

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

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

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

PART I

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey 07702

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 Shrewsbury, 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 Shrewsbury 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 Shrewsbury, 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 26.59% and 27.58% 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 Shrewsbury, 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 Shrewsbury 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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 04, 2016, on our consideration of the Borough of Shrewsbury'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 Shrewsbury'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
May 04, 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 Shrewsbury
County of Monmouth
Shrewsbury, New Jersey 07702

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 Shrewsbury (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 May 04, 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.

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
May 04, 2016

BASIC FINANCIAL STATEMENTS

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

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash	A-4	\$ 3,412,612.78	\$ 3,877,961.68
Cash - Change Fund	A-5	<u>170.00</u>	<u>145.00</u>
		<u>3,412,782.78</u>	<u>3,878,106.68</u>
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	A-6	<u>-</u>	<u>141.86</u>
Receivables With Full Reserves:			
Taxes Receivable	A-7	214,263.52	269,776.10
Tax Title Liens Receivable	A-8	574.59	565.89
Revenue Accounts Receivable	A-9	<u>13,632.44</u>	<u>13,839.05</u>
		<u>228,470.55</u>	<u>284,181.04</u>
Deferred Charges:			
Special Emergency (40A:4-53)	A-10	<u>24,600.00</u>	<u>49,200.00</u>
		<u>3,665,853.33</u>	<u>4,211,629.58</u>
State and Federal Grant Fund:			
State and Federal Grants Receivable	A-29	-	4,036.36
Due From Current Fund	A	<u>72,509.71</u>	<u>57,993.06</u>
		<u>72,509.71</u>	<u>62,029.42</u>
Total Assets		<u><u>\$ 3,738,363.04</u></u>	<u><u>\$ 4,273,659.00</u></u>

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

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

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Appropriation Reserves	A-3	\$ 319,702.07	\$ 373,280.24
Encumbrances Payable	A-3	99,203.04	87,372.41
Accounts Payable	A-12	1,306.00	9,168.04
Prepaid Taxes	A-14	102,858.45	138,434.18
County Taxes Payable	A-15	38,475.15	69,013.10
Regional High School Tax Payable	A-16	562,613.48	515,746.19
Local District School Tax Payable	A-17	1,084,308.00	1,016,898.00
Due To Sewerage Authority	A-19	-	3,597.33
Due To State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-6	1,108.14	-
Marriage License Fees	A-20	100.00	125.00
State Grant Fund	A	72,509.71	57,993.06
Reserve for:			
State Tax Appeals Pending	A-21	50,000.00	45,936.50
Tax Redemptions	A-22	-	1,345.75
Wardell House	A-23	157,500.00	157,500.00
Codification	A-24	-	374.26
Debt Service	A-25	-	10,687.94
Police Receipts	A-26	141.08	100.00
Insurance Claims	A-27	3,187.69	761.04
		<u>2,493,012.81</u>	<u>2,488,333.04</u>
Reserve for Receivables	A	228,470.55	284,181.04
Fund Balance	A-1	<u>944,369.97</u>	<u>1,439,115.50</u>
		<u>3,665,853.33</u>	<u>4,211,629.58</u>
State and Federal Grant Fund:			
Reserve for State and Federal Grants:			
Appropriated	A-30	45,094.67	37,733.43
Unappropriated	A-31	27,415.04	24,295.99
		<u>72,509.71</u>	<u>62,029.42</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,738,363.04</u>	<u>\$ 4,273,659.00</u>

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

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

	<u>2015</u>	<u>2014</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,320,000.00	\$ 1,080,000.00
Miscellaneous Revenue Anticipated	1,226,367.54	1,245,827.48
Receipts From Delinquent Taxes	267,799.74	243,645.90
Receipts From Current Taxes	23,290,361.08	22,985,185.68
Non-Budget Revenue	97,095.56	235,851.58
Other Credits To Income:		
Grant Appropriation Cancelled	-	1,640.72
Cancel Stale Checks	-	376.00
Tax Overpayments Cancelled	-	3,384.42
Adjustment to Reserve for Tax Redemptions	-	5,212.86
PY Accounts Payable Cancelled	3,644.00	1,221.74
Unexpended Balances of Appropriation Reserves	171,206.74	392,598.15
	<u>26,376,474.66</u>	<u>26,194,944.53</u>
Total Revenues		
<u>Expenditures</u>		
Budget and Emergency Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	3,736,115.00	3,705,092.00
Other Expenses	2,954,606.43	2,864,125.21
Deferred Charges and Statutory Expenditures	190,000.00	199,700.00
Budget Appropriations Excluded From "CAPS":		
Operations:		
Other Expenses	735,507.67	714,489.77
Capital Improvements	115,000.00	90,000.00
Municipal Debt Service	1,071,513.78	911,882.16
Deferred Charges - Other	96,503.36	81,154.76
Tax Appeals Pending	31,099.25	-
Canceled Grants Receivable	91.40	441.27
County Taxes	3,352,367.55	3,256,397.51
County Share of Added and Omitted Taxes	38,475.15	69,013.10
Regional High School Tax	5,325,227.00	5,231,492.39
Local District School Tax	7,797,268.00	7,650,085.00
Municipal Open Space Tax	107,445.60	100,000.00
	<u>25,551,220.19</u>	<u>24,873,873.17</u>
Total Expenditures		
Excess in Revenue	825,254.47	1,321,071.36
Statutory Excess To Fund Balance	825,254.47	1,321,071.36
Fund Balance, January 1	<u>1,439,115.50</u>	<u>1,198,044.14</u>
	2,264,369.97	2,519,115.50
Decreased By:		
Utilized as Anticipated Revenue	<u>1,320,000.00</u>	<u>1,080,000.00</u>
Fund Balance, December 31	<u>\$ 944,369.97</u>	<u>\$ 1,439,115.50</u>

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

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

	Anticipated <u>Budget</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Fund Balance Anticipated	\$ 1,320,000.00	\$ 1,320,000.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	5,000.00	5,172.00	172.00
Other	35,000.00	36,932.00	1,932.00
Fees and Permits	106,000.00	124,799.86	18,799.86
Fines and Costs:			
Municipal Court	135,000.00	166,490.94	31,490.94
Interest and Costs on Taxes	63,000.00	60,924.22	(2,075.78)
Interest on Investments	12,000.00	17,062.84	5,062.84
Cable Franchise Fee	60,000.00	67,003.98	7,003.98
Mobile Tower Fee	36,000.00	35,681.12	(318.88)
Payment in Lieu of Taxes	40,000.00	40,000.00	-
Energy Receipts Tax	381,641.00	381,641.00	-
Uniform Construction Code	180,000.00	192,045.80	12,045.80
Shared Services- Shrew Twp Fire	10,000.00	10,000.00	-
Recycling Tonnage Grant	10,988.63	10,988.63	-
Alcohol Education and Rehabilitation Fund	768.04	768.04	-
Safe and Secure Communities Program	25,895.00	25,895.00	-
Body Armor Fund	1,765.27	1,765.27	-
Drunk Driving Enforcement	3,928.73	3,928.73	-
Uniform Fire Safety Act	21,500.00	22,605.17	1,105.17
Administrative Costs for Outside Service - Police	6,000.00	11,975.00	5,975.00
Reserve to Pay Debt Service	10,687.94	10,687.94	-
Total Miscellaneous Revenues	1,145,174.61	1,226,367.54	81,192.93
Receipts From Delinquent Taxes	200,000.00	267,799.74	67,799.74
Amount To Be Raised By Taxes For Support of Municipal Budget:			
Local Tax for Municipal Purposes	6,634,309.29	7,069,815.44	435,506.15
Budget Revenues	9,299,483.90	9,883,982.72	584,498.82
Non-Budget Revenues	-	97,095.56	97,095.56
Total	\$ 9,299,483.90	\$ 9,981,078.28	\$ 681,594.38

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

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue From Collections	\$ 23,290,361.08
Allocated To School, County Taxes & Municipal Open Space	<u>16,620,783.30</u>
Balance for Support of Municipal Budget Appropriations	6,669,577.78
Add: Appropriation "Reserve for Uncollected Taxes"	<u>400,237.66</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 7,069,815.44</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u>\$ 267,799.74</u>
	<u><u>\$ 267,799.74</u></u>

Licenses - Other:

Business Licenses	\$ 26,000.00
Food Licenses	9,780.00
Marriage Licenses	87.00
Raffle & Bingo License	940.00
Vending Licenses	<u>125.00</u>
	<u><u>\$ 36,932.00</u></u>

Fees & Permits:

Fire Marshall Fees	\$ 27,378.19
Outdoor Sale Permits	1,675.00
Planning & Zoning Applications	26,110.98
Police Reports	2,725.70
Recreation Fees	51,724.99
Street Opening Fees	400.00
Zoning Permits	13,720.00
Other Misc	<u>1,065.00</u>
	<u><u>\$ 124,799.86</u></u>

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

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

Analysis of Realized Revenues (continued):

Uniform Construction Code:

Building Permits	\$ 115,781.80
Electrical Permits	30,836.00
Plumbing Permits	30,551.00
Fire Permits	11,327.00
Certificates	3,550.00
	\$ 192,045.80

Analysis of Non-Budget Revenues

Assessor's Lists	\$ 310.00
BOE-Refunds	13,876.02
Certified Copies	3,000.00
Division of Motor Vehicle	
Inspection Fee	4,817.75
Elections	860.00
Emergency Notification SY	7,000.00
Miscellaneous	18,758.90
Newsletter Advertising Fees	3,300.00
NSF Check Charge	161.24
Photocopies	371.05
Prior Year Refunds	800.00
Prior Year Escrow Interest	125.04
Refunds/Dividends	28,559.56
Tax Search	20.00
Shared Service - Web	500.00
Shared Facility	13,500.00
SC&Vet - State Reimbursements	660.00
Tennis Badge	476.00
	\$ 97,095.56

