

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2015**

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY**

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COUNTY OF MONMOUTH, NEW JERSEY**

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Borough of Highlands
County of Monmouth
Highlands, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Highlands, County of Monmouth, State of New Jersey as of December 31, 2015 and 2014, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis, and the related notes to the financial statements for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Borough of Highlands prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Highlands, County of Monmouth, State of New Jersey, as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 15.02% and 16.19% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Highlands, County of Monmouth, State of New Jersey, as of December 31, 2015 and 2014, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2015 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2015 the Borough of Highlands adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion on regulatory basis of accounting is not modified with respect to this matter.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements. The schedule of expenditures of federal awards are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are also not required parts of the above financial statements.

Such information is the responsibility of management and was derived from and relates 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Prior Period Financial Statements

The financial statements as of December 31, 2014 were audited by other auditors whose report dated October 27, 2015 expressed an unmodified opinion on the regulatory basis of accounting.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016, on our consideration of the Borough of Highlands'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Highland's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 30, 2016



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

Honorable Mayor and Members
of the Borough Council
Borough of Highlands
County of Monmouth
Highlands, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Highlands (herein referred to as “the Municipality”), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated June 30, 2016. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1 .

Our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund. As discussed in Note 1 the LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough of Highlands’s financial statements as of and for the year ended December 31, 2015. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 30, 2016

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 5,785,916.03	\$ 5,225,482.76
Change Fund	A-5	445.00	445.00
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	-	250.00
		<u>5,786,361.03</u>	<u>5,226,177.76</u>
Receivables and Other Assets			
With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	690,261.18	799,313.22
Tax Title Liens	A-8	55,693.38	45,042.55
Demolition Lien Receivable	A-9	40,786.77	40,786.77
Property Acquired for Taxes	A-10	212,600.00	212,600.00
Revenue Accounts Receivable	A-11	7,827.80	4,750.99
Due from Animal Control Fund	B	2,495.78	2,367.19
		<u>1,009,664.91</u>	<u>1,104,860.72</u>
Deferred Charges:			
Community Disaster Loan	A	2,063,102.00	-
Special Emergency Authorization	A-12	1,234,216.03	2,557,216.03
		<u>3,297,318.03</u>	<u>2,557,216.03</u>
		<u>10,093,343.97</u>	<u>8,888,254.51</u>
Federal and State Grants:			
Cash	A-4	7,131.87	210,707.22
Grants Receivable	A-23	1,536,556.75	51,153.74
		<u>1,543,688.62</u>	<u>261,860.96</u>
Total Assets		<u>\$ 11,637,032.59</u>	<u>\$ 9,150,115.47</u>

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

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Liabilities:			
Appropriation Reserves	A-3	\$ 694,415.52	\$ 922,505.32
Encumbrances Payable	A-3	437,591.42	340,729.54
Accounts Payable	A-14	137,676.29	135,630.67
Prepaid Taxes	A-15	80,623.57	70,918.62
County Taxes	A-16	19,332.82	32,336.01
Regional High School Taxes	A-17	123,326.10	96,651.10
Local School Taxes	A-18	100,673.00	20,552.00
Tax Overpayments	A-19	113,649.21	50,165.49
Special Emergency Note Payable	A-20	875,271.00	1,730,000.00
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	1,351.63	-
Due to State of NJ	A-21	9,200.91	5,297.00
Accrued Interest on Loan	A	65,984.29	37,616.29
Various Reserves	A-22	1,078,813.56	1,836,833.07
Community Disaster Loan Payable	A	<u>2,063,102.00</u>	<u>-</u>
		5,801,011.32	5,279,235.11
Reserve for Receivables and Other Assets	A	1,009,664.91	1,104,860.72
Fund Balance	A-1	<u>3,282,667.74</u>	<u>2,504,158.68</u>
		<u>10,093,343.97</u>	<u>8,888,254.51</u>
Federal and State Grants:			
Encumbrances Payable	A-23	921,499.17	3,164.11
Reserve For Grants:			
Appropriated	A-23	296,830.28	245,362.74
Unappropriated	A-24	49,237.29	12,212.23
Due to Capital Fund	A-4	275,000.00	-
Due to State	A	<u>1,121.88</u>	<u>1,121.88</u>
Federal and State Grants:		<u>1,543,688.62</u>	<u>261,860.96</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 11,637,032.59</u>	<u>\$ 9,150,115.47</u>

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:		
Fund Balance Anticipated	\$ 898,588.00	\$ 2,000,000.00
Miscellaneous Revenue Anticipated	4,418,937.95	2,032,929.38
Receipt from Delinquent Taxes	765,907.54	601,179.18
Receipt from Current Taxes	15,586,577.13	14,902,919.15
Non-Budget Revenue	98,875.13	44,174.78
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	740,491.90	571,037.57
Interfunds Returned	2,367.19	-
Grant Appropriated Reserve Canceled	-	3,075.00
Animal Control - Statutory Excess	-	2,367.19
Accounts Payable Cancelled	1,082.50	114,675.27
	<hr/>	<hr/>
Total Revenue	<u>22,512,827.34</u>	<u>20,272,357.52</u>
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	2,753,938.00	2,895,128.00
Other Expenses	3,537,664.00	3,575,168.00
Deferred Charges and Statutory Expenditures	542,109.00	566,595.00
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	437,062.00	10,000.00
Other Expenses	1,818,820.72	529,428.98
Capital Improvements	400,000.00	171,100.00
Municipal Debt Service	799,838.71	897,655.97
Deferred Charges and Statutory Expenditures	1,323,000.00	898,000.00
County Taxes	1,914,225.03	1,910,343.14
Due County Added Taxes	19,332.82	
Regional High School Taxes	3,968,628.00	3,997,203.50
Local District School Tax	3,227,450.00	2,958,596.00
Business Improvement District Tax	60,000.00	50,000.00
Municipal Open Space Tax	28,912.00	28,630.90
Prior Year Senior Citizen & Vet Disallowed	4,750.00	7,000.00

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Expenditures (continued):		
Grant Receivable Canceled	-	3,075.00
Interfunds Advanced	-	2,367.19
Refund Prior Year Tax Revenue	-	3,809.61
Refund Prior Year Revenue	-	1,514.50
	<hr/>	<hr/>
Total Expenditures	20,835,730.28	18,505,615.79
	<hr/>	<hr/>
Excess/(Deficit) in Revenue	1,677,097.06	1,766,741.73
Adjustments To Income Before Fund Balance		
Expenditures Included Above Which Are By		
Statute Deferred Charges To Budget of		
Succeeding Year:		
Special Emergency Appropriation	-	100,000.00
	<hr/>	<hr/>
Statutory Excess To Fund Balance	1,677,097.06	1,866,741.73
Fund Balance, January 1	2,504,158.68	2,637,416.95
	<hr/>	<hr/>
	4,181,255.74	4,504,158.68
Decreased By:		
Utilized as Anticipated Revenue	898,588.00	2,000,000.00
	<hr/>	<hr/>
Fund Balance, December 31	<u>\$ 3,282,667.74</u>	<u>\$ 2,504,158.68</u>

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Anticipated <u>Budget</u>	Added by N.J.S.A. <u>40A:4-87</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Surplus Anticipated	\$ 898,588.00	\$ -	\$ 898,588.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	15,000.00	-	17,330.40	2,330.40
Other	18,000.00	-	18,435.00	435.00
Fees and Permits	65,000.00	-	86,057.98	21,057.98
Fines and Costs - Municipal Court	65,000.00	-	69,980.02	4,980.02
Interest and Costs on Taxes	85,000.00	-	128,813.30	43,813.30
Interest on Investments	35,000.00	-	67,753.62	32,753.62
Cable Television Franchise Fee	20,000.00	-	22,649.13	2,649.13
Consolidated Municipal Property Tax				
Relief Aid	10,764.00	-	10,764.00	-
Energy Receipts Tax	343,795.00	-	343,795.00	-
Uniform Construction Code Fees	170,000.00	-	326,371.99	156,371.99
Lease of Borough Property	30,000.00	-	58,862.00	28,862.00
Housing Authority - PILOT	22,000.00	-	27,650.00	5,650.00
Police Off-Duty Administrative Fees	3,000.00	-	9,739.00	6,739.00
FEMA Proceeds	844,853.79	-	844,853.79	-
NJEDA Neighborhood Community Revitalization	1,499,081.00	-	1,499,081.00	-
CDBG Essential Services Grant	437,062.00	-	437,062.00	-
Municipal Alliance	-	28,525.00	28,525.00	-
Summer Food Program	-	11,568.12	11,568.12	-
Highway Safety	6,725.00	-	6,725.00	-
Body Armor Replacement Fund	1,680.92	-	1,680.92	-
Alcohol Education and Rehabilitation Fund	1,240.68	-	1,240.68	-
General Capital Fund Balance	400,000.00	-	400,000.00	-
				-
Total Miscellaneous Revenues	4,073,202.39	40,093.12	4,418,937.95	305,642.44
Receipts From Delinquent Taxes	765,000.00	-	765,907.54	907.54
Amount To Be Raised By Taxes For				
Support of Municipal Budget	6,940,030.21	-	7,468,029.28	527,999.07
Budget Totals	12,676,820.60	40,093.12	13,551,462.77	834,549.05
Non-Budget Revenue	-	-	98,875.13	98,875.13
Total General Revenues	\$ 12,676,820.60	\$ 40,093.12	\$ 13,650,337.90	\$ 933,424.18

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Analysis of Realized Revenue

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 15,586,577.13
Less: Allocated to School and County Taxes	<u>9,218,547.85</u>
Balance for Support of Municipal Budget Appropriations	6,368,029.28
Add: "Appropriation Reserve for Uncollected Taxes"	<u>1,100,000.00</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 7,468,029.28</u></u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 765,907.54</u>
	<u><u>\$ 765,907.54</u></u>
Miscellaneous Revenue Not Anticipated:	
Fire Safety	\$ 5,404.43
Year-end Tax Penalty	17,945.22
Prior Year Reimbursements	900.00
Administration Fee - Senior Citizens' and Veterans'	745.00
Copies	947.25
Insurance Proceeds	49,992.28
Land Sale	5,601.00
Sale of Assets	14,101.84
Miscellaneous - Other	<u>3,238.11</u>
	<u><u>\$ 98,875.13</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Borough Administrator:						
Salaries and Wages	\$ 106,000.00	\$ 106,000.00	\$ 102,311.04	\$ -	\$ 3,688.96	\$ -
Other Expenses	3,800.00	3,800.00	1,914.88	96.49	1,788.63	-
Central Services:						
Salaries and Wages	30,500.00	30,500.00	29,063.91	-	1,436.09	-
Other Expenses	34,500.00	34,500.00	17,595.67	9,908.18	6,996.15	-
Borough Council:						
Salaries and Wages	13,000.00	13,000.00	13,000.00	-	-	-
Other Expenses	66,000.00	66,000.00	55,970.09	3,637.21	6,392.70	-
Borough Clerk:						
Salaries and Wages	68,000.00	68,000.00	66,316.60	-	1,683.40	-
Other Expenses	36,050.00	36,050.00	31,989.78	4,055.22	5.00	-
Financial Administration:						
Salaries and Wages	124,000.00	124,000.00	120,239.34	-	3,760.66	-
Other Expenses	18,500.00	18,500.00	8,294.00	7,354.69	2,851.31	-
Audit Services	33,900.00	33,900.00	-	33,900.00	-	-
Collection of Taxes:						
Salaries and Wages	62,000.00	62,000.00	59,409.48	-	2,590.52	-
Other Expenses	10,000.00	10,000.00	5,508.81	4,338.00	153.19	-
Assessment of Taxes:						
Salaries and Wages	26,500.00	26,500.00	25,816.73	-	683.27	-
Other Expenses	41,500.00	41,500.00	31,043.91	6,551.24	3,904.85	-
Legal Services:						
Other Expenses	210,000.00	210,000.00	179,705.12	22,352.67	7,942.21	-
Engineering Services:						
Other Expenses	170,000.00	170,000.00	155,118.65	13,927.93	953.42	-
Code Enforcement:						
Salaries and Wages	71,000.00	71,000.00	38,649.80	-	32,350.20	-
Other Expenses	23,000.00	23,000.00	600.00	945.13	21,454.87	-
Other Expenses - Substandard Housing	35,000.00	35,000.00	-	-	35,000.00	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	6,000.00	6,000.00	5,270.91	-	729.09	-
Other Expenses	23,050.00	23,050.00	8,979.58	2,390.83	11,679.59	-
Zoning Board of Adjustments:						
Salaries and Wages	6,000.00	6,000.00	5,500.08	-	499.92	-
Other Expenses	25,350.00	25,350.00	16,201.19	213.03	8,935.78	-
INSURANCE						
General Liability	120,000.00	120,000.00	106,129.95	2,500.00	11,370.05	-
Workmen's Compensation	180,000.00	180,000.00	179,589.25	-	410.75	-
Employee Group Health	1,070,000.00	1,070,000.00	1,043,546.35	796.18	25,657.47	-
PUBLIC SAFETY						
Fire:						
Other Expenses	67,400.00	67,400.00	46,951.56	19,680.58	767.86	-
Police Department:						
Salaries and Wages	1,492,938.00	1,427,938.00	1,312,878.48	-	115,059.52	-
Other Expenses	92,464.00	157,464.00	54,663.71	95,069.70	7,730.59	-
Dispatch:						
Salaries and Wages	168,000.00	168,000.00	153,056.28	-	14,943.72	-
Other Expenses	1,500.00	1,500.00	-	-	1,500.00	-
Municipal Court:						
Salaries and Wages	20,000.00	20,000.00	10,270.83	-	9,729.17	-
Other Expenses	7,000.00	7,000.00	5,489.73	250.00	1,260.27	-
First Aid Organization Contribution	30,000.00	30,000.00	15,073.34	14,926.66	-	-
Emergency Management Services:						
Salaries and Wages	4,000.00	4,000.00	3,649.92	-	350.08	-
Other Expenses	20,000.00	20,000.00	8,188.32	11,192.35	619.33	-
Public Defender:						
Salaries and Wages	5,000.00	5,000.00	729.15	-	4,270.85	-

