

BOROUGH OF CHESTER

COUNTY OF MORRIS

REPORT OF AUDIT

2015

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF CHESTER

COUNTY OF MORRIS

REPORT OF AUDIT

2015

BOROUGH OF CHESTER
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BOROUGH OF CHESTER

PART I

INDEPENDENT AUDITORS' REPORT

AND FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2015



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Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Chester
Chester, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough'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 Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Mayor and Members
of the Borough Council
Borough of Chester
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Borough 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 in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2015 and 2014, or the changes in financial position, or where applicable, cash flows thereof for the years then ended.

Basis for Qualified Opinion

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

Qualified Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Borough implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

The Honorable Mayor and Members
of the Borough Council
Borough of Chester
Page 3

Other Matters

Supplementary Information

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

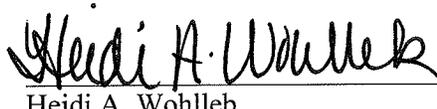
The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 June 17, 2016 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 17, 2016

NISIVOCCIA LLP



Heidi A. Wohlleb

Registered Municipal Accountant No. 481
Certified Public Accountant

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
CURRENT FUND

BOROUGH OF CHESTER
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 1,482,781.17	\$ 1,292,201.71
Change Fund		150.00	150.00
Petty Cash		433.81	269.45
		<u>1,483,364.98</u>	<u>1,292,621.16</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	331,943.15	301,388.24
Property Acquired for Taxes at Assessed Valuation		181,200.00	181,200.00
Revenue Accounts Receivable	A-9	9,264.06	4,646.31
Due from Assessment Trust Fund	B	32.91	32.79
Due from Animal Control Trust Fund	B	2,119.03	1,990.95
Due from General Capital Fund	C		27,609.09
Due from Sewer Utility Operating Fund	D		91,298.16
Due from Solid Waste Utility Operating Fund	E		18,995.61
Due from Swimming Pool Utility Operating Fund	F	128,166.00	12,934.68
Total Receivables and Other Assets With Full Reserves		<u>652,725.15</u>	<u>640,095.83</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves			3,407.29
			<u>3,407.29</u>
Total Regular Fund		<u>2,136,090.13</u>	<u>1,936,124.28</u>
Federal and State Grant Fund:			
Due from Current Fund	A	26,278.04	25,883.01
Total Federal and State Grant Fund		<u>26,278.04</u>	<u>25,883.01</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,162,368.17</u>	<u>\$ 1,962,007.29</u>

BOROUGH OF CHESTER
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 10,258.27	\$ 35,074.45
Unencumbered	A-3;A-11	569,857.47	278,674.83
		<u>580,115.74</u>	<u>313,749.28</u>
Prepaid Taxes		75,222.45	68,474.01
Tax Overpayments		6,704.64	5,972.27
County Taxes Payable		433.44	103.09
Due to State of New Jersey:			
Department of Community Affairs Training Fees		1,372.00	2,898.00
Veteran and Senior Citizens Deductions		189.99	189.99
Due to Federal and State Grant Fund	A	26,278.04	25,883.01
Due to Other Trust Funds	B	148,971.52	154,204.94
Due to General Capital Fund	C	94,902.78	
Due to Sewer Utility Operating Fund	D	3,096.90	
Due to Solid Waste Utility Operating Fund	E	699.56	
Due to Payroll Account		39,731.67	31,678.89
Reserve For Fire Prevention Penalties		385.00	385.00
		<u>978,103.73</u>	<u>603,538.48</u>
Reserve for Receivables and Other Assets	A	652,725.15	640,095.83
Fund Balance	A-1	505,261.25	692,489.97
		<u>2,136,090.13</u>	<u>1,936,124.28</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-16	20,643.01	16,282.81
Unappropriated Reserves	A-15	5,635.03	9,600.20
		<u>26,278.04</u>	<u>25,883.01</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,162,368.17</u>	<u>\$ 1,962,007.29</u>

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

BOROUGH OF CHESTER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 450,000.00	\$ 667,000.00
Miscellaneous Revenue Anticipated		837,076.96	718,211.27
Receipts from:			
Delinquent Taxes		248,461.73	206,232.41
Current Taxes		9,794,661.03	9,140,566.98
Nonbudget Revenue		86,073.00	97,976.97
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		237,544.78	300,383.89
Prior Year Interfunds Returned		1,990.95	
 Total Income		<u>11,655,808.45</u>	<u>11,130,371.52</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		4,593,364.79	4,504,015.86
County Taxes		1,055,360.97	992,194.78
Local School District Taxes		3,718,987.00	3,560,560.00
Regional School District Taxes		1,867,069.00	1,491,958.00
Municipal Open Space Taxes		37,903.94	37,761.68
Interfunds Advanced		117,350.47	150,893.37
Refund of Prior Year Revenue		3,001.00	
 Total Expenditures		<u>11,393,037.17</u>	<u>10,737,383.69</u>
 Excess in Revenue		262,771.28	392,987.83
 Balance January 1		692,489.97	966,502.14
		<u>955,261.25</u>	<u>1,359,489.97</u>
Decreased by:			
Utilized as Anticipated Revenue		450,000.00	667,000.00
 Balance December 31	A	<u>\$ 505,261.25</u>	<u>\$ 692,489.97</u>

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

BOROUGH OF CHESTER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 450,000.00	\$ 450,000.00	
Miscellaneous Revenue:			
Alcoholic Beverage Licenses	12,000.00	12,650.00	\$ 650.00
Other Licenses	7,000.00	6,824.00	176.00 *
Municipal Court - Fines and Costs	88,000.00	83,472.32	4,527.68 *
Interest and Costs on Taxes	70,000.00	65,961.05	4,038.95 *
Interest on Investments	3,500.00	6,936.73	3,436.73
Transient Merchant Vending Licenses	11,000.00	5,300.00	5,700.00 *
Board of Health Fees	19,000.00	20,110.78	1,110.78
Fire Prevention Fees	8,500.00	2,830.50	5,669.50 *
Payments in Lieu of Taxes - Robert Cole Apartments	24,900.00	27,671.10	2,771.10
Planning and Zoning Administrative Costs	3,000.00		3,000.00 *
Rental - School Board	73,313.52	73,313.52	
Energy Receipts Taxes	146,071.00	146,071.00	
Uniform Construction Code Fees	55,485.00	47,348.00	8,137.00 *
Mendham Borough Municipal Court	60,000.00	59,618.62	381.38 *
Body Armor Replacement Fund	1,174.81	1,174.81	
Clean Communities Program	4,000.00	4,000.00	
Recycling Tonnage Grant	1,835.20	1,835.20	
Reserve for Drunk Driving Enforcement	2,590.19	2,590.19	
Swimming Pool Utility Surplus Anticipated	130,000.00	130,000.00	
Due from General Capital Fund	27,609.09	27,609.09	
Due from Sewer Utility Operating Fund	91,298.16	91,298.16	

BOROUGH OF CHESTER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue (Cont'd):			
Due from Solid Waste Utility Operating Fund	\$ 18,995.61	\$ 18,995.61	
Due from Swimming Pool Utility Operating Fund	12,934.68		\$ 12,934.68 *
School Board Rent	971.48	1,466.28	494.80
	<u>873,178.74</u>	<u>837,076.96</u>	<u>36,101.78 *</u>
Receipts from Delinquent Taxes	<u>254,488.85</u>	<u>248,461.73</u>	<u>6,027.12 *</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	3,239,446.23	3,339,087.98	99,641.75
Minimum Library Tax	154,390.47	154,390.47	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>3,393,836.70</u>	<u>3,493,478.45</u>	<u>99,641.75</u>
Budget Totals	4,971,504.29	5,029,017.14	57,512.85
Nonbudget Revenue		<u>86,073.00</u>	<u>86,073.00</u>
	<u>\$ 4,971,504.29</u>	<u>\$ 5,115,090.14</u>	<u>\$ 143,585.85</u>

BOROUGH OF CHESTER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes		\$ 9,794,661.03
Allocated to:		
Local School District Taxes	\$ 3,718,987.00	
Regional School District Taxes	1,867,069.00	
Municipal Open Space Taxes	37,903.94	
County of Morris Taxes	<u>1,055,360.97</u>	
		<u>6,679,320.91</u>
Balance for Support of Municipal Budget		<u>3,115,340.12</u>
		<u>378,138.33</u>
Add: Appropriation "Reserve for Uncollected Taxes"		<u>378,138.33</u>
Realized for Support of Municipal Budget		<u><u>\$ 3,493,478.45</u></u>
Interest on Investments:		
Collected by Treasurer		\$ 4,980.96
Due from Animal Control Trust Fund		3.33
Due from Other Trust Funds		40.34
Due from Assessment Trust Fund		0.12
Due from General Capital Fund		<u>1,911.98</u>
Total Interest on Investments		<u><u>\$ 6,936.73</u></u>

BOROUGH OF CHESTER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Police Reports and Fines	\$ 1,507.50	
Police Outside Duty Administration Fees	5,028.50	
Recycling Fees	252.00	
Prior Year Reimbursements	9,111.13	
Windy Acres Pad Fee	4,500.00	
Antenna Rental	35,114.52	
Senior and Veteran Deduction Administration Fee	240.00	
Franchise Fee	2,112.75	
Fees - Including Clerk Fees	4,697.85	
Other Miscellaneous	<u>21,393.05</u>	
		\$ 83,957.30
Due From Animal Control Fund - Statutory Excess in Reserve for Animal Control Fund Expenditures		<u>2,115.70</u>
		<u>\$ 86,073.00</u>

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

BOROUGH OF CHESTER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 76,000.00	\$ 89,000.00	\$ 87,913.48	\$ 1,086.52	
Other Expenses	42,600.00	29,600.00	26,073.56	3,526.44	
Mayor and Council:					
Salaries & Wages	32,000.00	32,000.00	30,878.00	1,122.00	
Other Expenses	14,000.00	14,000.00	6,853.28	7,146.72	
Municipal Clerk:					
Salaries & Wages	54,000.00	54,000.00	51,911.90	2,088.10	
Other Expenses	15,300.00	15,300.00	12,073.62	3,226.38	
Financial Administration:					
Salaries & Wages	83,000.00	52,000.00	50,286.27	1,713.73	
Other Expenses	20,690.00	38,690.00	38,646.08	43.92	
Annual Audit	20,350.00	20,350.00		20,350.00	
Collection of Taxes:					
Salaries & Wages	24,000.00	13,500.00	11,507.54	1,992.46	
Other Expenses	7,200.00	17,700.00	7,979.50	9,720.50	
Assessment of Taxes:					
Salaries & Wages	28,262.00	28,262.04	28,262.04		
Other Expenses	6,900.00	6,899.96	2,465.00	4,434.96	
Legal Services and Costs:					
Other Expenses - Fees	115,000.00	115,000.00	79,573.00	35,427.00	
Municipal Court:					
Salaries & Wages	51,000.00	51,000.00	49,861.92	1,138.08	
Other Expenses	9,100.00	9,100.00	4,785.19	4,314.81	
Public Defender (P.L. 1997, Chapter 256):					
Other Expenses	4,000.00	4,000.00	800.00	3,200.00	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (continued):					
Engineering Services and Costs:					
Other Expenses	\$ 28,000.00	\$ 28,000.00	\$ 7,839.84	\$ 20,160.16	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	7,400.00	7,400.00	7,229.76	170.24	
Other Expenses	25,500.00	25,500.00	9,653.36	15,846.64	
Municipal Planner	12,000.00	12,000.00	600.00	11,400.00	
Zoning Officer and Costs:					
Salaries & Wages	47,500.00	49,500.00	49,293.84	206.16	
Other Expenses	1,200.00	1,200.00	169.40	1,030.60	
Zoning /Board of Adjustments:					
Salaries and Wages	3,400.00	3,400.00		3,400.00	
Other Expenses	8,200.00	6,200.00	3,214.91	2,985.09	
Environmental Commission:					
Other Expenses	1,000.00	1,000.00	290.00	710.00	
Insurance (P.L. 2003, C.92):					
Other Insurance Premiums	95,000.00	95,000.00	90,953.85	4,046.15	
Group Insurance for Employees	712,161.00	712,161.00	565,489.26	146,671.74	
Health Benefit Waivers	15,000.00	15,000.00	10,000.00	5,000.00	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	760,000.00	796,000.00	765,897.14	30,102.86	
Other Expenses	77,400.00	77,400.00	68,774.87	8,625.13	
Police Dispatch/911	79,000.00	79,000.00	78,148.23	851.77	