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

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

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
GENERAL APPROPRIATIONS						
Operations - Within "CAPS"						
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	\$ 88,000.00	\$ 88,000.00	\$ 87,051.94	\$ -	\$ 948.06	\$ -
Other Expenses	13,000.00	13,000.00	9,406.20	1,520.99	2,072.81	-
Local Ethics Board:						
Other Expenses	50.00	50.00	-	-	50.00	-
Mayor and Council:						
Other Expenses	2,500.00	2,500.00	1,359.73	323.31	816.96	-
Municipal Clerk:						
Salaries and Wages	120,000.00	120,000.00	119,443.73	-	556.27	-
Other Expenses	46,750.00	46,750.00	22,034.04	125.98	24,589.98	-
Printing	12,500.00	12,500.00	12,308.00	189.05	2.95	-
Vital Statistics:						
Salaries and Wages	12,000.00	12,000.00	12,000.00	-	-	-
Financial Administration (Treasury):						
Salaries and Wages	134,500.00	135,000.00	134,970.02	-	29.98	-
Other Expenses	12,500.00	12,500.00	7,533.47	1,650.34	3,316.19	-
Audit Services	32,200.00	32,200.00	31,200.00	-	1,000.00	-
Revenue Administration (Tax Collection):						
Salaries and Wages	65,000.00	65,350.00	65,350.00	-	-	-
Other Expenses	4,500.00	4,500.00	4,096.21	-	403.79	-
Tax Assessment Administration:						
Salaries and Wages	25,500.00	25,500.00	25,499.97	-	0.03	-
Other Expenses	9,950.00	9,950.00	1,202.30	7,870.95	876.75	-
Legal Services (Legal Department):						
Salaries and Wages	18,750.00	18,750.00	18,725.51	-	24.49	-
Other Expenses	64,600.00	84,600.00	82,928.43	1,025.00	646.57	-
Engineering Services:						
Other Expenses	55,000.00	55,000.00	52,426.38	-	2,573.62	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	25,500.00	25,500.00	24,715.10	-	784.90	-
Other Expenses	1,500.00	1,500.00	1,495.81	-	4.19	-
Zoning Board of Adjustment:						
Salaries and Wages	25,500.00	25,500.00	24,584.01	-	915.99	-
Other Expenses	500.00	500.00	437.91	-	62.09	-
Zoning Officer:						
Salaries and Wages	4,250.00	4,250.00	4,244.87	-	5.13	-
Other Expenses	8,525.00	8,525.00	8,500.00	-	25.00	-
CODE ENFORCEMENT AND ADMINISTRATION						
Uniform Construction Code Enforcement:						
Salaries and Wages	69,100.00	69,100.00	67,094.17	-	2,005.83	-
Other Expenses	3,000.00	3,000.00	2,034.83	721.95	243.22	-
Building Inspector:						
Salaries and Wages	14,500.00	14,500.00	14,442.00	-	58.00	-
Code Enforcement Official:						
Salaries and Wages	17,400.00	17,400.00	16,685.26	-	714.74	-
Other Expenses	1,000.00	1,000.00	623.36	-	376.64	-

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

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
INSURANCE						
Disability Insurance	2,000.00	2,000.00	151.50	-	1,848.50	-
Other Insurance	115,000.00	115,200.00	114,864.27	292.36	43.37	-
Waiver of Insurance	10,000.00	4,000.00	3,750.03	-	249.97	-
Unemployment	2,000.00	-	-	-	-	-
Workers Compensation Insurance	145,611.30	145,611.30	145,511.30	-	100.00	-
Employee Group Insurance	1,096,550.00	1,091,300.00	1,071,390.03	-	19,909.97	-
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	1,975,000.00	2,005,000.00	1,951,591.79	-	53,408.21	-
Other Expenses	192,900.00	192,900.00	161,895.19	22,289.56	8,715.25	-
OSHA Police Other Expense	3,000.00	3,000.00	1,436.85	1,384.06	179.09	-
Occupational Safety Law - 911	7,315.13	7,315.13	7,315.13	-	-	-
Office of Emergency Management:						
Other Expenses	4,500.00	4,500.00	2,697.87	75.52	1,726.61	-
First Aid Organization - Contribution:						
Other Expenses	17,950.00	17,950.00	9,605.33	6,374.41	1,970.26	-
Fire Protection Official:						
Salaries and Wages	14,500.00	14,500.00	14,442.00	-	58.00	-
Fire Marshall:						
Salaries and Wages	29,500.00	29,500.00	29,284.10	-	215.90	-
Other Expenses	4,500.00	4,500.00	3,975.00	525.00	-	-
Fire Company:						
Other Expenses	32,500.00	32,500.00	19,255.43	10,063.99	3,180.58	-
Occupational Safety Law (P.L. 1983, Ch. 516):						
OSHA - Fire Company Other Expenses	3,000.00	3,000.00	1,954.32	-	1,045.68	-
OSHA - First Aid Other Expenses	3,000.00	3,000.00	894.71	1,355.00	750.29	-
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	945,000.00	936,000.00	930,984.89	-	5,015.11	-
Other Expenses	27,170.00	27,170.00	19,415.09	2,637.20	5,117.71	-
OSHA Other Expenses	2,500.00	2,500.00	2,500.00	-	-	-
Vehicle Maintenance	43,500.00	43,500.00	30,315.81	5,284.88	7,899.31	-
Shade Tree Commission:						
Salaries and Wages	600.00	600.00	-	-	600.00	-
Other Expenses	4,000.00	4,000.00	2,338.50	1,661.50	-	-
Solid Waste Collection:						
Contractual	156,000.00	156,000.00	156,000.00	-	-	-
Buildings and Grounds:						
Salaries and Wages	13,000.00	13,000.00	9,341.10	-	3,658.90	-
Other Expenses	42,860.00	52,860.00	47,439.57	511.50	4,908.93	-
NJDES Stormwater Permit	10,000.00	10,000.00	3,399.00	-	6,601.00	-
Municipal Court:						
Salaries and Wages	118,000.00	118,000.00	116,148.07	-	1,851.93	-
Other Expenses	6,300.00	6,500.00	6,402.48	-	97.52	-
Public Defender (P.L. 1997, c.256):						
Salaries and Wages	8,000.00	8,000.00	8,000.00	-	-	-

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

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health):						
Salaries and Wages	1,250.00	1,250.00	1,175.74	-	74.26	-
Other Expenses	43,800.00	43,800.00	43,779.00	-	21.00	-
OSHA Other Expense	1,000.00	1,000.00	-	-	1,000.00	-
Environmental Health Services:						
Salaries and Wages	765.00	765.00	750.00	-	15.00	-
Other Expenses	2,250.00	2,250.00	1,354.76	-	895.24	-
Animal Control Services:						
Other Expenses	50.00	50.00	-	-	50.00	-
Welfare/Administration of Public Assistance:						
Other Expenses	5,000.00	5,000.00	5,000.00	-	-	-
RECREATION AND EDUCATION						
Recreation Services and Programs:						
Salaries and Wages	9,500.00	9,500.00	7,752.63	-	1,747.37	-
Senior Citizens	2,500.00	2,500.00	1,843.64	656.36	-	-
Miscellaneous Other Expenses	56,500.00	56,500.00	45,471.88	4,154.44	6,873.68	-
Maintenance of Parks:						
Other Expenses	19,100.00	19,100.00	14,709.91	823.16	3,566.93	-
UNCLASSIFIED						
Utility Expenses and Bulk Purchases:						
Electricity	85,000.00	85,000.00	64,052.49	-	20,947.51	-
Street Lighting	42,000.00	42,000.00	35,719.93	-	6,280.07	-
Telephone (excluding telephone acquisition)	40,000.00	40,000.00	33,864.85	401.02	5,734.13	-
Water	16,000.00	16,000.00	8,219.92	-	7,780.08	-
Fire Hydrant Service	93,000.00	93,000.00	81,189.03	7,531.70	4,279.27	-
Gas (natural or propane)	26,000.00	26,000.00	15,678.66	1,286.94	9,034.40	-
Fuel Oil	38,000.00	38,000.00	15,375.58	1,783.09	20,841.33	-
Cellular Telephone	14,000.00	14,000.00	10,283.78	651.92	3,064.30	-
Gasoline	60,000.00	60,000.00	35,573.93	-	24,426.07	-
Landfill/Solid Waste Disposal Costs	159,000.00	159,000.00	122,264.03	15,815.36	20,920.61	-
Deferred Charge-Prior Year Bill:						
Deferred Charge-Prior Bill	675.00	675.00	675.00	-	-	-
Accumulated Leave Compensation:						
Salaries and Wages	500.00	500.00	-	-	500.00	-
Salary and Wage Adjustment Program:						
Salaries and Wages	500.00	500.00	-	-	500.00	-
Total Operations - Within "CAPS"	6,640,221.43	6,679,221.43	6,269,427.37	98,986.54	310,807.52	-
Contingent	50,500.00	11,500.00	10,979.63	216.50	303.87	-
Total Operations Including Contingent - Within "CAPS"	6,690,721.43	6,690,721.43	6,280,407.00	99,203.04	311,111.39	-
Detail:						
Salaries and Wages	3,736,115.00	3,736,115.00	3,684,276.90	-	73,688.10	-
Other Expenses	2,954,606.43	2,954,606.43	2,596,130.10	99,203.04	237,423.29	-

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

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"						
Statutory Expenditures:						
Contribution To:						
Social Security System (O.A.S.I.)	190,000.00	190,000.00	181,909.32	-	8,090.68	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	190,000.00	190,000.00	181,909.32	-	8,090.68	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	6,880,721.43	6,880,721.43	6,462,316.32	99,203.04	319,202.07	-
911 System						
LOSAP	40,250.00	40,250.00	40,250.00	-	-	-
Statutory Expenditures:						
Public Employees' Retirement System	216,496.00	216,496.00	216,496.00	-	-	-
Police and Firemen's Retirement System	352,800.00	352,800.00	352,800.00	-	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Alcohol Education and Rehabilitation Fund:						
Other Expenses	768.04	768.04	768.04	-	-	-
Safe and Secure Communities Program:						
Other Expenses	108,011.00	108,011.00	108,011.00	-	-	-
Matching Funds For Other Expenses	500.00	500.00	-	-	500.00	-
Body Armor Fund	1,765.27	1,765.27	1,765.27	-	-	-
Recycling Tonnage Grant	10,988.63	10,988.63	10,988.63	-	-	-
Div of Motor Vehicles - DDEF - Police Other	3,928.73	3,928.73	3,928.73	-	-	-
Total Operations - Excluded From "CAPS"	735,507.67	735,507.67	735,007.67	-	500.00	-
Detail:						
Other Expenses	735,507.67	735,507.67	735,007.67	-	500.00	-
Capital Improvement Fund - Excluded From "CAPS"						
Capital Improvement Fund	115,000.00	115,000.00	115,000.00	-	-	-
Total Capital Improvement Fund - Excluded From "CAPS"	115,000.00	115,000.00	115,000.00	-	-	-