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Fire Hydrant Fees	61,000.00	61,000.00	58,016.22	2,983.00	0.78	-
Uniform Fire Safety Act:						
Salaries and Wages	27,500.00	27,500.00	26,840.00	-	660.00	-
Other Expenses	5,000.00	5,000.00	1,800.50	2,500.00	699.50	-
Municipal Prosecutor's Office:						
Salaries and Wages	18,500.00	18,500.00	15,475.17	-	3,024.83	-
PUBLIC WORKS FUNCTIONS						
Road Repair and Maintenance:						
Salaries and Wages	230,000.00	230,000.00	178,626.47	-	51,373.53	-
Other Expenses	50,000.00	50,000.00	34,636.29	8,766.92	6,596.79	-
Snow Removal:						
Salaries and Wages	35,000.00	35,000.00	17,914.73	-	17,085.27	-
Other Expenses	50,000.00	50,000.00	47,932.00	-	2,068.00	-
Solid Waste Disposal:						
Salaries and Wages	2,000.00	2,000.00	2,000.00	-	-	-
Other Expenses	38,500.00	38,500.00	37,333.33	-	1,166.67	-
Other Expenses - Contractual Services	212,000.00	217,000.00	197,665.72	19,200.00	134.28	-
Mechanical Garage:						
Other Expenses	4,000.00	4,000.00	3,999.41	-	0.59	-
Public Buildings:						
Salaries and Wages	20,000.00	22,000.00	21,908.91	-	91.09	-
Other Expenses	70,000.00	70,000.00	41,927.76	8,270.26	19,801.98	-
Shade Tree Commission:						
Other Expenses	900.00	900.00	58.00	-	842.00	-
Condo Services Act:						
Other Expenses	28,000.00	28,000.00	13,203.01	14,500.00	296.99	-
HEALTH AND HUMAN SERVICES						
Services of Monmouth County Regional Health Commission Contract (RS 40:13):	65,000.00	65,000.00	63,587.00	-	1,413.00	-
Environmental Commission:						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Dog Control:						
Other Expenses	15,500.00	15,500.00	4,226.00	-	11,274.00	-
Community School Substance Safety and Health	3,000.00	3,000.00	3,000.00	-	-	-
NJ Public Employees Occupational Safety and Health Other Expenses	4,500.00	4,500.00	-	-	4,500.00	-
PARK AND RECREATION FUNCTIONS						
Beachfront Maintenance:						
Salaries and Wages	20,000.00	11,000.00	-	-	11,000.00	-
Other Expenses	12,100.00	12,100.00	10,390.29	-	1,709.71	-
Parks and Playgrounds:						
Other Expenses	11,200.00	11,200.00	9,720.00	562.00	918.00	-
Celebration of Public Events:						
Other Expenses	2,700.00	2,700.00	625.00	-	2,075.00	-
Community Center:						
Salaries and Wages	103,000.00	103,000.00	86,835.37	-	16,164.63	-
Other Expenses	22,500.00	22,500.00	16,931.93	5,255.29	312.78	-
Accumulated Sick Leave	32,000.00	32,000.00	17,504.56	-	14,495.44	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Salaries and Wages	135,000.00	135,000.00	97,069.51	-	37,930.49	-
Other Expenses	22,750.00	22,750.00	2,318.58	117.51	20,313.91	-
UTILITY EXPENSE AND BULK PURCHASES						
Electricity	50,000.00	50,000.00	34,213.47	15,700.00	86.53	-
Street Lighting	55,000.00	55,000.00	42,206.61	-	12,793.39	-
Telephone	30,000.00	30,000.00	21,970.92	5,000.00	3,029.08	-
Water	11,000.00	13,000.00	12,244.36	755.64	-	-
Natural Gas	15,000.00	15,000.00	9,514.89	5,300.00	185.11	-
Telecommunication Costs	31,000.00	31,000.00	25,595.37	5,328.74	75.89	-
Gasoline and Diesel Fuel	75,000.00	75,000.00	39,267.01	13,000.00	22,732.99	-

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

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Appropriations		Expended			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
LANDFILL / SOLID WASTE DISPOSAL COSTS						
Monmouth County Reclamation Center						
Other Expenses	200,000.00	200,000.00	146,118.95	18,000.00	35,881.05	-
Total Operations Within "CAPS"	6,291,602.00	6,291,602.00	5,261,393.78	379,325.45	650,882.77	-
Detail:						
Salaries and Wages	2,825,938.00	2,753,938.00	2,410,337.27	-	343,600.73	-
Other Expenses	3,465,664.00	3,537,664.00	2,851,056.51	379,325.45	307,282.04	-
Deferred Charges and Statutory Expenditures -						
Municipal - Within "CAPS"						
Statutory Expenditures:						
Contribution To:						
Public Employees' Retirement System	101,130.00	101,130.00	101,130.00	-	-	-
Social Security System (O.A.S.I.)	120,000.00	120,000.00	111,323.33	-	8,676.67	-
Defined Contribution Retirement Program	5,000.00	5,000.00	-	-	5,000.00	-
Police and Firemen's Retirement System	315,979.00	315,979.00	315,979.00	-	-	-
Total Deferred Charges and Statutory Expenditures -	542,109.00	542,109.00	528,432.33	-	13,676.67	-
 Municipal - Within "CAPS"	542,109.00	542,109.00	528,432.33	-	13,676.67	-
Total General Appropriations for Municipal Purposes	6,833,711.00	6,833,711.00	5,789,826.11	379,325.45	664,559.44	-
 Within "CAPS"	6,833,711.00	6,833,711.00	5,789,826.11	379,325.45	664,559.44	-
OPERATIONS - EXCLUDED FROM "CAPS"						
Length of Service Award Program	45,000.00	45,000.00	36,800.00	8,200.00	-	-
9-1-1	14,000.00	14,000.00	13,976.58	-	23.42	-
Stormwater Management	35,000.00	35,000.00	9,623.67	25,376.33	-	-
Recycling Tax	9,000.00	9,000.00	607.78	300.00	8,092.22	-
CDBG Essential Services Funding:						
Police						
Salaries and Wages	437,062.00	437,062.00	437,062.00	-	-	-
Total Other Operations Excluded From "CAPS"	540,062.00	540,062.00	498,070.03	33,876.33	8,115.64	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
Atlantic Highlands						
Maintenance of Motor Vehicles	77,000.00	77,000.00	40,247.67	24,389.64	12,362.69	-
Municipal Court	75,000.00	75,000.00	73,491.00	-	1,509.00	-
Total Interlocal Municipal Service Agreements	152,000.00	152,000.00	113,738.67	24,389.64	13,871.69	-
PUBLIC AND PRIVATE PROGRAMS OFFSET						
 BY REVENUES						
Matching Funds for Grants	15,000.00	15,000.00	7,131.25	-	7,868.75	-
Highway Safety	6,725.00	6,725.00	6,725.00	-	-	-
Alcohol Education and Rehabilitation Fund	1,240.68	1,240.68	1,240.68	-	-	-
Body Armor Grant	1,680.92	1,680.92	1,680.92	-	-	-
NJEDA Neighborhood Community Revitalization	1,499,081.00	1,499,081.00	1,499,081.00	-	-	-
Municipal Alliance	-	28,525.00	28,525.00	-	-	-
Summer Food Program	-	11,568.12	11,568.12	-	-	-
Total Public and Private Programs Offset By Revenue	1,523,727.60	1,563,820.72	1,555,951.97	-	7,868.75	-
Total Operations - Excluded From "CAPS"	2,215,789.60	2,255,882.72	2,167,760.67	58,265.97	29,856.08	-
Detail:						
Salaries and Wages	437,062.00	437,062.00	437,062.00	-	-	-
Other Expenses	1,778,727.60	1,818,820.72	1,730,698.67	58,265.97	29,856.08	-

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	400,000.00	400,000.00	400,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	400,000.00	400,000.00	400,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	383,000.00	383,000.00	383,000.00	-	-	-
Payment of Bond Anticipation Notes	15,020.00	15,020.00	15,020.00	-	-	-
Interest on Bonds	254,000.00	254,000.00	253,181.62	-	-	818.38
Interest on Notes	60,000.00	60,000.00	56,492.80	-	-	3,507.20
Interest on Special Emergency Notes	28,000.00	28,000.00	27,897.50	-	-	102.50
Capital Lease Obligations:						
Principal	50,000.00	50,000.00	50,000.00	-	-	-
Interest	14,300.00	14,300.00	14,246.79	-	-	53.21
Total Municipal Debt Service - Excluded From "CAPS"	804,320.00	804,320.00	799,838.71	-	-	4,481.29
Deferred Charges - Municipal - Excluded From "CAPS"						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-54)	1,323,000.00	1,323,000.00	1,323,000.00	-	-	-
Total Deferred Charges - Municipal - Excluded From "CAPS"	1,323,000.00	1,323,000.00	1,323,000.00	-	-	-
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	4,743,109.60	4,783,202.72	4,690,599.38	58,265.97	29,856.08	4,481.29
Subtotal General Appropriations	11,576,820.60	11,616,913.72	10,480,425.49	437,591.42	694,415.52	4,481.29
Reserve for Uncollected Taxes	1,100,000.00	1,100,000.00	1,100,000.00	-	-	-
Total General Appropriations	\$ 12,676,820.60	\$ 12,716,913.72	\$ 11,580,425.49	\$ 437,591.42	\$ 694,415.52	\$ 4,481.29
Budget as Adopted		\$ 12,676,820.60				
Added by N.J.S.A. 40A:4-87		40,093.12				
		<u>\$ 12,716,913.72</u>				
Analysis of Paid or Charged:						
Reserve For:						
Uncollected Taxes			\$ 1,100,000.00			
Federal and State Grants			1,985,882.72			
Accrued Interest on CDL Loan			28,368.00			
Deferred Charges			1,323,000.00			
Cash Disbursements			7,143,174.77			
			<u>\$ 11,580,425.49</u>			

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Animal Control Trust Fund:			
Cash	B-1	\$ 9,639.32	\$ 10,547.24
Change Fund		<u>40.00</u>	<u>40.00</u>
		<u>9,679.32</u>	<u>10,587.24</u>
Other Trust Funds:			
Cash - Trust Other	B-1	<u>1,613,654.53</u>	<u>1,265,585.92</u>
Open Space Trust Fund:			
Cash	B-1	<u>174,026.91</u>	<u>154,408.94</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Investments	B-7	<u>317,632.74</u>	<u>276,326.56</u>
Total Assets		<u><u>\$2,114,993.50</u></u>	<u><u>\$1,706,908.66</u></u>
<u>Liabilities and Reserves</u>			
Animal Control Fund:			
Due to State	B-2	\$ 1.20	\$ 22.20
Reserve For Animal Control Fund Expenditures	B-3	7,182.34	8,197.85
Due Current Fund - Statutory Excess	B-4	<u>2,495.78</u>	<u>2,367.19</u>
		<u>9,679.32</u>	<u>10,587.24</u>
Other Trust Funds:			
Reserve For:			
Accounts Payable	B	570.57	150.19
Reserve For Encumbrances	B-5	5,033.04	193,948.54
Various Reserves	B-5	<u>1,608,050.92</u>	<u>1,071,487.19</u>
		<u>1,613,654.53</u>	<u>1,265,585.92</u>
Open Space Trust Fund:			
Reserve For Encumbrances	B-6	18,166.71	4,974.00
Reserve For Open Space	B-6	<u>155,860.20</u>	<u>149,434.94</u>
		<u>174,026.91</u>	<u>154,408.94</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Reserve for Length of Service Award Program	B-8	<u>317,632.74</u>	<u>276,326.56</u>
Total Liabilities and Reserves		<u><u>\$ 2,114,993.50</u></u>	<u><u>\$ 1,706,908.66</u></u>

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

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	C-2	\$ 3,616,183.56	\$ 4,945,964.57
Community Development Block Grant Receivable	C-6	178,077.00	178,077.00
FEMA Receivable	C-7	2,854,000.00	2,854,000.00
NJ DOT Recievable	C-9	410,000.00	-
Exxon Mobile Receivable	C-8	-	137,000.00
Due from Grant Fund	A	275,000.00	-
Deferred Charges to Future Taxation:			
Funded	C-4	5,114,750.00	5,497,750.00
Unfunded	C-5	14,508,256.40	11,140,446.40
		<hr/>	<hr/>
Total Assets		<u>\$ 26,956,266.96</u>	<u>\$ 24,753,237.97</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-10	\$ 4,616,000.00	\$ 4,999,000.00
Downtown Business Improvement Zone Loan Payable	C-11	498,750.00	498,750.00
Bond Anticipation Notes	C-12	3,729,000.00	3,744,020.00
Accounts Payable	C	3,597.75	3,597.75
Encumbrances Payable	C-13	1,484,863.14	1,377,694.34
Improvement Authorizations:			
Funded	C-13	725,535.75	762,004.75
Unfunded	C-13	12,327,361.40	9,782,771.54
Capital Improvement Fund	C-14	485,383.26	100,476.26
Various Reserves	C-15	60,643.41	60,041.08
Reserve for Receivables	C-7	2,854,000.00	2,854,000.00
Fund Balance	C-1	171,132.25	570,882.25
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		<u>\$ 26,956,266.96</u>	<u>\$ 24,753,237.97</u>

There were bonds and notes authorized but not issued on December 31, 2015 in the amount of \$10,779,256.40 and on December 31, 2014 in the amount of \$7,396,426.40.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$	570,882.25
Increased By:		
Premium on Sale of Bond Anticipation Notes		250.00
		571,132.25
Decreased By:		
Anticipated in Current Fund Budget		400,000.00
Balance, December 31, 2015	\$	171,132.25

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Operating Fund:			
Cash - Checking	D-5	\$ 1,061,120.50	\$ 1,299,714.97
Investment in General Capital Fund	D-5	377,280.00	-
Advanced to Trustee	D	158,418.00	158,418.00
Change Fund	D	100.00	100.00
		<u>1,596,918.50</u>	<u>1,458,232.97</u>
Receivables with Full Reserves:			
Water-Sewer Rents Receivable	D-7	323,083.81	295,912.62
		<u>323,083.81</u>	<u>295,912.62</u>
Deferred Charges:			
Community Disaster Loan		300,000.00	-
		<u>300,000.00</u>	<u>-</u>
Total Operating Fund		<u>2,220,002.31</u>	<u>1,754,145.59</u>
Capital Fund:			
Cash - Checking	D-5	16,234.44	16,234.44
Fixed Capital	D-9	7,072,529.82	7,072,529.82
Fixed Capital Authorized and Uncompleted	D-10	58,201.66	58,201.66
Total Capital Fund		<u>7,146,965.92</u>	<u>7,146,965.92</u>
Total Assets		<u>\$ 9,366,968.23</u>	<u>\$ 8,901,111.51</u>

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-4	\$ 47,809.04	\$ 112,057.76
Encumbrances Payable	D-4	220,289.74	172,827.45
Sewer Rent Overpayments	D-12	16,431.99	17,481.87
Accrued Interest on Bonds	D-13	102,543.79	100,441.49
Accounts Payable	D-8	64,144.15	68,694.08
Community Disaster Loan Payable		300,000.00	-
		<u>751,218.71</u>	<u>471,502.65</u>
Reserve for Receivables	D	323,083.81	295,912.62
Fund Balance	D-1	1,145,699.79	986,730.32
		<u>1,468,783.60</u>	<u>1,282,642.94</u>
Total Operating Fund		<u>2,220,002.31</u>	<u>1,754,145.59</u>
Capital Fund:			
Serial Bonds	D-14	3,809,000.00	3,964,800.00
Loans Payable	D-15	1,850,849.17	1,951,461.87
Improvement Authorizations:			
Unfunded	D-16	58,201.66	58,201.66
Capital Improvement Fund	D-17	6,750.00	6,750.00
Reserve for Amortization	D-18	1,412,680.65	1,156,267.95
Reserve for Down Payment on Improvements	D-19	100.00	100.00
Fund Balance	D-2	9,384.44	9,384.44
		<u>7,146,965.92</u>	<u>7,146,965.92</u>
Total Capital Fund		<u>7,146,965.92</u>	<u>7,146,965.92</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,366,968.23</u>	<u>\$ 8,901,111.51</u>

There were bonds and notes authorized but not issued at December 31, 2015 of \$58,201.66 and at December 31, 2014 of \$58,201.66.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:		
Surplus Anticipated	\$ 150,000.00	\$ 180,000.00
Sewer Rents	1,703,923.88	1,732,738.29
Sale of Water System Escrow	-	52,263.42
Miscellaneous Revenue	68,810.99	55,781.32
Other Credits To Income:		
Appropriation Reserves Lapsed	118,293.99	17,382.08
Cancel Accrued Interest	11,846.53	-
Cancel Accounts Payable	6.78	5,205.00
	<u>2,052,882.17</u>	<u>2,043,370.11</u>
Total Revenue		
Expenditures:		
Operating:		
Salaries and Wages	86,000.00	79,805.00
Other Expenses	1,174,000.00	1,281,725.00
Debt Service	468,412.70	236,494.93
Deferred Charges and Statutory Expenditures	15,500.00	14,235.00
	<u>1,743,912.70</u>	<u>1,612,259.93</u>
Excess/(Deficit) in Revenue	308,969.47	431,110.18
Fund Balance, January 1	<u>986,730.32</u>	<u>735,620.14</u>
	1,295,699.79	1,166,730.32
Decreased By:		
Utilized as Anticipated Revenue	<u>150,000.00</u>	<u>180,000.00</u>
Fund Balance, December 31	<u><u>\$ 1,145,699.79</u></u>	<u><u>\$ 986,730.32</u></u>

