

**BOROUGH OF PINE VALLEY
COUNTY OF CAMDEN
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2015**

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BOROUGH OF PINE VALLEY
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Commission
Borough of Pine Valley
Pine Valley, New Jersey 08021

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Pine Valley, in the County of Camden, State of New Jersey, as of December 31, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts - regulatory basis for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes 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; 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 as 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 Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions 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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” 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 Pine Valley, in the County of Camden, 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.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Pine Valley, in the County of Camden, 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 revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed assets group of accounts - regulatory basis, 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

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2015, the Borough adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of these Statements required financial statement disclosures only. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental statements presented for the various funds, as listed in the table of contents, 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 are not a required part of the basic financial statements.

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2016 on our consideration of the Borough of Pine Valley's, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Pine Valley's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
May 18, 2016

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Commission
Borough of Pine Valley
Pine Valley, New Jersey 08021

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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Pine Valley, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 18, 2016. That report indicated that the Borough of Pine Valley's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In addition, our report on the financial statements also included an emphasis of matter paragraph describing the adoption of new accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Borough of Pine Valley'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*, and 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
May 18, 2016

BOROUGH OF PINE VALLEY
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2015 and 2014

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Regular Fund:			
Cash	SA-1	\$ 167,376.29	\$ 124,259.41
Federal and State Grant Fund:			
Cash	SA-1	3,945.71	4,067.30
		<u>\$ 171,322.00</u>	<u>\$ 128,326.71</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3; SA-7	\$ 15,851.96	\$ 16,997.94
Prepaid Taxes	SA-1; SA-2	18,234.88	17,511.67
Due County for Added Taxes	SA-2		2,105.76
Due to State of New Jersey - State Training Fees	SA-4	6.00	75.00
Tax Overpayments	SA-5	1,329.64	274.74
Reserve for Renovations to Municipal Building	SA-6	43,405.00	20,000.00
Reserve for Encumbrances	SA-8	20,048.00	
		98,875.48	56,965.11
Fund Balance	A-1	68,500.81	67,294.30
		<u>167,376.29</u>	<u>124,259.41</u>
Federal and State Grant Fund:			
Reserve for Encumbrances	SA-1		
Unappropriated Reserves	SA-10	1,105.41	1,140.59
Appropriated Reserves	SA-11	2,840.30	2,926.71
		3,945.71	4,067.30
		<u>\$ 171,322.00</u>	<u>\$ 128,326.71</u>

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

BOROUGH OF PINE VALLEY
CURRENT FUND

Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2015 and 2014

<u>Revenue and Other Income Realized</u>	<u>2015</u>	<u>2014</u>
Fund Balance Utilized	\$ 17,000.00	\$17,000.00
Miscellaneous Revenues Anticipated	106,453.79	106,365.61
Receipts from Current Taxes	740,495.32	723,653.64
Non-Budget Revenue	1,520.00	1,239.42
Other Credits to Income:		
Cancellation of Tax Overpayments		26.28
Liquidation of Reserve for Due from Bank		113.55
Unexpended Balance of Appropriation Reserves	<u>15,536.50</u>	<u>21,525.81</u>
 Total Income	 <u>881,005.61</u>	 <u>869,924.31</u>
 <u>Expenditures</u>		
Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	262,300.00	256,824.00
Other Expenses	118,884.41	123,692.38
Deferred Charges and Statutory Expenditures	38,526.00	47,648.95
Excluded from "CAPS":		
Operations:		
Other Expenses	27,736.59	25,926.67
Capital Improvements	27,000.00	12,000.00
Due County for Added Taxes		2,105.76
County Taxes	<u>388,352.10</u>	<u>375,458.84</u>
 Total Expenditures	 <u>862,799.10</u>	 <u>843,656.60</u>
 Statutory Excess to Fund Balance	 18,206.51	 26,267.71
 Fund Balance January 1	 <u>67,294.30</u>	 <u>58,026.59</u>
	85,500.81	84,294.30
Decreased by:		
Utilized as Revenue	<u>17,000.00</u>	<u>17,000.00</u>
 Fund Balance December 31	 <u>\$ 68,500.81</u>	 <u>\$ 67,294.30</u>