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

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	616,000.00	616,000.00	616,000.00	-	-	-
BAN Paydown	162,604.00	162,604.00	162,604.00	-	-	-
Miscellaneous Note Interest	7,181.02	7,181.02	7,181.02	-	-	-
Interest on Bonds	285,728.76	285,728.76	285,728.76	-	-	-
Total Municipal Debt Service - Excluded from "CAPS"	1,071,513.78	1,071,513.78	1,071,513.78	-	-	-
Deferred Charges - Excluded From "CAPS"						
Deferred Charges:						
5 Yr Special Emergency - Other Expense	24,600.00	24,600.00	24,600.00	-	-	-
Capital Budget Unfunded	71,903.36	71,903.36	71,903.36	-	-	-
Total Deferred Charges Other - Excluded from "CAPS"	96,503.36	96,503.36	96,503.36	-	-	-
Total General Appropriations - Excluded From "CAPS"	2,018,524.81	2,018,524.81	2,018,024.81	-	500.00	-
Subtotal General Appropriations	8,899,246.24	8,899,246.24	8,480,341.13	99,203.04	319,702.07	-
Reserve for Uncollected Taxes	400,237.66	400,237.66	400,237.66	-	-	-
Total General Appropriations	\$ 9,299,483.90	\$ 9,299,483.90	\$ 8,880,578.79	\$ 99,203.04	\$ 319,702.07	\$ -
Adopted Budget		<u>\$ 9,299,483.90</u>				
		<u>\$ 9,299,483.90</u>				
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes			\$ 400,237.66			
Cash Disbursed			8,330,279.46			
Deferred Charges			24,600.00			
Reserve for State and Federal Grants - Appropriate			125,461.67			
			<u>\$ 8,880,578.79</u>			

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

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 7,478.99	\$ 14,744.07
Due for Restitution	B-5	<u>2,413.68</u>	<u>-</u>
		<u>9,892.67</u>	<u>14,744.07</u>
Trust - Other Fund:			
Cash - Treasurer	B-1	<u>1,413,302.80</u>	<u>1,310,855.50</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Investments	B-7	<u>515,373.76</u>	<u>504,789.25</u>
Total Assets		<u>\$ 1,938,569.23</u>	<u>\$ 1,830,388.82</u>
 <u>Liabilities and Reserves</u> 			
Animal Control Fund:			
Reserve for Expenditures	B-2	\$ 9,892.67	\$ 10,632.20
Reserve of Due to Borough of Red Bank	B-4	<u>-</u>	<u>4,111.87</u>
		<u>9,892.67</u>	<u>14,744.07</u>
Trust - Other Fund:			
Miscellaneous Trust Fund Reserves	B-6	<u>1,413,302.80</u>	<u>1,310,855.50</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Miscellaneous Reserves	B-8	<u>515,373.76</u>	<u>504,789.25</u>
Total Liabilities and Reserves		<u>\$ 1,938,569.23</u>	<u>\$ 1,830,388.82</u>

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

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

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash - Treasurer	C-2,C-3	\$ 638,439.53	\$ 173,881.56
Deferred Charges To Future Taxation:			
Funded	C-4	5,688,000.00	6,304,000.00
Unfunded	C-5	<u>3,685,506.44</u>	<u>1,767,991.80</u>
Total Assets		<u>\$ 10,011,945.97</u>	<u>\$ 8,245,873.36</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$ 5,688,000.00	\$ 6,304,000.00
Bond Anticipation Notes	C-7	1,642,850.00	1,440,207.00
Improvement Authorizations:			
Funded	C-8	733,531.29	8,216.80
Unfunded	C-8	1,901,585.77	218,348.46
Encumbrance Payable	C-8	-	76,397.19
Capital Improvement Fund	C-9	34,662.44	37,387.44
Reserve for Fire Apparatus	C-10	-	150,000.00
Reserve for Green Acres	C-11	0.13	0.13
Fund Balance	C-1	<u>11,316.34</u>	<u>11,316.34</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,011,945.97</u>	<u>\$ 8,245,873.36</u>

There were Bonds and Notes Authorized on December 31, 2015 of \$2,042,656.44 and on December 31, 2014 of \$327,784.80.

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Balance, December 31, 2015 & 2014

\$ 11,316.34

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2015 AND 2014**

<u>Assets</u>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash - Treasurer	D-1	<u>\$ 8,357.24</u>	<u>\$ 8,557.24</u>
Total Assets		<u><u>\$ 8,357.24</u></u>	<u><u>\$ 8,557.24</u></u>
 <u>Reserves</u> 			
Reserve for Public Assistance Expenditures	D-2	<u>\$ 8,357.24</u>	<u>\$ 8,557.24</u>
Total Reserves		<u><u>\$ 8,357.24</u></u>	<u><u>\$ 8,557.24</u></u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS 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	E-1	\$ 2,467,076.00	\$ 2,467,076.00
Buildings	E-1	4,741,553.33	4,741,553.33
Machinery and Equipment	E-1	<u>5,383,956.22</u>	<u>5,664,000.02</u>
Total General Fixed Assets		<u>\$ 12,592,585.55</u>	<u>\$12,872,629.35</u>
Investment in General Fixed Assets		<u>\$ 12,592,585.55</u>	<u>\$12,872,629.35</u>

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Borough of Shrewsbury, County of Monmouth, New Jersey ("Borough") is governed under the Borough form of New Jersey municipal government. The government consists of a Mayor and a Borough Council comprising 6 Council members, with all positions elected at large. 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. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and whose financial statements can be obtained by contacting the treasurer of the respective entity.

Component Units

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

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Borough of Shrewsbury 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 Shrewsbury 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.

Public Assistance Fund - is used to account for resources restricted in use for the general welfare of citizens living within the Borough.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current, open space trust and 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.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

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.

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.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

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'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 Borough of Shrewsbury School District and the Red Bank Regional High 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 Borough of Shrewsbury School District and the Red Bank Regional High 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 Gloucester. 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 January 10 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.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

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.

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 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 Borough's financial statements.

N.J.A.C.5:30-14.49 requires that the Borough 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.

Subsequent Events - The Borough of Shrewsbury has evaluated subsequent events occurring after December 31, 2015 through the date of May 04, 2016, which is the date the financial statements were available to be issued.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

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 and Firemen’s Retirement System (PFRS).

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	\$ 5,480,361.34
Total Deposits	\$ 5,480,361.34
Reconciliation of Statement of Assets, Liabilities, Reserves and Fund Balance:	
Current Fund	\$ 3,412,782.78
Animal Control Trust Fund	7,478.99
Trust - Other Fund	1,413,302.80
General Capital Fund	638,439.53
Public Assistance Fund	8,357.24
Total Cash & Cash Equivalents	\$ 5,480,361.34

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.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 2. Cash and Cash Equivalents (continued):

As of December 31, 2015, the Borough's bank balances of \$5,633,019.68 were exposed to custodial credit risk as follows:

Uninsured & Uncollateralized	\$ 1,552,634.50
Insured Under F.D.I.C.	500,000.00
Collateralized Under GUDPA	<u>4,080,385.18</u>
Total	<u>\$ 5,633,019.68</u>

Note: 3: Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough, and are held by either the counterparty's trust department or agent but no in the Borough name. As of December 31, 2015 the Borough's balance of investments was \$515,373.76, which consisted of mutual funds for the Borough's Length of Service Awards Program in the amount of \$515,373.76, which are not exposed to custodial credit risk because the investments securities are registered in the Borough's name.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits investments that the Borough may purchase. The Borough does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Borough does not place a limit on the amount that may be invested in any one issuer. Of the total December 31, 2015 balance of \$515,373.76, \$515,373.76 is recorded in the Trust Fund – LOSAP.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE 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.

Comparative Schedule of Tax Rate Information

	2015	2014	2013
Tax Rate	<u>\$ 2.176</u>	<u>\$ 2.271</u>	<u>\$ 2.168</u>
Apportionment of Tax Rate			
Municipal	0.632	0.663	0.649
County	0.314	0.325	0.307
Local School	0.731	0.762	0.749
Regional High School	0.499	0.521	0.463

Net Valuation Taxable:

2015	<u>\$ 1,067,333,117.00</u>
2014	<u>\$ 1,003,601,221.00</u>
2013	<u>\$ 1,001,423,693.00</u>

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage of Collections
2015	23,491,950.81	23,290,361.08	99.01%
2014	23,274,359.60	22,985,185.68	98.76%
2013	21,818,444.70	21,611,159.46	99.05%

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2015	\$ 574.59	\$ 214,263.52	\$ 214,838.11	0.91%
2014	565.89	269,776.10	270,341.99	1.16%
2013	556.81	243,645.90	391,771.44	1.12%

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 5: Property Acquired By Tax Title Lien Liquidation

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

YEAR	AMOUNT
2015	\$ -
2014	-
2013	-

Note 6: Fund Balance Appropriated

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

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	Balance <u>December 31,</u>	Utilized in Budget of <u>Succeeding Year</u>
2015	\$ 944,369.97	\$ 840,000.00
2014	1,439,115.50	1,320,000.00
2013	1,198,044.14	1,080,000.00
2012	1,181,553.96	900,000.00
2011	1,267,315.19	1,220,000.00

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.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

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 1/5 5th 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.

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 \$227,239.00 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 \$5,933,316.00. 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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

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 .02643%, which was an increase of .00017% 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	5,933,316.00	4,916,871.00
Borough's Portion of the Plan's Total		
Net Pension Liability	0.02643%	0.02626%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$399,487.00.

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>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.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

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	\$ 7,374,385.81	\$ 5,933,316.00	\$ 4,725,133.48

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/annrprts.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.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

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 June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PFRS amounted to \$399,959.00 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.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

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 \$8,195,751.00. 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 .04920%, which was an increase of .00327% from its proportion measured as of June 30, 2014.

Collective Balances at December 31, 2015 & December 31, 2014		
	12/31/15	12/31/14
Actuarial Valuation Date	July 1, 2015	July 1, 2014
Net Pension Liability	8,195,751.00	5,777,992.00
District's Portion of the Plan's Total Net Pension Liability	0.04920%	0.04593%

For the year ended December 31, 2015, the Borough had an allocated pension expense of \$788,411.00.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$718,740.00 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 .04920%, which was an increase of .00327% from its proportion measured as of June 30, 2014, which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 8,195,751.00
State's Proportionate Share of the Net Pension Liability Associated with the Borough	718,740.00
Total Net Pension Liability	\$ 8,914,491.00

For the year ended December 31, 2015, the Borough's total allocated pension expense was \$878,063.00.