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY CAPITAL FUND
STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014

9,384.44

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 150,000.00	\$ 150,000.00	\$ -
Rents - Water-Sewer	1,560,000.00	1,703,923.88	143,923.88
Interest on Delinquent Accounts	33,912.70	40,302.80	6,390.10
Miscellaneous	-	28,508.19	28,508.19
	<u>\$ 1,743,912.70</u>	<u>\$ 1,922,734.87</u>	<u>\$ 178,822.17</u>

Analysis of Miscellaneous Revenue Not Anticipated

Miscellaneous	\$ 18,392.00
Interest Earned on Investments	<u>10,116.19</u>
	<u>\$ 28,508.19</u>

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended			
	Original Budget	Budget After Modifications	Paid or Charged	Encumbrances	Reserved	Cancelled
Operating:						
Sewer:						
Salaries and Wages	\$ 86,000.00	\$ 86,000.00	\$ 82,683.84	\$ -	\$ 3,316.16	\$ -
Other Expenses	947,500.00	947,500.00	697,981.48	206,742.77	42,775.75	-
Shared Services:						
Sewer Operator	150,000.00	150,000.00	136,023.13	13,153.00	823.87	-
Group Insurance	26,500.00	26,500.00	26,223.19	43.97	232.84	-
Workers Compensation Insurance	22,000.00	22,000.00	21,650.00	350.00	-	-
Other Insurances	28,000.00	28,000.00	28,000.00	-	-	-
Total Operating	1,260,000.00	1,260,000.00	992,561.64	220,289.74	47,148.62	-
Debt Service:						
Payment of Bond Principal	155,800.00	155,800.00	155,800.00	-	-	-
Interest on Bonds	187,500.00	187,500.00	187,500.00	-	-	-
NJEIT - Principal	100,612.70	100,612.70	100,612.70	-	-	-
NJEIT - Interest	24,500.00	24,500.00	24,500.00	-	-	-
Total Debt Service	468,412.70	468,412.70	468,412.70	-	-	-
Statutory Expenditures:						
Contributions To:						
Public Employees Retirement System	7,500.00	7,500.00	7,500.00	-	-	-
Social Security System (O.A.S.I.)	7,000.00	7,000.00	6,339.58	-	660.42	-
Unemployment Insurance	1,000.00	1,000.00	1,000.00	-	-	-
Total Statutory Expenditures	15,500.00	15,500.00	14,839.58	-	660.42	-
Total Sewer Utility Appropriations	\$ 1,743,912.70	\$ 1,743,912.70	\$ 1,475,813.92	\$ 220,289.74	\$ 47,809.04	\$ -
Cash Disbursed			\$ 1,461,865.09			
Accrued Interest on Bonds			13,948.83			
			<u>\$ 1,475,813.92</u>			

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	Balance December 31, <u>2015</u>	Balance December 31, <u>2014</u>
Land	1-F	\$ 1,097,800.00	\$ 1,097,800.00
Building	1-F	5,772,197.90	5,772,197.90
Machinery and Equipment	1-F	<u>4,234,484.33</u>	<u>4,023,955.33</u>
Total General Fixed Assets	1-F	<u>\$ 11,104,482.23</u>	<u>\$ 10,893,953.23</u>
Investment in General Fixed Assets		<u>\$ 11,104,482.23</u>	<u>\$ 10,893,953.23</u>

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
PAYROLL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash	\$ 50,408.19	\$ 33,003.64
Total Assets	<u>\$ 50,408.19</u>	<u>\$ 33,003.64</u>
<u>Liabilities and Reserves</u>		
Payroll Liabilities	\$ 50,408.19	\$ 33,003.64
Total Liabilities and Reserves	<u>\$ 50,408.19</u>	<u>\$ 33,003.64</u>

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Borough of Highlands, County of Monmouth, New Jersey ("Borough") operates under the Borough form of New Jersey municipal government, and is governed by a mayor and a borough council. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5.

Component Units

The Borough of Highlands had no component units as defined by Governmental Accounting Standards Board Statement No.14, as amended by GASB Statements No. 39 and 61.

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Borough of Highlands contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough of Highlands accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

Trust Funds – various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Water-Sewer Utility Operating and Capital Funds - are used to account for water and sewer operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the water and sewer utility to the general public be financed through user fees. Operations relating to the acquisition of water and sewer capital facilities are recorded within the Water-Sewer Utility Capital Fund.

Payroll Fund - account for the payroll and payroll tax liabilities of the Borough.

General Fixed Asset Account Group - to account for fixed assets used in general government operations.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current, open space trust and water-sewer utility funds in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40AA-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Fund Balances - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, the Highlands Board of Education and the Henry Hudson Regional School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Highlands Board of Education and the Henry Hudson Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31 and for the regional high school district the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2014 and decreased by the amount deferred at December 31, 2015.

County Taxes - The Borough is responsible for levying, collecting, and remitting county taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by May 5th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015

Note 1. Summary of Significant Accounting Policies (continued):

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Volunteer Length of Service Award Plan - The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer Fire Companies and First Aid Squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code".

The LOSAP Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements.

N.J.A.C.5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accounts Statements for Accounting and Auditing Review Services.

AHHRSA Cash and Investments Held by Trustee - The AHHRSA cash and investment accounts held by trustee were recorded at the value as of April 1, 2014. The most significant activity in these accounts is the deposit of funds for the payment of debt service by the Boroughs and the payment of the debt service. The Boroughs deposit funds monthly based upon the payments required by the trustee. In accordance with the bond resolutions of the Authority, debt service deposits exceed actual debt service payments. A stipulated amount of cash or investments must be in the trustee accounts to pay future debt service. The Boroughs report under the regulatory basis of accounting in which debt service payments are charged to the budget based upon actual debt service requirements. Deposits in excess of actual debt service requirements are recorded in the Water/Sewer Utility Operating Fund as Advanced to Trustee. The cash and investments held by the trustee are reflected on the Water/Sewer Utility Capital Fund balance sheet of the Borough of Atlantic Highlands and are offset by Bond Covenant Reserves which are allocated between the Boroughs based upon the above percentages. At such time that all debt service is paid related to the debt restricted by the bond covenants or the debt is defeased or called, the Borough of Atlantic Highlands will pay the Borough of Highlands fifty two percent of the cash and investment balance and will retain the remaining balance.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Borough implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27). The implementation of the Statements requires the Borough to disclose its portion of the collective net pension’s asset and liability of the New Jersey Public Employees’ Retirement System (PERS) and the New Jersey Police Firemen’s Retirement System (PFRS).

Subsequent Events - The Borough of Highlands has evaluated subsequent events occurring after December 31, 2015 through the date of June 30, 2016, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

The Borough is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2015 and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	12,334,315.35
Total Deposits	\$ 12,334,315.35

The Borough's Cash and Cash Equivalents are Reported as Follows:

Current Fund	\$ 5,785,916.03
Grant Fund	7,131.87
Animal Control Fund	9,639.32
Trust Other Funds	1,613,654.53
Open Space Trust Fund	174,026.91
Payroll Trust	50,408.19
General Capital Fund	3,616,183.56
Water-Sewer Operating Fund	1,061,120.50
Water-Sewer Capital Fund	16,234.44
Total Cash and Cash Equivalents	\$ 12,334,315.35

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 2. Cash and Cash Equivalents (continued):

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule that follows.

As of December 31, 2015, the Borough's bank balance of \$12,806,467.88 was insured or collateralized as follows:

Insured	\$ 351,354.70
Uninsured and collateralized	1,788,695.58
NJ Cash Management	-
Collateralized in the Borough's name under GUDPA	<u>10,666,417.60</u>
	<u>\$ 12,806,467.88</u>

Note 3. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2015 is as follows:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 2,495.78	\$ -
Grant Fund	-	275,000.00
Animal Control Trust Fund	-	2,495.78
General Capital Fund	<u>275,000.00</u>	<u>-</u>
	<u>\$ 277,495.78</u>	<u>\$ 277,495.78</u>

The purpose of these interfunds is short-term borrowing.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 4. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Tax Rate	\$ 2.795	\$ 2.698	\$ 2.594
Apportionment of Tax Rate:			
Municipal	1.206	1.156	1.047
County	0.333	0.329	0.321
Local School	0.561	0.519	0.514
Regional School	0.690	0.689	0.707
Municipal Open Space	0.005	0.005	0.005

Net Valuation Taxable:

2015	\$ 575,476,442.00
2014	\$ 570,283,471.00
2013	\$ 575,346,016.00

Comparison of Tax Levies and Collection Currently

Year	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2015	16,316,169.66	15,586,577.13	95.53%
2014	15,710,678.40	14,902,919.15	94.85%
2013	15,008,440.94	14,346,148.35	95.58%

Delinquent Taxes and Tax Title Liens

Year Ended December 31	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage <u>of Tax Levy</u>
2015	\$ 55,693.38	\$ 690,261.18	\$ 745,954.56	4.57%
2014	45,042.55	799,313.22	844,355.77	5.37%
2013	41,103.48	602,882.93	643,986.41	4.29%

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 4. Property Taxes (continued):

Comparison of Sewer Utility Rents Levied

<u>Year</u>	<u>Levy</u>	<u>Prior Year Delinquent</u>	<u>Cash Collections</u>	<u>Collection Percentage</u>
2015	\$ 1,731,095.07	\$ 295,912.62	\$ 1,702,874.00	84.01%
2014	1,692,691.17	335,959.74	1,732,738.29	85.41%
2013	1,778,205.10	343,702.65	1,785,948.01	84.17%

Note 5. Deferred Charges to be Raised In Succeeding Years' Budgets

The following deferred charges are shown on the December 31, 2015 Balance Sheets and will be raised in succeeding years' budgets:

Current Fund:

Special Emergency Authorizations (N.J.S.A. 40 A: 4-54)	
Superstorm Sandy	\$ 1,132,216.03
Community Disaster Loan	2,063,102.00
Special Emergency Authorizations (N.J.S.A. 40 A: 4-55)	
Accumulated Sick Leave	22,000.00
Master Plan	80,000.00
	<u>\$ 3,297,318.03</u>

Water-Sewer Utility Operating Fund:

Community Disaster Loan	\$ 300,000.00
	<u>\$ 300,000.00</u>

Note 6. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Balance</u>
2015	\$ 3,403,369.74	\$ 2,000,000.00	58.77%
2014	2,504,158.68	898,588.00	35.88%
2013	2,637,416.95	2,000,000.00	75.83%
2012	1,389,719.31	422,285.00	30.39%
TY 2012	833,223.08	317,500.00	38.11%

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 6. Fund Balances Appropriated (continued):

Water-Sewer Utility Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Balance</u>
2015	\$ 1,145,699.79	\$ 250,000.00	21.82%
2014	986,730.32	150,000.00	15.20%
2013	735,620.14	180,000.00	24.47%
2012	253,955.09	250,000.00	98.44%
TY 2012	240,637.06	200,000.00	83.11%

Note 7. Pension Obligations

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 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.

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

The following represents the membership tiers for PERS:

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

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, 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 \$101,130.00 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.

Net Pension Liability and Pension Expense - At December 31, 2015, the Borough's proportionate share of the PERS net pension liability is valued to be \$2,293,413.00. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Borough's proportion measured as of June 30, 2015, was .01022%, which was an decrease of .00205% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 & December 31, 2014		
	12/31/2015	12/31/2014
Actuarial Valuation Date	July 1, 2015	July 1, 2014
Net Pension Liability	2,293,413.00	2,296,777.00
Borough's Portion of the Plan's Total Net Pension Liability	0.01022%	0.01227%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$55,787.00.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Actuarial Assumptions – The collective 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:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.04%

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

The actuarial assumptions used 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method 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's target asset allocation as of June 30, 2015 are summarized in the following table:

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

<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 US 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 US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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 net pension liability calculated using the discount rate as disclosed above, 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 (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>Decrease</u> <u>(3.90%)</u>	<u>Discount</u> <u>(4.90%)</u>	<u>Increase</u> <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 2,850,431.75	\$ 2,293,413.00	\$ 1,826,412.51

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Pension Plan Fiduciary Net Position

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

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

Plan Description – The 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 PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four 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 if 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 employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2015, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, 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 payments over a period of 15 years beginning with the payments due in the fiscal year ended

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PFRS amounted to \$314,979.00 for 2015.

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

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

Net Pension Liability and Pension Expense - At December 31, 2015, the Borough’s proportionate share of the PFRS net pension liability is valued to be \$7,222,344.00. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Borough’s proportion of the net pension liability was based on the Borough’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2015. The Borough’s proportion measured as of June 30, 2015, was .04336%, which was an increase of .00222% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 & December 31, 2014		
	<u>12/31/15</u>	<u>12/31/14</u>
Actuarial Valuation Date	July 1, 2015	July 1, 2014
Net Pension Liability	7,222,344.00	5,174,955.00
District's Portion of the Plan's Total		
Net Pension Liability	0.04336%	0.04114%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$626,655.00.

Additionally, the State’s proportionate share of the net pension liability attributable to the Borough is \$633,375.00 as of December 31, 2015. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The State’s proportion 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. The State’s proportion measured as of June 30, 2015 was .04336%, which was an increase of .00222% from its proportion measured as of June 30, 2014, which is the same proportion as the Borough’s.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Borough's Proportionate Share of the Net Pension Liability	\$ 7,222,344.00
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>633,375.00</u>
Total Net Pension Liability	<u>\$ 7,855,719.00</u>

For the year ended December 31, 2015, the Borough’s total allocated pension expense was \$705,659.00.