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY:					
Emergency Management Services:					
Salaries & Wages	\$ 8,200.00	\$ 8,200.00		\$ 8,200.00	
Other Expenses	4,000.00	4,000.00	\$ 975.57	3,024.43	
Aid to Volunteer Fire Company:					
Other Expenses	53,100.00	53,100.00	53,100.00		
Aid to Volunteer Ambulance Companies:					
Other Expenses	25,700.00	25,700.00	25,680.00	20.00	
Fire Prevention:					
Other Expenses	290.00	290.00		290.00	
Municipal Prosecutor:					
Other Expenses	13,250.00	13,250.00	10,500.00	2,750.00	
PUBLIC WORKS:					
Road Repair and Maintenance:					
Salaries and Wages	301,800.00	301,800.00	267,086.15	34,713.85	
Other Expenses	90,500.00	74,500.00	67,859.44	6,640.56	
Traffic Light:					
Other Expenses	6,000.00	6,000.00	1,667.50	4,332.50	
Shade Tree Commission :					
Other Expenses	19,350.00	19,350.00	4,343.00	15,007.00	
Public Building and Grounds:					
Other Expenses	35,000.00	28,000.00	24,218.89	3,781.11	
Vehicle Maintenance:					
Other Expenses	25,000.00	25,000.00	18,537.88	6,462.12	
Community Services Act - Condo Costs:					
Kelly Bill - Chester Towne	380.00	380.00	280.88	99.12	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
HEALTH AND HUMAN SERVICES:					
Board of Health:					
Salaries & Wages	\$ 15,000.00	\$ 15,000.00	\$ 9,504.18	\$ 5,495.82	
Other Expenses	47,124.00	47,124.00	42,946.35	4,177.65	
Senior Citizen Transportation	17,000.00	17,000.00	16,688.48	311.52	
PARK AND RECREATION:					
Recreation Committee:					
Salaries & Wages	17,550.00	17,550.00	13,600.00	3,950.00	
Other Expenses	13,815.00	13,815.00	8,079.06	5,735.94	
OTHER COMMON OPERATING FUNCTIONS:					
Accumulated Leave Compensation:					
Salaries & Wages	28,000.00	28,000.00		28,000.00	
Celebration of Public Events:					
Other Expenses	12,500.00	12,500.00	2,252.72	10,247.28	
UNCLASSIFIED:					
Utilities	150,000.00	151,000.00	119,136.46	31,863.54	
Fire Hydrant	41,616.00	40,616.00	34,295.15	6,320.85	
UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code:					
Construction Official:					
Salaries & Wages	51,000.00	51,000.00	44,886.54	6,113.46	
Other Expenses	2,000.00	2,000.00	854.11	1,145.89	
Electrical Inspector:					
Other Expenses	8,500.00	8,500.00	6,588.30	1,911.70	
Total Operations Within "CAPS"	3,462,838.00	3,462,838.00	2,920,505.50	542,332.50	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
Contingent	\$ 3,000.00	\$ 3,000.00		\$ 3,000.00	
Total Operations including Contingent within "CAPS"	3,465,838.00	3,465,838.00	\$2,920,505.50	545,332.50	
Detail:					
Salaries & Wages	1,588,112.00	1,597,612.04	1,468,118.76	129,493.28	
Other Expenses	1,877,726.00	1,868,225.96	1,452,386.74	415,839.22	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Deferred Charges:					
Overexpenditure of Appropriation Reserves	3,407.29	3,407.29	3,407.29		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	89,473.00	89,539.00	89,538.56	0.44	
Social Security System (O.A.S.I.)	128,600.00	128,600.00	118,666.20	9,933.80	
Defined Contribution Retirement Program	2,000.00	1,934.00		1,934.00	
Police and Firemen's Retirement System	153,454.00	153,454.00	153,454.00		
Unemployment Insurance	2,000.00	2,000.00		2,000.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	378,934.29	378,934.29	365,066.05	13,868.24	
Total General Appropriations for Municipal Purposes Within "CAPS"	3,844,772.29	3,844,772.29	3,285,571.55	559,200.74	
Operations Excluded from "CAPS":					
Aid to Library Proportionate Share (N.J.S.A. 40:54-35)	154,390.47	154,390.47	147,224.00	7,166.47	
Group Insurance	21,839.00	21,839.00	21,839.00		

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Cont'd):					
Length of Service Awards Program	\$ 20,000.00	\$ 20,000.00	\$ 17,976.17	\$ 2,023.83	
Shared Service Agreement:					
Borough of Mendham - Contractual Agreement	60,000.00	60,000.00	58,533.57	1,466.43	
State and Federal Programs Offset by Revenues:					
Recycling Tonnage Grant	1,835.20	1,835.20	1,835.20		
Drunk Driving Enforcement Fund	2,590.19	2,590.19	2,590.19		
Clean Communities Program	4,000.00	4,000.00	4,000.00		
Body Armor Replacement Fund	1,174.81	1,174.81	1,174.81		
Total Operations Excluded from "CAPS"	<u>265,829.67</u>	<u>265,829.67</u>	<u>255,172.94</u>	<u>10,656.73</u>	
Detail:					
Other Expenses	<u>265,829.67</u>	<u>265,829.67</u>	<u>255,172.94</u>	<u>10,656.73</u>	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	<u>150,400.00</u>	<u>150,400.00</u>	<u>150,400.00</u>		
Total Capital Improvements - Excluded from "CAPS"	<u>150,400.00</u>	<u>150,400.00</u>	<u>150,400.00</u>		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	195,000.00	195,000.00	195,000.00		
Interest on Bonds	123,182.00	123,182.00	123,181.26		\$ 0.74
Capital Lease Obligation	14,182.00	14,182.00	14,181.57		0.43
Total Municipal Debt Service - Excluded from "CAPS"	<u>332,364.00</u>	<u>332,364.00</u>	<u>332,362.83</u>		<u>1.17</u>

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

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations - Excluded from "CAPS"	\$ 748,593.67	\$ 748,593.67	\$ 737,935.77	\$ 10,656.73	\$ 1.17
Subtotal General Appropriations	4,593,365.96	4,593,365.96	4,023,507.32	569,857.47	1.17
Reserve for Uncollected Taxes	378,138.33	378,138.33	378,138.33		
Total General Appropriations	<u>\$ 4,971,504.29</u>	<u>\$4,971,504.29</u>	<u>\$4,401,645.65</u>	<u>\$ 569,857.47</u>	<u>\$ 1.17</u>
	<u>Ref.</u>			A	

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

	<u>Ref.</u>	<u>Analysis of Paid or Charged</u>
Reserve for Uncollected Taxes		\$ 378,138.33
Reserve for Encumbrances	A	10,258.27
Due to Federal and State Grant Fund		9,600.20
Deferred Charges - Overexpenditure of Appropriation Reserves		3,407.29
Due to Payroll Account		63,701.21
Due to General Capital Fund - Budget Expenditures		851.00
Due to General Capital Fund - Capital Improvement Fund		150,400.00
Cash Disbursed		<u>3,912,307.29</u>
		4,528,663.59
Less: Appropriation Refunds - Due from Payroll Fund		68,793.00
Less: Appropriation Refunds - Cash Received		<u>58,224.94</u>
		<u><u>\$ 4,401,645.65</u></u>

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

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
TRUST FUNDS

BOROUGH OF CHESTER
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 6,962.83	\$ 6,748.15
		<u>6,962.83</u>	<u>6,748.15</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,494,503.07	1,529,216.29
Due from Current Fund	A	148,971.52	154,204.94
		<u>1,643,474.59</u>	<u>1,683,421.23</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	B-4	33.31	33.19
Assessments Receivable	B-7	11,126.56	11,126.56
		<u>11,159.87</u>	<u>11,159.75</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,661,597.29</u>	<u>\$ 1,701,329.13</u>

BOROUGH OF CHESTER
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	\$ 4,843.80	\$ 4,757.20
Due to Current Fund	A	2,119.03	1,990.95
		<u>6,962.83</u>	<u>6,748.15</u>
Other Trust Funds:			
Due to General Capital Fund	C	3,215.00	
Reserve for Developers' Escrow		133,408.70	123,147.99
Reserve for Open Space		307,805.76	281,290.47
Reserve for Planning and Zoning Development Fees		187,474.44	183,584.82
Reserve for Tax Sale Premiums		79,133.00	132,733.00
Reserve for Unemployment Compensation Insurance		26,061.57	29,586.27
Reserve for Accumulated Leave Compensation		35,440.98	35,430.35
Reserve for Parking Offenses Adjudication Act		438.00	420.00
Reserve for Recreation		72,348.70	93,368.03
Reserve for Larry Masey		2,243.18	2,733.09
Reserve for Forfeited Assets		1,623.78	1,619.66
Reserve for Housing Trust		775,047.10	782,012.55
Reserve for Public Defender		6,641.25	4,933.74
Reserve for Flexible Spending Account		50.49	50.37
Reserve for Snow Removal		12,542.64	12,510.89
		<u>1,643,474.59</u>	<u>1,683,421.23</u>
Assessment Trust Fund:			
Due to Current Fund	A	32.91	32.79
Reserve for Assessments	B-8	11,126.56	11,126.56
Fund Balance	B-1	0.40	0.40
		<u>11,159.87</u>	<u>11,159.75</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,661,597.29</u>	<u>\$ 1,701,329.13</u>

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

BOROUGH OF CHESTER
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	0.40
Balance December 31, 2015	B	<u>\$</u>	<u>0.40</u>

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

BOROUGH OF CHESTER
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

NOT APPLICABLE

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
GENERAL CAPITAL FUND

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 730,845.22	\$ 947,133.72
Due from State of New Jersey:			
Department of Transportation Grant Receivable		91,692.50	20,000.00
Due From Other Trust Funds	B	3,215.00	
Due From Current Fund	A	94,902.78	
Due From Payroll Account		40,825.89	
Deferred Charges to Future Taxation:			
Funded	C-8	4,035,000.00	4,230,000.00
<u>TOTAL ASSETS</u>		<u>\$ 4,996,481.39</u>	<u>\$ 5,197,133.72</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 4,035,000.00	\$ 4,230,000.00
Improvement Authorizations:			
Funded	C-5	711,089.18	567,098.21
Capital Improvement Fund	C-6	136,594.94	165,812.71
Due to Current Fund	A		27,609.09
Encumbrances Payable			116,961.80
Reserve for Green Acres Account		0.01	0.01
Fund Balance	C-1	113,797.26	89,651.90
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,996,481.39</u>	<u>\$ 5,197,133.72</u>

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

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 89,651.90
Increased by:		
Fully Funded Improvement Authorizations Cancelled		<u>24,145.36</u>
Balance December 31, 2015	C	<u>\$ 113,797.26</u>

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

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
SEWER UTILITY FUND

BOROUGH OF CHESTER
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 578,247.30	\$ 714,299.83
Refund Receivable			21,194.94
Due from Current Fund	A	3,096.90	
Due from Sewer Utility Capital Fund	D	457.21	228.40
Due from Solid Waste Utility Operating Fund	E	9,898.98	
Due from Payroll Account			5.21
		<u>591,700.39</u>	<u>735,728.38</u>
Receivables with Full Reserve:			
Consumer Accounts Receivable:			
Sewer Rents	D-6	159,286.56	122,014.04
Significant User Fees	D-6	35,932.34	56,138.88
		<u>195,218.90</u>	<u>178,152.92</u>
Deferred Charges:			
Deficit in Operations	D-1	3,819.95	
		<u>3,819.95</u>	
Total Operating Fund		<u>790,739.24</u>	<u>913,881.30</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	152,670.36	152,441.55
Fixed Capital	D-7	815,370.18	815,370.18
Fixed Capital Authorized and Uncompleted	D-8	2,095,865.97	2,095,865.97
		<u>3,063,906.51</u>	<u>3,063,677.70</u>
Total Capital Fund		<u>3,063,906.51</u>	<u>3,063,677.70</u>
<u>TOTAL ASSETS</u>		<u>\$ 3,854,645.75</u>	<u>\$ 3,977,559.00</u>

BOROUGH OF CHESTER
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	D-3	\$ 45,000.00	
Unencumbered	D-3;D-9	30,950.41	\$ 75,630.29
		<u>75,950.41</u>	<u>75,630.29</u>
Sewer Rent Overpayments		550.00	
Due to Current Fund	A		91,298.16
Due to Payroll Account		11,924.02	
Accrued Interest on Loans		<u>433.59</u>	<u>897.61</u>
		88,858.02	167,826.06
Reserve for Receivables	D	195,218.90	178,152.92
Fund Balance	D-1	<u>506,662.32</u>	<u>567,902.32</u>
Total Operating Fund		<u>790,739.24</u>	<u>913,881.30</u>
Capital Fund:			
Wastewater Treatment Trust Loan Payable	D-14	90,870.79	182,144.06
Improvement Authorizations:			
Funded	D-10	86,723.94	86,723.94
Due to Sewer Utility Operating Fund	D	457.21	228.40
Capital Improvement Fund	D-11	64,827.21	64,827.21
Deferred Reserve for Amortization	D-13	2,004,995.18	1,913,721.91
Reserve for Amortization	D-12	815,370.18	815,370.18
Fund Balance	D-1A	<u>662.00</u>	<u>662.00</u>
Total Capital Fund		<u>3,063,906.51</u>	<u>3,063,677.70</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,854,645.75</u>	<u>\$ 3,977,559.00</u>

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

BOROUGH OF CHESTER
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated		\$ 61,240.00	\$ 130,000.00
Sewer User Fees		336,228.84	356,849.04
Significant User Fees		74,128.28	128,368.35
Miscellaneous Revenue Not Anticipated		10,182.94	10,985.33
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		14,816.38	42,362.99
		<u>496,596.44</u>	<u>668,565.71</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		362,500.00	362,500.00
Capital Improvements		40,000.00	40,000.00
Debt Service		96,226.39	92,413.04
Statutory Expenditures		1,690.00	1,690.00
		<u>500,416.39</u>	<u>496,603.04</u>
Excess/(Deficit) in Revenue		(3,819.95)	171,962.67
Operating Deficit to be Raised in Budget in a Succeeding Year		<u>\$ 3,819.95</u>	
Excess in Revenue			171,962.67
<u>Fund Balance</u>			
Balance January 1		\$ 567,902.32	525,939.65
		567,902.32	697,902.32
Decreased by:			
Utilized as Anticipated Revenue		61,240.00	130,000.00
Balance December 31	D	<u>\$ 506,662.32</u>	<u>\$ 567,902.32</u>

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

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
STATEMENT OF SEWER CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ <u>662.00</u>
Balance December 31, 2015	D	\$ <u><u>662.00</u></u>

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

BOROUGH OF CHESTER
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Anticipated	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 61,240.00	\$ 61,240.00	
Sewer User Fees	340,000.00	336,228.84	\$ 3,771.16 *
Significant User Fees	100,000.00	74,128.28	25,871.72 *
	501,240.00	471,597.12	29,642.88 *
Miscellaneous Revenue Not Anticipated		10,182.94	10,182.94
	\$ 501,240.00	\$ 481,780.06	\$ 19,459.94 *

Analysis of Sewer User Fees:

Cash Received		\$ 323,591.80	
Due from Current Fund		2,582.01	
Due from Solid Waste Utility Operating Fund		10,055.03	
		\$ 336,228.84	

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:			
Interest on Investments	\$ 1,468.98		
Miscellaneous	2,000.00		
Interest on Penalties and Rents	5,970.26		
		\$ 9,439.24	
Due from Current Fund:			
Interest on Penalties and Rents		514.89	
Due from Sewer Utility Capital Fund:			
Interest on Investments		228.81	
		\$ 10,182.94	