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:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

	<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.

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:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

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:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 7. Pension Obligations (continued):

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

	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	\$ 11,752,129.27	\$ 8,914,491.00	\$ 6,600,650.53

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.

Note 8: Other Post Employment Benefits

Plan Description

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

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

All employees of the Borough who have completed twenty-five (25) years of employment have the option, upon retirement, of retaining all of the health/medical benefits provided. The cost of retirees' health care benefits is recognized as an expenditure when claims are paid. During 2015, the Borough paid \$141,730.58 for those costs.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the S.H.B.P. 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 S.H.B.P. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasurv/pensions/.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8: Other Post Employment Benefits (continued):

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 S.H.B.P. are billed to the Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits.

The Borough contributions to SHBP for the years ended December 31, 2015 and 2014 were \$141,730.58 and \$228,750.20, which equaled the required contributions for each year. There were 15 and 38 retired participants eligible at December 31, 2015 and 2014.

Note 9. Interfunds Receivables and Payables

The following interfunds remained as of December 31, 2015:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 72,509.71
Federal and State Grant Fund	<u>72,509.71</u>	<u>-</u>
	<u><u>\$ 72,509.71</u></u>	<u><u>\$ 72,509.71</u></u>

The purpose of these interfunds is short-term borrowings.

Note 10. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

	Balance <u>12/31/2015</u>	2016 Budget <u>Appropriation</u>
Current Fund:		
Special Emergency Authorizations	<u>\$ 24,600.00</u>	<u>\$ 24,600.00</u>
	<u><u>\$ 24,600.00</u></u>	<u><u>\$ 24,600.00</u></u>

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 11. Local District School and Regional High School Taxes

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

The Borough has elected to defer school taxes as follows:

	Local District School Tax		Regional High School Tax	
	2015	2014	2015	2014
Balance of Tax	\$ 3,859,308.00	\$ 3,791,898.00	\$ 2,662,613.48	\$ 2,615,746.19
Deferred	<u>2,775,000.00</u>	<u>2,775,000.00</u>	<u>2,100,000.00</u>	<u>2,100,000.00</u>
Tax Payable	<u>\$ 1,084,308.00</u>	<u>\$ 1,016,898.00</u>	<u>\$ 562,613.48</u>	<u>\$ 515,746.19</u>

Note 12. Capital Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance 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 one year. 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 at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the Borough at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 12. Capital Debt (continued):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ <u>7,330,850.00</u>	\$ <u>7,744,207.00</u>	\$ <u>7,775,857.00</u>
Total Issued	<u>7,330,850.00</u>	<u>7,744,207.00</u>	<u>7,775,857.00</u>
Less:			
Reserve To Pay Debt Service	<u>-</u>	<u>10,687.94</u>	<u>23,990.80</u>
Net Debt Issued	<u>7,330,850.00</u>	<u>7,733,519.06</u>	<u>7,751,866.20</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>2,042,656.44</u>	<u>327,784.80</u>	<u>609,586.66</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 9,373,506.44</u>	<u>\$ 8,061,303.86</u>	<u>\$ 8,361,452.86</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.871%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local District School	\$ 1,790,000.00	\$ 1,790,000.00	
Regional School	941,820.43	941,820.43	
General	<u>9,373,506.44</u>	<u>-</u>	<u>\$ 9,373,506.44</u>
	<u>\$ 12,105,326.87</u>	<u>\$ 2,731,820.43</u>	<u>\$ 9,373,506.44</u>

Net Debt \$9,373,506.44 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,076,246,173.00 = 0.871%

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 37,668,616.06
Less: Net Debt	<u>9,373,506.44</u>
Remaining Borrowing Power	<u>\$ 28,295,109.62</u>

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 12. Capital Debt (continued):

The Borough's long-term debt consisted of the following at December 31, 2015:

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:

	<u>GENERAL DEBT</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>
2016	648,000.00	256,228.76	904,228.76
2017	678,000.00	226,722.50	904,722.50
2018	691,000.00	195,562.50	886,562.50
2019	729,000.00	162,797.50	891,797.50
2020	760,000.00	130,032.50	890,032.50
2021-2025	2,182,000.00	237,951.28	2,419,951.28
Total	<u>\$ 5,688,000.00</u>	<u>\$ 1,209,295.04</u>	<u>\$ 6,897,295.04</u>

B. Bond Anticipation Notes

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 third anniversary date of the original issuance.

At December 31, 2015, the Borough had the following bond anticipation notes:

12/19/15 Improvements to Blade Run	.50%	\$ 170,000.00
12/19/15 Acquisition of Fire Apparatus	.50%	502,233.00
12/19/15 Purchase of Fire Equipment	.50%	52,020.00
12/19/15 Sycamore Avenue Sidewalks	.50%	45,247.00
12/19/15 Improvements to Various Roads	.50%	237,500.00
12/19/15 Fire Equipment	.50%	69,350.00
12/19/15 DPW Equipment	.50%	66,500.00
12/18/15 Ave at the Commons	.50%	300,000.00
12/18/15 Improvements to Various Roads	.50%	<u>200,000.00</u>
		<u>\$1,642,850.00</u>

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 12. Capital Debt (continued):

C. Bonds and Notes Authorized But Not Issued

At December 31, 2015, the Borough of Shrewsbury had \$2,042,656.44 authorized but not issued bonds and notes.

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

	December 31, 2014	Accrued/ Increases	Retired/ Decreases	December 31, 2015	Due Within One Year
General Capital Fund:					
General Serial Bonds	\$ 6,304,000.00	\$ -	\$ (616,000.00)	\$ 5,688,000.00	\$ 648,000.00
Bond Anticipation Notes	1,440,207.00	1,642,850.00	(1,440,207.00)	1,642,850.00	1,642,850.00
Authorized but Not Issued	327,784.80	2,286,775.00	(571,903.36)	2,042,656.44	-
	<hr/>				
Total General Capital	\$ 8,071,991.80	\$ 3,929,625.00	\$ (2,628,110.36)	\$ 9,373,506.44	\$ 2,290,850.00
	<hr/>				

Note 13. Compensated Absences

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 sick pay. Full-time employees are entitled to 15 working days of sick leave per calendar year. Unused sick leave will be accumulated to the employee's credit. However, no employee shall be allowed to accumulate more than 180 days. The current cost of such unpaid compensation would approximate \$338,008.44 at December 31, 2015. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

Note 14. New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 14. New Jersey Unemployment Compensation Insurance (continued):

<u>Fiscal Year</u>	<u>Borough Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 49.59	\$ -	\$ 14,200.10
2014	10,016.03	859.40	14,150.51
2013	37.32	-	4,993.88

Note 15. 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.

Note 16. 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.

SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR/TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2015

Balance, December 31, 2014		\$ 3,877,961.68
Increased By Receipts:		
Taxes Receivable	\$23,383,450.11	
Revenue Accounts Receivable	1,172,333.93	
Miscellaneous Revenue Not Anticipated	97,095.56	
Due From:		
State of New Jersey for Senior		
Citizens' and Veterans' Deductions	33,000.00	
Tax Overpayments	18,258.83	
Prepaid Taxes	95,270.18	
Due To State of New Jersey -		
Marriage License Fees	725.00	
Reserve for:		
Police Receipts	41.08	
Insurance Claims	15,697.06	
Grants Receivable	29,839.96	
Grants - Unappropriated	<u>20,569.72</u>	
		<u>24,866,281.43</u>
		28,744,243.11
Decreased By Disbursements:		
Current Budget Appropriations	8,330,279.46	
2014 Appropriation Reserves	288,139.91	
Accounts Payable	5,524.04	
Tax Overpayments	6,260.43	
County Taxes	3,421,380.65	
Regional High School Tax	5,278,359.71	
Local District School Tax	7,729,858.00	
Municipal Open Space Tax	107,445.60	
Due To Sewerage Authority	3,597.33	
Due To State of New Jersey -		
Marriage License Fees	750.00	
Reserve for:		
Tax Appeals	27,035.75	
Tax Redemption	1,345.75	
Codification	374.26	
Insurance Claims	13,270.41	
Grants - Appropriated	<u>118,009.03</u>	
		<u>25,331,630.33</u>
Balance, December 31, 2015		<u><u>\$ 3,412,612.78</u></u>

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

Balance, December 31, 2014	\$ 145.00
Increased By:	
Adjust Change Fund	<u>25.00</u>
Balance, December 31, 2015	<u>\$ 170.00</u>

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

Balance, December 31, 2014		\$ 141.86
Increased By:		
Senior Citizens' Deductions Per Tax Billing	\$ 1,000.00	
Veterans' Deductions Per Tax Billing	32,250.00	
Veterans' Deductions Allowed	<u>2,000.00</u>	
		<u>35,250.00</u>
		35,391.86
Decreased By:		
Cash Receipts	33,000.00	
Senior Citizens Deductions Disallowed	<u>3,500.00</u>	
		<u>36,500.00</u>
Balance, December 31, 2015		<u><u>\$ (1,108.14)</u></u>

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

Year	Balance December 31, 2014	2015 Levy	Added Taxes	Collections		Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Transfer To Liens	Cancelled	Balance December 31, 2015
				2014	2015				
2014	\$ 269,776.10	\$ -	\$ -	\$ -	\$ 267,799.74	\$ -	\$ -	\$ 1,976.36	\$ -
2015	-	23,225,168.62	266,782.19	138,434.18	23,120,176.90	31,750.00	8.70	(12,682.49)	214,263.52
	\$ 269,776.10	\$ 23,225,168.62	\$ 266,782.19	\$ 138,434.18	\$ 23,387,976.64	\$ 31,750.00	\$ 8.70	\$ (10,706.13)	\$ 214,263.52