Actuarial Assumptions – The collective 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:

	<u>PFRS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Investment rate of return	7.90%
Salary scale	2012-2021 - 2.60-9.48% Based on Age Thereafter - 3.60-10.48% Based on Age
Inflation rate	3.04%

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 Health 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 HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method 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's 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 US 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 US	3.50%	-0.40%
REIT	4.25%	5.12%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. The single blended discount rate was based on 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 municipals 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 on the average of the last five years of contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

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 net pension liability calculated using the discount rate as disclosed above, 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 (4.79%) or 1-percentage-point higher (6.79%) than the current rate:

	Decrease (4.79%)	Discount Rate (5.79%)	Increase (6.79%)
Borough's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Borough	\$ 10,356,331.64	\$ 7,855,719.00	\$ 5,816,692.82

Pension Plan Fiduciary Net Position

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

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Borough.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 8. Capital Debt

Summary of Municipal Debt

	2015	2014	2013
Issued:			
General Capital Fund:			
Bonds, Notes and Loans	\$ 8,843,750.00	\$ 9,241,770.00	\$ 11,869,908.00
Sewer Utility Fund:			
Bonds, Notes and Loans	<u>5,659,849.17</u>	<u>5,916,261.87</u>	<u>270,000.00</u>
 Total Issued	 <u>14,503,599.17</u>	 <u>15,158,031.87</u>	 <u>12,139,908.00</u>
 Deductions:			
Funds on Hand to Pay Bonds, Notes and Loans			
	-	-	-
Self Liquidating Debt:	<u>5,718,050.83</u>	<u>5,974,463.53</u>	<u>270,000.00</u>
	<u>5,718,050.83</u>	<u>5,974,463.53</u>	<u>270,000.00</u>
 Net Debt Issued	 <u>8,785,548.34</u>	 <u>9,183,568.34</u>	 <u>11,869,908.00</u>
 Authorized but Not Issued:			
General Capital Fund:			
Bonds and Notes	10,779,256.40	7,396,426.40	2,876,973.40
Sewer Utility Fund:			
Bonds and Notes	<u>58,201.66</u>	<u>58,201.66</u>	<u>-</u>
 Total Authorized but not Issued	 <u>10,837,458.06</u>	 <u>7,454,628.06</u>	 <u>2,876,973.40</u>
 Net Bonds and Notes Issued & Authorized but Not Issued	 <u><u>\$ 19,623,006.40</u></u>	 <u><u>\$ 16,638,196.40</u></u>	 <u><u>\$ 14,746,881.40</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement - Amended

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 2.805%.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 8. Capital Debt (continued):

	Gross Debt	Deductions	Net Debt
Regional School Debt	\$ 2,920,300.53	\$ 2,920,300.53	\$ -
Local School Debt	498,798.00	498,798.00	-
General Debt	17,023,006.40	-	17,023,006.40
Sewer Utility Debt	5,718,050.83	5,718,050.83	-
Total	\$ 26,160,155.76	\$ 9,137,149.36	\$ 17,023,006.40

Net Debt \$ 17,023,006.40 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$606,935,799.33 is 2.805%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 21,242,752.98
Less: Net Debt	17,023,006.40
Remaining Borrowing Power	\$ 4,219,746.58

Calculation of Self - Liquidating Purpose - Sewer Utility Fund per NJS 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 1,904,342.87
Deductions:	
Operating Maintenance Costs and Statutory Expenditures	\$ 1,275,500.00
Debt Service per Sewer Utility Account	468,412.70
Total Deductions	1,743,912.70
Excess/(Deficit) in Revenues*	\$ 160,430.17

*If Deficit in Revenues the Sewer Utility Debt is not Deductible.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 8. Capital Debt (continued)

A. Serial Bonds Payable

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Bonded Debt Issued and Outstanding:

General Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 400,000.00	\$ 210,276.26	\$ 610,276.26
2017	358,000.00	194,268.76	552,268.76
2018	375,000.00	179,473.76	554,473.76
2019	391,000.00	162,073.76	553,073.76
2020	406,000.00	145,078.76	551,078.76
2021-2025	1,921,000.00	451,150.04	2,372,150.04
2026-2029	<u>765,000.00</u>	<u>69,200.00</u>	<u>834,200.00</u>
	<u>\$ 4,616,000.00</u>	<u>\$ 1,411,521.34</u>	<u>\$ 6,027,521.34</u>

Water-Sewer Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 163,400.00	\$ 184,628.01	\$ 348,028.01
2017	172,200.00	178,091.26	350,291.26
2018	177,400.00	169,441.26	346,841.26
2019	186,200.00	160,353.76	346,553.76
2020	194,000.00	150,898.76	344,898.76
2021-2025	1,065,200.00	601,081.30	1,666,281.30
2026-2030	1,307,200.00	304,775.00	1,611,975.00
2031-2032	<u>543,400.00</u>	<u>26,195.00</u>	<u>569,595.00</u>
	<u>\$ 3,809,000.00</u>	<u>\$ 1,775,464.35</u>	<u>\$ 5,584,464.35</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 8. Capital Debt (continued):

B. NJEIT Loans Payable

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for New Jersey Infrastructure Trust and Fund Loans Issued and Outstanding:

Water-Sewer Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 100,612.70	\$ 18,313.26	\$ 118,925.96
2017	100,612.70	17,603.26	118,215.96
2018	100,612.70	16,593.26	117,205.96
2019	100,612.70	15,583.26	116,195.96
2020	105,612.70	14,625.26	120,237.96
2021-2025	535,863.50	54,642.30	590,505.80
2026-2030	540,118.67	26,862.30	566,980.97
2031-2033	<u>266,803.50</u>	<u>5,237.52</u>	<u>272,041.02</u>
	<u>\$ 1,850,849.17</u>	<u>\$ 169,460.42</u>	<u>\$ 2,020,309.59</u>

C. Bond Anticipation Notes Payable

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

On December 31, 2015, the Borough's outstanding bond anticipation notes were as follows:

<u>Orinance Number</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
09-28	Various Projects	0.00%	377,280.00
13-19	Hazard Mitigation Program	1.625%	1,144,000.00
	Reconstruction of North		
13-20	Street Pump Stations	1.625%	1,621,000.00
13-29	Improvements to Community Center	0.76%	378,720.00
13-33	Acquisition of Ambulances	0.76%	208,000.00

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 8. Capital Debt (continued):

D. Capital Lease Obligations

In 2013, the Borough closed on capital lease agreement with Monmouth County Improvement Authority for \$378,000.00 due in annual installments ranging from \$29,000.00 to \$51,000.00 terminating in October 2023 at interest rates from 1.00% to 5.00%.

Debt service requirements for Capital Lease obligations during the next several years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 51,000.00	\$ 12,300.00	\$ 63,300.00
2017	29,000.00	9,750.00	38,750.00
2018	30,000.00	8,300.00	38,300.00
2019	31,000.00	6,800.00	37,800.00
2020	33,000.00	5,560.00	38,560.00
2021-2023	<u>106,000.00</u>	<u>8,600.00</u>	<u>114,600.00</u>
	<u>\$ 280,000.00</u>	<u>\$ 51,310.00</u>	<u>\$ 331,310.00</u>

E. Bonds and Notes Authorized But Not Issued

At December 31, 2015, the Borough had authorized but not issued bonds and notes of the General Capital Fund in the amount of \$10,779,256.40 and the Water-Sewer Utility Fund in the amount of \$58,201.66.

F. Summary of Changes in Capital Debt

During the fiscal year ended December 31, 2015 the following changes occurred in capital debt:

	<u>December 31, 2014</u>	<u>Accrued/ Increases</u>	<u>Retired/ Decreases</u>	<u>December 31, 2015</u>	<u>Due Within One Year</u>
General Capital Fund:					
General Serial Bonds	\$ 4,999,000.00	\$ -	\$ (383,000.00)	\$ 4,616,000.00	\$ 400,000.00
Bond Anticipation Notes	3,744,020.00	3,729,000.00	(3,744,020.00)	3,729,000.00	3,729,000.00
Authorized but not Issued	7,396,426.40	3,382,830.00	-	10,779,256.40	-
Total General Capital	<u>\$ 16,139,446.40</u>	<u>\$ 7,111,830.00</u>	<u>\$(4,127,020.00)</u>	<u>\$ 19,124,256.40</u>	<u>\$ 4,129,000.00</u>
Sewer Utility Capital Fund					
General Serial Bonds	\$ 3,964,800.00	\$ -	\$ (155,800.00)	\$ 3,809,000.00	\$ 163,400.00
NJEIT Loans	1,951,461.87	-	(100,612.70)	1,850,849.17	100,612.70
Authorized but not Issued	58,201.66	-	-	58,201.66	-
Total Sewer Utility Capital	<u>\$ 5,974,463.53</u>	<u>\$ -</u>	<u>\$ (256,412.70)</u>	<u>\$ 5,718,050.83</u>	<u>\$ 264,012.70</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015

Note 9. FEMA Community Disaster Loan

During the year ended December 31, 2013, the Borough submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$2,363,102.00 in relation to Super Storm Sandy losses and expenditures. The Borough drew down \$2,363,102.00 of the total amount with an interest rate of 0.625%. The Borough's accrued interest at December 31, 2015 is \$75,579.15.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed. When applicable, the Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and un-reimbursed disaster related operating expenses.

This amount was recognized as revenue for the year ended December 31, 2013 in the Current Fund and the Water-Sewer Utility Fund.

Note 10. Accrued Sick and Vacation Benefits

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation and sick pay. Effective for financial statements dated December 31, 1987, the State has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end.

The Borough has permitted employees to accrue unused vacation and sick leave, which may be taken off or paid at a later date with the exception of sick leave. The Borough estimated the current cost of such unpaid compensation as of December 31, 2015 to be approximately \$739,826.34. The amount is not reported either as an expenditure or liability.

Note 11. Contingent Liabilities

State and Federal Grants

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2015, the Borough estimates that no material liabilities will result from such audits.

Pending Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015

Note 12. Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property, general liability, auto liability, public official liability, law enforcement liability and workman's compensation.

Note 13. Post Employment Benefits

In 2011, the Borough started contributing to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2011, the Township authorized participation in the SHBP's post-retirement benefit program.

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. Effective for January 1, 2011, the Borough authorized participation in the SHBP's post-employment benefit program through resolution number 10-212. To receive lifetime health benefits paid for by the Borough, an employee must meet the following criteria (unless otherwise expressly provided by Collective Bargaining Agreements, personal service contract, or by law):

The employee has twenty-five (25) years or more of service credit in a state or locally administered retirement system and a period of service of at least twenty-five (25) years with the Borough of Highlands at the time of retirement; or

The employee is sixty-five (65) years or older with twenty-five (25) years or more of service credit in a state or locally administered retirement system and a period of service of at least fifteen (15) years with the Borough at the time of retirement; or

The employee is sixty-five (65) years or older with at least twenty (20) years of service with the Borough; and

The employee was eligible for employee medical coverage during the last five years of their employment with the Borough; and

The employee retires from an employment position with the Borough of Highlands under a Service Retirement as defined by the Public Employee's Retirement System ("PERS"), the Police and Firemen's Retirement System ("PFRS") or under the express terms of any Collective Bargaining Agreement or personal services agreement.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 13. Post Employment Benefits (continued):

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, PO Box 295, Trenton, New Jersey 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-july2015.pdf>.

Funding Policy

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. Plan members or beneficiaries receiving benefits do not make any contributions.

Note 14. Deferred Compensation Program

The Borough has instituted a Deferred Compensation Plan (“Plan”) pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Borough has engaged a private contractor to administer the Plan.

Note 15. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year 2015:

	December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2015</u>
Land	\$ 1,097,800.00	\$ -	\$ -	\$ 1,097,800.00
Buildings and Improvements	5,772,197.90	-	-	5,772,197.90
Machinery and Equipment	4,023,955.33	210,529.00	-	4,234,484.33
Total	\$ 10,893,953.23	\$ 210,529.00	\$ -	\$ 11,104,482.23

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (continued):
YEAR ENDED DECEMBER 31, 2015**

Note 16. Accounts Receivable

Accounts receivable at December 31, 2015 consisted of intergovernmental grants, taxes, water and sewer rents and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	General Capital Fund	Utility Operating Fund	Total
State Aid	\$ -	\$ 30,500.65	\$ -	\$ -	\$ 30,500.65
Federal Aid	-	1,506,056.10	3,442,077.00	-	4,948,133.10
Taxes	745,954.56	-	-	-	745,954.56
Water/Sewer	-	-	-	323,083.81	323,083.81
Other	263,710.35	-	-	-	263,710.35
Total	\$ 1,009,664.91	\$ 1,536,556.75	\$ 3,442,077.00	\$ 323,083.81	\$ 6,311,382.47

Note 17. Local School District and Regional High School Taxes

Local District School and Regional High School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 provides that any municipality that levies school taxes on a school year basis may defer from the municipal purposes tax levy 50% of the levy. The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. At year end, taxes due to the District consisted of the following:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Balance of Tax	\$ 1,580,441.00	\$ 1,500,320.00	\$ 2,087,611.10	\$ 2,060,936.10
Deferred	<u>1,479,768.00</u>	<u>1,479,768.00</u>	<u>1,964,285.00</u>	<u>1,964,285.00</u>
Tax Payable / (Receivable)	<u>\$ 100,673.00</u>	<u>\$ 20,552.00</u>	<u>\$ 123,326.10</u>	<u>\$ 96,651.10</u>

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SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR/TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Current Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2014	\$ 5,225,482.76	\$ 210,707.22
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 98,875.13	
Veterans and Senior Citizens	41,250.00	
Taxes Receivable	16,237,167.68	
Revenue Accounts Receivable	1,588,201.44	
Prepaid Taxes	80,623.57	
Tax Overpayments	72,682.44	
Due to State of NJ	23,268.01	
Various Reserves	786,396.19	
Special Emergency Note Payable	875,271.00	
Interfund - General Capital	-	275,000.00
Grants Receivable	-	490,833.11
Reserve for Federal and State Grants - Unappropriated	-	46,671.66
	<u>19,803,735.46</u>	<u>812,504.77</u>
	25,029,218.22	1,023,211.99
Decreased By Disbursements:		
2015 Budget Appropriations	7,143,174.77	
Appropriation Reserves	361,607.21	
Accounts Payable	92,826.25	
County Taxes	1,946,561.04	
Regional High School Taxes	3,941,953.00	
Local School Taxes	3,147,329.00	
Business District Taxes	60,000.00	
Municipal Open Space Taxes	28,912.00	
Due to State of NJ	19,364.10	
Various Reserves	771,574.82	
Special Emergency Note Payable	1,730,000.00	
Reserve for Federal and State Grants	-	1,016,080.12
	<u>19,243,302.19</u>	<u>1,016,080.12</u>
Balance, December 31, 2015	<u>\$ 5,785,916.03</u>	<u>\$ 7,131.87</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014

\$ 445.00

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Year</u>	Balance December 31, <u>2014</u>	2015 <u>Levy</u>	Added <u>Taxes</u>	<u>2014</u> Collections	<u>2015</u> Collections	Senior Citizens' and Veterans' Deductions	Transfer to <u>Liens</u>	Cancelled	Balance December 31, <u>2015</u>
2014	\$ 799,313.22	\$ -	\$ 4,750.00	-	\$ 765,907.54	\$ -	\$ 3,111.17	\$ 34,544.51	\$ 500.00
2015	-	16,144,460.46	171,709.20	70,918.62	15,471,260.14	44,398.37	6,604.61	33,226.74	689,761.18
	<u>\$ 799,313.22</u>	<u>\$ 16,144,460.46</u>	<u>\$ 176,459.20</u>	<u>\$ 70,918.62</u>	<u>\$ 16,237,167.68</u>	<u>\$ 44,398.37</u>	<u>\$ 9,715.78</u>	<u>\$ 67,771.25</u>	<u>\$ 690,261.18</u>

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax:
General Property Tax
Added and Omitted Taxes

\$ 16,144,460.46
171,709.20
\$ 16,316,169.66

Tax Levy:

Regional High School Tax
Local District School Tax
Business Improvement District Tax
Local Municipal Open Space Tax
County Tax
County Added Taxes

\$ 3,968,628.00
3,227,450.00
60,000.00
28,912.00
\$ 1,914,225.03
19,332.82
1,933,557.85

Local Taxes for Municipal Purposes
Add: Additional Tax Levied

6,940,030.21
157,591.60
7,097,621.81

\$ 16,316,169.66

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 250.00
Increased By:		
Senior Citizens' Deductions Per Billing	\$ 12,000.00	
Veterans' Deductions Per Tax Billing	29,750.00	
2015 Veterans Tax Deductions Allowed by Tax Collector	<u>2,648.37</u>	
		<u>44,398.37</u>
		44,648.37
Decreased By:		
Cash Receipts	41,250.00	
Prior Year Veterans Tax Deductions Disallowed by Tax Collector	4,250.00	
Prior Year Senior Tax Deductions Disallowed by Tax Collector	<u>500.00</u>	
		<u>46,000.00</u>
Balance, December 31, 2015		<u><u>\$ (1,351.63)</u></u>

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF TAX TITLE LIENS
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 45,042.55
Increased By:		
Interest and Costs at Tax Sale	\$ 935.05	
Transfers From Taxes Receivable	9,715.78	
		<u>10,650.83</u>
Balance, December 31, 2015		<u><u>\$ 55,693.38</u></u>

