receiving signatures acknowledging receipt of goods or services are not evident on all payment forms.

Technical Accounting Directives

The municipality, as a requirement of directives issued by the Division of Local Government Services, is required to maintain the following.

1. Encumbrance accounting system
2. Fixed asset accounting system
3. General ledger

As the fixed asset accounting system has not been undated in years, it is recommended that a current fixed asset inventory be taken.

Other

As reflected on the various balance sheets there are Interfunds receivable and payable that are to be liquidated prior to the end of the year.

TOWNSHIP OF DELAWARE
Recommendations

It is recommended that:

1. Receiving signatures are to be evident on all payment forms.
2. A current fixed asset inventory is to be taken.
3. Interfund balances are to be liquidated prior to the end of the year.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on prior year recommendations and corrective action was taken on all except for the following:

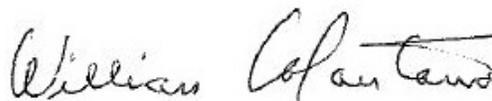
1. Receiving signatures are to be evident on all payment forms.
2. Interfund balances are to be liquidated prior to the end of the year.

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements and this report of such conditions does not modify our report dated August 3, 2016.

We would be pleased to confer on questions that might arise with respect to any matter in this report.

We wish to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano, Jr.
Certified Public Accountant
Registered Municipal Accountant