Analysis of 2015 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 23,225,168.62
Added Taxes (54:4-63 et seq.)	<u>266,782.19</u>
	<u>\$ 23,491,950.81</u>
Tax Levy:	
Regional High School Taxes	\$ 5,325,227.00
Local District School Taxes	7,797,268.00
Municipal Open Space Tax	107,445.60
County Tax	\$ 2,990,456.10
County Library Tax	197,078.85
County Open Space Fund Tax	164,832.60
Added/Omitted County Taxes	<u>38,475.15</u>
	<u>3,390,842.70</u>
Local Taxes for Municipal Purposes	6,634,309.29
Add: Additional Taxes Levied	<u>236,858.22</u>
	<u>6,871,167.51</u>
	<u>\$ 23,491,950.81</u>

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

Balance, December 31, 2014	\$ 565.89
Increased By:	
Transfer From Taxes Receivable	<u>8.70</u>
Balance, December 31, 2015	<u><u>\$ 574.59</u></u>

BOROUGH OF SHREWSBURY
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>Collected</u>	Balance December 31, <u>2015</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 5,172.00	\$ 5,172.00	\$ -
Other	-	36,932.00	36,932.00	-
Fees and Permits	-	124,799.86	124,799.86	-
Fines and Costs:				
Municipal Court	13,839.05	166,284.33	166,490.94	13,632.44
Interest and Costs on Taxes	-	60,924.22	60,924.22	-
Interest on Investments	-	17,062.84	17,062.84	-
Cable Franchise Fee	-	67,003.98	67,003.98	-
Mobile Tower Fee	-	35,681.12	35,681.12	-
Payment in Lieu of Taxes	-	40,000.00	40,000.00	-
Energy Receipts Tax	-	381,641.00	381,641.00	-
Uniform Construction Code	-	192,045.80	192,045.80	-
Shared Services- Shrew Twp Fire	-	10,000.00	10,000.00	-
Uniform Fire Safety Act	-	22,605.17	22,605.17	-
Administrative Costs for Outside Service - Police	-	11,975.00	11,975.00	-
Reserve to Pay Debt Service	-	10,687.94	10,687.94	-
	<u>\$ 13,839.05</u>	<u>\$1,182,815.26</u>	<u>\$1,183,021.87</u>	<u>\$ 13,632.44</u>

Cash	\$ 1,172,333.93
Reserve to Pay Debt Service	<u>10,687.94</u>
	<u>\$ 1,183,021.87</u>

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY (NJS 40A:4-53 & N.J.S. 40A-55.1)
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Date</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Balance</u> <u>December 31, 2014</u>	<u>Increased</u>	<u>Raised</u> <u>2015</u> <u>Budget</u>	<u>Balance</u> <u>December 31, 2015</u>
5/21/2012	Revaluation	\$ 123,000.00	\$ 49,200.00	\$ -	\$ 24,600.00	\$ 24,600.00
			\$ 49,200.00	\$ -	\$ 24,600.00	\$ 24,600.00

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance December 31, <u>2014</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration:					
Other Expenses	\$ 1,434.38	\$ 41.85	\$ 1,476.23	\$ 1,087.84	\$ 388.39
Local Ethics Board:					
Other Expenses	50.00	-	50.00	-	50.00
Mayor and Council:					
Other Expenses	1,062.69	20.00	1,082.69	20.00	1,062.69
Municipal Clerk:					
Salaries and Wages	885.27	-	885.27	-	885.27
Other Expenses	2,199.91	1,824.95	4,024.86	2,320.68	1,704.18
Printing	2,225.59	282.72	2,508.31	1,937.70	570.61
Financial Administration (Treasury):					
Salaries and Wages	628.93	-	628.93	-	628.93
Other Expenses	8,331.74	1,038.00	1,369.74	1,323.49	46.25
Audit Services					
Audit Services	2,800.00	-	2,800.00	1,000.00	1,800.00
Revenue Administration (Tax Collection):					
Salaries and Wages	0.02	-	0.02	-	0.02
Tax Assessment Administration:					
Salaries and Wages	85.72	-	85.72	-	85.72
Other Expenses	4,702.77	-	4,702.77	4,641.00	61.77
Legal Services (Legal Department):					
Salaries and Wages	906.61	-	906.61	-	906.61
Other Expenses	2,349.05	1,550.00	24,899.05	24,654.69	244.36
Engineering Services:					
Other Expenses	18,873.75	-	24,873.75	23,767.00	1,106.75
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	313.15	-	313.15	101.96	211.19
Other Expenses	533.42	-	533.42	-	533.42
Zoning Board of Adjustment:					
Salaries and Wages	307.91	-	307.91	262.17	45.74
Other Expenses	22.52	-	22.52	-	22.52
Zoning Officer:					
Other Expenses	403.00	-	403.00	-	403.00

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance December 31, <u>2014</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement:					
Salaries and Wages	3,483.66	-	3,483.66	-	3,483.66
Other Expenses	498.56	675.00	1,173.56	1,022.30	151.26
Building Inspector:					
Salaries and Wages	41.21	-	41.21	-	41.21
Code Enforcement Official:					
Salaries and Wages	642.27	-	642.27	-	642.27
Other Expenses	463.14	-	463.14	446.94	16.20
INSURANCE					
Disability Insurance	3,859.00	-	3,859.00	-	3,859.00
Other Insurance	1,307.00	-	1,307.00	150.00	1,157.00
Unemployment	5,000.00	-	-	-	-
Employee Group Insurance	17,875.63	-	5,875.63	-	5,875.63
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	66,752.59	-	26,952.59	-	26,952.59
Other Expenses	1,736.26	17,531.81	19,268.07	18,381.16	886.91
OSHA	468.00	1,510.00	1,978.00	1,860.22	117.78
Office of Emergency Management:					
Other Expenses	3,765.17	-	3,765.17	-	3,765.17
First Aid Organization - Contribution					
Other Expenses	3,807.48	4,130.30	7,937.78	6,724.45	1,213.33
Fire Protection Official:					
Salaries and Wages	41.21	-	41.21	-	41.21
Fire Marshall:					
Salaries and Wages	40.01	-	40.01	-	40.01
Other Expenses	159.18	-	159.18	159.18	-
Fire Company:					
Other Expenses	165.72	9,485.65	9,651.37	9,538.83	112.54
Occupational Safety Law (P.L. 1983, Ch. 516):					
OSHA - Fire Company Other Expenses	550.35	-	550.35	-	550.35
OSHA - First Aid Other Expenses	1,749.18	-	1,749.18	-	1,749.18

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance December 31, <u>2014</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	31,141.44	-	31,141.44	26,754.84	4,386.60
Other Expenses	20,525.38	2,001.71	22,527.09	21,858.81	668.28
Vehicle Maintenance	26.47	7,508.42	7,534.89	6,131.08	1,403.81
Shade Tree Commission:					
Salaries and Wages	600.00	-	600.00	-	600.00
Other Expenses	1,151.34	2,145.00	3,296.34	2,145.00	1,151.34
Solid Waste Collection:					
Contractual	13,000.00	-	13,000.00	13,000.00	-
Buildings and Grounds:					
Salaries and Wages	406.09	-	406.09	-	406.09
Other Expenses	12,008.27	2,265.00	14,273.27	11,029.17	3,244.10
Municipal Court:					
Salaries and Wages	2,524.24	-	2,524.24	-	2,524.24
Other Expenses	1,130.42	-	1,130.42	140.00	990.42
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	95.85	-	95.85	43.70	52.15
Other Expenses	149.00	-	149.00	-	149.00
OSHA Other Expenses	1,000.00	-	1,000.00	-	1,000.00
Environmental Health Services:					
Other Expenses	875.00	-	875.00	-	875.00
Animal Control Services:					
Other Expenses	50.00	-	50.00	-	50.00

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
RECREATION AND EDUCATION					
Recreation Services and Programs:					
Salaries and Wages	289.00	-	289.00	-	289.00
Senior Citizens	-	705.16	705.16	705.16	-
Miscellaneous Other Expenses	4,236.90	209.00	5,445.90	5,161.72	284.18
Maintenance of Parks:					
Other Expenses	6,717.92	2,933.18	9,651.10	3,754.97	5,896.13
UNCLASSIFIED					
Utility Expenses and Bulk Purchases:					
Electricity	12,571.82	7,908.20	20,480.02	14,746.73	5,733.29
Street Lighting	8,459.46	-	8,459.46	2,384.69	6,074.77
Telephone (excluding telephone acquisition)	4,280.10	1,243.48	5,523.58	1,268.26	4,255.32
Water	8,392.90	652.42	9,045.32	986.87	8,058.45
Fire Hydrant Service	10,897.46	7,281.20	18,178.66	7,281.20	10,897.46
Gas (natural or propane)	1,091.58	2,838.76	6,730.34	3,049.61	3,680.73
Fuel Oil	9,999.24	-	9,999.24	6,900.78	3,098.46
Cellular Telephone	4,411.38	39.61	4,450.99	1,162.66	3,288.33
Gasoline	22,628.35	3,265.75	14,894.10	3,265.75	11,628.35
Landfill/Solid Waste Disposal Costs	11,845.06	8,285.24	20,130.30	12,775.30	7,355.00
Accumulated Leave Compensation:					
Salaries and Wages	500.00	-	45,500.00	45,500.00	-
Salary and Wage Adjustment Program:					
Salaries and Wages	500.00	-	500.00	-	500.00
Contingent	500.00	-	500.00	-	500.00
LOSAP	3,450.00	-	3,450.00	-	3,450.00
Statutory Expenditures:					
Contribution To:					
Social Security System (O.A.S.I.)	16,803.52	-	16,803.52	-	16,803.52

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance December 31, <u>2014</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching Funds - For Grants	500.00	-	500.00	-	500.00
<hr/>					
Total General Appropriations	\$ 373,280.24	\$ 87,372.41	\$ 460,652.65	\$ 289,445.91	\$ 171,206.74
<hr/>					
Cash Disbursement				\$ 288,139.91	
Accounts Payable				<u>1,306.00</u>	
				<u>\$ 289,445.91</u>	

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

Balance, December 31, 2014		\$ 9,168.04
Increased By:		
Transferred from Appropriation Reserves		<u>1,306.00</u>
		10,474.04
Decreased By:		
Cash Disbursements	\$ 5,524.04	
Prior Year Accounts Payable Cancelled	<u>3,644.00</u>	
		<u>9,168.04</u>
Balance, December 31, 2015		<u><u>\$ 1,306.00</u></u>