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

BOROUGH OF CHESTER
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 22,000.00	\$ 22,000.00	\$ 13,046.58	\$ 8,953.42	
Other Expenses	340,500.00	340,500.00	337,918.06	2,581.94	
Capital Improvements:					
Capital Outlay	40,000.00	40,000.00	21,299.80	18,700.20	
Debt Service:					
N.J. Wastewater Treatment Financing Program:					
Principal/Interest	97,050.00	97,050.00	96,226.39		\$ 823.61
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	1,690.00	1,690.00	975.15	714.85	
	\$ 501,240.00	\$ 501,240.00	\$ 469,465.98	\$ 30,950.41	\$ 823.61
				D	
<u>Analysis of Paid or Charged</u>					
Cash Disbursed			\$ 411,428.67		
Encumbered		D	45,000.00		
Accrued Interest on Loans			4,916.65		
Due to Payroll Account			11,929.23		
			473,274.55		
Less:					
Appropriation Refund			3,808.57		
			\$ 469,465.98		

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

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
SOLID WASTE UTILITY FUND

BOROUGH OF CHESTER
SOLID WASTE UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 42,382.18	\$ 61,980.86
Due from Current Fund	A	699.56	
Due from Payroll Account			739.74
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-5	15,615.94	3,845.49
<u>TOTAL ASSETS</u>		<u>\$ 58,697.68</u>	<u>\$ 66,566.09</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-6	\$ 11,203.73	\$ 4,031.18
		11,203.73	4,031.18
Prepaid Rents		212.14	44.93
Due to Current Fund	A		18,995.61
Due to Sewer Utility Operating Fund	D	9,898.98	
Due to Payroll Account		3,749.92	
		25,064.77	23,071.72
Reserve for Receivables	E	15,615.94	3,845.49
Fund Balance	E-1	18,016.97	39,648.88
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 58,697.68</u>	<u>\$ 66,566.09</u>

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

BOROUGH OF CHESTER
SOLID WASTE UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	22,765.00	\$ 5,000.00
Rents		89,125.00	89,125.24
Additional User Fees		40,112.89	
Miscellaneous Revenue Not Anticipated		3,964.02	1,173.06
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		2,931.18	1,496.03
Total Income		<u>158,898.09</u>	<u>96,794.33</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		157,000.00	85,500.00
Statutory Expenditures		765.00	765.00
Total Expenditures		<u>157,765.00</u>	<u>86,265.00</u>
Excess in Revenue		1,133.09	10,529.33
<u>Fund Balance</u>			
Balance January 1		<u>39,648.88</u>	<u>34,119.55</u>
		40,781.97	44,648.88
Decreased by:			
Utilized as Anticipated Revenue		<u>22,765.00</u>	<u>5,000.00</u>
Balance December 31	E	<u><u>\$ 18,016.97</u></u>	<u><u>\$ 39,648.88</u></u>

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

BOROUGH OF CHESTER
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 22,765.00	\$ 22,765.00	
Rents	89,125.00	89,125.00	
Additional User Fees	45,875.00	40,112.89	\$ 5,762.11 *
	<u>157,765.00</u>	<u>152,002.89</u>	<u>5,762.11 *</u>
Miscellaneous Revenue Not Anticipated		3,964.02	3,964.02
	<u>\$ 157,765.00</u>	<u>\$ 155,966.91</u>	<u>\$ 1,798.09 *</u>

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:

Interest and Penalties on Rents	\$ 874.52
Bulky Waste Fees	2,788.00
Interest on Investments	156.94
Due from Current Fund:	
Interest and Penalties on Rents	<u>144.56</u>
	<u>\$ 3,964.02</u>

Analysis of Rents and Additional User Fees:

Cash Received	\$ 128,483.70
Prepaid Rents Applied	0.21
Due from Current Fund	555.00
Due from Sewer Utility Operating Fund	<u>198.98</u>
	<u>\$ 129,237.89</u>

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

BOROUGH OF CHESTER
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 10,000.00	\$ 10,000.00	\$ 4,474.39	\$ 5,525.61
Other Expenses	147,000.00	147,000.00	141,750.70	5,249.30
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	765.00	765.00	336.18	428.82
	<u>\$ 157,765.00</u>	<u>\$ 157,765.00</u>	<u>\$ 146,561.27</u>	<u>\$ 11,203.73</u>

Analysis of Paid or Charged:

Cash Disbursed	\$ 142,028.68
Due to Payroll Account	4,489.66
Due to Sewer Utility Operating Fund	42.93
	<u>\$ 146,561.27</u>

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
SWIMMING POOL UTILITY FUND

BOROUGH OF CHESTER
SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 574,364.93	\$ 437,169.79
Due from Payroll Account			1,081.78
Total Operating Fund		<u>574,364.93</u>	<u>438,251.57</u>
Capital Fund:			
Cash and Cash Equivalents	F-4	100,584.58	100,329.98
Due from Swimming Pool Utility Operating Fund	F	48,267.33	33,121.93
Fixed Capital	F-7	2,651,077.81	2,651,077.81
Fixed Capital Authorized and Uncompleted	F-8	<u>165,000.00</u>	<u>135,000.00</u>
Total Capital Fund		<u>2,964,929.72</u>	<u>2,919,529.72</u>
<u>TOTAL ASSETS</u>		<u>\$ 3,539,294.65</u>	<u>\$ 3,357,781.29</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	F-3;F-9		\$ 3,370.82
Unencumbered	F-3;F-9	\$ 67,354.71	64,820.60
		67,354.71	68,191.42
Accrued Interest on Bonds		3,114.75	3,875.00
Due to Payroll Account		57,093.93	
Due to Current Fund	A	128,166.00	12,934.68
Due to Swimming Pool Utility Capital Fund	F	48,267.33	33,121.93
		303,996.72	118,123.03
Fund Balance	F-1	270,368.21	320,128.54
Total Operating Fund		574,364.93	438,251.57
Capital Fund:			
Serial Bonds Payable	F-14	280,000.00	370,000.00
Improvement Authorizations:			
Funded	F-10	26,392.72	20,992.72
Capital Improvement Fund	F-11	122,459.19	112,459.19
Deferred Reserve for Amortization	F-13	165,000.00	135,000.00
Reserve for Amortization	F-12	2,371,077.81	2,281,077.81
Total Capital Fund		2,964,929.72	2,919,529.72
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,539,294.65</u>	<u>\$ 3,357,781.29</u>

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

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated		\$ 108,100.00	\$ 110,000.00
Swimming Pool Fees		374,542.00	367,378.00
Initiation Fee		68,675.00	56,350.00
Miscellaneous Revenue Not Anticipated		74,616.37	78,122.63
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		59,746.05	12,081.21
Total Income		<u>685,679.42</u>	<u>623,931.84</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		345,500.00	345,500.00
Capital Improvements		40,000.00	40,000.00
Debt Service		97,639.75	99,465.16
Statutory Expenditures		14,200.00	14,200.00
Total Expenditures		<u>497,339.75</u>	<u>499,165.16</u>
Excess in Revenue		188,339.67	124,766.68
<u>Fund Balance</u>			
Balance January 1		320,128.54	335,361.86
		508,468.21	460,128.54
Decreased by:			
Utilized as Anticipated Revenue		108,100.00	110,000.00
Utilized as Anticipated Revenue - Current Fund		130,000.00	30,000.00
Balance December 31	F	<u>\$ 270,368.21</u>	<u>\$ 320,128.54</u>

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

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	Anticipated	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 108,100.00	\$ 108,100.00	
Swimming Pool Fees	350,000.00	374,542.00	\$ 24,542.00
Initiation Fee	40,000.00	68,675.00	28,675.00
	498,100.00	551,317.00	53,217.00
Miscellaneous Revenue Not Anticipated		74,616.37	74,616.37
	\$ 498,100.00	\$ 625,933.37	\$ 127,833.37

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:

Swim Team Fees	\$ 3,425.00
Swim Lessons	24,345.00
Guest Fees	40,618.00
Other Miscellaneous	4,500.00
Interest on Investments	1,473.77
	74,361.77

Due from Swimming Pool Utility Capital Fund:

Interest on Investments	254.60
	\$ 74,616.37

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

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
	Operating:				
Salaries and Wages	\$ 190,000.00	\$ 190,000.00	\$ 167,098.27	\$ 22,901.73	
Other Expenses	155,500.00	155,500.00	112,649.74	42,850.26	
Capital Improvements:					
Capital Improvement Fund	40,000.00	40,000.00	40,000.00		
Debt Service:					
Payment of Bond Principal	90,000.00	90,000.00	90,000.00		
Interest on Bonds	8,400.00	8,400.00	7,639.75		\$ 760.25
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	14,200.00	14,200.00	12,597.28	1,602.72	
	<u>\$ 498,100.00</u>	<u>\$ 498,100.00</u>	<u>\$ 429,985.04</u>	<u>\$ 67,354.71</u>	<u>\$ 760.25</u>

Ref.

F

Analysis of Paid or Charged

Cash Disbursed	\$ 208,938.26
Due to Current Fund	115,238.39
Due to Payroll Account	58,175.71
Due to Swimming Pool Capital Fund	40,000.00
Accrued Interest on Bonds	7,639.75
	<u>429,992.11</u>
Less: Appropriation Refunds - Due from Current Fund	<u>7.07</u>
	<u>429,985.04</u>

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)

BOROUGH OF CHESTER
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(UNAUDITED)

	December 31,	
	2015	2014
<u>ASSETS</u>		
Land	\$ 10,970,344.00	\$ 10,970,344.00
Buildings	2,973,068.12	2,973,068.12
Machinery, Equipment and Vehicles	2,470,565.19	2,447,172.83
<u>TOTAL ASSETS</u>	<u>\$ 16,413,977.31</u>	<u>\$ 16,390,584.95</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	\$ 16,413,977.31	\$ 16,390,584.95
<u>TOTAL RESERVES</u>	<u>\$ 16,413,977.31</u>	<u>\$ 16,390,584.95</u>

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

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

Assessment Trust Fund - Resources and expenditures for payment of Assessment Trust Fund debt.

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

Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

B. Description of Funds (Cont'd)

Solid Waste Utility Operating Fund - Account for the operations of the municipally owned solid waste utility.

Swimming Pool Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned swimming pool utility.

General Fixed Assets Account Group (Unaudited) - These accounts were established with estimated values of land, building and certain fixed assets of the Borough as discussed in Note 1E.

C. Basis of Accounting

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

The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Operating and Trust Funds on the cash basis, and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current Fund.

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

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

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

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

C. Basis of Accounting (Cont'd)

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; federal and state grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Utility Capital Funds would be depreciated and the Borough's net pension liability and related deferred inflows and outflows would be recorded.

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

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

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

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

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

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

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

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

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

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 cost of inventories of supplies is recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets Account Group (Unaudited) - General fixed assets are recorded at historical cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets.

The total value recorded for general fixed assets is offset by an "Investment in General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, Sewer Utility Fund and Swimming Pool Utility Fund. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, Sewer Utility and Swimming Pool Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility and Swimming Pool Utility Funds, are recorded in the capital accounts at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the cost of acquisition of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

F. Budget/Budgetary Controls

Annual appropriated budgets are prepared in the 1st quarter for the Current, Open Space, and Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2015	2014	2013
<u>Issued</u>			
General - Bonds and Notes	\$ 4,035,000.00	\$ 4,230,000.00	\$ 4,420,000.00
Sewer Utility - Bonds, Loans and Notes	90,870.79	182,144.06	266,999.82
Swimming Pool Utility - Bonds and Notes	280,000.00	370,000.00	460,000.00
Total Issued	<u>4,405,870.79</u>	<u>4,782,144.06</u>	<u>5,146,999.82</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 4,405,870.79</u>	<u>\$ 4,782,144.06</u>	<u>\$ 5,146,999.82</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.969%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 3,192,874.28	\$ 3,192,874.28	
General Debt	4,035,000.00		\$ 4,035,000.00
Sewer Utility Debt	90,870.79	90,870.79	
Swimming Pool Utility Debt	280,000.00	280,000.00	
	<u>\$ 7,598,745.07</u>	<u>\$ 3,563,745.07</u>	<u>\$ 4,035,000.00</u>

Net Debt \$4,035,000 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$416,429,056.67 = 0.969%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 14,575,016.98
Net Debt	<u>4,035,000.00</u>
Remaining Borrowing Power	<u>\$ 10,540,016.98</u>

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 481,780.06
Deductions:	
Operating and Maintenance Costs	\$ 364,190.00
Debt Service	<u>96,226.39</u>
	<u>460,416.39</u>
Excess in Revenue	<u>\$ 21,363.67</u>

Calculation of "Self-Liquidating Purpose", Swimming Pool Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 625,933.37
Deductions:	
Operating and Maintenance Costs	\$ 359,700.00
Debt Service	<u>97,639.75</u>
	<u>457,339.75</u>
Excess in Revenue	<u>\$ 168,593.62</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/13	Additions	Retirements	Balance 12/31/14
Serial Bonds:				
General Capital	\$ 4,420,000.00		\$ 190,000.00	\$ 4,230,000.00
Swimming Pool Utility Capital	460,000.00		90,000.00	370,000.00
Loans Payable:				
Sewer Utility Capital:				
Wastewater Treatment	<u>266,999.82</u>		<u>84,855.76</u>	<u>182,144.06</u>
	<u>\$ 5,146,999.82</u>	<u>\$ -0-</u>	<u>\$ 364,855.76</u>	<u>\$ 4,782,144.06</u>

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/14	Additions	Retirements	Balance 12/31/15
Serial Bonds:				
General Capital	\$ 4,230,000.00		\$ 195,000.00	\$ 4,035,000.00
Swimming Pool Utility Capital	370,000.00		90,000.00	280,000.00
Loans Payable:				
Sewer Utility Capital:				
Wastewater Treatment	182,144.06		91,273.27	90,870.79
	<u>\$ 4,782,144.06</u>	<u>\$ -0-</u>	<u>\$ 376,273.27</u>	<u>\$ 4,405,870.79</u>

The Borough's debt issued and outstanding on December 31, 2015, is described as follows:

General Capital Serial Bonds

Final Maturity	Rate	Amount
02/01/32	2.00-3.25%	<u>\$ 4,035,000.00</u>

Swimming Pool Utility Capital Serial Bonds

Final Maturity	Rate	Amount
02/01/18	2.00-3.00%	<u>\$ 280,000.00</u>

Sewer Utility Capital Wastewater Treatment Trust Loan Payable

Final Maturity	Rate	Amount
09/01/16	2.97%	<u>\$ 90,870.79</u>

Total Debt Issued and Outstanding \$ 4,405,870.79

New Jersey Wastewater Treatment Financing Program

On October 15, 1996, two separate loan agreements were entered into by the Borough of Chester for the purpose of improvements to the Wastewater Treatment Plant. Loans payable in the amount of \$1,394,451.00 were issued as follows:

New Jersey Wastewater Treatment Trust	\$ 705,000.00
New Jersey Wastewater Treatment Fund	<u>689,451.00</u>
	<u>\$ 1,394,451.00</u>

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

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

New Jersey Wastewater Treatment Financing Program (Cont'd)

Principal payments on the Loan commenced on March 1, 1997, and will continue on a semi-annual basis over 20 years. The Borough will be responsible for all such interest and principal payments.