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

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2015

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 17,000.00	\$ 17,000.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	55.00	55.00	
Service Agreement-- Police Services	100,235.00	100,236.00	1.00
Energy Receipts Taxes	2,136.00	2,136.00	
Uniform Fire Safety Act Fees	900.00	1,006.20	106.20
Dedicated Uniform Construction Code Fees Offset with Appropriations Uniform Construction Code Fees	1,000.00	1,880.00	880.00
Special Items of General Revenue Anticipated with Prior Written Consent of the Director of Local Government Services- Public and Private Revenues Offset with Appropriations:			
Recycling Grant	303.18	303.18	
Body Armor Grant	837.41	837.41	
Total Miscellaneous Revenues	<u>105,466.59</u>	<u>106,453.79</u>	<u>987.20</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>351,980.41</u>	<u>352,143.22</u>	<u>162.81</u>
Budget Totals	474,447.00	475,597.01	1,150.01
Non-Budget Revenue	<u>-</u>	<u>1,520.00</u>	<u>1,520.00</u>
	<u>\$ 474,447.00</u>	<u>\$ 477,117.01</u>	<u>\$ 2,670.01</u>

(Continued)

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2015

Analysis of Realized Revenue

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 740,495.32
Allocated to:	
County Taxes	<u>388,352.10</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 352,143.22</u></u>

Analysis of Non-Budget Revenues

Collector/Treasurer:	
Miscellaneous Revenue Not Anticipated	
Property Lists	\$ 20.00
JIF Safety Awards	<u>1,500.00</u>
	<u><u>\$ 1,520.00</u></u>

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

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2015

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS"</u>						
<u>General Government Functions</u>						
Administrative and Executive						
Salaries and Wages	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00			
Other Expenses	6,500.00	6,500.00	6,283.96		\$ 216.04	
Elections						
Other Expenses	500.00	500.00	136.75		363.25	
Financial Administration						
Salaries and Wages	10,000.00	10,000.00	9,999.96		0.04	
Other Expenses	400.00	665.00	660.63		4.37	
Audit Services -- Contractual	4,100.00	4,100.00	4,000.00		100.00	
Collection of Taxes						
Salaries and Wages	10,000.00	10,000.00	9,999.96		0.04	
Other Expenses	400.00	135.00			135.00	
Assessment of Taxes						
Salaries and Wages	3,000.00	3,000.00	3,000.00			
Other Expenses	200.00	200.00	152.02		47.98	
Legal Services and Costs						
Other Expenses	2,000.00	875.00	517.09		357.91	
Engineering Services and Costs						
Other Expense	500.00	500.00			500.00	
<u>Insurance Functions</u>						
Liability	11,800.00	11,800.00	11,747.89		52.11	
Workers Compensation	8,631.41	8,631.41	8,631.11		0.30	
Group Insurance for Employees	38,427.00	28,427.00	28,427.00			
Unemployment Compensation	2,100.00	2,100.00	1,707.16		392.84	

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2015

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS"</u>						
<u>Public Safety Functions</u>						
Police						
Salaries and Wages	\$ 216,000.00	\$ 208,000.00	\$ 204,693.29		\$ 3,306.71	
Miscellaneous Other Expenses	9,000.00	9,000.00	7,940.66		1,059.34	
Office of Emergency Management						
Salaries and Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	125.00	125.00			125.00	
Aid to Volunteer Fire Companies in Adjoining Municipalities	300.00	300.00	300.00			
First Aid Organization--Contribution	200.00	200.00	200.00			
Uniform Fire Safety Act(P.L. 1983, C. 383)						
Fire Official						
Salaries and Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	100.00	100.00			100.00	
<u>Public Works Functions</u>						
Garbage and Trash Removal						
Other Expenses	3,600.00	3,600.00	3,600.00			
Public Buildings and Grounds						
Rental	1.00	1.00	1.00			
Miscellaneous Other Expenses	2,000.00	2,125.00	2,065.24		59.76	
Maintenance of Vehicles						
Other Expenses	6,000.00	6,000.00	2,982.94	\$ 550.00	2,467.06	
<u>Health and Human Services Functions</u>						
Animal Control Services -- Contractual	900.00	900.00	900.00			
<u>Municipal Court Functions</u>						
Municipal Court						
Salaries and Wages	800.00	800.00	800.00			
Other Expense	50.00	50.00			50.00	