**SCHEDULE OF DEMOLITION LIEN RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014		<u><u>\$ 40,786.77</u></u>
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**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014		<u><u>\$ 212,600.00</u></u>
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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Collections</u>	Balance December 31, <u>2015</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 17,330.40	\$ 17,330.40	\$ -
Other	-	18,435.00	18,435.00	-
Fees and Permits	-	86,057.98	86,057.98	-
Fines and Costs - Municipal Court	4,750.99	73,056.83	69,980.02	7,827.80
Interest and Costs on Taxes	-	128,813.30	128,813.30	-
Interest on Investments	-	67,753.62	67,753.62	-
Cable Television Franchise Fee	-	22,649.13	22,649.13	-
Consolidated Municipal Property Tax				
Relief Aid	-	10,764.00	10,764.00	-
Energy Receipts	-	343,795.00	343,795.00	-
Uniform Construction Code Fees	-	326,371.99	326,371.99	-
Lease of Borough Property	-	58,862.00	58,862.00	-
Housing Authority - PILOT	-	27,650.00	27,650.00	-
Police off-duty Administrative Fees	-	9,739.00	9,739.00	-
General Capital Fund Balance	-	400,000.00	400,000.00	-
	<u>\$ 4,750.99</u>	<u>\$ 1,591,278.25</u>	<u>\$ 1,588,201.44</u>	<u>\$ 7,827.80</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Year</u>	<u>Description</u>	<u>Amount</u>	<u>Balance December 31, 2014</u>	<u>Raised in 2015 Budget</u>	<u>Balance December 31, 2015</u>
<u>Special Emergency Authorization:</u>					
<u>N.J.S.A. 40A:4-54:</u>					
2012	Superstorm Sandy	\$ 2,200,000.00	\$ 1,171,216.03	\$ 839,000.00	\$ 332,216.03
2013	Superstorm Sandy	2,000,000.00	1,200,000.00	400,000.00	800,000.00
<u>N.J.S.A. 40A:4-55:</u>					
2010	Revaluation	180,000.00	42,000.00	42,000.00	-
2011	Accumulated Sick Leave	110,000.00	44,000.00	22,000.00	22,000.00
2014	Preparation of Master Plan	100,000.00	100,000.00	20,000.00	80,000.00
			<u>\$ 2,557,216.03</u>	<u>\$ 1,323,000.00</u>	<u>\$1,234,216.03</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	December 31, 2014		Balance After Modifications	Paid or Charged	Balance Lapsed
	<u>Reserved</u>	<u>Encumbrances</u>			
GENERAL GOVERNMENT					
Borough Administrator:					
Salaries and Wages	\$ 1,501.63	\$ -	\$ 1,501.63	\$ -	\$ 1,501.63
Other Expenses	1,344.04	564.25	1,908.29	564.25	1,344.04
Central Services:					
Salaries and Wages	2,591.87	-	2,591.87	-	2,591.87
Other Expenses	13,462.71	3,216.91	16,679.62	3,322.91	13,356.71
Borough Council:					
Other Expenses	327.41	21,140.00	21,467.41	20,516.00	951.41
Borough Clerk:					
Salaries and Wages	238.16	-	238.16	-	238.16
Other Expenses	7,986.74	2,818.67	10,805.41	9,690.98	1,114.43
Financial Administration:					
Salaries and Wages	9,933.10	-	9,933.10	-	9,933.10
Other Expenses	6,049.05	1,038.37	7,087.42	3,018.24	4,069.18
Audit Services	-	28,900.00	28,900.00	28,900.00	-
Collection of Taxes:					
Salaries and Wages	2,725.82	-	2,725.82	-	2,725.82
Other Expenses	2,816.18	1,150.67	3,966.85	2,185.67	1,781.18
Assessment of Taxes:					
Salaries and Wages	11.08	-	11.08	-	11.08
Other Expenses	26,043.47	1,000.00	27,043.47	1,000.00	26,043.47
Legal Services:					
Other Expenses	46,037.40	35,874.83	81,912.23	20,601.75	61,310.48
Engineering Services:					
Other Expenses	10,283.00	10,688.00	20,971.00	20,971.00	-
Master Plan	95,500.00	4,500.00	100,000.00	100,000.00	-
Code Enforcement:					
Salaries and Wages	8,941.08	-	8,941.08	-	8,941.08
Other Expenses	18,222.95	5,189.05	23,412.00	7,318.55	16,093.45
Other Expenses - Substandard Housing	40,000.00	-	40,000.00	12,800.00	27,200.00
Planning Board:					
Salaries and Wages	499.92	-	499.92	-	499.92
Other Expenses	7,073.91	6,495.64	13,569.55	3,747.89	9,821.66
Zoning Board of Adjustments:					
Salaries and Wages	499.92	-	499.92	-	499.92
Other Expenses	7,353.83	1,525.00	8,878.83	975.00	7,903.83
Affordable Housing:					
Salaries and Wages	1.00	-	1.00	-	1.00
Other Expenses	1.00	-	1.00	-	1.00
Insurance					
General Liability	11.29	-	11.29	-	11.29
Workmen's Compensation	58.39	-	58.39	-	58.39
Employee Group Health	99,815.34	1,290.81	101,106.15	1,290.81	99,815.34
Fire:					
Other Expenses	472.20	10,940.03	11,412.23	10,408.91	1,003.32
Police Department:					
Salaries and Wages	12,538.04	-	12,538.04	-	12,538.04
Other Expenses	5,815.56	60,863.35	66,678.91	59,551.48	7,127.43
Dispatch:					
Salaries and Wages	8,809.46	-	8,809.46	-	8,809.46
Other Expenses	1,422.00	-	1,422.00	-	1,422.00
Municipal Court:					

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	December 31, 2014		Balance After Modifications	Paid or Charged	Balance Lapsed
	Reserved	Encumbrances			
Salaries and Wages	3,223.00	-	3,223.00	-	3,223.00
Other Expenses	9,355.00	395.00	9,750.00	395.00	9,355.00
First Aid Organization Contribution	5,010.00	3,994.61	9,004.61	4,687.33	4,317.28
Emergency Management Services:					
Salaries and Wages	225.08	-	225.08	-	225.08
Other Expenses	7,983.44	2,215.56	10,199.00	2,249.69	7,949.31
Public Defender:					
Salaries and Wages	1,400.08	-	1,400.08	-	1,400.08
Fire Hydrant Fees	10,900.63	-	10,900.63	5,141.67	5,758.96
Uniform Fire Safety Act:					
Salaries and Wages	390.00	-	390.00	-	390.00
Other Expenses	2,056.11	50.00	2,106.11	737.70	1,368.41
Municipal Prosecutor's Office:					
Salaries and Wages	904.00	-	904.00	-	904.00
Road Repair and Maintenance:					
Salaries and Wages	10,253.51	-	10,253.51	-	10,253.51
Other Expenses	19,131.49	14,357.91	33,489.40	12,921.27	20,568.13
Snow Removal:					
Salaries and Wages	1,713.24	-	1,713.24	-	1,713.24
Other Expenses	7,948.65	2,714.00	10,662.65	2,714.00	7,948.65
Solid Waste Disposal:					
Salaries and Wages	850.00	-	850.00	-	850.00
Other Expenses	38,986.20	-	38,986.20	4,691.70	34,294.50
Other Expenses - Contractual Services	16,728.79	-	16,728.79	16,725.79	3.00
Mechanical Garage:					
Salaries and Wages	1.00	-	1.00	-	1.00
Other Expenses	7.80	246.35	254.15	155.14	99.01
Public Buildings:					
Salaries and Wages	3,419.15	-	3,419.15	-	3,419.15
Other Expenses	17,296.93	28,556.77	45,853.70	28,789.49	17,064.21
Shade Tree Commission:					
Other Expenses	1,000.00	-	1,000.00	-	1,000.00
Condo Services Act:					
Other Expenses	17,801.91	-	17,801.91	17,801.91	-
Services of Monmouth County Regional Health Commission Contract (RS 40:13):	61.00	-	61.00	-	61.00
Environmental Commission:					
Other Expenses	710.00	-	710.00	-	710.00
Dog Control:					
Other Expenses	10,880.00	825.00	11,705.00	1,225.00	10,480.00
Community School Substance Safety and Health	2,368.75	-	2,368.75	-	2,368.75
NJ Public Employees Occupational Safety and Health					
Other Expenses	4,500.00	-	4,500.00	-	4,500.00
Beachfront Maintenance:					
Salaries and Wages	13,200.00	-	13,200.00	-	13,200.00
Other Expenses	1,932.05	-	1,932.05	-	1,932.05
Parks and Playgrounds:					
Other Expenses	7,742.72	524.10	8,266.82	249.10	8,017.72
Celebration of Public Events:					
Other Expenses	1,899.61	-	1,899.61	-	1,899.61
Community Center:					
Salaries and Wages	8,311.57	-	8,311.57	-	8,311.57
Other Expenses	8,267.35	1,362.53	9,629.88	3,541.30	6,088.58
Expenses of Participation in Free County Library					

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	December 31, 2014		Balance After Modifications	Paid or Charged	Balance Lapsed
	<u>Reserved</u>	<u>Encumbrances</u>			
Salaries and Wages	1.00	-	1.00	-	1.00
Other Expenses	1.00	-	1.00	-	1.00
State Uniform Construction Code					
Other Expenses	910.96	13,482.13	14,393.09	13,482.13	910.96
Utility Expense and Bulk Purchases					
Electricity	20,409.69	7,350.27	27,759.96	5,955.04	21,804.92
Street Lighting	4,652.40	9,007.87	13,660.27	8,042.43	5,617.84
Telephone	6,398.30	6,845.43	13,243.73	3,746.25	9,497.48
Water	2,780.49	-	2,780.49	445.56	2,334.93
Natural Gas	444.07	4,500.00	4,944.07	2,216.24	2,727.83
Telecommunication Costs	6,007.30	4,341.64	10,348.94	1,912.07	8,436.87
Gasoline and Diesel Fuel	15,440.11	3,732.30	19,172.41	5,422.38	13,750.03
Monmouth County Reclamation Center					
Other Expenses	42,558.87	-	42,558.87	15,126.35	27,432.52
Statutory Expenditures:					
Contribution To:					
Public Employees' Retirement System	10,495.27	-	10,495.27	-	10,495.27
Social Security System (O.A.S.I.)	6,594.86	-	6,594.86	5,003.88	1,590.98
Defined Contribution Retirement Program	21,925.00	-	21,925.00	-	21,925.00
Police and Firemen's Retirement System	3,809.47	-	3,809.47	-	3,809.47
Length of Service Award Program	1,300.00	-	1,300.00	1,300.00	-
Stormwater Management	27,030.00	3,334.00	30,364.00	-	30,364.00
Recycling Tax	7,304.27	-	7,304.27	66.93	7,237.34
Atlantic Highlands					
Maintenance of Motor Vehicles	41,260.41	8,687.14	49,947.55	11,587.03	38,360.52
Declared State of Emergency					
Snow Removal					
Salaries and Wages	10,000.00	-	10,000.00	-	10,000.00
Other Expenses	4,142.38	-	4,142.38	-	4,142.38
Capital Improvements					
Firehouse Facility Upgrade and Equipment	3,781.14	14,203.70	17,984.84	17,367.76	617.08
Firehouse Repairs and Equipment	10,411.72	12,807.65	23,219.37	22,179.38	1,039.99
Total General Appropriations	\$ 922,505.32	\$ 340,729.54	\$ 1,263,234.86	\$ 522,742.96	\$ 740,491.90
Cash Disbursements				\$ 361,607.21	
Reserve for Master Plan				86,138.95	
Accounts Payable				74,996.80	
				<u>\$ 522,742.96</u>	

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 135,630.67
Increased By:		
2014 Appropriation Reserves	\$ 74,996.80	
Various Reserves	<u>20,957.57</u>	
		<u>95,954.37</u>
		231,585.04
Decreased By:		
Cash Disbursements	92,826.25	
Cancelled To Operations	<u>\$ 1,082.50</u>	
		<u>93,908.75</u>
Balance, December 31, 2015		<u><u>\$ 137,676.29</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 70,918.62
Increased By:	
Cash Receipts:	
Collection of 2016 Taxes	<u>80,623.57</u>
	151,542.19
Decreased By:	
Amount Applied To 2015 Taxes	<u>70,918.62</u>
Balance, December 31, 2015	<u><u>\$ 80,623.57</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 32,336.01
Increased By:		
2015 Tax Levy:		
County Tax	\$ 1,707,556.21	
County Library Tax	112,542.59	
County Open Space Fund Tax	94,126.23	
Due County for Added Taxes	<u>19,332.82</u>	
		<u>1,933,557.85</u>
		1,965,893.86
Decreased By:		
Cash Disbursements		<u>1,946,561.04</u>
Balance, December 31, 2015		<u><u>\$ 19,332.82</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAXES PAYABLE/RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014:			
School Tax Payable	\$	96,651.10	
School Tax Deferred		1,964,285.00	
		1,964,285.00	\$ 2,060,936.10
Increased By:			
Levy (School Year July 1, 2015 to June 30, 2016)			3,968,628.00
			6,029,564.10
Decreased By:			
Cash Disbursements			3,941,953.00
Balance, December 31, 2015:			
School Tax Payable		123,326.10	
School Tax Deferred		1,964,285.00	
		1,964,285.00	\$ 2,087,611.10
<u>2015 Liability for Regional District School Tax</u>			
Tax Payable, December 31, 2015			\$ 123,326.10
Tax Paid			3,941,953.00
			4,065,279.10
Less:			
Tax Payable, December 31, 2014			96,651.10
Amount Charged To 2015 Operations			\$ 3,968,628.00

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014:		
School Tax Payable	\$ 20,552.00	
School Tax Deferred	<u>1,479,768.00</u>	
		\$ 1,500,320.00
Increased By:		
Levy (School Year July 1, 2015 to June 30, 2016)		<u>3,227,450.00</u>
		4,727,770.00
Decreased By:		
Cash Disbursements		<u>3,147,329.00</u>
Balance, December 31, 2015:		
School Tax Payable	100,673.00	
School Tax Deferred	<u>1,479,768.00</u>	
		<u>\$ 1,580,441.00</u>
<u>2015 Liability for Local District School Tax</u>		
Tax Payable/(Prepaid), December 31, 2015		\$ 100,673.00
Tax Paid		<u>3,147,329.00</u>
		3,248,002.00
Less:		
Tax Payable/(Prepaid), December 31, 2014		<u>20,552.00</u>
Amount Charged To 2015 Operations		<u>\$ 3,227,450.00</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 50,165.49
Increased By:	
Overpayments Created	<u>72,682.44</u>
	122,847.93
Decreased By:	
Tax Overpayments Applied	<u>9,198.72</u>
Balance, December 31, 2015	<u><u>\$ 113,649.21</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Resolution Date</u>	<u>Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2015</u>
10/6/10	Revaluation	1/16/2014			\$ 42,000.00	\$ -	\$ 42,000.00	\$ -
10/6/10	Accumulated Sick Leave	1/16/2014			44,000.00	-	44,000.00	-
11/21/12 - 3/20/13	Hurricane Sandy	11/13/2014	11/10/2016	2.25%	1,644,000.00	875,271.00	1,644,000.00	875,271.00
					<u>\$ 1,730,000.00</u>	<u>\$ 875,271.00</u>	<u>\$ 1,730,000.00</u>	<u>\$ 875,271.00</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2015</u>
Due to State:				
Marriage License	\$ 575.00	\$ 656.00	\$ 1,175.00	\$ 56.00
DCA Training Fees	4,722.00	22,612.01	18,189.10	9,144.91
	<u>\$ 5,297.00</u>	<u>\$ 23,268.01</u>	<u>\$ 19,364.10</u>	<u>\$ 9,200.91</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2015</u>
Reserve For:				
Insurance Proceeds	\$ 27,200.00	\$ -	\$ -	\$ 27,200.00
Tax Appeals	100,000.00	-	-	100,000.00
Master Plan	-	86,138.95	156.25	85,982.70
Hurricane Sandy - FEMA Receipts	844,853.79	568,247.68	844,853.79	568,247.68
Special Emergency Appropriations - Hurricane Sandy	864,779.28	218,148.51	785,544.61	297,383.18
	<u>\$ 1,836,833.07</u>	<u>\$ 872,535.14</u>	<u>\$ 1,630,554.65</u>	<u>\$ 1,078,813.56</u>
Transfer from Appropriation Reserves		\$ 86,138.95		
Cash Receipts		<u>786,396.19</u>		
		<u>\$ 872,535.14</u>		
Cash Disbursements			\$ 764,743.29	
Anticipated Revenue			844,853.79	
Transfer to Accounts Payable			<u>20,957.57</u>	
			<u>\$ 1,630,554.65</u>	