Also, an annual administrative fee of fifteen one hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds and Loans Issued and Outstanding

Calendar Year	Sewer Capital		General Capital	
	Principal	Interest	Principal	Interest
2016	\$ 90,870.79	\$ 2,887.50	\$ 195,000.00	\$ 119,281.26
2017			200,000.00	114,331.26
2018			205,000.00	108,256.26
2019			210,000.00	102,031.26
2020			210,000.00	413,331.30
2021-2025			1,135,000.00	413,331.30
2026-2030			1,300,000.00	235,862.55
2031-2032			580,000.00	42,159.21
	<u>\$ 90,870.79</u>	<u>\$ 2,887.50</u>	<u>\$ 4,035,000.00</u>	<u>\$ 1,548,584.40</u>

Calendar Year	Swimming Pool Capital		Total
	Principal	Interest	
2016	\$ 90,000.00	\$ 6,600.00	\$ 504,639.55
2017	95,000.00	4,275.00	413,606.26
2018	95,000.00	1,425.00	409,681.26
2019			312,031.26
2020			623,331.30
2021-2025			1,548,331.30
2026-2030			1,535,862.55
2031-2032			622,159.21
	<u>\$ 280,000.00</u>	<u>\$ 12,300.00</u>	<u>\$ 5,969,642.69</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$2,443,522 at June 30, 2015. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$3,284,825 at June 30, 2015. See Note 6 for further information on the PERS and PFRS.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 3: Fund Balances Appropriated

The amount of fund balances at December 31, 2015 which are appropriated in the adopted budget for the year ending December 31, 2016 are as follows:

Current Fund	\$421,600.00
Sewer Utility Operating Fund	131,089.95
Solid Waste Utility Operating Fund	14,275.00
Swimming Pool Utility Operating Fund	150,000.00

Note 4: Local School District Taxes and Regional High School Taxes

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

The Borough of Chester has not elected to defer school taxes.

Note 5: Deferred Charges to be Raised in Succeeding Years

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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>2016 Budget</u> <u>Appropriation</u>
Sewer Utility Operating Fund		
Deficit in Operations	\$ 3,819.95	\$ 3,819.95

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

Note 6: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
 (Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$89,538.56 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2015, the Borough's liability was \$2,443,522 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Borough's proportion was 0.011%, which was an increase of 0.00003% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized actual pension expense in the amount of \$89,538.56.

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real 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%
Developed 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%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. 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% as of June 30, 2015 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 upon the average of the last five years of contributions made in relation to the last five years of actuarially determined 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 Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Borough's proportionate share of the Net Pension Liability	\$ 3,036,998	\$ 2,443,522	\$ 1,945,955

Pension Plan Fiduciary Net Position

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

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen'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 the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were 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.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 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 amounts 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 the assets.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

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 nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amount 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 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. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Borough contributions to PFRS amounted to \$153,454.00 for the year ended December 31, 2015. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$14,995.00 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$35,932.00.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2015, the Borough's liability for its proportionate share of the net pension liability was \$3,284,825. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0197%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2014.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$288,068.00 as of June 30, 2015. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.0197%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2014 which is the same proportion as the Borough's.

Town's Proportionate Share of the Net Pension Liability	\$ 3,284,825.00
State's Proportionate Share of the Net Pension Liability Associated with the Town	<u>288,068.00</u>
Total Net Pension Liability	<u>\$ 3,572,893.00</u>

For the year ended December 31, 2015, the Borough recognized total pension expense of \$153,454.00.

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60% - 9.48% based on age
Thereafter	3.60% - 10.48% based on age
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 RP-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.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real 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%
Developed 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%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 and the nonemployer contributing entity will be made based on the average of the last five years of contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS (Cont'd)

make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on pension 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.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 4,710,207	\$ 3,572,893	\$2,645,515

Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$0.00 for the year ended December 31, 2015. Employee contributions to DCRP amounted to \$1,819.29 for the year ended December 31, 2015.

Note 7: Accrued Vacation and Compensatory Time Benefits

The Borough of Chester has permitted employees to accrue unused vacation and compensatory time, which is paid to employees in the beginning of the following year. It is estimated that the current cost of such unpaid compensation at December 31, 2015 would approximate \$59,864. This amount is not reported either as an expenditure or liability. It is expected that the cost of such unpaid compensation would be included in the Borough of Chester's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Leave Compensation of \$35,440.98 on the Trust Funds balance sheet at December 31, 2015.

Note 8: Selected Tax Information

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

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2015	2014	2013
<u>Tax Rate</u>	\$ 2.659	\$ 2.501	\$ 2.538
<u>Apportionment of Tax Rate</u>			
Municipal (includes Open Space)	0.917	0.898	0.902
County	0.268	0.264	0.276
Local School	0.982	0.944	0.960
Regional High School	0.492	0.395	0.400
<u>Assessed Valuations</u>			
2015	\$ 378,882,600.00		
2014		\$ 377,577,700.00	
2013			\$ 369,085,300.00

Comparison of Tax Levies and Collections Currently

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

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collection
2015	\$ 10,078,602.83	\$ 9,794,661.03	97.18%
2014	9,444,194.92	9,140,566.98	96.78%
2013	9,388,742.67	9,171,817.51	97.68%

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

Note 9: Cash and Cash Equivalents

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

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

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

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

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

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments: (Cont'd)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; and
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

As of December 31, 2015, cash and cash equivalents of the Borough of Chester consisted of the following:

Fund	Cash on Hand	Checking Accounts	Total
Current Fund	\$ 583.81	\$ 1,482,781.17	\$ 1,483,364.98
Animal Control Fund		6,962.83	6,962.83
Other Trust Funds		1,494,503.07	1,494,503.07
Assessment Trust Fund		33.31	33.31
General Capital Fund		730,845.22	730,845.22
Sewer Utility Operating Fund		578,247.30	578,247.30
Sewer Utility Capital Fund		152,670.36	152,670.36
Solid Waste Utility Fund		42,382.18	42,382.18
Swimming Pool Utility Operating Fund		574,364.93	574,364.93
Swimming Pool Utility Capital Fund		100,584.58	100,584.58
	<u>\$ 583.81</u>	<u>\$ 5,163,374.95</u>	<u>\$ 5,163,958.76</u>

During the period ended December 31, 2015, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2015, was \$5,163,958.76, and the bank balance was \$5,185,752.64.

Note 10: Risk Management

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

The Borough of Chester is a member of the Morris County Municipal Joint Insurance Fund (the "Fund"). This Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 10: Risk Management (Cont'd)

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

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Summarized selected financial information of this Fund as of December 31, 2015 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	<u>\$ 24,775,454</u>
Net Position	<u>\$ 8,631,831</u>
Total Revenue	<u>\$ 17,370,144</u>
Total Expenses	<u>\$ 17,918,337</u>
Change in Net Position	<u>\$ (548,193)</u>
Member Dividends	<u>\$ -0-</u>

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

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 10: Risk Management (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

The following is a summary of Borough and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

Year	Employer Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2015	\$ -0-	\$ 73.90	\$ -0-	\$ 3,598.60	\$ 26,061.57
2014	2,000.00	89.63	-0-	19,984.16	29,586.27
2013	2,000.00	115.50	1,538.15	-0-	47,480.80

Note 11: Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 130,317.94	\$ 273,948.80
Federal and State Grant Fund	26,278.04	
Animal Control Fund		2,119.03
Assessment Trust Fund		32.91
Other Trust Funds	148,971.52	3,215.00
General Capital Fund	98,117.78	
Sewer Utility Operating Fund	13,453.09	
Sewer Utility Capital Fund		457.21
Solid Waste Utility Operating Fund	699.56	9,898.98
Swimming Pool Utility Operating Fund		176,433.33
Swimming Pool Utility Capital Fund	48,267.33	
	<u>\$ 466,105.26</u>	<u>\$ 466,105.26</u>

The interfund between the Current Fund and the Federal and State Grant Fund is the net of the prior year interfund as well as current year unappropriated grants collections less appropriated grant expenditures in the Current Fund. The interfund between the Assessment Trust Fund and Current Fund represents prior years and current year interest earnings in the Assessment Trust Fund due to the Current Fund. The interfund between the Animal Control Fund and the Current Fund represents current year interest earnings as well as the statutory excess due to the Current Fund. The interfund between the Swimming Pool Utility Operating Fund and the Current Fund represents the prior year interfund and funds that were expended out of the Current Fund that are due from the Swimming Pool Utility Operating Fund. The interfund between the Swimming Pool Utility Operating and the Swimming Pool Utility Capital Funds is a prior year interfund not settled in the current year and current year interest not transferred to the Swimming Pool Utility Operating Fund and improvement authorization disbursements made by the Swimming Pool Utility

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 11: Interfund Receivables and Payables (Cont'd)

Operating Fund, offset by the 2015 Capital Improvement Fund budget appropriation not transferred to the Swimming Pool Utility Capital Fund. The interfund between the Solid Waste Utility Operating Fund and the Current Fund is for Solid Waste receipts that were deposited in the Current Fund. The interfund between the Sewer Utility Operating Fund and the Solid Waste Utility Operating Fund is mainly for sewer utility deposits to the Solid Waste Utility Operating Fund. The interfund between the Sewer Utility Operating Fund and the Sewer Utility Capital Fund is for current year interest not disbursed by the end of the year. The interfund between the Sewer Utility Operating Fund and the Current Fund is for Sewer receipts that were deposited in the Current Fund. The interfund between the General Capital Fund and the Other Trust Funds is for disbursements made by the General Capital Fund for the Other Trust Funds. The interfund between the General Capital Fund and the Current Fund is for New Jersey Department of Transportation Grant receipts deposited in the Current Fund, the 2015 Capital Improvement Fund budget appropriation not transferred to the General Capital Fund, offset by trust expenditures made by the Current Fund offset by an interfund advanced from the Current Fund. The interfund between the Current Fund and the Other Trust Funds represents the prior year interfund due to the Other Trust Funds not settled in the current year as well as the current year activity including the current year Open Space Tax Levy due to the Other Trust Funds, Parking Offenses Adjudication Act, Public Defender, Developers' Escrow, Planning and Zoning fees, Recreation and Tax Sale Premium collections in the Current Fund offset by Trust expenditures made by the Current Fund.

Note 12: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, various contract disputes and tax appeals. The Borough vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

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

Note 13: Post Retirement Medical Benefits

In addition to the pension benefits described in Note 6, the Borough provides other post-retirement benefits to certain Borough employees after retirement, substantially similar in nature to the health benefits provided to employees presently working. The coverage applies to the employees and dependents. In the event of an employee's death, coverage ceases. In order to be eligible for this benefit, the employee must have a minimum of twenty (20) years of full-time service with the Borough.

The Borough 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.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 13: Post Retirement Medical Benefits (Cont'd)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis.

The Borough's portion of post-retirement benefits is funded on a pay-as-you-go basis from the Current Fund operating budget. For the years ended December 31, 2015 and 2014, the Borough had 15 and 16 employees, respectively who met post-retirement eligibility requirements for health care benefits and recognized expenses of \$307,963.00 and \$295,602.00, respectively, for health benefits.

Note 14: Deferred Compensation Plans

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

Note 15: Open Space Tax

The Borough of Chester created an Open Space Trust Fund which allows the Borough to collect a tax of up to \$.02 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Borough. The Open Space tax levy for 2015 was \$.01. As of December 31, 2015, the balance in the Open Space Trust Fund was \$307,805.76.

BOROUGH OF CHESTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(Continued)

Note 16: Fixed Assets (Unaudited)

The following is a summary of the activity of the Borough of Chester's fixed assets for the year ended December 31, 2015:

	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2015</u>
Land	\$ 10,970,344.00			\$ 10,970,344.00
Buildings	2,973,068.12			2,973,068.12
Equipment and Vehicles	<u>2,447,172.83</u>	<u>\$ 23,392.36</u>		<u>2,470,565.19</u>
	<u>\$ 16,390,584.95</u>	<u>\$ 23,392.36</u>	<u>\$ -0-</u>	<u>\$ 16,413,977.31</u>

SUPPLEMENTARY DATA

BOROUGH OF CHESTER
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2015

Name	Title	Amount of Bond	Name of Corporate Surety
Janet Hoven	Mayor		
Timothy Iversen	Council President		
Gary Marshuetz	Councilman		
Karen Ferrone	Councilwoman		
Matthew Finney	Councilman		
Elizabeth Gugliemini	Councilwoman		
Jennifer Cooper Napolitano	Councilwoman		
Valerie A. Egan	Administrator/Clerk	(A)	
Janice Saponaro	Chief Financial Officer/Treasurer (to 4/30/2015)	\$1,000,000	Municipal Excess Liability JIF
Valerie A Egan	Acting Chief Financial Officer (from 4/30/2015)	\$1,000,000	Municipal Excess Liability JIF
Helene Turner	Treasurer (November 2015 to present)		
Edward Kerwin	Tax Assessor	(A)	
Catherine Hammel	Tax Collector/Utility Collector/Pool Collector (to June 2015)	\$1,000,000	Municipal Excess Liability JIF
Toni Theesefeld	Tax Collector/Utility Collector/Pool Collector (from August 2015)	\$1,000,000	Municipal Excess Liability JIF
C. William Bowkley	Magistrate	(A)	
Sharon Neil	Court Administrator	(A)	
James Lasala	Borough Prosecutor		
Brian W. Mason	Attorney		
Paul Ferriero	Engineer		

All bonds were examined and were properly executed.