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

Balance, December 31, 2014		\$ -
Increased By:		
Overpayments Created		<u>19,382.46</u>
		19,382.46
Decreased By:		
Overpayments Applied	\$ 4,410.13	
Transfer to Prepaid Taxes	8,711.90	
Cash Disbursements	<u>6,260.43</u>	
		<u>19,382.46</u>
Balance, December 31, 2015		<u><u>\$ -</u></u>

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

Balance, December 31, 2014		\$ 138,434.18
Increased By:		
Transfer from Overpayments	\$ 8,711.90	
Cash Receipts:		
Collection of 2016 Taxes	<u>95,270.18</u>	
		<u>103,982.08</u>
		242,416.26
Decreased By:		
Transfer to Overpayments	1,123.63	
Amount Applied To 2015 Taxes Recievable	<u>138,434.18</u>	
		<u>139,557.81</u>
Balance, December 31, 2015		<u><u>\$ 102,858.45</u></u>

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

Balance, December 31, 2014		\$ 69,013.10
Increased By:		
2015 Tax Levy:		
County Tax	\$ 2,990,456.10	
County Library Tax	197,078.85	
County Open Space Fund Tax	164,832.60	
Due County for Added Taxes	<u>38,475.15</u>	
		<u>3,390,842.70</u>
		3,459,855.80
Decreased By:		
Cash Disbursements		<u>3,421,380.65</u>
Balance, December 31, 2015		<u><u>\$ 38,475.15</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		
School Tax Payable	\$ 515,746.19	
School Tax Deferred	<u>2,100,000.00</u>	\$ 2,615,746.19
Increased By:		
Levy (School Year July 1, 2015 to June 30, 2016)		<u>5,325,227.00</u>
		7,940,973.19
Decreased By:		
Cash Disbursements		<u>5,278,359.71</u>
Balance, December 31, 2015		
School Tax Payable	\$ 562,613.48	
School Tax Deferred	<u>2,100,000.00</u>	<u>\$ 2,662,613.48</u>
 <u>2015 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2015	\$ 562,613.48	
Tax Paid		<u>5,278,359.71</u>
		5,840,973.19
Less:		
Tax Payable, December 31, 2014		<u>515,746.19</u>
Amount Charged To 2015 Operations		<u>\$ 5,325,227.00</u>

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

Balance, December 31, 2014		
School Tax Payable	\$ 1,016,898.00	
School Tax Deferred	<u>2,775,000.00</u>	
		\$ 3,791,898.00
Increased By:		
Levy (School Year July 1, 2015 to June 30, 2016)		<u>7,797,268.00</u>
		11,589,166.00
Decreased By:		
Cash Disbursements		<u>7,729,858.00</u>
Balance, December 31, 2015		
School Tax Payable	\$ 1,084,308.00	
School Tax Deferred	<u>2,775,000.00</u>	
		<u><u>\$ 3,859,308.00</u></u>
 <u>2015 Liability for Local District School Tax</u>		
Tax Payable, December 31, 2015		\$ 1,084,308.00
Tax Paid		<u>7,729,858.00</u>
		8,814,166.00
Less:		
Tax Payable, December 31, 2014		<u>1,016,898.00</u>
Amount Charged To 2015 Operations		<u><u>\$ 7,797,268.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO TRUST FUND - OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ -
Increased By:	
Tax Levy	<u>107,445.60</u>
	107,445.60
Decreased By:	
Cash Disbursements	<u>107,445.60</u>
Balance, December 31, 2015	<u><u>\$ -</u></u>

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

Balance, December 31, 2014	\$ 3,597.33
Decreased By:	
Cash Disbursements	<u>3,597.33</u>
Balance, December 31, 2015	<u><u>\$ -</u></u>

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2015

Balance, December 31, 2014	\$ 125.00
Increased By:	
Cash Receipts	<u>725.00</u>
	850.00
Decreased By:	
Cash Disbursements	<u>750.00</u>
Balance, December 31, 2015	<u><u>\$ 100.00</u></u>

**BOROUGH OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF RESERVE FOR STATE TAX APPEALS PENDING
 FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$45,936.50
Increased By:		
Tax Appeals Pending		<u>50,000.00</u>
		95,936.50
Decreased By:		
Tax Appeals Applied	\$ 18,900.75	
Cash Disbursements	<u>27,035.75</u>	
		<u>45,936.50</u>
Balance, December 31, 2015		<u><u>\$50,000.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX REDEMPTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 1,345.75
Decreased By:	
Cash Disbursements	<u>1,345.75</u>
Balance, December 31, 2015	<u>\$ -</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR WARDELL HOUSE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 & 2014

\$ 157,500.00

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR CODIFICATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 374.26
Decreased By:	
Cash Disbursements	<u>374.26</u>
Balance, December 31, 2015	<u>\$ -</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 10,687.94
Decreased By:	
Anticipated in Budget	<u>10,687.94</u>
Balance, December 31, 2015	<u>\$ -</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR POLICE RECEIPTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 100.00
Increased By:	
Cash Receipts	<u>41.08</u>
Balance, December 31, 2015	<u>\$ 141.08</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 761.04
Increased By:	
Cash Receipts	<u>15,697.06</u>
	16,458.10
Decreased By:	
Cash Disbursements	<u>13,270.41</u>
Balance, December 31, 2015	<u><u>\$ 3,187.69</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATE AND FEDERAL GRANT FUND
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 57,993.06
Increased By:		
Cancellation of Grants - Receivable	\$ 91.40	
Local Matching Funds	82,116.00	
Cash Receipts:		
Grants Receivable	29,839.96	
Grants - Unappropriated	<u>20,569.72</u>	
		<u>132,617.08</u>
		190,610.14
Decreased By:		
Cash Disbursements:		
Grants - Appropriated	118,009.03	
Cancellation of Grants - Appropriated	<u>91.40</u>	
		<u>118,100.43</u>
Balance, December 31, 2015		<u><u>\$ 72,509.71</u></u>

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

	Balance December 31, <u>2014</u>	Increased By Revenue Anticipated <u>2015</u>	Cash Received	Transfer from Unappropriated Grants	Cancelled	Balance December 31, <u>2015</u>
Safe and Secure Communities Program	\$ -	\$ 25,895.00	\$ 25,895.00	\$ -	\$ -	\$ -
Recycling Tonnage	-	10,988.63	-	10,988.63	-	-
Body Armor Grant	-	1,765.27	-	1,765.27	-	-
Alcohol Education Rehabilitation Fund	-	768.04	-	768.04	-	-
Drunk Driving Enforcement Fund	-	3,928.73	-	3,928.73	-	-
State Police-HMEP Project	1,429.36	-	1,429.36	-	-	-
Bulletproof Vest Grant	2,607.00	-	2,515.60	-	91.40	-
	<u>\$ 4,036.36</u>	<u>\$ 43,345.67</u>	<u>\$ 29,839.96</u>	<u>\$ 17,450.67</u>	<u>\$ 91.40</u>	<u>\$ -</u>

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

<u>Grant</u>	Balance December 31, <u>2014</u>	Transferred From 2015 <u>Appropriations</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance December 31, <u>2015</u>
Alcohol Education Rehabilitation Fund	\$ 5,232.37	\$ 768.04	\$ 195.83	\$ -	\$ 5,804.58
Safe and Secure Communities Program:					
State Share	-	25,895.00	25,895.00	-	-
Matching Funds - Borough Share	-	82,116.00	82,116.00	-	-
Clean Communities Program	14,199.69	-	-	-	14,199.69
Bulletproof Vest	587.13	-	495.73	91.40	-
Body Armor Fund	1,102.25	1,765.27	1,313.57	-	1,553.95
Recycling Tonnage Grant	15,816.08	10,988.63	3,649.80	-	23,154.91
State Police - HMEP Project	381.54	-	-	-	381.54
Drunk Driving Enforcement Fund	414.37	3,928.73	4,343.10	-	-
	<u>\$ 37,733.43</u>	<u>\$ 125,461.67</u>	<u>\$ 118,009.03</u>	<u>\$ 91.40</u>	<u>\$ 45,094.67</u>
Grants Appropriated		\$ 43,345.67			
Local Match		<u>82,116.00</u>			
		<u>\$ 125,461.67</u>			

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

<u>Grant</u>	Balance December 31, <u>2014</u>	Cash <u>Received</u>	Grants <u>Appropriated</u>	Balance December 31, <u>2015</u>
Alcohol Education Rehabilitation Fund	\$ 768.04	\$ 1,473.33	\$ 768.04	\$ 1,473.33
Clean Communities Program	6,845.32	8,318.09	-	15,163.41
Body Armor Fund	1,765.27	1,847.11	1,765.27	1,847.11
Recycling Tonnage Grant	10,988.63	8,931.19	10,988.63	8,931.19
Drunk Driving Enforcement Fund	3,928.73	-	3,928.73	-
	<u>\$ 24,295.99</u>	<u>\$ 20,569.72</u>	<u>\$ 17,450.67</u>	<u>\$ 27,415.04</u>

TRUST FUNDS

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

	<u>Animal Control</u>	<u>Trust - Other</u>
Balance, December 31, 2014	\$ 14,744.07	\$ 1,310,855.50
Increased By Receipts:		
Animal Control Fund	7,351.40	-
Due To State Department of Health	630.00	-
Miscellaneous Trust Fund Reserves	-	5,838,019.75
Due for Restitution	180.00	-
	<u>8,161.40</u>	<u>5,838,019.75</u>
	<u>22,905.47</u>	<u>7,148,875.25</u>
Decreased By Disbursements:		
Expenditures Under R.S. 4:19-15.11	2,199.18	-
Due To:		
State Department of Health	630.00	-
Due To Borough of Red Bank	10,003.62	-
Due for Restitution	2,593.68	-
Miscellaneous Trust Fund Reserves	-	5,735,572.45
	<u>15,426.48</u>	<u>5,735,572.45</u>
Balance, December 31, 2015	<u>\$ 7,478.99</u>	<u>\$ 1,413,302.80</u>

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

Balance, December 31, 2014		\$ 10,632.20
Increased By:		
Late Fees	\$ 1,225.00	
Dog Licenses	5,194.80	
Cat Licenses	910.00	
Miscellaneous Receipts	21.60	
		7,351.40
		17,983.60
Decreased By:		
Expenditures Under R.S. 4:19-15.11	2,199.18	
Due To Borough of Red Bank	5,891.75	
		8,090.93
Balance, December 31, 2015		\$ 9,892.67