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Increased By Revenue Anticipated <u>2015</u>	Transferred From Grants <u>Unappropriated</u>	Cash <u>Receipts</u>	Balance December 31, <u>2015</u>
Municipal Alliance on Alcoholism and Drug Abuse	\$ 28,525.00	\$ 28,525.00	\$ -	\$ 31,873.67	\$ 25,176.33
Summer Food Program	6,209.56	11,568.12	-	10,802.58	6,975.10
American Rain Barrel	10,000.00	-	-	9,000.00	1,000.00
Body Armor Replacement Fund	-	1,680.92	1,680.92	-	-
Bulletproof Vest Program	1,738.00	-	-	-	1,738.00
FFY12 Urban Area Security Initiative	2,586.32	-	-	-	2,586.32
Hurricane Sandy National Emergency Grant	2,094.86	-	-	2,094.86	-
Alcohol Education and Rehab Program	-	1,240.68	1,240.68	-	-
NJ EDA - Neighborhood Community Revitalization	-	1,499,081.00	-	-	1,499,081.00
CDBG - Essential Services Grant	-	437,062.00	-	437,062.00	-
Highway Safety	-	6,725.00	6,725.00	-	-
	<u>\$ 51,153.74</u>	<u>\$ 1,985,882.72</u>	<u>\$ 9,646.60</u>	<u>\$ 490,833.11</u>	<u>\$ 1,536,556.75</u>

BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance December 31, <u>2014</u>	Transfer from <u>Appropriations</u>	Transferred From <u>Encumbrances</u>	<u>Expended</u>	Transferred To <u>Encumbrances</u>	Balance December 31, <u>2015</u>
Drunk Driving Enforcement Fund	\$ 5,066.83	\$ -	\$ 165.00	\$ 5,066.83	\$ 165.00	\$ -
Alcohol Education and Rehab Program	1,308.32	1,240.68	-	220.00	-	2,329.00
Recycling Tonnage Grant	8,367.66	-	-	250.00	8,117.66	-
Municipal Alliance on Drug and Alcohol Abuse	22,969.16	28,525.00	419.66	23,669.01	-	28,244.81
Municipal Alliance on Drug and Alcohol Abuse - 2013	15.06	-	-	0.06	-	15.00
Summer Food Program	8,807.04	11,568.12	-	10,602.16	-	9,773.00
Body Armor Fund	3,233.39	1,680.92	-	3,198.60	-	1,715.71
Clean Communities Program	26,456.20	-	-	6,500.00	19,956.20	-
Comcast Cable Technology Grant	20,500.00	-	-	-	-	20,500.00
Stormwater Management	52.76	-	-	-	-	52.76
Sustainable Jersey Small Grants Program	1,000.00	-	-	-	-	1,000.00
Highway Safety	-	6,725.00	-	-	-	6,725.00
NJ EDA - Neighborhood Community Revitalization	-	1,499,081.00	-	522,977.46	890,680.86	85,422.68
CDBG Essential Services Grant	-	437,062.00	-	437,062.00	-	-
Bulletproof Vest Program	-	-	879.45	-	879.45	-
FFY12 Urban Area Security Initiative	2,586.32	-	-	-	-	2,586.32
American Rain Barrel	10,000.00	-	-	6,534.00	-	3,466.00
NY/NJ Snowflake Foundation	135,000.00	-	-	-	-	135,000.00
Assistance to Firefighters	-	-	1,700.00	-	1,700.00	-
	<u>\$ 245,362.74</u>	<u>\$ 1,985,882.72</u>	<u>\$ 3,164.11</u>	<u>\$ 1,016,080.12</u>	<u>\$ 921,499.17</u>	<u>\$ 296,830.28</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Cash <u>Receipts</u>	Transferred to Grants <u>Receivable</u>	Balance December 31, <u>2015</u>
Alcohol Education and Rehab	\$ 1,240.68	\$ 1,532.26	\$ 1,240.68	\$ 1,532.26
Municipal Alliance - Local Match	2,565.63	-	-	2,565.63
Body Armor	1,680.92	1,678.72	1,680.92	1,678.72
Hurricane Sandy Emergency Grant	-	28,682.61	-	28,682.61
Drive Sober / Get Pulled Over	-	1,540.00	-	1,540.00
Highway Safety	6,725.00	13,238.07	6,725.00	13,238.07
	<u>\$ 12,212.23</u>	<u>\$ 46,671.66</u>	<u>\$ 9,646.60</u>	<u>\$ 49,237.29</u>

TRUST FUNDS

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Animal Control <u>Fund</u>	Other <u>Trust Funds</u>	Open Space <u>Trust Funds</u>
Balance, December 31, 2014	\$ 10,547.24	\$ 1,265,585.92	\$ 154,408.94
Increased By Receipts:			
State Registration Fees	358.80	-	-
Reserve for Animal Control	5,386.80	-	-
Various Reserves	-	1,098,356.02	-
Reserve for Open Space	-	-	29,923.30
	<u>5,745.60</u>	<u>1,098,356.02</u>	<u>29,923.30</u>
	<u>16,292.84</u>	<u>2,363,941.94</u>	<u>184,332.24</u>
Decreased By Disbursements:			
State Registration Fees	379.80	-	-
Expenditures Under R.S. 4:19-15:11	3,906.53	-	-
Statutory Excess Due to Current Fund	2,367.19	-	-
Various Reserves	-	750,287.41	-
Reserve for Open Space	-	-	10,305.33
	<u>6,653.52</u>	<u>750,287.41</u>	<u>10,305.33</u>
Balance, December 31, 2015	<u>\$ 9,639.32</u>	<u>\$ 1,613,654.53</u>	<u>\$ 174,026.91</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF REGISTRATION FEES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 22.20
Increased By:	
State Registration Fees	<u>358.80</u>
	381.00
Decreased By:	
Cash Disbursements	<u>379.80</u>
Balance, December 31, 2015	<u><u>\$ 1.20</u></u>

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 ANIMAL CONTROL TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 8,197.85
Increased By:		
Dog License Fees Collected	\$ 3,499.75	
Interest Earned	87.05	
Miscellaneous	<u>1,800.00</u>	
		<u>5,386.80</u>
		13,584.65
Decreased By:		
Statutory Excess Due To Current Fund	2,495.78	
Expenditures Under R.S. 4:19-15:11	<u>3,906.53</u>	
		<u>6,402.31</u>
Balance, December 31, 2015		<u><u>\$ 7,182.34</u></u>

License Fees Collected

2013		\$ 3,082.14
2014		<u>4,100.20</u>
		<u><u>\$ 7,182.34</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL TRUST FUND
SCHEDULE OF STATUTORY EXCESS DUE TO CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 2,367.19
Increased By:	
Statutory Excess	<u>2,495.78</u>
	4,862.97
Decreased By:	
Cash Disbursements	<u>2,367.19</u>
Balance, December 31, 2015	<u><u>\$ 2,495.78</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF VARIOUS TRUST FUND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Increased by <u>Revenues</u>	Decreased by <u>Expenditures</u>	Balance December 31, <u>2015</u>
Street Opening Permits	\$ 8,500.00	\$ 500.00	\$ 500.00	\$ 8,500.00
Escrows	32,258.07	44,148.71	11,689.86	64,716.92
Third Party Lien Redemptions	14,664.17	316,394.28	296,664.04	34,394.41
Tax Sale Premiums	399,500.00	298,500.00	110,500.00	587,500.00
Parking Offense Adjudication Act (Per N.J.S.A 40A:4-39)	451.00	428.00	-	879.00
Public Defender	5,728.67	2,023.00	3,000.00	4,751.67
Recycling	1,468.24	109.30	-	1,577.54
Deposits - Baymens Association	5,000.00	-	-	5,000.00
Pelekanous Engineer Fees	1,817.72	-	-	1,817.72
Legal Escrow	500.00	-	-	500.00
Police Off Duty	14,706.00	54,945.00	57,634.00	12,017.00
Uniform Fire Penalties	3,672.08	1,176.00	-	4,848.08
Fire Penalties (Fire Department)	688.64	-	-	688.64
Recreation	446.00	5,069.00	690.90	4,824.10
Library	7,003.32	-	-	7,003.32
Unemployment	229,891.99	2,450.37	24,665.11	207,677.25
Engineering Inspection Fees	64,642.92	30,885.77	51,221.72	44,306.97
Performance Bonds	119,065.68	333,112.76	-	452,178.44
Maintenance Bonds	1,487.00	298.20	-	1,785.20
Accumulated Leave	104,469.71	-	-	104,469.71
Police Explorers	26,179.87	8,270.00	5,226.66	29,223.21
Sale of Property	22,350.00	-	-	22,350.00
Law Enforcement	6,996.11	45.63	-	7,041.74
	<u>\$ 1,071,487.19</u>	<u>\$ 1,098,356.02</u>	<u>\$ 561,792.29</u>	<u>\$ 1,608,050.92</u>
Cash Disbursements			\$ 556,338.87	
Accounts Payable			420.38	
Reserve for Encumbrances			<u>5,033.04</u>	
			<u>\$ 561,792.29</u>	

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
OPEN SPACE TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 149,434.94
Increased By:		
Tax Levy	\$ 28,912.00	
Interest on Deposits	1,011.30	
Transfer from Encumbrances	<u>4,974.00</u>	
		<u>34,897.30</u>
		184,332.24
Decreased By:		
Cash Disbursements	10,305.33	
Transfer to Encumbrances	<u>18,166.71</u>	
		<u>28,472.04</u>
Balance, December 31, 2015		<u><u>\$ 155,860.20</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM FUND ("LOSAP") - UNAUDITED
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 276,326.56
Increased By:		
Borough Contribution	\$ 36,800.00	
Interest Earned	<u>4,550.52</u>	
		<u>41,350.52</u>
		317,677.08
Decreased By:		
Decrease in Value of Investments	<u>44.34</u>	
		<u>44.34</u>
Balance, December 31, 2015		<u><u>\$ 317,632.74</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM FUND ("LOSAP") - UNAUDITED
SCHEDULE OF RESERVE FOR LENGTH OF SERVICE AWARD PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 276,326.56
Increased By:		
Borough Contribution	\$ 36,800.00	
Interest Earned	<u>4,550.52</u>	
		<u>41,350.52</u>
		317,677.08
Decreased By:		
Decrease in Value of Investments	<u>44.34</u>	
		<u>44.34</u>
Balance, December 31, 2015		<u><u>\$ 317,632.74</u></u>

GENERAL CAPITAL FUND

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 4,945,964.57
Increased By:		
Accounts Payable		
Premium on Bond Anticipation Notes	\$ 250.00	
Bond Anticipation Notes	377,280.00	
Due from Exxon	137,000.00	
Capital Improvement Fund	400,000.00	
Various Reserves	602.33	
	915,132.33	
		5,861,096.90
Decreased By:		
Improvement Authorizations	1,192,633.34	
Bond Anticipation Notes	377,280.00	
Due to Grant Fund	275,000.00	
Fund Balance Anticipated as Revenue	400,000.00	
	2,244,913.34	
Balance, December 31, 2015		\$ 3,616,183.56

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2015</u>
Grants Receivable	\$ (588,077.00)
Due from Grant Fund	(275,000.00)
Accounts Payable	3,597.75
Capital Improvement Fund	485,383.26
Encumbrances Payable	1,484,863.14
Various Reserves	60,643.41
Fund Balance	171,132.25

<u>Ordinance</u>	<u>Improvement Description</u>	
94-18	Rehabilitation of Low - Mod Income Housing	47,136.00
98-11/02-22/ 04-10	Construction of Firehouse - Emergency Management Facility	3,592.00
09-28	Design and Permitting of Various Projects	7,050.24
11-22	Acquisition of Computers and Software	19,309.24
12-12	Improvements to Washington Avenue	95,381.40
12-17	Acquisition of Fire Truck	24,915.86
12-20	Construction of Stormwater Pump Station and Drainage Improvements	(23,868.75)
13-17	Wall Reconstruction	156,260.25
13-19	Hazard Mitigation Program	1,019,000.00
13-20	Reconstruction of North Street Pump Station	1,380,176.15
13-23	Removal of Disaster Related Debris & Demolition of Various Structures	(156,732.32)
13-26	Flood Mitigation Project	378,941.00
13-29	Improvements to Community Center	23.38
13-33	Acquisition of Ambulances	163.00
14-08	Construction of Stormwater Pump Station and Other Stormwater System & Drainage Improvements	(114,294.99)
15-06	Various General Improvements	(563,411.71)
		\$ 3,616,183.56

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 5,497,750.00
Decreased By:		
Serial Bonds Paid	<u>\$ 383,000.00</u>	<u>383,000.00</u>
Balance, December 31, 2015		<u><u>\$ 5,114,750.00</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2015**

Ordinance No.	Improvement Description	Balance December 31, 2014	2015 Authorizations	Budget Appropriation	Balance December 31, 2015	Analysis of Balance		
						Bond Anticipation Notes	Expended	Unexpended Improvement Authorizations
		\$ 392,300.00	\$ -	\$ 15,020.00	\$ 377,280.00	\$ 377,280.00	\$ -	\$ -
09-28	Design and Permitting for Various Projects	480,253.40	-	-	480,253.40	-	-	480,253.40
12-12	Improvements to Washington Street							
12-20	Construction of Stormwater Pump Station and Drainage Improvements	1,200,000.00	-	-	1,200,000.00	-	23,868.75	1,176,131.25
13-19	Hazard Mitigation Program	1,144,000.00	-	-	1,144,000.00	1,144,000.00	-	-
13-20	Reconstruction of North Street Pump Station	1,621,923.00	-	-	1,621,923.00	1,621,000.00	923.00	-
13-23	Removal of Disaster Related Debris and Demolition of Various Structures	2,300,000.00	-	-	2,300,000.00	-	156,732.32	2,143,267.68
13-26	Flood Mitigation Project	261,250.00	-	-	261,250.00	-	-	261,250.00
13-29	Improvements to Community Center	378,720.00	-	-	378,720.00	378,720.00	-	-
13-33	Acquisition of Ambulances	208,000.00	-	-	208,000.00	208,000.00	-	-
14-08	Construction of Stormwater Pump Station and Other Stormwater System and Drainage Improvements	3,154,000.00	-	-	3,154,000.00	-	114,294.99	3,039,705.01
15-06	Various General Improvements	-	782,830.00	-	782,830.00	-	563,411.71	219,418.29
15-22	Refunding All or a Portion of the Series 2008 Bonds	-	2,600,000.00	-	2,600,000.00	-	-	2,600,000.00
		\$ 11,140,446.40	\$ 3,382,830.00	\$ 15,020.00	\$ 14,508,256.40	\$ 3,729,000.00	\$ 859,230.77	\$ 9,920,025.63