(A) - All employees, who are not specifically bonded, are covered under a \$50,000 Faithful Performance Blanket Bond with the Morris County Municipal Joint Insurance Fund and a \$950,000 Faithful Performance Blanket Bond with the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
CURRENT FUND

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 1,292,201.71
Increased by Receipts:		
Tax Collector		\$ 10,262,795.86
Revenue Accounts Receivable		759,559.94
Due from State of New Jersey:		
Marriage License Fees		250.00
Department of Community Affairs Training Fees		4,499.00
Veterans and Senior Citizens' Deductions		12,000.00
Miscellaneous Revenue Not Anticipated		83,957.30
Appropriation Refunds		58,224.94
Due to Payroll Account		174,936.94
Due to Federal and State Grant Fund:		
Unappropriated Reserves		5,635.03
Due to Other Trust Funds:		
Settlement of Prior Year Interfund		13,210.02
Reserve for Parking Offense Adjudication Act		18.00
Reserve for Public Defender		705.00
Reserve for Recreation		1,690.00
Reserve for Planning and Zoning Development Fees		3,500.00
Reserve for Developers' Escrow		340.00
Due from Animal Control Fund:		
Settlement of Prior Year Interfund		1,990.95
Due to General Capital Fund:		
N.J. Department of Transportation Grants Receivable		113,307.50
Due to Sewer Utility Operating Fund:		
Consumer Accounts Receivable		2,582.01
Interest and Penalties on Rents		514.89
Due to Swimming Pool Utility Operating Fund		
2015 Appropriation Refund		7.07
Due to Solid Waste Utility Operating Fund:		
Rents		555.00
Interest and Penalties on Rents		144.56
		11,500,424.01
		12,792,625.72

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF CASH - TREASURER
(Continued)

	<u>Ref.</u>	
Decreased by Disbursements:		
2015 Appropriation Expenditures	\$ 3,912,307.29	
2014 Appropriation Reserves	76,204.50	
Local School Taxes	3,718,987.00	
Regional School Taxes	1,867,069.00	
County Taxes	1,055,030.62	
Redemption of Third Party Liens	157,731.24	
Petty Cash	164.36	
Due to State of New Jersey:		
Department of Community Affairs Training Fees	6,025.00	
Marriage License Fees	250.00	
Refund of Prior Year Revenue	3,001.00	
Due from Federal and State Grant Fund -		
Appropriated Reserves	5,240.00	
Due to Payroll Account	161,792.37	
Due from Other Trust Funds:		
Reserve for Recreation	8,960.04	
Reserve for Tax Sale Premiums	54,100.00	
Due from General Capital Fund:		
Interfund Advanced	68,434.98	
Improvement Authorization Expenditures	99,308.76	
Due from Swimming Pool Utility Operating Fund:		
2015 Budget Expenditures	115,238.39	
		\$ 11,309,844.55
Balance December 31, 2015	A	\$ 1,482,781.17

BOROUGH OF CHESTER
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2015

Increased by Receipts:

Taxes Receivable	\$ 9,959,902.62	
Prepaid Taxes	75,222.45	
Interest & Costs on Taxes	65,961.05	
Tax Overpayments	3,478.50	
Third Party Liens	157,731.24	
Tax Sale Premiums - Due to Other Trust Funds	500.00	
	<hr/>	<u>\$ 10,262,795.86</u>

Increased by Disbursements:

Paid to Treasurer		<u><u>\$ 10,262,795.86</u></u>
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BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2015 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Overpayments Applied	Cancelled	Balance
	Dec. 31, 2014		2014	2015				Dec. 31, 2015
2014	\$ 301,388.24			\$ 248,461.73				\$ 52,926.51
2015		\$ 10,078,602.83	\$ 68,474.01	9,711,440.89	\$ 12,000.00	\$ 2,746.13	\$ 4,925.16	279,016.64
	<u>\$ 301,388.24</u>	<u>\$ 10,078,602.83</u>	<u>\$ 68,474.01</u>	<u>\$ 9,959,902.62</u>	<u>\$ 12,000.00</u>	<u>\$ 2,746.13</u>	<u>\$ 4,925.16</u>	<u>\$ 331,943.15</u>
<u>Ref.</u>	A							A

Analysis of 2015 Property Tax Levy

Tax Yield:

General Purpose Tax	\$10,074,488.72
Added and Omitted Taxes (54:4-63.1 et. seq.)	<u>4,114.11</u>
	<u>\$ 10,078,602.83</u>

Tax Levy:

Local School District Taxes	\$ 3,718,987.00
Regional School District Taxes	1,867,069.00
County Taxes	\$ 1,054,927.53
Due County for Added and Omitted Taxes	<u>433.44</u>
	1,055,360.97
Municipal Open Space Taxes	37,888.26
Due Open Space for Added and Omitted Taxes	<u>15.68</u>
	37,903.94
	<u>6,679,320.91</u>
Local Tax for Municipal Purposes Levied	3,239,446.23
Minimum Library Tax	154,390.47
Additional Taxes Levied	<u>5,445.22</u>
	3,399,281.92
	<u>\$10,078,602.83</u>

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Accrued In</u> <u>2015</u>	<u>Received In</u> <u>2015</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Alcoholic Beverage Licenses		\$ 12,650.00	\$ 12,650.00	
Other Licenses		6,824.00	6,824.00	
Municipal Court:				
Fines and Costs	\$ 4,646.31	88,090.07	83,472.32	\$ 9,264.06
Interest on Investments		4,980.96	4,980.96	
Transient Merchants Vending Licenses		5,300.00	5,300.00	
Board of Health Fees:				
Fees and Permits		20,110.78	20,110.78	
Fire Prevention Fees		2,830.50	2,830.50	
Energy Receipts Taxes		146,071.00	146,071.00	
Uniform Construction Code Fees		47,348.00	47,348.00	
Payments in Lieu of Taxes - Robert Cole Apartments		27,671.10	27,671.10	
Shared Service Agreement - Mendham Borough Municipal Court		59,618.62	59,618.62	
Swimming Pool Utility Operating Fund Surplus Anticipated		130,000.00	130,000.00	
Due from General Capital Fund		27,609.09	27,609.09	
Due from Solid Waste Utility Operating Fund		18,995.61	18,995.61	
Due from Sewer Utility Operating Fund		91,298.16	91,298.16	
Rental - School Board		74,779.80	74,779.80	
	<u>\$ 4,646.31</u>	<u>\$ 764,177.69</u>	<u>\$ 759,559.94</u>	<u>\$ 9,264.06</u>

Ref.

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BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administration:				
Other Expenses	\$ 13,436.84	\$ 13,436.84	\$ 591.97	\$ 12,844.87
Mayor and Council:				
Salaries & Wages	3.83	3.83		3.83
Other Expenses	5,969.85	5,969.85		5,969.85
Municipal Clerk:				
Salaries & Wages	5,651.35	5,651.35		5,651.35
Other Expenses	2,684.75	2,684.75	262.52	2,422.23
Financial Administration:				
Salaries & Wages	1,540.37	1,540.37		1,540.37
Other Expenses	1,854.73	1,854.73	1,621.09	233.64
Annual Audit	17,500.00	17,500.00	17,500.00	
Collection of Taxes:				
Salaries & Wages	5,000.00	5,000.00		5,000.00
Other Expenses	16.04	16.04	16.04	
Tax Assessment Administration:				
Other Expenses	536.95	536.95		536.95
Legal Services and Costs:				
Other Expenses - Fees	9,548.45	9,548.45	333.00	9,215.45
Municipal Court:				
Other Expenses	2,544.14	2,544.14	16.04	2,528.10
Public Defender:				
Other Expenses	3,800.00	3,800.00	200.00	3,600.00
Engineering Services and Costs:				
Other Expenses	5,051.75	5,051.75	1,537.60	3,514.15
Municipal Land Use Law:				
Planning Board:				
Other Expenses	15,220.83	15,220.83	15,220.83	
Municipal Planner	2,272.70	2,272.70	874.11	1,398.59
Zoning Officer:				
Salaries & Wages	2,809.28	2,809.28		2,809.28
Other Expenses	3,216.04	1,200.00		1,200.00
Zoning/ Board of Adjustments:				
Other Expenses	3,469.47	5,485.51	3,796.04	1,689.47
Environmental Commission:				
Other Expenses	775.01	775.01	290.00	485.01

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

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
Insurance:				
Other Insurance Premiums	\$ 5,467.45	\$ 5,467.45		\$ 5,467.45
Group Insurance for Employees	13,396.75	13,396.75		13,396.75
Health Benefit Waivers	15,000.00	15,000.00		15,000.00
PUBLIC SAFETY:				
Police:				
Salaries & Wages	6,585.46	6,585.46		6,585.46
Other Expenses	9,638.38	9,638.38	\$ 4,122.11	5,516.27
Purchase of Vehicle	0.20	0.20		0.20
911 Communication System	2,097.45	2,097.45		2,097.45
Emergency Management Services:				
Salaries & Wages	1,433.76	1,433.76		1,433.76
Other Expenses	3,456.48	3,456.48		3,456.48
Fire Prevention Program:				
Other Expenses	200.00	200.00		200.00
Municipal Prosecutor:				
Other Expenses	3,750.00	3,750.00	3,150.00	600.00
PUBLIC WORKS:				
Road Repairs and Maintenance:				
Salaries & Wages	12,485.90	12,485.90		12,485.90
Other Expenses	13,241.12	13,241.12	8,992.68	4,248.44
Traffic Lighting:				
Other Expenses	4,803.04	4,803.04		4,803.04
Shade Tree Commission:				
Other Expenses	7,559.24	7,559.24	3,100.00	4,459.24
Public Buildings and Grounds:				
Other Expenses	7,936.56	7,936.56	1,670.59	6,265.97
Vehicle Maintenance:				
Other Expenses	1,405.13	1,405.13	140.00	1,265.13
Kelly Bill - Chester Towne	84.20	84.20		84.20
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Other Expenses	1,998.50	398.50	16.04	382.46
Senior Citizen Transportation	1,889.47	3,489.47	1,528.16	1,961.31

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

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PARKS AND RECREATION:				
Recreation:				
Other Expenses	\$ 3,081.60	\$ 3,781.60	\$ 229.09	\$ 3,552.51
OTHER COMMON OPERATING FUNCTIONS:				
Accumulated Leave Compensation:				
Salaries & Wages	1,774.82	1,074.82		1,074.82
Celebration of Public Events:				
Other Expenses	150.00	150.00		150.00
UNCLASSIFIED:				
Utilities	25,353.45	25,353.45	6,299.39	19,054.06
Fire Hydrant	7,135.64	7,135.64	3,129.96	4,005.68
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries & Wages	3,139.99	3,139.99		3,139.99
Other Expenses	1,139.35	1,139.35	360.04	779.31
Electrical Inspector:				
Other Expenses	2,339.40	2,339.40	1,207.20	1,132.20
Contingent	3,000.00	3,000.00		3,000.00
STATUTORY EXPENDITURES:				
Contribution to:				
Public Employees' Retirement System	10,563.45	10,563.45		10,563.45
Social Security System (O.A.S.I.)	19,819.43	19,819.43		19,819.43
Defined Contribution Retirement Program	2,288.18	2,288.18		2,288.18
Police and Firemen's Retirement System	309.59	309.59		309.59
OPERATIONS EXCLUDED FROM "CAPS":				
Length of Service Awards Program	6,522.12	6,522.12		6,522.12
Shared Service Agreement:				
Borough of Mendham - Contractual Agreement	11,800.79	11,800.79		11,800.79
	<u>\$ 313,749.28</u>	<u>\$ 313,749.28</u>	<u>\$ 76,204.50</u>	<u>\$ 237,544.78</u>
 <u>Analysis of Balance December 31, 2014:</u>				
Encumbered	A \$ 35,074.45			
Unencumbered	A 278,674.83			
	<u>\$ 313,749.28</u>			

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2015

Increased by:		
Levy - Calendar Year 2015		\$ 3,718,987.00
Decreased by:		
Payments to Local School District		<u>\$ 3,718,987.00</u>

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2015

Increased by:		
Levy - Calendar Year 2015		\$ 1,867,069.00
Decreased by:		
Payments to Regional School District		<u>\$ 1,867,069.00</u>

BOROUGH OF CHESTER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

Grant	2015 Revenue Realized	Transferred from Unappropriated Reserves
Recycling Tonnage Grant	\$ 1,835.20	\$ 1,835.20
Clean Communities Program	4,000.00	4,000.00
Body Armor Replacement Fund	1,174.81	1,174.81
Drunk Driving Enforcement Fund	2,590.19	2,590.19
	\$ 9,600.20	\$ 9,600.20
	\$ 9,600.20	\$ 9,600.20

BOROUGH OF CHESTER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

<u>Grant</u>	<u>Balance Dec 31, 2014</u>	<u>Cash Received</u>	<u>Transferred to 2015 Budget</u>	<u>Balance Dec 31, 2015</u>
Recycling Tonnage Grant	\$ 1,835.20		\$ 1,835.20	
Drunk Driving Enforcement Fund	2,590.19		2,590.19	
Clean Communities	4,000.00	\$ 4,166.81	4,000.00	\$ 4,166.81
Alcohol Education and Rehabilitation		294.67		294.67
Body Armor Replacement Fund	1,174.81	1,173.55	1,174.81	1,173.55
	<u>\$ 9,600.20</u>	<u>\$ 5,635.03</u>	<u>\$ 9,600.20</u>	<u>\$ 5,635.03</u>
<u>Ref.</u>	A			A

BOROUGH OF CHESTER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2014	Transferred From 2015 Budget Appropriations	Expended in Current Fund	Balance Dec. 31, 2015
Recycling Tonnage Grant	\$ 10,586.84	\$ 1,835.20		\$ 12,422.04
Drunk Driving Enforcement Fund	498.07	2,590.19		3,088.26
Clean Communities Program	1,240.00	4,000.00	\$ 5,240.00	
Body Armor Replacement Grant	2,611.67	1,174.81		3,786.48
Gakstatter Bicycle Grant	133.23			133.23
Highlands Grant	1,213.00			1,213.00
	<u>\$ 16,282.81</u>	<u>\$ 9,600.20</u>	<u>\$ 5,240.00</u>	<u>\$ 20,643.01</u>
<u>Ref.</u>	A			A