(Continued)

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2015

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS"</u>						
<u>Uniform Construction Code- Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>						
Construction Official:						
Salaries and Wages	\$ 14,500.00	\$ 13,500.00	\$ 11,450.24		\$ 2,049.76	
Other Expenses	450.00	450.00	411.53		38.47	
<u>Utility Expenses and Bulk Purchases</u>						
Electricity	3,600.00	3,600.00	3,576.44		23.56	
Computer Software Maintenance	8,500.00	11,500.00	2,760.00	\$ 8,500.00	240.00	
Computer Hardware Maintenance	5,000.00	10,000.00	1,680.00	7,400.00	920.00	
Website Design	1,500.00	500.00	53.35		446.65	
Purchase of Gasoline	8,000.00	6,000.00	4,089.84	600.00	1,310.16	
Total Operations--Within "CAPS"	<u>396,184.41</u>	<u>381,184.41</u>	<u>349,768.06</u>	<u>17,050.00</u>	<u>14,366.35</u>	<u>-</u>
Detail:						
Salaries and Wages	271,300.00	262,300.00	256,943.45		5,356.55	
Other Expenses (Including Contingent)	124,884.41	118,884.41	92,824.61	17,050.00	9,009.80	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
<u>--MUNICIPAL--WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	7,754.00	7,754.00	7,754.00			
Police and Firemen's Retirement System	9,772.00	9,772.00	9,772.00			
Social Security System (O.A.S.I.)	21,000.00	21,000.00	19,761.39		1,238.61	
Total Statutory Expenditures	<u>38,526.00</u>	<u>38,526.00</u>	<u>37,287.39</u>	<u>-</u>	<u>1,238.61</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>434,710.41</u>	<u>419,710.41</u>	<u>387,055.45</u>	<u>17,050.00</u>	<u>15,604.96</u>	<u>-</u>

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2015

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS"</u>						
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Insurance (N.J.S.A. 40A:4-45.3)						
Employee Group Insurance	\$ 1,173.00	\$ 1,173.00	\$ 1,173.00	-	-	-
Shared Service Agreements:						
Borough Clerk Services						
Borough of Laurel Springs	25,423.00	25,423.00	23,078.00	\$ 2,098.00	\$ 247.00	-
Total Shared Service Agreements	25,423.00	25,423.00	23,078.00	2,098.00	247.00	-
Public and Private Programs Offset by Revenues:						
Recycling Grant	303.18	303.18	303.18			
Body Armor Grant	837.41	837.41	837.41			
Total Public and Private Programs Offset by Revenue	1,140.59	1,140.59	1,140.59	-	-	-
Total Operations--Excluded from "CAPS"	27,736.59	27,736.59	25,391.59	2,098.00	247.00	-
Detail:						
Other Expenses	27,736.59	27,736.59	25,391.59	2,098.00	247.00	-
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"						
Renovations of Municipal Building	12,000.00	27,000.00	27,000.00	-	-	-
Total Capital Improvements Excluded from "CAPS"	12,000.00	27,000.00	27,000.00	-	-	-
Total General Appropriations	\$ 474,447.00	\$ 474,447.00	\$ 439,447.04	\$ 19,148.00	\$ 15,851.96	\$ -
Federal and State Grant Funds -- Appropriated Reserves			\$ 1,140.59			
Reserve for Renovations of Municipal Building			27,000.00			
Disbursed			411,306.45			
			\$ 439,447.04			

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

BOROUGH OF PINE VALLEY
PAYROLL TRUST FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
For the Year Ended December 31, 2015