Improvement Authorizations Unfunded		Less: Unexpended Proceeds of Bond Anticipation Notes:	
		Ordinance	
		09-28	\$ 7,050.24
		13-19	1,019,000.00
		13-20	1,381,099.15
		13-29	23.38
		13-33	163.00
			<u>2,407,335.77</u>
			<u>\$ 9,920,025.63</u>

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF CDBG GRANTS RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 178,077.00
Increased By:	
Grant Award	178,077.00
	356,154.00
Decreased By:	
Grant Recievable Cancelled	178,077.00
Balance, December 31, 2015	\$ 178,077.00
 <u>Analysis of Balance - December 31, 2015</u>	
15-06 Various General Improvements	\$ 178,077.00
	\$ 178,077.00

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF FEMA GRANTS RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014	\$ 2,854,000.00
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Analysis of Balance - December 31, 2015

13-19 Hazard Mitigation Program	\$ 784,000.00
13-23 Removal of Disaster Related debris and Demolition of Various Structures	<u>2,070,000.00</u>
	<u>\$ 2,854,000.00</u>

**SCHEDULE OF EXXON MOBILE RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 137,000.00
Decreased By:	
Cash Receipts	<u>137,000.00</u>
Balance, December 31, 2015	<u>\$ -</u>

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF NJ DOT GRANT RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ -
Increased By:	
Grant Award	410,000.00
Balance, December 31, 2015	\$ 410,000.00
 <u>Analysis of Balance - December 31, 2015</u>	
15-06 Various General Improvements	\$ 410,000.00
	\$ 410,000.00

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2015</u>	<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Decreased</u>	<u>Balance December 31, 2015</u>
General Improvements	12/05/06	\$ 474,000.00	12/01/16	5.00%	\$ 111,000.00	\$ 54,000.00	\$ 57,000.00
General Improvements	12/04/08	3,178,000.00	12/01/16 12/01/17 12/01/18 12/01/19 12/01/20 12/01/21 12/01/22 12/01/23 12/01/24 12/01/25 12/1/2026-28	4.00% 4.00% 5.25% 4.50% 4.50% 5.00% 5.25% 5.00% 5.125% 5.125% 5.00%	2,488,000.00	129,000.00	2,359,000.00
General Improvements	01/24/11	760,000.00	01/15/16 01/15/17 01/15/18 01/15/19 01/15/20 01/15/21	2.75% 5.00% 5.00% 5.00% 5.00% 5.00%	560,000.00	70,000.00	490,000.00

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2015</u>	<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Decreased</u>	<u>Balance December 31, 2015</u>
General Improvements	12/19/12	645,000.00	12/01/16 12/01/17 12/01/18 12/01/19 12/01/20 12/01/21 12/01/22 12/01/23 12/01/24 12/01/25 12/01/26 12/01/27	2.50% 3.00% 3.00% 3.00% 4.00% 4.00% 4.00% 4.00% 2.00% 3.00% 2.00% 2.00%	575,000.00	35,000.00	540,000.00
	12/24/13	1,350,000.00	12/01/16 12/01/17 12/01/18 12/01/19 12/01/20 12/01/21 12/01/22 12/01/23 12/01/24 12/01/25	4.00% 4.00% 4.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00% 5.00%	1,265,000.00	95,000.00	1,170,000.00

\$ 4,999,000.00 \$ 383,000.00 \$ 4,616,000.00

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DOWNTOWN BUSINESS IMPROVEMENT
ZONE LOAN FUND PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014

\$ 498,750.00

**BOROUGH OF HIGHLANDS
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Funded by Budget Appropriations</u>	<u>Balance December 31, 2015</u>
09-28	Design and Permitting for Various Projects	01/21/10	01/16/15	01/15/16	0.00%	\$ 392,300.00	\$ 15,020.00	\$ 377,280.00
13-19	Hazard Mitigation Program	12/05/13	11/12/15	11/10/16	1.625%	1,144,000.00	-	1,144,000.00
13-20	Reconstruction of North Street Pump Station	12/05/13	11/12/15	11/10/16	1.625%	1,621,000.00	-	1,621,000.00
13-29	Improvement to Community Center	01/16/14	01/16/15	01/15/16	0.76%	378,720.00	-	378,720.00
13-33	Acquisition of Ambulances	01/16/14	01/16/15	01/15/16	0.76%	208,000.00	-	208,000.00
						<u>\$ 3,744,020.00</u>	<u>\$ 15,020.00</u>	<u>\$ 3,729,000.00</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Ordinance Number	Improvement Description	2015 Authorizations											
		Balance December 31, 2014		Transferred From Encumbrances	Capital Improvement Fund	Deferred Charges To Future Taxation Unfunded	CDBG Grant	NJDOT Grant	Expended To Encumbrances	Cancelled	Balance December 31, 2015		
		Funded	Unfunded								Funded	Unfunded	
94-18	Rehabilitation of Low-Mod Income Housing RCA - Middletown	\$ 47,136.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,136.00	\$ -	
02-22 / 04-10	Construction of Firehouse - Emergency Management Facility	3,592.00	-	5,000.00	-	-	-	-	-	-	3,592.00	-	
09-28	Design and permitting for Various Projects	19,309.24	7,050.24	-	-	-	-	-	-	-	19,309.24	7,050.24	
11-22	Acquisition of Computers and Software	68,000.00	-	-	-	-	-	-	-	-	-	-	
12-12	Improvements to Washington Avenue	95,381.40	480,253.40	67,264.97	-	-	-	7,000.00	-	-	95,381.40	480,253.40	
12-17	Acquisition of Fire Truck	1,215,000.00	-	-	-	-	-	-	-	-	24,915.86	-	
12-20	Construction of Stormwater Pump Station & Drainage Improvements	1,200,000.00	1,176,500.00	4,343.88	-	-	-	2,118.75	-	-	-	1,176,131.25	
12-22	Reconstruction of Bayside Drive	137,000.00	-	1,313.29	-	-	-	1,313.29	-	-	-	-	
13-17	Wall Reconstruction	500,000.00	-	286,284.59	-	-	-	286,239.44	-	-	156,260.25	-	
13-19	Hazard Mitigation Program	1,144,000.00	1,019,000.00	100,940.00	-	-	-	11,564.00	-	-	-	1,019,000.00	
13-20	Reconstruction of North Street Pump Station	1,800,000.00	1,565,834.90	144,167.06	-	-	-	55,018.65	178,077.00	-	-	1,381,099.15	
13-23	Removal of Disaster Related Debris & Demolition of Various Structures	2,300,000.00	1,740,000.00	450,042.50	-	-	-	38,757.31	-	-	-	2,143,267.68	
13-26	Flood Mitigation Project	800,000.00	261,250.00	95,845.05	-	-	-	33,630.23	-	-	378,941.00	261,250.00	
13-29	Improvements to Community Center	450,000.00	378,720.00	22,656.00	-	-	-	385,635.32	-	-	-	23.38	
13-33	Acquisition of Ambulances	240,000.00	163.00	199,837.00	-	-	-	199,837.00	-	-	-	163.00	
14-08	Construction of Stormwater Pump Station and Other Stormwater System & Drainage Improvements	3,154,000.00	3,154,000.00	-	-	-	-	54,403.44	-	-	-	3,039,705.01	
15-06	Various General Improvements	1,386,000.00	-	-	15,093.00	178,077.00	410,000.00	117,115.91	-	-	-	219,418.29	
15-12	Refunding All or a Portion of the Series 2008 Bonds	2,600,000.00	-	-	-	2,600,000.00	-	-	-	-	-	2,600,000.00	
		\$ 762,004.75	\$ 9,782,771.54	\$ 1,377,694.34	\$ 15,093.00	\$ 3,382,830.00	\$ 178,077.00	\$ 1,192,633.34	\$ 1,484,863.14	\$ -	\$ 725,535.75	\$ 12,327,361.40	

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 100,476.26
Increased By:	
2015 Budget Appropriation	<u>400,000.00</u>
	500,476.26
Decreased By:	
Improvement Authorizations Funded	<u>15,093.00</u>
Balance, December 31, 2015	<u><u>\$ 485,383.26</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	<u>Increase</u>	Balance December 31, <u>2015</u>
Reserve for RCA Interest - Middletown	\$ 45,680.08	\$ 602.33	\$ 46,282.41
Reserve for Parking Improvements	450.00	-	450.00
Reserve for Sidewalk Fund	13,911.00	-	13,911.00
	<hr/>		<hr/>
	\$ 60,041.08	\$ 602.33	\$ 60,643.41
	<hr/>		<hr/>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2015**

Ordinance <u>Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2014</u>	2015 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance December 31, <u>2015</u>
12-12	Improvements to Washington Avenue	\$ 480,253.40	\$ -	\$ -	\$ 480,253.40
12-20	Construction of Stormwater Pump Station and Drainage Improvements	1,200,000.00	-	-	1,200,000.00
13-20	Reconstruction of North Street Pump Station	923.00	-	-	923.00
13-23	Removal of Disaster Related Debris and Demolition of Various Structures	2,300,000.00	-	-	2,300,000.00
13-26	Flood Mitigation Project	261,250.00	-	-	261,250.00
14-08	Construction of Stormwater Pump Station and Other Stormwater System & Drainage Improvements	3,154,000.00	-	-	3,154,000.00
15-06	Various General Improvements	-	782,830.00	-	782,830.00
15-12	Refunding All or a Portion of the Series 2008 Bonds	-	2,600,000.00	-	2,600,000.00
		<u>\$ 7,396,426.40</u>	<u>\$ 3,382,830.00</u>	<u>\$ -</u>	<u>\$ 10,779,256.40</u>

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WATER-SEWER UTILITY FUND

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2014	\$ 1,299,714.97	\$ 16,234.44
Increased By Receipts:		
Miscellaneous Revenue	\$ 28,508.19	\$ -
Sewer Utility Rents	<u>1,743,176.80</u>	<u>-</u>
	<u>1,771,684.99</u>	<u>-</u>
	3,071,399.96	16,234.44
Decreased By Disbursements:		
Budget Appropriations	1,461,865.09	-
Appropriation Reserves	152,249.60	-
Accounts Payable	18,884.77	-
Investment in General Capital Fund	<u>377,280.00</u>	<u>-</u>
	<u>2,010,279.46</u>	<u>-</u>
Balance, December 31, 2015	<u><u>\$ 1,061,120.50</u></u>	<u><u>\$ 16,234.44</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER UTILITY CAPITAL FUND CASH
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2015</u>
Capital Improvement Fund	\$ 6,750.00
Fund Balance	9,384.44
Reserve for Down Payments on Capital Improvements	<u>100.00</u>
	<u><u>\$ 16,234.44</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 295,912.62
Increased By:		
Water-Sewer Rents Levied		<u>1,731,095.07</u>
		2,027,007.69
Decreased By:		
Collections	\$ 1,702,874.00	
Overpayments Applied	<u>1,049.88</u>	
		<u>1,703,923.88</u>
Balance, December 31, 2015		<u><u>\$ 323,083.81</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 68,694.08
Increased By:		
Transfer from Appropriation Reserves		<u>14,341.62</u>
		83,035.70
Decreased By:		
Cash Disbursements	\$ 18,884.77	
Cancelled to Fund Balance	<u>6.78</u>	
		<u>18,891.55</u>
Balance, December 31, 2015		<u><u>\$ 64,144.15</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014 and 2015</u>
Sewer System:	
Springs and wells	\$ 40,716.85
Distribution Mains and Accessories	153,471.61
General Equipment	62,579.40
Sewerage Treatment Plant and Lines	278,088.19
Reconstruction of Sewer Lift Station	75,000.00
Construction of Back Wash	116,666.26
Repair to Pumping Station	15,000.00
Rehabilitation of sanitary Sewer System	607,937.17
AHHRSA Debt - Bonds	3,712,800.00
AHHRSA Debt - Loans	<u>2,010,270.34</u>
	<u><u>\$ 7,072,529.82</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Amount</u>	Balance December 31, <u>2014</u>	Transfer to <u>Fixed Capital</u>	Balance December 31, <u>2015</u>
14-02	Dissolution of AHHRSA	\$ 5,731,272.00	\$ 8,201.66	\$ -	\$ 8,201.66
14-05	Replacement of Force Mains	50,000.00	50,000.00	-	50,000.00
			<u>\$ 58,201.66</u>	<u>\$ -</u>	<u>\$ 58,201.66</u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 3,387.24	\$ 3,387.24	\$ 186.34	\$ 3,200.90
Other Expenses	103,730.81	264,177.73	153,898.93	110,278.80
Shared Service - Sewer Operator	125.80	12,462.36	12,461.98	0.38
Group Insurance	590.36	634.33	43.97	590.36
Workers Compensation Insurance	1,786.28	1,786.28	-	1,786.28
Other Insurances	1,672.53	1,672.53	-	1,672.53
Statutory Expenditures:				
Public Employees Retirement System	747.00	747.00	-	747.00
Contribution To Social Security System (O.A.S.I.)	17.74	17.74	-	17.74
	<u>\$ 112,057.76</u>	<u>\$ 284,885.21</u>	<u>\$ 166,591.22</u>	<u>\$ 118,293.99</u>
Appropriation Reserves		\$ 112,057.76		
Encumbrances Payable		<u>172,827.45</u>		
		<u>\$ 284,885.21</u>		
Accounts Payable			\$ 14,341.62	
Cash Disbursements			<u>152,249.60</u>	
			<u>\$ 166,591.22</u>	

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER RENT OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 17,481.87
Decreased By:	
Applied to Consumer Accounts Receivable	<u>1,049.88</u>
Balance, December 31, 2015	<u><u>\$ 16,431.99</u></u>

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 100,441.49
Decreased By:	
Interest Accrued	<u>102,543.79</u>
	202,985.28
Decreased By:	
Interest Paid	<u>100,441.49</u>
Balance, December 31, 2015	<u><u>\$ 102,543.79</u></u>

Principal Outstanding December 31, 2015	Interest Rate	From	To	Period	Amount
Serial Bonds:					
144,000.00	Various	12/1/15	12/31/15	30 Days	\$ 557.61
90,000.00	Various	7/16/15	12/31/15	165 Days	1,907.81
3,575,000.00	Various	7/16/15	12/31/15	165 Days	80,479.21
Community Disaster Loan:					
300,000.00	1.375%	12/31/14	12/31/15	838 Days	9,594.86
NJEIT Loans:					
345,028.82	Various	8/1/15	12/31/15	150 Days	1,711.67
1,505,820.35	Various	8/1/15	12/31/15	150 Days	<u>8,292.63</u>
					<u><u>\$ 102,543.79</u></u>

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF SERIAL BONDS
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2014	Balance December 31, 2015
			Date	Amount			
Rehabilitation of Sanitary Sewer System	12/01/08	\$ 195,000.00	12/01/16	\$ 8,000.00	4.00%	\$ 152,000.00	\$ 144,000.00
			12/01/17	9,000.00	4.00%		
			12/01/18	9,000.00	5.25%		
			12/01/19	10,000.00	4.50%		
			12/01/20	10,000.00	4.50%		
			12/01/21	10,000.00	5.00%		
			12/01/22	11,000.00	5.25%		
			12/01/23	11,000.00	5.00%		
			12/01/24	12,000.00	5.125%		
			12/01/25	13,000.00	5.125%		
			12/01/26	13,000.00	5.00%		
		12/01/27	14,000.00	5.00%			
		12/01/28	14,000.00	5.00%			
Rehabilitation of Sanitary Sewer System	1/24/11	\$ 130,000.00	01/15/16	15,000.00	2.50%	\$ 100,000.00	\$ 90,000.00
			01/15/17	15,000.00	2.75%		
			01/15/18	15,000.00	5.00%		
			01/15/19	15,000.00	5.00%		
			01/15/20	15,000.00	5.00%		
			01/15/21	15,000.00	5.00%		