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
TRUST FUNDS

BOROUGH OF CHESTER
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

		Animal Control Fund	Other Trust Funds	Assessment Trust Fund
	<u>Ref.</u>			
Balance December 31, 2014	B	\$ 6,748.15	\$ 1,529,216.29	\$ 33.19
Increased by Receipts:				
Borough Dog License Fees		\$ 2,083.80		
Penalties on Dog License Fees		248.50		
State Dog License Fees		202.20		
Due to Current Fund:				
Interest Earned		3.33	\$ 40.34	\$ 0.12
Developers Escrow			44,187.93	
Open Space Trust:				
Interest Earned			611.35	
Planning and Zoning Development Fees			25,468.51	
Unemployment Compensation Insurance:				
Interest Earned			73.90	
Recreation			50,432.50	
Larry Masey			5.66	
Forfeited Assets			4.12	
Housing Trust			10,178.75	
Accumulated Leave Compensation			10.63	
Flexible Spending Account			0.12	
Snow Removal			31.75	
Public Defender			1,002.51	
		2,537.83	132,048.07	0.12
		9,285.98	1,661,264.36	33.31

BOROUGH OF CHESTER
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>	<u>Assessment Trust Fund</u>
<u>Ref.</u>			
Decreased by Disbursements:			
Due to State of New Jersey Board of Health	\$ 202.20		
Administrative Expenses (R.S. 4:19-15.11)	130.00		
Due to Current Fund:			
Settlement of Prior Year Interfund	1,990.95	\$ 13,210.02	
Developer's Escrow		34,267.22	
Open Space Trust		12,000.00	
Planning and Zoning Development Fees		24,559.89	
Unemployment Compensation Insurance		3,598.60	
Recreation		61,085.56	
Larry Masey		895.80	
Housing Trust		17,144.20	
	<u>\$ 2,323.15</u>	<u>\$ 166,761.29</u>	<u>\$ -0-</u>
Balance December 31, 2015	B <u><u>\$ 6,962.83</u></u>	<u><u>\$ 1,494,503.07</u></u>	<u><u>\$ 33.31</u></u>

BOROUGH OF CHESTER
ASSESSMENT TRUST FUND
ANALYSIS OF CASH

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Receipts</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Due to Current Fund	\$ 33.19	\$ 0.12	\$ 33.31

BOROUGH OF CHESTER
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 4,757.20
Increased by:		
Dog License Fees Collected		\$ 2,083.80
Penalties		248.50
		2,332.30
		7,089.50
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Expenditures Paid by Animal Control Fund		130.00
Statutory Excess Due to Current Fund		2,115.70
		2,245.70
Balance December 31, 2015	B	\$ 4,843.80

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2013	\$ 2,553.00
2014	2,290.80
Maximum Allowable Reserve	\$ 4,843.80

BOROUGH OF CHESTER
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Assessment Description</u>	<u>Date of Confirmation</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>
Extension of Sanitary Sewer System	4/12/1993	<u>\$ 11,126.56</u>	<u>\$ 11,126.56</u>
	<u>Ref.</u>	B	B

BOROUGH OF CHESTER
ASSESSMENT TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS

<u>Assessment Description</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Extension of Sanitary Sewer System	<u>\$ 11,126.56</u>	<u>\$ 11,126.56</u>
	<u>Ref.</u> B	B

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
GENERAL CAPITAL FUND

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2014	<u>Ref.</u> C	\$ 947,133.72
Increased by:		
Due to/from Current Fund:		
Interfund Advanced	\$ 68,434.98	
Interest Earnings	1,911.98	
		<u>70,346.96</u>
		1,017,480.68
Decreased by:		
Improvement Authorization Expenditures	97,172.68	
Encumbrances Payable	116,961.80	
Due from Payroll Account	40,825.89	
Due from Other Trust Funds - Reserve for Recreation Expenditures	3,215.00	
Due to/from Current Fund:		
2015 Current Fund Budget Expenditures	851.00	
Interfund Returned	27,609.09	
		<u>286,635.46</u>
Balance December 31, 2015	C	<u>\$ 730,845.22</u>

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance	Receipts	Disbursements		Transfers		Balance
	(Deficit)		Improvement	Miscellaneous	From	To	(Deficit)
	Dec. 31, 2014	Miscellaneous	Authorizations	Miscellaneous			Dec. 31, 2015
Capital Improvement Fund	\$ 165,812.71				\$ 547,000.00	\$ 517,782.23	\$ 136,594.94
Due to/(from) Current Fund	27,609.09	\$ 70,346.96		\$ 28,460.09	263,707.50	99,308.76	(94,902.78)
Due from Other Trust Funds				3,215.00			(3,215.00)
Due from Payroll Account				40,825.89			(40,825.89)
Due from State of New Jersey -							
Department of Transportation Grants Receivable	(20,000.00)				185,000.00	113,307.50	(91,692.50)
Encumbrances Payable	116,961.80			116,961.80			
Reserve for Green Acres Account	0.01						0.01
Fund Balance	89,651.90					24,145.36	113,797.26
<u>Ord. Number</u>	<u>Improvement Description</u>						
08-09; 08-21	Sidewalk Improvements	24,145.36			24,145.36		
11-04	Improvements to Municipal Building	9,934.21					9,934.21
12-04	Improvements to Municipal Complex	67,809.16	\$ 54,650.00				13,159.16
13-07	Capital Purchases and Improvements	10,000.00	7,947.52		2,052.48		
13-14	Paving of Millridge Lane	9,082.88			9,082.88		
13-17	Supplemental to HVAC Project	60,964.00					60,964.00
14-06	Capital Purchases for Volunteer Fire Company	16,046.29	8,928.96				7,117.33
14-07	DPW Capital Purchases	19,195.97			19,195.97		
14-11	Improvement of Old Gladstone Road, Budd Avenue, Cherry Street and Grove Street	349,920.14	12,869.24		337,050.90		
14-13	Purchase of Rescue Truck by Chester Volunteer Fire Company	0.20					0.20
15-07	Acquisition of Capital Equipment		12,776.96		70,245.73	95,000.00	11,977.31
15-11	Improvement of Fairmount Avenue Sidewalks and Improvement of Budd Avenue and Grove Street				29,063.03	570,000.00	540,936.97
15-14	Purchase of Computer Equipment and Improvement of Fairmount Avenue					67,000.00	67,000.00
		<u>\$ 947,133.72</u>	<u>\$ 70,346.96</u>	<u>\$ 97,172.68</u>	<u>\$ 1,486,543.85</u>	<u>\$ 1,486,543.85</u>	<u>\$ 730,845.22</u>

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

**BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord No.	Improvement Description	Ordinance		Balance Dec. 31, 2014 Funded	2015 Authorizations		Paid or Charged	Cancelled	Balance Dec. 31, 2015 Funded
		Date	Amount		Capital Improvement Fund	N.J. Department of Transportation Grant			
08-09; 08-21	Sidewalk Improvements	07/01/08	\$ 875,000.00	\$ 24,145.36				\$ 24,145.36	
11-04	Improvements to Municipal Building	03/01/11	100,000.00	9,934.21					\$ 9,934.21
12-04	Improvements to Municipal Complex	04/17/12	534,000.00	67,809.16			\$ 54,650.00		13,159.16
13-07	Capital Purchases and Improvements	05/07/13	10,000.00	10,000.00			7,947.52	2,052.48	
13-14	Paving of Millridge Lane	10/01/13	20,000.00	9,082.88				9,082.88	
13-17	Supplemental to HVAC Project	12/03/13	95,000.00	60,964.00					60,964.00
14-06	Capital Purchases for Volunteer Fire Company	04/15/14	37,595.00	16,046.29			8,928.96		7,117.33
14-07	DPW Capital Purchases	04/15/14	164,000.00	19,195.97				19,195.97	
14-11	Improvement of Old Gladstone Road, Budd Avenue, Cherry Street and Grove Street	06/17/14	463,000.00	349,920.14			12,869.24	337,050.90	
14-13	Purchase of Rescue Truck by Chester Volunteer Fire Company	10/07/14	116,962.00	0.20					0.20
15-07	Acquisition of Capital Equipment	06/30/15	95,000.00		\$ 95,000.00		83,022.69		11,977.31
15-11	Improvement of Fairmount Avenue Sidewalks and Improvement of Budd Avenue and Grove Street	09/15/15	570,000.00		385,000.00	\$ 185,000.00	29,063.03		540,936.97
15-14	Purchase of Computer Equipment and Improvement of Fairmount Avenue	10/06/15	67,000.00		67,000.00				67,000.00
				<u>\$ 567,098.21</u>	<u>\$ 547,000.00</u>	<u>\$ 185,000.00</u>	<u>\$ 196,481.44</u>	<u>\$ 391,527.59</u>	<u>\$ 711,089.18</u>
			Ref.	C					C
							Cash Disbursed \$ 97,172.68		
							Due to Current Fund 99,308.76		
							<u>\$ 196,481.44</u>		
							Capital Improvement Fund \$ 367,382.23		
							Capital Fund Balance 24,145.36		
							<u>\$ 391,527.59</u>		

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 165,812.71
Increased by:		
2015 Budget Appropriation - Due from Current Fund		\$ 150,400.00
Improvement Authorizations Cancelled		<u>367,382.23</u>
		<u>517,782.23</u>
		683,594.94
Decreased by:		
Appropriated to Finance:		
Improvement Authorizations		<u>547,000.00</u>
Balance December 31, 2015	C	<u><u>\$ 136,594.94</u></u>

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2014	Matured	Balance Dec. 31, 2015
			Outstanding Dec. 31, 2015 Date	Amount				
General Improvement Bonds	6/06/2012	\$ 4,600,000.00	02/01/16	\$ 195,000.00	2.000%	\$ 4,230,000.00	\$ 195,000.00	\$ 4,035,000.00
			02/01/17	200,000.00	3.000%			
			02/01/18	205,000.00	3.000%			
			02/01/19	210,000.00	3.000%			
			02/01/20	210,000.00	3.000%			
			02/01/21	215,000.00	3.000%			
			02/01/22	220,000.00	3.000%			
			02/01/23	225,000.00	3.000%			
			02/01/24	235,000.00	3.000%			
			02/01/25	240,000.00	3.000%			
			02/01/26	245,000.00	3.000%			
			02/01/27	250,000.00	3.000%			
			02/01/28	260,000.00	3.000%			
			02/01/29	270,000.00	3.125%			
			02/01/30	275,000.00	3.125%			
			02/01/31	285,000.00	3.250%			
			02/01/32	295,000.00	3.250%			
						<u>\$ 4,230,000.00</u>	<u>\$ 195,000.00</u>	<u>\$ 4,035,000.00</u>
					<u>Ref.</u>	C		C

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
SEWER UTILITY FUND

BOROUGH OF CHESTER
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Operating</u>	<u>Capital</u>
<u>Ref.</u>		
Balance December 31, 2014	D \$ 714,299.83	\$ 152,441.55
Increased by Receipts:		
Consumer Accounts Receivable	\$ 397,720.08	
Sewer Rent Overpayments	550.00	
Due to Solid Waste Utility Operating Fund - Rents	198.98	
Miscellaneous Revenue not Anticipated	9,439.24	
2014 Refund Receivable	21,194.94	
Appropriation Refund	3,808.57	
Due to Sewer Utility Operating Fund:		
Interest on Investments		\$ 228.81
	<u>432,911.81</u>	<u>228.81</u>
	1,147,211.64	152,670.36
Decreased by Disbursements:		
2015 Budget Appropriations	411,428.67	
2014 Appropriation Reserves	60,813.91	
Accrued Interest on Loans	5,380.67	
Due from Current Fund:		
Interfund Returned	91,298.16	
Due from Solid Waste Utility Fund:		
2015 Budget Expenditures	42.93	
	<u>568,964.34</u>	
Balance December 31, 2015	D \$ 578,247.30	\$ 152,670.36

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

	<u>Balance</u>	<u>Receipts</u>	<u>Balance</u>
	<u>Dec. 31, 2014</u>	<u>Miscellaneous</u>	<u>Dec. 31, 2015</u>
Capital Improvement Fund	\$ 64,827.21		\$ 64,827.21
Due to Sewer Utility Operating Fund	228.40	\$ 228.81	457.21
Fund Balance	662.00		662.00
<u>Improvement Authorizations:</u>			
<u>Ord</u>			
Number	<u>Improvement Description</u>		
95-15; 96-17	Construction of Disposal Beds and Upgrade of Treatment Plant		68,680.94
			68,680.94
00-08; 01-20; 04-19	Installation of Sanitary Sewer and of a Pump Station and Force Main		18,043.00
			18,043.00
			<u>18,043.00</u>
			<u>\$ 152,441.55</u>
		<u>\$ 228.81</u>	<u>\$ 152,670.36</u>

BOROUGH OF CHESTER
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 178,152.92
Increased by:		
Sewer Rents Levied		427,423.10
		<u>605,576.02</u>
Decreased by:		
Collections		\$ 397,720.08
Collections due from Solid Waste Utility Operating Fund		10,055.03
Collections due from Current Fund		2,582.01
		<u>410,357.12</u>
Balance December 31, 2015		<u><u>\$ 195,218.90</u></u>
 <u>Analysis of Balance</u>		
Sewer Rents Receivable	D	\$ 159,286.56
Significant User Fees Receivable	D	35,932.34
		<u><u>\$ 195,218.90</u></u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 815,370.18
Balance December 31, 2015	D	<u>\$ 815,370.18</u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2015</u>
Construction of Disposal Beds and Upgrade of Treatment Plant	11/06/95; 06/19/95	\$ 700,000.00 1,550,000.00	\$ 1,670,000.00	\$1,670,000.00
Installation of Sanitary Sewer and of a Pump Station and Force Main	06/21/00; 10/15/01; 07/20/04	1,150,000.00	425,865.97	425,865.97
			<u>\$ 2,095,865.97</u>	<u>\$2,095,865.97</u>
		<u>Ref.</u>	D	D

BOROUGH OF CHESTER
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 875.01	\$ 875.01		\$ 875.01
Other Expenses	61,526.15	61,526.15	\$ 60,813.91	712.24
Capital Improvements				
Capital Outlay	13,144.83	13,144.83		13,144.83
Statutory Expenditures:				
Contribution to:				
Social Security System	84.30	84.30		84.30
	<u>\$ 75,630.29</u>	<u>\$ 75,630.29</u>	<u>\$ 60,813.91</u>	<u>\$ 14,816.38</u>