<u>ASSETS</u>	<u>Ref.</u>	<u>2015</u>
Cash	SB-1	<u>\$ 307.31</u>
<u>LIABILITIES, RESERVES</u>		
<u>AND FUND BALANCE</u>		
Liabilities:		
Payroll Deductions Payable	SB-2	<u>\$ 307.31</u>

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

BOROUGH OF PINE VALLEY
GENERAL FIXED ASSETS ACCOUNT GROUP
Statement of General Fixed Assets Group
For the Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increases</u>	<u>Disposals</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
General Fixed Assets:				
Vehicles	\$ 33,910.00	_____	_____	\$ 33,910.00
Total General Fixed Assets:	<u>\$ 33,910.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,910.00</u>
Total Investment in General Fixed Asset	<u>\$ 33,910.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,910.00</u>

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

BOROUGH OF PINE VALLEY
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Pine Valley (hereafter referred to as the "Borough") was incorporated in January, 1929 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2010 census is 12.

The Borough has a Commission form of government. The Commission is the legislative body of the Borough and consists of three members elected by popular vote to four-year terms. The Mayor is the chief executive officer of the Borough and is elected from among the Commissioners. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Administrator.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough 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 accounts for its financial transactions through the use of separate funds - which are described as follows:

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

Payroll Trust Fund - The payroll trust fund accounts for receipts, custodianship, and disbursement of payroll deductions and net payroll. The payroll trust fund was created effective January 1, 2015 and, consequently, the Statement of Assets, Liabilities and Reserves for this fund is reported as of December 31, 2015 only.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for vehicles that have been acquired by the current fund.

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current fund 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 municipality. 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. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting (Cont'd) - 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, Cash Equivalents and Investments - 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.

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's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), 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. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets (Cont'd) - 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.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures 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 Balance - Fund balance included in the current fund represents 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 budget of the County of Camden. Unpaid property taxes are subject to tax sale in accordance with the statutes.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Camden. 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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 year. Lapsed appropriation reserves are recorded as income.

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.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

For the year ended December 31, 2015, the Borough adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of these Statements only required financial statement disclosures. There exists no impact on the financial statements of the Borough.

Note 2: CASH AND CASH EQUIVALENTS

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 municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2015, the Borough's bank balances of \$176,096.54 were fully insured by the FDIC.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Comparative Schedule of Tax Rates

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>\$ 1.676</u>	<u>\$ 1.637</u>	<u>\$ 1.616</u>	<u>\$ 1.555</u>	<u>\$ 1.457</u>
Apportionment of Tax Rate:					
Municipal	0.796	0.781	0.782	0.782	0.743
County	0.880	0.856	0.834	0.773	0.714

Note 3: PROPERTY TAXES (CONT'D)**Assessed Valuation****Year**

2015	\$ 44,182,300.00
2014	43,936,300.00
2013	44,068,190.00
2012	42,097,317.00
2011	39,138,828.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2015	\$ 740,495.32	\$ 740,495.32	100.00%
2014	723,653.64	723,653.64	100.00%
2013	712,141.94	712,141.94	100.00%
2012	664,045.87	664,045.87	100.00%
2011	591,816.62	591,816.62	100.00%
2010	544,778.96	544,778.96	100.00%

Delinquent Taxes and Tax Title Liens

There are no delinquent taxes or tax title liens for the current or previous four years.

Note 4: FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budgets of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2015	\$ 68,500.81	\$ 24,968.59	36.45%
2014	67,294.30	17,000.00	25.26%
2013	58,026.59	17,000.00	29.30%
2012	58,734.67	17,000.00	28.94%
2011	60,530.38	24,000.00	39.65%

Note 5: PENSION PLANS

Several Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
 Division of Pensions and Benefits
 P.O. Box 295
 Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Borough. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The 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 the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 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 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Note 5: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

Note 5: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) – The Borough's contractually required contribution rate for the year ended December 31, 2015 was 12.66% of the Borough's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$8,319.00, and is payable by April 1, 2016. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2014, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$7,754.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$4,593.55.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

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

The Borough's contractually required contribution rate for the year ended December 31, 2015 was 39.00% of the Borough's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2015, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$19,619.00, and is payable by April 1, 2016. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2014, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$9,772.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$5,029.90.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2015 was 3.65% of the Borough's covered-employee payroll.