<u>Year</u>	<u>Amount</u>
2013	\$ 5,324.40
2014	5,214.40
	\$ 10,538.80

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE DEPARTMENT OF HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ -
Increased By:	
Collected in 2015	<u>630.00</u>
	630.00
Decreased By:	
Payments	<u>630.00</u>
Balance, December 31, 2015	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE OF DUE TO BOROUGH OF RED BANK
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 4,111.87
Increased By:	
Reserve for Expenditures	<u>5,891.75</u>
Decreased By:	
Cash Disbursements	<u>10,003.62</u>
Balance, December 31, 2015	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE FOR RESTITUTION
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ -
Increased By:	
Reserve for Restution	<u>2,593.68</u>
Decreased By:	
Cash Receipts	<u>180.00</u>
Balance, December 31, 2015	<u><u>\$ 2,413.68</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF MISCELLANEOUS TRUST FUND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance December 31, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2015</u>
Tax Sale Premium	\$ 206,700.00	\$ 159,000.00	\$ 170,300.00	\$ 195,400.00
Unemployment Compensation	14,150.51	49.59	-	14,200.10
Inspection Fees	4,431.23	14,584.00	15,681.23	3,334.00
Municipal Court - P.O.A.A.	830.41	36.00	-	866.41
Payroll Deductions	37,391.95	4,335,966.20	4,366,499.84	6,858.31
Developers' Escrow	593,499.20	308,244.88	321,522.31	580,221.77
Environmental Trust	6,968.22	-	-	6,968.22
Open Space	265,520.97	107,445.60	33,277.78	339,688.79
Sidewalk Repair	806.01	-	-	806.01
Recycling	2,226.01	8,310.41	5,242.39	5,294.03
Rhododendron Garden	6,425.70	2,255.00	1,213.47	7,467.23
Law Enforcement Forfeiture Fund	1,370.17	4.81	-	1,374.98
Recreation	589.95	151.20	151.20	589.95
Uniform Fire Safety Act	5,380.08	1,025.00	219.53	6,185.55
Alliance on Alcoholism	4,338.86	1,000.00	-	5,338.86
Traffic Calming Project	8,563.00	-	8,563.00	-
Public Defender	5,771.44	3,140.00	4,166.95	4,744.49
Accumulated Sick and Vacation	3,319.94	45,500.00	30,000.00	18,819.94
Tax Redemption	48,466.05	455,210.27	477,854.15	25,822.17
Snow Emergency	6,659.67	39,000.00	6,857.48	38,802.19
Community Day Donations	271.22	600.00	732.87	138.35
Affordable Housing Trust	85,674.91	63,304.29	2,547.50	146,431.70
Reserve for Outside Employment	1,500.00	293,192.50	290,742.75	3,949.75
	<u>\$ 1,310,855.50</u>	<u>\$ 5,838,019.75</u>	<u>\$ 5,735,572.45</u>	<u>\$ 1,413,302.80</u>

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

Balance, December 31, 2014		\$ 504,789.25
Increased By:		
Borough Contributions	\$ 40,250.00	
Interest on Investments	1,809.75	
		42,059.75
		546,849.00
Decreased By:		
Distributions	25,151.52	
Loss on Investments	6,323.72	
		31,475.24
Balance, December 31, 2015		\$ 515,373.76

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") - UNAUDITED
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014		\$ 504,789.25
Increased By:		
Borough Contributions	\$ 40,250.00	
Interest on Investments	<u>1,809.75</u>	
		<u>42,059.75</u>
		546,849.00
Decreased By:		
Distributions	25,151.52	
Loss on Investments	<u>6,323.72</u>	
		<u>31,475.24</u>
Balance, December 31, 2015		<u><u>\$ 515,373.76</u></u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2014		\$ 173,881.56
Increased By Receipts:		
Deferred Charges Unfunded	\$ 71,903.36	
Cancellation - DCFT - Unfunded	297,357.00	
Reserve for Fire Apparatus	50,000.00	
Bond Anticipation Notes	1,642,850.00	
Capital Improvement Fund:		
Budget Appropriations	<u>65,000.00</u>	
		<u>2,127,110.36</u>
		2,300,991.92
Decreased By Disbursements:		
Bond Anticipation Notes	1,440,207.00	
Improvement Authorizations	<u>222,345.39</u>	
		<u>1,662,552.39</u>
Balance, December 31, 2015		<u><u>\$ 638,439.53</u></u>

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

		Balance December 31, <u>2015</u>
Capital Improvement Fund		\$ 34,662.44
Reserve for Green Arces Trust		0.13
Fund Balance		11,316.34
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
915	Improvements To DPW Complex	(71,275.69)
994	Improvements To Patterson Ave	(31,135.79)
1005	Police Equipment	(7,804.19)
1006	DPW Equipment	480.68
1007	Pedestrian Safety Improvements	(132.00)
1008	Generator for Municipal Building	5,000.00
1012	Ave at the Common	307,550.61
1014	Police Equipment	(17,566.00)
1016	Improvements to Various Roads	212,500.00
1018	Acquisition of Fire Equipment	(13,157.00)
1019	Acquisition of Ambulance	8,000.00
1022	Acquisition of Ladder Truck	200,000.00
		<u>200,000.00</u>
		<u>\$ 638,439.53</u>

**BOROUGH OF SHREWSBURY
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	\$ 6,304,000.00
Decreased By:	
Serial Bonds Paid By Current Fund	<u>616,000.00</u>
Balance, December 31, 2015	<u>\$ 5,688,000.00</u>

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

Ordinance Number	Improvement Description	Balance December 31, 2014	Increased By 2015 Authorizations	Cancelled	Decreased by		Balance December 31, 2015	Bond Anticipation Notes	Analysis of Balance	
					Current Budget Appropriation				Unexpended Improvement Authorizations	Expenditures
915	Improvements To DPW Complex	\$ 75,000.00	-	\$ -	-	\$ -	75,000.00	-	\$ 3,724.31	\$ 71,275.69
956	IMPS TO Blades Run	190,000.00	-	20,000.00	-	-	170,000.00	170,000.00	-	-
960	Police Equipment	22,945.00	-	22,945.00	-	-	-	-	-	-
966	Acquisition of Fire Apparatus	562,233.00	-	60,000.00	-	-	502,233.00	502,233.00	-	-
983	Purchase of Fire Equip	58,020.00	-	6,000.00	-	-	52,020.00	52,020.00	-	-
984	Purchase of DPW Equip	11,400.00	-	11,400.00	-	-	-	-	-	-
985	Purchase of Police Equip	9,009.00	-	9,009.00	-	-	-	-	-	-
994	Improvements to Patterson Ave	224,827.25	-	134,753.00	-	-	90,074.25	45,247.00	13,691.46	31,135.79
996	Purchase of Fire Equip	26,509.18	-	-	26,509.18	-	-	-	-	-
997	Acquisition of Police Equipment	18,998.37	-	-	18,998.37	-	-	-	-	-
998	Sycamore Ave Sidewalks	33,250.00	-	33,250.00	-	-	-	-	-	-
1003	Improvements to Various Roads	237,500.00	-	-	-	-	237,500.00	237,500.00	-	-
1004	Fire Equipment	69,350.00	-	-	-	-	69,350.00	69,350.00	-	-
1005	Police Equipment	34,200.00	-	-	26,395.81	-	7,804.19	-	-	7,804.19
1006	DPW Equipment	66,500.00	-	-	-	-	66,500.00	66,500.00	-	-
1007	Pedestrian Safety Improvements	33,250.00	-	-	-	-	33,250.00	-	33,118.00	132.00
1008	Generator for Municipal Building	95,000.00	-	-	-	-	95,000.00	-	95,000.00	-
1012	Ave at the Common	-	855,000.00	-	-	-	855,000.00	300,000.00	555,000.00	-
1014	Police Equipment	-	20,900.00	-	-	-	20,900.00	-	3,334.00	17,566.00
1016	Improvements to Various Roads	-	237,500.00	-	-	-	237,500.00	200,000.00	37,500.00	-
1018	Acquisition of Fire Equipment	-	21,375.00	-	-	-	21,375.00	-	8,218.00	13,157.00
1019	Acquisition of Ambulance	-	152,000.00	-	-	-	152,000.00	-	152,000.00	-
1022	Acquisition of Ladder Truck	-	1,000,000.00	-	-	-	1,000,000.00	-	1,000,000.00	-
		\$ 1,767,991.80	\$ 2,286,775.00	\$ 297,357.00	\$ 71,903.36	\$ 3,685,506.44	\$ 1,642,850.00	\$ 1,901,585.77	\$ 141,070.67	

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

Purpose	Original Issue		Maturities of Bonds Outstanding December 31, 2015		Interest Rate	Balance December 31, 2014	Adjustment	Decreased	Balance December 31, 2015
	Date	Amount	Date	Amount					
Refunding Bonds	03/08/07	\$ 3,067,000.00	12/01/16 12/01/17 12/01/18 12/01/19 12/01/20 12/01/21	\$ 353,000.00 383,000.00 214,000.00 217,000.00 218,000.00 217,000.00	5.000% 5.000% 5.000% 5.000% 4.000% 4.000%	\$ 1,938,000.00	\$ -	\$ 336,000.00	\$ 1,602,000.00
Government Loan Revenue Bonds	12/04/08	2,636,000.00	12/01/16 12/01/17 12/01/18 12/01/19 12/01/20 12/01/21 12/01/22	150,000.00 140,000.00 222,000.00 242,000.00 262,000.00 280,000.00 280,000.00	4.000% 4.000% 5.250% 4.500% 4.500% 5.000% 5.250%	1,721,000.00	-	145,000.00	1,576,000.00
MCIA Fire Company Bonds - 2005	09/07/05	2,275,000.00	09/01/16 09/01/17 09/01/18 09/01/19 09/01/20 09/01/21 09/01/22 09/01/23 09/01/24 09/01/25	100,000.00 85,000.00 185,000.00 195,000.00 200,000.00 175,000.00 185,000.00 195,000.00 200,000.00 210,000.00	4.000% 4.000% 4.000% 4.000% 4.250% 4.250% 4.250% 4.250% 4.250% 4.250%	1,825,000.00	-	95,000.00	1,730,000.00
MCIA Fire Company Bond - 2006	05/11/06	975,000.00	09/01/16 09/01/17 09/01/18 09/01/19 09/01/20 09/01/21 09/01/22 09/01/23 09/01/24 09/01/25	45,000.00 70,000.00 70,000.00 75,000.00 80,000.00 80,000.00 85,000.00 90,000.00 90,000.00 95,000.00	4.125% 4.300% 4.300% 4.300% 4.300% 4.300% 4.375% 4.375% 4.375% 4.375%	820,000.00	-	40,000.00	780,000.00
						<u>\$ 6,304,000.00</u>	<u>\$ -</u>	<u>\$ 616,000.00</u>	<u>\$ 5,688,000.00</u>