Analysis of Balance December 31, 2014

	<u>Ref.</u>	
Unencumbered	D	<u>\$ 75,630.29</u>
		<u>\$ 75,630.29</u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance Dec. 31, 2014	Balance Dec. 31, 2015
	Date	Amount	Funded	Funded
Construction of Disposal Beds and Upgrade of Treatment Plant	6/19/1995	\$ 1,550,000.00	\$ 68,680.94	\$ 68,680.94
Installation of Sanitary Sewer and of a Pump Station and Force Main	6/21/2000; 10/15/2001; 7/20/2004	1,400,000.00 (250,000.00)	18,043.00	18,043.00
			\$ 86,723.94	\$ 86,723.94
			\$ 86,723.94	\$ 86,723.94
		<u>Ref.</u>	D	D

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	D	<u>\$ 64,827.21</u>
Balance December 31, 2015	D	<u><u>\$ 64,827.21</u></u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 815,370.18
Balance December 31, 2015	D	<u>\$ 815,370.18</u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Ord. Date	Balance Dec. 31, 2014	Funded by Budget Appropriation	Balance Dec. 31, 2015
95-15	Construction of Disposal Beds and Upgrade of Treatment Plant	11/6/1995	\$ 1,487,855.94	\$ 91,273.27	\$ 1,579,129.21
01-20; 04-19	Installation of Sanitary Sewer and of a Pump Station and Force Main	10/15/2001; 7/20/2004	<u>425,865.97</u>	<u> </u>	<u>425,865.97</u>
			<u>\$ 1,913,721.91</u>	<u>\$ 91,273.27</u>	<u>\$ 2,004,995.18</u>
		<u>Ref.</u>	D		D

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF WASTEWATER TREATMENT TRUST LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 182,144.06
Decreased by:		
Principal Maturity		<u>91,273.27</u>
Balance December 31, 2015	D	<u>\$ 90,870.79</u>

Analysis of Loan Outstanding December 31, 2015

	<u>Trust</u>			<u>Balance of</u>
<u>Due</u>	<u>Interest</u>	<u>Principal</u>	<u>Fund Principal</u>	<u>Loan</u>
2016	<u>\$ 2,887.50</u>	<u>\$ 55,000.00</u>	<u>\$ 35,870.79</u>	\$ 90,870.79 -0-

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
SOLID WASTE UTILITY FUND

BOROUGH OF CHESTER
SOLID WASTE UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2014	E	\$ 61,980.86
Increased by Receipts:		
Consumer Accounts Receivable		\$ 128,483.70
Interest on Investments		156.94
Interest and Penalties on Rents		874.52
Prepaid Rents		167.42
Bulky Waste Fees		2,788.00
Due to Sewer Utility Operating Fund:		
User Fees		10,055.03
		<u>142,525.61</u>
		204,506.47
Decreased by Disbursements:		
2015 Budget Appropriations		142,028.68
2014 Appropriation Reserves		1,100.00
Interfund Settlement - Current Fund		18,995.61
		<u>162,124.29</u>
Balance December 31, 2015	E	<u>\$ 42,382.18</u>

BOROUGH OF CHESTER
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 3,845.49
Increased by:		
Solid Waste Rents Levied		141,033.14
		<u>144,878.63</u>
Decreased by Collections:		
Cash Received		\$ 128,483.70
Due from Sewer Utility Operating Fund		198.98
Due from Current Fund		555.00
Prepaid Rents Applied		0.21
Cancelled		24.80
		<u>129,262.69</u>
Balance December 31, 2015	E	<u>\$ 15,615.94</u>

BOROUGH OF CHESTER
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 739.77	\$ 739.77		\$ 739.77
Other Expenses	3,202.30	3,202.30	\$ 1,100.00	2,102.30
Statutory Expenditures:				
Social Security System	89.11	89.11		89.11
	<u>\$ 4,031.18</u>	<u>\$ 4,031.18</u>	<u>\$ 1,100.00</u>	<u>\$ 2,931.18</u>

<u>Analysis of Balance at December 31, 2014</u>	<u>Ref.</u>	
Unencumbered	E	<u>\$ 4,031.18</u>

BOROUGH OF CHESTER
COUNTY OF MORRIS
2015
SWIMMING POOL UTILITY FUND

BOROUGH OF CHESTER
SWIMMING POOL UTILITY FUND
SCHEDULE OF CASH - TREASURER

		Operating		Capital
	<u>Ref.</u>			
Balance December 31, 2014	F	\$ 437,169.79		\$ 100,329.98
Increased by Receipts:				
Pool Fees		\$ 374,542.00		
Initiation Fee		68,675.00		
Miscellaneous Revenue Not Anticipated		74,361.77		
Due to Swimming Pool Utility Operating Fund:				
Interest on Investments			\$ 254.60	
		517,578.77		254.60
		954,748.56		100,584.58
Decreased by Disbursements:				
2015 Budget Appropriations		208,938.26		
2014 Appropriation Reserves		8,445.37		
Accrued Interest on Bonds		8,400.00		
Due to Current Fund - Fund Balance Anticipated		130,000.00		
Due from Swimming Pool Utility Capital Fund:				
Improvement Authorization Expenditures		24,600.00		
		380,383.63		
Balance December 31, 2015	F	\$ 574,364.93		\$ 100,584.58

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
ANALYSIS OF SWIMMING POOL CAPITAL CASH

	Balance (Deficit) Dec. 31, 2014	Receipts Miscellaneous	Transfers		Balance (Deficit) Dec. 31, 2015
			From	To	
Capital Improvement Fund	\$ 112,459.19		\$ 30,000.00	\$ 40,000.00	\$ 122,459.19
Due from Swimming Pool Utility Operating Fund	(33,121.93)	\$ 254.60	40,000.00	24,600.00	(48,267.33)
<u>Improvement Authorizations:</u>					
<u>Ord Number</u>	<u>Improvement Description</u>				
11-20	20,992.72				20,992.72
15-08			24,600.00	30,000.00	5,400.00
	<u>\$ 100,329.98</u>	<u>\$ 254.60</u>	<u>\$ 94,600.00</u>	<u>\$ 94,600.00</u>	<u>\$ 100,584.58</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2014	F	\$ 2,651,077.81
Balance December 31, 2015	F	<u>\$ 2,651,077.81</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>2015</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2014</u>	<u>Authorizations</u>	<u>Dec. 31, 2015</u>
Swimming Pool Improvements	12/21/11	\$ 135,000.00	\$ 135,000.00		\$ 135,000.00
Acquisition of Capital Equipment	06/08/15	30,000.00		\$ 30,000.00	30,000.00
			<u>\$ 135,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 165,000.00</u>
		<u>Ref.</u>	F		F

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 16,882.30	\$ 16,882.30		\$ 16,882.30
Other Expenses	50,429.87	50,429.87	\$ 8,445.37	41,984.50
Statutory Expenditures:				
Contribution to:				
Social Security System	879.25	879.25		879.25
	\$ 68,191.42	\$ 68,191.42	\$ 8,445.37	\$ 59,746.05
<u>Analysis of Balance December 31, 2014</u>		<u>Ref.</u>		
Encumbered	\$ 3,370.82	F		
Unencumbered	64,820.60	F		
	\$ 68,191.42			

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Number	Ordinance		Balance Dec. 31, 2014 Funded	2015 Authorizations Capital Improvement Fund	Due to Swimming Pool Utility Operating Fund Paid or Charged	Balance Dec. 31, 2015 Funded
		Date	Amount				
Swimming Pool Improvements	11-20	12/21/11	\$ 135,000.00	\$ 20,992.72			\$ 20,992.72
Acquisition of Capital Equipment	15-08	06/08/15	30,000.00		\$ 30,000.00	\$ 24,600.00	5,400.00
				<u>\$ 20,992.72</u>	<u>\$ 30,000.00</u>	<u>\$ 24,600.00</u>	<u>\$ 26,392.72</u>
				<u>Ref.</u>	F		F

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	F	\$ 112,459.19
Increased by:		
2015 Budget Appropriation - Due from Swimming Pool Utility Operating Fund		40,000.00
		<u>152,459.19</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>30,000.00</u>
Balance December 31, 2015	F	<u>\$ 122,459.19</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2014	F	\$ 2,281,077.81
Increased by:		
Paid by Budget Appropriation - Serial Bonds		<u>90,000.00</u>
Balance December 31, 2015	F	<u>\$ 2,371,077.81</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ord. Date</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>Balance Dec. 31, 2015</u>
11-20	Swimming Pool Improvements	12/21/11	\$ 135,000.00		\$ 135,000.00
15-08	Acquisition of Capital Equipment	06/08/15		\$ 30,000.00	30,000.00
			<u>\$ 135,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 165,000.00</u>
		<u>Ref.</u>	F		F

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2014	Matured	Balance Dec. 31, 2015
			Date	Amount				
Pool Utility Bonds	06/12/12	\$ 550,000.00	02/01/16	\$ 90,000.00	2.00%	370,000.00	90,000.00	\$ 280,000.00
			02/01/17	95,000.00	3.00%			
			02/01/18	95,000.00	3.00%			
						<u>\$ 370,000.00</u>	<u>\$ 90,000.00</u>	<u>\$ 280,000.00</u>
					<u>Ref.</u>	F		F

BOROUGH OF CHESTER
PART II
SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2015

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

Name of Federal Agency or Department	Name of Program	C.F.D.A Account Number	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amount Paid to Subrecipients
				From	To					
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	Municipal Aid: Improvements to Old Gladstone Road	20.205	100-480-078-6320- ALL-609163	01/01/14	12/31/15	\$ 80,000.00	\$ 20,000.00		\$ 80,000.00	
	Fairmont Road Sidewalk Improvements	20.205	100-480-078-6320- ALW-609164	01/01/15	12/31/16	185,000.00	93,307.50	\$ 29,063.03	29,063.03	
Total Department of Transportation							113,307.50	29,063.03	109,063.03	
Total Federal Awards							<u>\$113,307.50</u>	<u>\$ 29,063.03</u>	<u>\$109,063.03</u>	<u>\$ -0-</u>

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

BOROUGH OF CHESTER
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities	765-042-4900- 001-6020	01/01/13	12/31/15	\$ 4,000.00		\$ 1,240.00	\$ 4,000.00
			01/01/14	12/31/15	4,000.00		4,000.00	4,000.00
			01/01/15	12/31/16	4,166.81	\$ 4,166.81		
		Total Clean Communities Grant					4,166.81	5,240.00
Total Department of Environmental Protection					4,166.81	5,240.00	8,000.00	
Department of Law and Public Safety	Body Armor Grant	718-066-1020 001-YCJS-6120	01/01/13	12/31/15	1,413.32			1,330.72
			01/01/15	12/31/16	1,173.55	1,173.55		
		Total Body Armor Grant					1,173.55	
Total Department of Law and Public Safety					1,173.55		1,330.72	
Department of Health and Senior Services								
	Alcohol Education Rehabilitation Fund	760-098-9735 760-001-060000	01/01/15	12/31/16	294.67	294.67		
Total Department of Health and Senior Services						294.67		
Total State Awards						\$ 5,635.03	\$ 5,240.00	\$ 9,330.72

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

BOROUGH OF CHESTER
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2015

Note 1. BASIS OF PRESENTATION

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards 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 Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Code.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4. STATE LOANS OUTSTANDING

The Borough of Chester has the following loan outstanding as of December 31, 2015:

New Jersey Department of Environmental Protection:	
Wastewater Treatment Loan	\$ 90,870.79

Currently, the Borough is in the process of repaying the loan balance. There were no loan receipts or expenditures in the current year. The project which relates to the loan is complete.



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

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

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

Independent Auditors' Report

The Honorable Mayor and Members
 of the Borough Council
 Borough of Chester
 Chester, New Jersey

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

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2015-01 and 2015-02, that we consider to be significant deficiencies.

The Honorable Mayor and Members
of the Borough Council
Borough of Chester
Page 2

Compliance and Other Matters

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

The Borough's Responses to the Findings

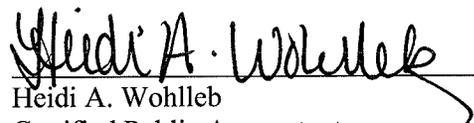
The Borough's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Borough's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mount Arlington, New Jersey
June 17, 2016

NISIVOCCIA LLP



Heidi A. Wohlleb

Certified Public Accountant

Registered Municipal Accountant No. 481

BOROUGH OF CHESTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- Significant deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2015 as grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJ OMB 15-08.

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

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

Finding 2015-01

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

Management's Response

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

BOROUGH OF CHESTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015

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

Finding 2015-02

Maintenance of an Encumbrance Accounting System

The Borough did not maintain an encumbrance accounting system in 2015. An encumbrance accounting and reporting system is useful to identify liabilities of the Borough and prevent possible overexpenditures of appropriations. This system should be maintained to be in compliance with the accounting requirements under the New Jersey Administrative Code.

Management's Response

The Borough will implement an encumbrance accounting system in 2016.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

BOROUGH OF CHESTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015
(Continued)

The prior year audit finding pertaining to segregation of duties was not resolved and is included in the current year report as Finding 2015-01.

BOROUGH OF CHESTER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

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

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

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes, Utility Rents and Assessments

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

On January 3, 2015, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility rents as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes or utility rents becoming delinquent after the due date and 18% per annum on any amount of taxes and utility rents in excess of \$1,500.00, becoming delinquent after the due date, and if the total amount due on December 31, is in excess of \$10,000.00 an additional penalty of 6% shall be charged against the delinquency.
2. There will be a ten (10) day grace period, or 25 days after mailing, for quarterly tax payments or any other municipal charges. However, any payments not paid within the ten day grace period, or 25 days after mailing, will be charged interest from the due date.

By resolution adopted May 3, 1993, the Governing Body authorized interest to be charged on delinquent assessments at a rate of 8% per annum.

It appears from an examination of the Tax/Utility Collector's records that interest was not collected in accordance with the foregoing resolutions as the tax and utility software utilized by the Borough was not calculating the interest accurately. However, as the Borough has already transferred their tax and utility records to a different software provider in 2016 and has ensured that the new software is correctly calculating the interest, no formal recommendation is judged to be warranted.

Delinquent Taxes and Tax Title Liens

There were no municipal liens for the last three years.

New Jersey Administrative Code Accounting Requirements

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

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

The Borough is currently in compliance with the accounting requirements for the general ledger and fixed asset accounting and reporting system. However, the Borough did not maintain an encumbrance accounting system in 2015. An encumbrance accounting and reporting system is useful to identify liabilities of the Borough and prevent possible overexpenditures of appropriations. This system should be maintained to be in

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

New Jersey Administrative Code Accounting Requirements (Cont'd)

compliance with the accounting requirements under the New Jersey Administrative Code. It is recommended that an encumbrance accounting system is maintained by the Borough.