Note 5: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2015 is \$1,835.00, and is payable by April 1, 2016. Based on the PFRS measurement date of June 30, 2014, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2014 was \$716.00, which was paid on April 1, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2015, the Borough's proportionate share of the PERS net pension liability was \$217,213.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Borough's proportion was 0.0009676273%, which was an increase of 0.0000270480% from its proportion measured as of June 30, 2014.

At December 31, 2015, the Borough's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$17,633.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2015, the Borough's contributions to PERS were \$7,754.00, and were paid on April 1, 2015.

Police and Firemen's Retirement System - At December 31, 2015, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 402,022.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	35,256.00
	<u>437,278.00</u>
	<u>\$ 437,278.00</u>

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2015 measurement date, the Borough's proportion was 0.0024136039%, which was an increase of 0.0011413225% from its proportion measured as of June 30, 2014. Likewise, at June 30, 2015, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0024136039%, which was an increase of 0.0011413225% from its proportion, on-behalf of the Borough, measured as of June 30, 2014.

At December 31, 2015, the Borough's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$37,378.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2015, the Borough's contributions to PFRS were \$9,772.00, and were paid on April 1, 2015.

At December 31, 2015, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the plan as of the June 30, 2015 measurement date is \$4,398.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2015, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 5,182.00	\$ -	\$ 5,182.00	\$ -	\$ 3,468.00	\$ 3,468.00
Changes of Assumptions	23,327.00	74,223.00	97,550.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	3,492.00	6,997.00	10,489.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	15,282.00	125,191.00	140,473.00	-	104,033.00	104,033.00
Borough Contributions Subsequent to the Measurement Date	4,160.00	9,810.00	13,970.00	-	-	-
	<u>\$ 47,951.00</u>	<u>\$ 209,224.00</u>	<u>\$ 257,175.00</u>	<u>\$ 3,492.00</u>	<u>\$ 114,498.00</u>	<u>\$ 117,990.00</u>

\$4,160.00 and \$9,810.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2016. These amounts were based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the Borough's year end of December 31, 2015.

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53

Note 5: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2016	\$ 7,928.00	\$ 14,670.00	\$ 22,598.00
2017	7,928.00	14,670.00	22,598.00
2018	7,930.00	14,670.00	22,600.00
2019	10,554.00	18,753.00	29,307.00
2020	5,959.00	22,153.00	28,112.00
	<u>\$ 40,299.00</u>	<u>\$ 84,916.00</u>	<u>\$ 125,215.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation	3.04%	3.04%
Salary Increases:		
2012-2021	2.15% - 4.40% Based on Age	2.60% - 9.48% Based on Age
Thereafter	3.15% - 5.40% Based on Age	3.60% - 10.48% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2008 - June 30, 2011	July 1, 2010 - June 30, 2013

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

Note 5: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block 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 rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Intermediate Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Note 5: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2015 was 4.90% for PERS and 5.79% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and for PFRS, the non-employer contributing entity, will be made based 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 2033 for PERS and through 2045 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS and through 2045 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, 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% lower or 1% higher than the current rates used:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 269,969.00	\$ 217,213.00	\$ 172,983.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2015, the plans measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 5.79%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease <u>(4.79%)</u>	Current Discount Rate <u>(5.79%)</u>	1% Increase <u>(6.79%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 529,993.00	\$ 402,022.00	\$ 297,673.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	46,479.00	35,256.00	26,105.00
	<u>\$ 576,472.00</u>	<u>\$ 437,278.00</u>	<u>\$ 323,778.00</u>

Note 5: PENSION PLANS (CONT'D)**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Supplementary Pension Information