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

<u>Ordinance</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>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2015</u>
956	Improvements to Blade Run	12/21/12	12/19/15	12/18/16	0.50%	\$ 190,000.00	\$ 170,000.00	\$ 190,000.00	\$ 170,000.00
960	Acquisition of Police Equipment	12/21/12	12/19/15	12/18/16	0.50%	22,945.00	-	22,945.00	-
966	Acquisition of Fire Apparatus	12/21/12	12/19/15	12/18/16	0.50%	562,233.00	502,233.00	562,233.00	502,233.00
983	Purchase of Fire Equipment	12/21/12	12/19/15	12/18/16	0.50%	58,020.00	52,020.00	58,020.00	52,020.00
984	Purchase of DPW Equipment	12/21/12	12/19/15	12/18/16	0.50%	11,400.00	-	11,400.00	-
985	Purchase of Police Equipment	12/21/12	12/19/15	12/18/16	0.50%	9,009.00	-	9,009.00	-
994	Improvements to Patterson Ave	12/19/14	12/19/15	12/18/16	0.50%	180,000.00	-	180,000.00	-
998	Sycamore Avenue Sidewalks	12/21/12	12/19/15	12/18/16	0.50%	33,250.00	45,247.00	33,250.00	45,247.00
1003	Improvements to Various Roads	12/19/14	12/19/15	12/18/16	0.50%	237,500.00	237,500.00	237,500.00	237,500.00
1004	Fire Equipment	12/19/14	12/19/15	12/18/16	0.50%	69,350.00	69,350.00	69,350.00	69,350.00
1006	DPW Equipment	12/19/14	12/19/15	12/18/16	0.50%	66,500.00	66,500.00	66,500.00	66,500.00
1012	Ave at the Commons	12/18/15	12/18/15	12/18/16	0.50%	-	300,000.00	-	300,000.00
1016	Improvements to Various Roads	12/18/15	12/19/15	12/18/16	0.50%	-	200,000.00	-	200,000.00
						<u>\$ 1,440,207.00</u>	<u>\$ 1,642,850.00</u>	<u>\$ 1,440,207.00</u>	<u>\$ 1,642,850.00</u>

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

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2014		2014 Authorizations		Transferred From Encumbrances	Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded	Deferred Charges - Unfunded	Capital Improvement Fund			Funded	Unfunded
915	Improvements To DPW Complex	06/16/08	\$ 200,000.00	\$ 3,018.80	\$ 75,000.00	\$ -	\$ -	\$ -	\$ 74,294.49	\$ -	\$ 3,724.31
994	Improvements To Patterson Ave	05/26/13	400,000.00	-	13,691.46	-	-	-	-	-	13,691.46
1005	Police Equipment	6/2/2014	36,000.00	-	-	-	-	7,804.19	7,804.19	-	-
1006	DPW Equipment	6/2/2014	70,000.00	-	1,407.00	-	-	68,593.00	69,519.32	480.68	-
1007	Pedestrian Safety Improvements	6/2/2014	35,000.00	198.00	33,250.00	-	-	-	330.00	-	33,118.00
1008	Generator for Municipal Building	9/15/2014	100,000.00	5,000.00	95,000.00	-	-	-	-	5,000.00	95,000.00
1012	Ave at the Common	5/4/2015	900,000.00	-	-	855,000.00	45,000.00	-	37,449.39	307,550.61	555,000.00
1014	Police Equipment	5/18/2015	22,000.00	-	-	20,900.00	1,100.00	-	18,666.00	-	3,334.00
1016	Improvements to Various Roads	6/1/2015	250,000.00	-	-	237,500.00	12,500.00	-	-	212,500.00	37,500.00
1018	Acquisition of Fire Equipment	8/18/2015	22,500.00	-	-	21,375.00	1,125.00	-	14,282.00	-	8,218.00
1019	Acquisition of Ambulance	8/18/2015	160,000.00	-	-	152,000.00	8,000.00	-	-	8,000.00	152,000.00
1022	Acquisition of Ladder Truck	10/5/2015	1,200,000.00	-	-	1,200,000.00	-	-	-	200,000.00	1,000,000.00
				\$ 8,216.80	\$ 218,348.46	\$ 2,486,775.00	\$ 67,725.00	\$ 76,397.19	\$ 222,345.39	\$ 733,531.29	\$ 1,901,585.77

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

Balance, December 31, 2014	\$ 37,387.44
Increased By:	
2014 Budget Appropriations	<u>65,000.00</u>
	102,387.44
Decreased By:	
Improvement Authorizations	<u>67,725.00</u>
Balance, December 31, 2015	<u><u>\$ 34,662.44</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR FIRE APPARATUS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 150,000.00
Increased By:	
Cash Receipts	<u>50,000.00</u>
	200,000.00
Decreased By:	
Improvement Authorizations	<u>200,000.00</u>
Balance, December 31, 2015	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GREEN ACRES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2015 & 2014

\$ 0.13

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

Ordinance Number	Improvement Description	Balance December 31, 2014	Increased	Decreased by			Balance December 31, 2015
				Current Budget Appropriation	BAN's Issued		
915	Improvements To DPW Complex	\$ 75,000.00	-	\$ -	-	\$ -	75,000.00
994	Improvements to Patterson Ave	44,827.25	-	-	-	-	44,827.25
996	Purchase of Fire Equipment	26,509.18	-	26,509.18	-	-	-
997	Purchase of Police Equipment	18,998.37	-	18,998.37	-	-	-
1005	Police Equipment	34,200.00	-	26,395.81	-	-	7,804.19
1007	Pedestrian Safety Improvements	33,250.00	-	-	-	-	33,250.00
1008	Generator for Municipal Building	95,000.00	-	-	-	-	95,000.00
1012	Ave at the Common	-	855,000.00	-	300,000.00	-	555,000.00
1014	Police Equipment	-	20,900.00	-	-	-	20,900.00
1016	Improvements to Various Roads	-	237,500.00	-	200,000.00	-	37,500.00
1018	Acquisition of Fire Equipment	-	21,375.00	-	-	-	21,375.00
1019	Acquisition of Ambulance	-	152,000.00	-	-	-	152,000.00
1022	Acquisition of Ladder Truck	-	1,000,000.00	-	-	-	1,000,000.00
		\$ 327,784.80	\$ 2,286,775.00	\$ 71,903.36	\$ 500,000.00	\$ -	\$ 2,042,656.44

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PUBLIC ASSISTANCE FUND

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

	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	Fund <u>Total</u>
Balance, December 31, 2014	\$ 4,736.26	\$ 3,820.98	\$ 8,557.24
Increased By:			
Cash Receipts	<u>200.00</u>	<u>4,300.00</u>	<u>4,500.00</u>
	4,936.26	8,120.98	13,057.24
Decreased By:			
Maintenance Payment	<u>-</u>	<u>4,700.00</u>	<u>4,700.00</u>
Balance, December 31, 2015	<u>\$ 4,936.26</u>	<u>\$ 3,420.98</u>	<u>\$ 8,357.24</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF RESERVE FOR EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 8,557.24
Increased By:	
Cash Receipts	<u>4,500.00</u>
	13,057.24
Decreased By:	
Maintenance Payment	<u>4,700.00</u>
Balance, December 31, 2015	<u><u>\$ 8,357.24</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH AND RECONCILIATION PER N.J.S.A. 40A:5-5
FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, December 31, 2014	\$ 8,557.24
Increased By:	
Cash Receipts	4,500.00
Decreased By:	
Maintenance Payment	4,700.00
Balance, December 31, 2015	\$ 8,357.24

Reconciliation - December 31, 2015

	P.A.T.F. Account I (75%)	P.A.T.F. Account II (100%)	Fund Total
Balance on Deposit Per Statement of 1st Constitution Bank:			
Account I	\$ 4,736.26	\$ -	\$ 4,736.26
Account II	-	3,620.98	3,620.98
Balance, January 31, 2014	\$ 4,736.26	\$ 3,620.98	\$ 8,357.24

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GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2015</u>
General Fixed Assets:				
Land	\$ 2,467,076.00	\$ -	\$ -	\$ 2,467,076.00
Buildings	4,741,553.33	-	-	4,741,553.33
Machinery and Equipment	5,664,000.02	217,621.19	497,664.99	5,383,956.22
	<hr/>			
Total General Fixed Assets	<u>\$12,872,629.35</u>	<u>\$ 217,621.19</u>	<u>\$ 497,664.99</u>	<u>\$12,592,585.55</u>

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COMMENTS AND RECOMMENDATIONS

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

We have audited the financial statements – statutory basis of the Borough of Shrewsbury 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 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. The minutes indicate that bids were requested by public advertising for the following items:

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 Council.

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:11-6*.

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 for the period of January 1, 2015 to June 30, 2015 and in excess of \$6,000 for the period of July 1, 2015 to December 31, 2015, 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 on January 5, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One

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

Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable.”

The Borough also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

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

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.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2015 included real estate taxes for 2015 and 2014.

The last tax sale was held on December 11, 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	3
2014	3
2013	2

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.

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our testing revealed no exceptions.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Borough employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

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) traffic and 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.

Follow Up on Prior Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. There were no prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

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

NAME	POSITION	AMOUNT OF BOND
Donald W. Burden	Mayor	
William Dodge	Council President	
Michael DeNofa	Councilman	
Anthony Pellegrino	Councilman	
Peter Meyer	Councilman	
Jeff DeSalvo	Councilman	
Deidre DerAsadourian	Councilwoman	
Kathleen P. Krueger	Borough Clerk	\$1,000,000
Thomas X. Seaman	Chief Financial Officer Tax Collector	\$1,000,000
William Fitzpatrick	Tax Assessor	\$1,000,000
Martin M. Barger	Attorney	
James E. Berbue, Jr.	Judge of the Municipal Court	\$1,000,000
Megan Thomas	Municipal Court Administrator	\$1,000,000

Acknowledgment

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

May 04, 2016
Freehold, New Jersey