Management's Response:

The Borough will implement an encumbrance accounting system in 2016.

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2015.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Municipal Treasurer:				
Fines & Costs	\$ 4,646.31	\$ 88,090.07	\$ 83,472.32	\$ 9,264.06
P.O.A.A. FTA		18.00	18.00	
Conditional Discharge		825.00	795.00	30.00
Conditional Dismissal		300.00	300.00	
Public Defender	80.00	1,995.00	1,875.00	200.00
Transcript Fees				
Weights and Measures	4,950.00	35,300.00	38,100.00	2,150.00
County:				
Fines	1,517.50	34,442.01	34,009.51	1,950.00
State:				
Fines and Costs	3,755.19	53,897.92	55,461.17	2,191.94
Miscellaneous	(344.00)	344.00		
Fish and Game		80.00	80.00	
Bail	2,130.64	27,977.46	27,557.42	2,550.68
	<u>\$ 16,735.64</u>	<u>\$ 243,269.46</u>	<u>\$ 241,668.42</u>	<u>\$ 18,336.68</u>

There were a large number of tickets on the tickets assigned to an officer but not issued report which had been issued over six months ago. It is recommended that the Court Administrator pursue collection of the older tickets on the tickets assigned to an officer but not issued report so that these tickets may be voided and pursue disposition of any tickets on this report which cannot be located.

Management's Response

The Borough will recall and reissue unissued tickets within six months of the tickets being assigned in the future.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Tax and Utility Collector's Records

During our review of the tax and utility collector's records, we noted the following:

- 1) A formal record of the stickers issued for large item solid waste items was not maintained for all of 2015 and the stickers issued for these collections were not prenumbered. Also, the collections related to these stickers were not deposited within 48 hours of receipts as required by statute.
- 2) Sewer and significant user fee billings were not issued in a timely manner and only three of the four quarterly billings for significant user fees billings were prepared in 2015. This was a significant contributing factor to the Deficit in Operations of \$3,819.95 in the Sewer Utility Operating Fund for 2015.
- 3) Tax and utility monthly collection reports were not prepared and reconciled to cash collections per the Treasurer on a monthly basis.
- 4) Utility billing adjustments are not approved by an employee independent of the utility billing and collection process.
- 5) All tax and utility collections were recorded as check collections and not as check or cash collections, as applicable.

It is recommended that:

- 1) A formal record of the stickers issued for large item solid waste items is maintained and the stickers issued for these collections are prenumbered. Also, the collections related to these stickers are deposited within 48 hours of receipts as required by state statute.
- 2) All sewer and significant user fee billings are issued in a timely manner.
- 3) Tax and utility monthly collection reports be prepared and reconciled to cash collections per the Treasurer on a monthly basis.
- 4) Utility billing adjustments are approved by an employee independent of the utility billing and collection process.
- 5) All tax and utility collections are recorded as cash and check collections, as applicable.

Management's Response

The Borough will ensure that a formal record of the stickers issued for large solid waste items is maintained, stickers issued for these collections are prenumbered and these collections are deposited in a timely manner, that all sewer and significant user fee billings are issued in a timely manner, that tax and utility monthly reports are prepared and reconciled to cash collections per the Treasurer on a monthly basis, that the utility billing adjustments are approved by an employee independent of the utility billing and collection process and that all tax and utility collections are recorded as check or cash collections, as applicable.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Treasurer's Records

During our review of the Treasurer's records we noted the following:

- 1) An analysis of individual Developers' Escrow balances is not maintained. The analysis of the Planning and Zoning Development fees is not reconciled with the cash balance.
- 2) Although there was a significant effort to liquidate all the prior year interfunds and limit the amount of interfund activity, there is still a large number of interfund balances at December 31, 2015. Any interfund balances due to the Current Fund have an effect on Current Fund fund balance.
- 3) During our review of the Payroll records, we noted that the Payroll Account bank reconciliation for December was not completed in a timely manner and that the interfund balances due to/from the payroll account for the various funds (noted in the general ledgers for the various funds) were not reconciled with the payroll account analysis of balance. Additionally, employee timesheets and supporting records for the payment of unused sick days were not available for audit review for certain employees. During our review of the employee health benefits withholdings, it was noted that these withholdings were not accurately calculated for certain employees. Also, for certain employees the actual salaries paid were not the salary authorized in a 2015 salary resolution. Finally, it appears as if certain employees were either not enrolled or enrolled timely in the Defined Contribution Retirement Program and that the related employee and employer deductions were not remitted timely.
- 4) The billings and collections activity for police salaries related to special outside duties has not been implemented in accordance with Local Finance Notice 2000-14.
- 5) During our review of the purchase orders, we noted that certain vouchers did not contain receipt of goods, claimant or department head approval signatures.

It is recommended that:

- 1) An analysis of individual Developers' Escrow balances is maintained which is reconciled with the Developers' Escrow cash balance and the analysis of the Planning and Zoning Development fees is reconciled with the cash balance.
- 2) A continuing effort be made to limit the number of interfund transactions and to ensure that interfunds are liquidated in a timely manner.
- 3) The Payroll Account bank account is reconciled in a timely manner and that the interfund balances due to/from the payroll account for the various funds (noted in the general ledgers for the various funds) are reconciled with the payroll account analysis of balance. Additionally, employee timesheets and supporting records for the payment of unused sick days are available for audit review. Also, the employee health benefits withholdings should be calculated accurately and salaries should be paid in accordance with the salary resolutions. Finally, all eligible employees be enrolled in a timely manner in the Defined Contribution Retirement Program and any related employer and employee deductions are remitted in a timely manner.
- 4) The billings and collections activity for police salaries related to special outside duties be implemented in accordance with Local Finance Notice 2000-14.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Treasurer's Records (Cont'd)

It is recommended that: (Cont'd)

- 5) Vouchers contain all the required signatures.

Management's Response

The Borough will ensure that: 1) an analysis of individual Developers' Escrow balances is maintained and reconciled with the Developers' Escrow cash balance and the analysis of the Planning and Zoning Development fees is reconciled with the cash balance; 2) every effort is made to limit the number of interfund transactions and liquidate interfunds in a timely manner; 3) the payroll account bank account is reconciled in a timely manner and that the interfund balances due to/from the payroll account for the various funds (noted in the general ledgers for the various funds) are reconciled with the payroll account analysis of balance; 4) employee timesheets and supporting records for the payment of unused sick days are available for audit review; 5) the employee health benefits withholdings are calculated accurately; 6) salaries are paid in accordance with the salary resolutions; 7) all eligible employees are enrolled in a timely manner in the Defined Contribution Retirement Program and any related employer and employee deductions are remitted in a timely manner; 8) the billings and collections activity for police salaries related to special outside duties is implemented in accordance with Local Finance Notice 2000-14; and 9) vouchers contain all the required signatures.

Swimming Pool Operations

During our review of the records for the Swimming Pool we noted the following:

- 1) Swimming Pool monthly collection reports were not prepared and reconciled to cash collections per the Treasurer on a monthly basis.
- 2) The reports generated from the specialized accounting software utilized for the swimming pool collector's records appeared to contain membership and initiation fees for which an online application was completed but for which the related application was not finalized and the related fee was not paid. Due to these fees being combined with actual pool membership and initiation fee collections on the reports which were generated from this software we could not fully reconcile the collections with the Treasurer's records.
- 3) Records maintained by Pool personnel for collections onsite at the Pool were not available for audit review.
- 4) Formal policies and procedures over collections onsite at the Swimming Pool are not in place.

It is recommended that:

- 1) Swimming Pool monthly collection reports are prepared and reconciled to cash collections per the Treasurer on a monthly basis.
- 2) The Borough contact the specialized accounting software provider utilized for pool utility collections for assistance in how to generate reports for pool membership and initiation fees that reflect actual cash collections.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Swimming Pool Operations

It is recommended that:

- 3) Records maintained by Pool personnel for collections onsite at the Pool are available for audit review.
- 4) A review of internal controls over collections onsite at the pool be completed. Based on the results of that review, formal policies and procedures over collections onsite at the Pool be developed and implemented.

Management's Response

The Borough will ensure that Swimming Pool monthly collection reports are prepared and reconciled to cash collections per the Treasurer on a monthly basis. The Borough will contact the specialized accounting software provider utilized for pool utility collections to determine how to generate reports for pool membership and initiation fees that reflect actual cash collections. Also, the Borough will ensure that records maintained by Pool personnel for collections onsite at the Pool are available for audit review. Finally, the Borough will perform a review of internal controls over collections onsite at the pool and based on the results of that review, formal policies and procedures over collections onsite at the Pool will be developed and implemented.

Unemployment Compensation Trust Account

During our review of the Unemployment Compensation Trust Account, it was noted that the entire amount of the employee withholdings for unemployment were being transferred to the State of New Jersey incorrectly by the payroll service provider. As the Borough funds their unemployment compensation insurance under the Benefit Reimbursement Method, a defined portion of the unemployment withholdings should be turned over to the State of New Jersey and the remaining portion should be turned over to the Unemployment Compensation Trust Account. As the Borough has plans in place already to correct the issue with the payroll service provider and to pursue reimbursement from the State of New Jersey, no formal recommendation is judged to be warranted.

Management Suggestions

Delinquent Notices – Unpaid Tax and Utility Billings

It is suggested that every effort be made to ensure that delinquent notices for tax and utility billings be prepared and mailed on a regular and timely basis to ensure timely collections of receivables.

Access to/Controls over Borough Email

We suggest that the Borough engage a technology consultant in accordance with Local Public Contract Law to assist them with developing controls over access to/controls over Borough email and to provide any necessary training and assistance to Borough personnel.

Grant Receivables and Appropriated Grants

The Federal and State Grant Fund has numerous appropriated reserve grant balances that are several years old. It is suggested that the various appropriated grant reserve balances be reviewed for collectability and/or cancellation.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions (Cont'd)

Deferred Compensation Plans

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

Independent Contractors

The Borough should consider reviewing the status of "Independent Contractors" utilized by the Borough with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Cyber Security

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

Corrective Action Plan

The prior year recommendations regarding segregation of duties, tax and utility monthly collection reports not being prepared and reconciled to cash collections per the Treasurer on a monthly basis, utility billing adjustments not being approved by an employee independent of the utility billing and collection process, all tax and utility collections being recorded as check collections and not as check or cash collections, as applicable, an analysis of individual Developers' Escrow balances not being maintained and reconciled with the Developers' Escrow cash balance and the analysis of the Planning and Zoning Development fees not being reconciled with the cash balance, employee timesheets and supporting records for the payment of unused sick days not being not available for audit review and employee health benefits withholdings not being calculated accurately were not resolved during the current year and are included as current year recommendations.

Although there was a significant effort to liquidate all the prior year interfunds and limit the amount of interfund activity, there is still a large number of interfund balances at year end. Also, there was a definite effort to improve the timeliness of the reconciliation of the Payroll account; however, the December bank reconciliation was not completed in a timely manner. Thus, the current year audit report reflects similar recommendations for these items.

The prior year recommendations regarding the issuance of prenumbered wristbands for guest fees paid at the Swimming Pool, every effort being made to ensure that overexpenditures of appropriation reserves do not occur and that budget transfers are approved in a timely manner, the Current Fund bank account being reconciled in a timely manner, the Current Fund general ledger being prepared and completed in a complete manner and reconciled with the supporting accounting records, the cash receipts and disbursements records for the various other funds being reconciled with the supporting accounting records, a monthly analysis of

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Corrective Action Plan (Cont'd)

cash activity and an analysis of balance in the Payroll account being prepared and the availability of the quarterly pension reports for audit review were resolved during the year ended December 31, 2015.

BOROUGH OF CHESTER
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. An encumbrance accounting system is maintained by the Borough.
3. Tax and Utility Collector's Records:
 - a. A formal record of the stickers issued for large item solid waste items is maintained and the stickers issued for these collections are prenumbered. Also, the collections related to these stickers are deposited within 48 hours of receipts as required by state statute.
 - b. All sewer and significant user fee billings are issued in a timely manner.
 - c. Tax and utility monthly collection reports be prepared and reconciled to cash collections per the Treasurer on a monthly basis.
 - d. Utility billing adjustments are approved by an employee independent of the utility billing and collection process.
 - e. All tax and utility collections are recorded as check collections and not as check or cash collections, as applicable.
4. The Court Administrator pursue collection of the older tickets on the tickets assigned to an officer but not issued report so that these tickets may be voided and pursue disposition of any tickets on this report which cannot be located.
5. Treasurer's Records:
 - a. An analysis of individual Developers' Escrow balances is maintained which is reconciled with the Developers' Escrow cash balance and the analysis of the Planning and Zoning Development fees is reconciled with the cash balance.
 - b. A continuing effort be made to limit the number of interfund transactions and to ensure that interfunds are liquidated in a timely manner.
 - c. The Payroll Account bank account is reconciled in a timely manner and that the interfund balances due to/from the payroll account for the various funds (noted in the general ledgers for the various funds) are reconciled with the payroll account analysis of balance. Additionally, employee timesheets and supporting records for the payment of unused sick days are available for audit review. Also, the employee health benefits withholdings should be calculated accurately and salaries should be paid in accordance with the salary resolutions. Finally, all eligible employees be enrolled in a timely manner in the Defined Contribution Retirement Program and any related employer and employee deductions are remitted in a timely manner.
 - d. The billings and collections activity for police salaries related to special outside duties be implemented in accordance with Local Finance Notice 2000-14.
 - e. Vouchers contain all the required signatures.

BOROUGH OF CHESTER
SUMMARY OF RECOMMENDATIONS
(Continued)

It is recommended that: (Cont'd)

6. Swimming Pool Operations

- a. Swimming Pool monthly collection reports are prepared and reconciled to cash collections per the Treasurer on a monthly basis.
- b. The Borough contact the specialized accounting software provider utilized for pool utility collections for assistance in how to generate reports for pool membership and initiation fees that reflect actual cash collections.
- c. Records maintained by Pool personnel for collections onsite at the Pool are available for audit review.
- d. A review of internal controls over collections onsite at the pool be completed. Based on the results of that review, formal policies and procedures over collections onsite at the Pool be developed and implemented.

* * * * *