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF SERIAL BONDS
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2014	Decreased	Balance December 31, 2015
			Date	Amount				
2011 MCIA (AHRSA)	04/14/14	\$ 3,712,800.00	01/15/16	140,400.00	2.50%	\$ 3,712,800.00	\$ 137,800.00	\$ 3,575,000.00
			01/15/17	148,200.00	2.75%			
			01/15/18	153,400.00	5.00%			
			01/15/19	161,200.00	5.00%			
			01/15/20	169,000.00	5.00%			
			01/15/21	179,400.00	5.00%			
			01/15/22	189,800.00	5.00%			
			01/15/23	197,600.00	5.00%			
			01/15/24	208,000.00	5.00%			
			01/15/25	218,400.00	5.00%			
			01/15/26	228,800.00	5.00%			
			01/15/27	239,200.00	5.00%			
			01/15/28	252,200.00	5.00%			
			01/15/29	265,200.00	5.00%			
			01/15/30	280,800.00	5.00%			
			01/15/31	291,200.00	5.00%			
			01/15/32	252,200.00	5.00%			
						<u>\$ 3,964,800.00</u>	<u>\$ 155,800.00</u>	<u>\$ 3,809,000.00</u>

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Decreased</u>	<u>Balance December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Series 2010 (AHHSA)	04/01/14	\$ 284,270.34	02/01/16	\$ 6,048.30	0.00%	\$ 272,173.73	\$ 18,144.91	\$ 254,028.82
			08/01/16	12,096.61	0.00%			
			02/01/17	6,048.30	0.00%			
			08/01/17	12,096.61	0.00%			
			02/01/18	6,048.30	0.00%			
			08/01/18	12,096.61	0.00%			
			02/01/19	6,048.30	0.00%			
			08/01/19	12,096.61	0.00%			
			02/01/20	6,048.30	0.00%			
			08/01/20	12,096.61	0.00%			
			02/01/21	6,048.30	0.00%			
			08/01/21	12,096.61	0.00%			
			02/01/22	6,048.30	0.00%			
			08/01/22	12,096.61	0.00%			
			02/01/23	6,048.30	0.00%			
			08/01/23	12,096.61	0.00%			
			02/01/24	6,048.30	0.00%			
			08/01/24	12,096.61	0.00%			
			02/01/25	6,048.30	0.00%			
			08/01/25	12,096.61	0.00%			
		02/01/26	6,048.30	0.00%				
		08/01/26	12,096.61	0.00%				
		02/01/27	6,048.30	0.00%				
		08/01/27	12,096.61	0.00%				
		02/01/28	6,048.30	0.00%				
		08/01/28	12,096.61	0.00%				
		02/01/29	6,048.30	0.00%				
		08/01/29	12,096.69	0.00%				

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2015</u>		<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Decreased</u>	<u>Balance December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
New Jersey Environmental Infrastructure Trust Series 2010 (AHHSA)	04/01/14	\$ 101,400.00	08/01/16 - 08/01/18	5,200.00	5.00%	\$ 96,200.00	\$ 5,200.00	\$ 91,000.00
			08/01/19	5,200.00	4.00%			
			08/01/20	5,200.00	5.00%			
			08/01/21	5,200.00	3.00%			
			08/01/22	5,200.00	4.00%			
			08/01/23 - 08/01/25	7,800.00	4.00%			
			08/01/26	7,800.00	3.50%			
			08/01/27 - 08/01/29	7,800.00	4.00%			
New Jersey Environmental Infrastructure Trust Series 2014A (AHHSA)	05/21/14	\$ 1,224,600.00	02/01/16	\$ 20,755.93	0.00%	\$ 1,183,088.14	\$ 62,267.79	\$ 1,120,820.35
			08/01/16	41,511.86	0.00%			
			02/01/17	20,755.93	0.00%			
			08/01/17	41,511.86	0.00%			
			02/01/18	20,755.93	0.00%			
			08/01/18	41,511.86	0.00%			
			02/01/19	20,755.93	0.00%			
			08/01/19	41,511.86	0.00%			
			02/01/20	20,755.93	0.00%			
			08/01/20	41,511.86	0.00%			
			02/01/21	20,755.93	0.00%			
			08/01/21	41,511.86	0.00%			
		02/01/22	20,755.93	0.00%				
		08/01/22	41,511.86	0.00%				
		02/01/23	20,755.93	0.00%				
		08/01/23	41,511.86	0.00%				
		02/01/24	20,755.93	0.00%				
		08/01/24	41,511.86	0.00%				

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE
 FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2015</u>
			<u>Date</u>	<u>Amount</u>			
New Jersey Environmental Infrastructure Trust Series 2014A (AHHSA) (Continued)	05/21/14	\$ 1,224,600.00	02/01/25	20,755.93	0.00%		
			08/01/25	41,511.86	0.00%		
			02/01/26	20,755.93	0.00%		
			08/01/26	41,511.86	0.00%		
			02/01/27	20,755.93	0.00%		
			08/01/27	41,511.86	0.00%		
			02/01/28	20,755.93	0.00%		
			08/01/28	41,511.86	0.00%		
			02/01/29	20,755.93	0.00%		
			08/01/29	41,511.86	0.00%		
			02/01/30	20,755.93	0.00%		
			08/01/30	41,511.86	0.00%		
			02/01/31	20,755.93	0.00%		
			08/01/31	41,511.86	0.00%		
		02/01/32	20,755.93	0.00%			
		08/01/32	41,511.86	0.00%			
		02/01/33	20,755.93	0.00%			
		08/01/33	41,511.99	0.00%			
New Jersey Environmental Infrastructure Trust Series 2014A (AHHSA)	05/21/14	\$ 400,000.00	08/01/16	15,000.00	3.00%	\$ 400,000.00	\$ 385,000.00
			08/01/17 - 08/01/19	15,000.00	5.00%		
			08/01/20 - 08/01/24	20,000.00	5.00%		
			08/01/25	20,000.00	3.00%		
			08/01/26 - 08/01/31	25,000.00	3.00%		
			08/01/32	25,000.00	3.125%		
		08/01/33	30,000.00	3.25%			
						<u>\$ 400,000.00</u>	<u>\$ 15,000.00</u>
						<u>\$ 1,951,461.87</u>	<u>\$ 1,850,849.17</u>

**BOROUGH OF HIGHLANDS
 COUNTY OF MONMOUTH, NEW JERSEY
 WATER-SEWER UTILITY CAPITAL FUND
 SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Ordinance Number	Description	Amount	Balance December 31, 2014		Transferred From Encumbrances	Paid or Charged	Transferred To Encumbrances	Balance December 31, 2015	
			Funded	Unfunded				Funded	Unfunded
14-02	Dissolution of the Atlantic Highlands / Highlands Sewerage Authority (AHHRSA)	\$ 5,731,272.00	\$ -	\$ 8,201.66	\$ -	\$ -	\$ -	\$ -	\$ 8,201.66
14-05	Replacement of Force Mains	50,000.00	-	50,000.00	-	-	-	-	50,000.00
			\$ -	\$ 58,201.66	\$ -	\$ -	\$ -	\$ -	\$ 58,201.66

EXHIBIT D-17

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 and 2014 \$ 6,750.00

EXHIBIT D-18

**SCHEDULE OF RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 1,156,267.95
Increased By:		
Serial Bond Payment	\$ 155,800.00	
Loan Payment	<u>100,612.70</u>	
		<u>256,412.70</u>
Balance, December 31, 2015		<u><u>\$ 1,412,680.65</u></u>

EXHIBIT D-19

**SCHEDULE OF RESERVE FOR DOWN PAYMENT ON IMPROVEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014 and 2015 \$ 100.00

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
WATER-SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, <u>2014</u>	BANS <u>Issued</u>	Balance December 31, <u>2015</u>
14-02	Dissolution of the Atlantic Highlands / Highlands Sewerage Authority (AHHRSA)	\$ 8,201.66	\$ -	\$ 8,201.66
14-05	Replacement of Force Mains	50,000.00	-	50,000.00
		<u>\$ 58,201.66</u>	<u>\$ -</u>	<u>\$ 58,201.66</u>

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GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>
Land	\$ 1,097,800.00	\$ -	\$ -	\$ 1,097,800.00
Building	5,772,197.90	-	-	5,772,197.90
Machinery and Equipment	4,023,955.33	210,529.00	-	4,234,484.33
	<u>\$ 10,893,953.23</u>	<u>\$ 210,529.00</u>	<u>\$ -</u>	<u>\$ 11,104,482.23</u>

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SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Honorable Mayor and Members
of the Borough Council
Borough of Highlands
County of Monmouth
Highlands, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Borough of Highlands’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough of Highlands’s major federal programs for the year ended December 31, 2015. The Borough of Highlands’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Highlands’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Highlands’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Highlands’s compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Borough of Highlands complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the Borough of Highlands is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Highlands's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Highlands's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Borough of Highlands as of and for the year ended December 31, 2015, and have issued our report thereon dated June 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 30, 2016

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Department/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-Through Number</u>	<u>Grant Awards</u>	<u>Grant Period</u>	<u>Cash Received</u>	<u>2015 Expenditures</u>	<u>Cumulative Expenditures</u>
Federal Emergency Management Agency (FEMA) Department of Homeland Security (DHS) Public Assistance Grants: Superstorm Sandy	97.036	066-1200-100-A92	3,809,968.75	01/01/13-12/31/13	\$ 786,396.16	\$ 786,396.16	\$ 3,809,968.75
Total Federal Emergency Management Agency					<u>786,396.16</u>	<u>786,396.16</u>	<u>3,809,968.75</u>
Department of Agriculture: Summer Food Service Program for Children	10.559	010-3350-100-034	11,568.12	01/01/15-12/31/15	10,602.16	10,602.16	10,602.16
2015 grant					<u>10,602.16</u>	<u>10,602.16</u>	<u>10,602.16</u>
Total Department of Labor					<u>10,602.16</u>	<u>10,602.16</u>	<u>10,602.16</u>
Department of Housing & Urban Development: Hurricane Sandy Community Development Block Grant Disaster Recovery Grants: Essential Services Grant Streetscapes Grant	14.269 14.269	022-8022-100-003 N/A	437,062.00 1,499,081.00	01/01/15-12/31/15 01/01/15-12/31/15	437,062.00 -	437,062.00 522,977.46	437,062.00 522,977.46
Total Department of Housing & Urban Development					<u>437,062.00</u>	<u>960,039.46</u>	<u>960,039.46</u>
Total Expenditures of Federal Awards					<u>\$ 1,234,060.32</u>	<u>\$ 1,757,037.78</u>	<u>\$ 4,780,610.37</u>

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**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 1. General

The accompanying schedule of expenditures of federal awards present the activity of all federal awards of the Borough of Highlands. The Borough is defined in Note 1 of the Borough’s financial statements.

Note 2. Basis of Accounting

The accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3. Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Borough’s portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 4. Relationship to Financial Statements – Statutory Basis

With the exception of FEMA expenditures, as described in Note 7, the amounts reported in the accompanying schedule agree with amounts reported in the Borough's 2015 financial statements. Expenditures from awards are reported in the Borough’s financial statements as follows:

	Federal
FEMA Cash Receipts (See Note 7)	\$ 786,396.16
Grant Fund Expenditures	<u>970,641.62</u>
Total	<u>\$ 1,757,037.78</u>

Note 5. Relationship to Federal Financial Report

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial report.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
NOTES TO SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 6. Major Programs

Major programs are identified in the Schedule of Findings and Questioned Costs section.

Note 7. FEMA – Superstorm Sandy

In accordance with the Federal Emergency Management Agency, expenditures from Superstorm Sandy are recorded only when FEMA funds have been released to Municipality. The monies being released are for reimbursements of expenditures that had been previously recorded in the municipality’s financial statements. A reconciliation of the financial statements to the amount reported on the Schedule of Expenditures of Federal Awards follows:

	Current <u>Fund</u>
Expenditures - Prior Years	\$ 786,396.16
Total FEMA Reported on Schedule of Expenditures of Federal Awards	\$ 786,396.16

Note 8. Indirect Cost Rate

The Borough has elected to use the 10-percent de minimis indirect cost rate allowed under uniform guidance.

**BOROUGH OF HIGHLANDS
COUNTY OF MONMOUTH, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part 1 - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Qualified - Regulatory Basis
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? Yes X No
- 2) Significant deficiencies identified that are not considered to be material weaknesses? Yes X No
- C) Noncompliance material to financial statements noted? Yes X No

Federal Awards Section

- D) Internal control over compliance:
- 1) Material weakness(es) identified? Yes X No
- 2) Significant deficiencies identified that are not considered to be material weaknesses? Yes X No
- E) Type of auditor's report issued on compliance for major programs? Unmodified
- F) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? Yes X No

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.269	Community Development Block Grant

- H) Dollar threshold used to distinguish between Type A and Type B programs? \$750,000.00
- I) Auditee qualified as low-risk auditee? X Yes No

**BOROUGH OF HIGHLANDS
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 through 5.20 of *Government Auditing Standards*.

None noted

Section III – Schedule of Federal Award Findings & Questioned Costs

This section identifies audit findings required to be reported by Uniform Guidance.

No Current Year Findings

**BOROUGH OF HIGHLANDS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED DECEMBER 31, 2015**

This section identifies the status of prior-year findings related to the financial statements and federal awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards and Uniform Guidance.

Financial Statement Findings

Finding 2014-01

Condition:

The Borough's Reserve for Third Party Liens, Premiums, Street Openings and Off Duty Police are not supported by detailed subsidiary records or the subsidiary records contain unidentified amounts.

Status:

Finding has been corrected.

Finding 2014-02

Condition:

Interfunds receivable and payable are reflected on the various balance sheets of the funds at December 31, 2014.

Status:

Finding has been corrected.

**BOROUGH OF HIGHLANDS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
YEAR ENDED DECEMBER 31, 2015 (CONTINUED):**

Federal Awards

No prior year findings

COMMENTS AND RECOMMENDATIONS

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Honorable Mayor and Members
of the Borough Council
Borough of Highlands
County of Monmouth
Highlands, New Jersey

We have audited the financial statements –regulatory statutory basis of the Borough of Highlands in the County of Monmouth for the year ended December 31, 2015.

Scope of Audit

The audit covered the financial transactions of the Treasurer/Tax Collector, and Water-Sewer Utility Collector, the activities of the Mayor and Council and the records of the various outside departments.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Borough records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000 for the period of January 1, 2015 to June 30, 2015, and \$40,000 for the period of July 1, 2015 to December 31, 2015, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4) (continued):

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Borough Committee.

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.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:116*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$5,400 (\$6,000) thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

“NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Highlands, County of Monmouth, State of New Jersey, as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after the due date; and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after the due date; and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.
2. There will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

Collection of Interest on Delinquent Taxes and Assessments (continued):

3. Any payments not made in accordance with paragraph two of this Resolution shall be charged interest from the due date as set forth in paragraph one of this Resolution.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2015 included real estate taxes for 2015.

The last tax sale was held on December 9, 2015 and was complete.

Inspection of 2015 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2015	8
2014	5
2013	5

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

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Borough employees.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Borough, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of fifteen (15); ten traffic and five criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Tax Collector's Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2015 with the governing body.

Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings except with those marked above with an asterisk (*).

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2015:

NAME	POSITION
Frank Nolan	Mayor
Rebecca Wells	Council President
Douglas Card	Councilperson
Kevin Redmond	Councilperson
Tara Ryan	Councilperson
Carolyn Cummins	Municipal Clerk
Patrick J. DeBlasio	Tax Collector/Chief Financial Officer
Thomas J. Smith, III	Judge
Sonia Paxton	Court Administrator

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

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Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
No. CR483

Freehold, New Jersey
June 30, 2016