In accordance with GASB 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Borough's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Three Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0009676273%	0.0009405793%	0.0085722300%
Borough's Proportionate Share of the Net Pension Liability	\$ 217,213.00	\$ 176,102.00	\$ 163,832.00
Borough's Covered-Employee Payroll	66,748.00	65,048.00	59,128.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	325.42%	270.73%	277.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Three Years)

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 8,319.00	\$ 7,754.00	\$ 6,459.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(8,319.00)</u>	<u>(7,754.00)</u>	<u>(6,459.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered-Employee Payroll	\$ 65,725.00	\$ 66,748.00	65,048.00
Borough's Contributions as a Percentage of it's Covered-Employee Payroll	12.66%	11.62%	9.93%

Note 5: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Three Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0024136039%	0.0012722814%	0.0024301728%
Borough's Proportionate Share of the Net Pension Liability	\$ 402,022.00	\$ 160,041.00	\$ 323,070.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	35,256.00	17,234.00	30,114.00
Total	<u>\$ 437,278.00</u>	<u>\$ 177,275.00</u>	<u>\$ 353,184.00</u>
Borough's Covered-Employee Payroll	\$ 64,756.00	\$ 40,188.00	\$ 101,268.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	620.83%	398.23%	319.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Three Years)

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 19,619.00	\$ 9,772.00	\$ 17,730.00
Borough's Contribution in Relation to the Contractually Required Contribution	(19,619.00)	(9,772.00)	(17,730.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered-Employee Payroll	\$ 50,299.00	\$ 64,756.00	\$ 54,638.00
Borough's Contributions as a Percentage of it's Covered-Employee Payroll	39.00%	15.09%	32.45%

Note 5: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – New assumptions related to future increases on Social Security Wage Base and the 401(a)(17) compensation limit have been added as follows:

401(a)(17) Pay Limit – 3.00 per annum
Social Security Wage Base – 4.00 per annum

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 6.32% as of June 30, 2014, to 5.79% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – Demographic assumptions with respect to no-vested withdrawal, disability, service retirement, active death, salary increases rates and inactive mortality were revised in accordance with the results of the July 1, 2010 – June 30, 2013 experience study and approved by the Board of Trustees of the PERS Pension Plan at its February 9, 2015 Board Meeting.

Note 6: COMPENSATED ABSENCES

Full-time Borough employees are entitled to paid sick leave and vacation days each year in accordance with provisions specified in their employment contracts. Unused sick leave may be accumulated and carried forward to the subsequent year with certain restrictions. At the time of separation from service, an employee shall be entitled to payment for accumulated vacation and sick time not used and carried forward, but limited to certain maximum amounts specified in their employment contract.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2015, accrued benefits for compensated absences are valued at \$12,667.73.

Note 7: LEASE OBLIGATIONS

At December 31, 2015, the Borough had a lease agreement in effect for the following:

Operating:
Copy Machine

Future minimum lease payments under the operating lease agreement are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 1,656.48
2017	<u>690.20</u>
	<u>\$ 2,346.68</u>

Rental payments under operating leases for the year 2015 were \$1,656.48.

Note 8: CAPITAL DEBT

The Borough has no outstanding or authorized and unissued debt.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 1,542,055.99
Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 1,542,055.99</u>

Note 9: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Borough maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc.

New Jersey Unemployment Compensation Insurance - The Borough elected the "Contributory Method" to fund its New Jersey Unemployment Compensation Insurance, which requires the Borough to annually appropriate funds to pay the projected costs of contributions at the rate determined by the Commissioner of Labor. The expense for these benefits for the years ended December 31, 2015 and 2014 was \$1,535.20 and \$1,472.13, respectively.

Note 9: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Borough is a member of the Camden County Municipal Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Borough with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles
Public Employees Fidelity Bond Coverage

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Borough's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2015, which can be obtained at www.camdenmunicipaljif.org.

Note 10: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Borough expects such amount, if any, to be immaterial.

Note 11: CONCENTRATIONS

The Borough depends on financial resources flowing from, or associated with the State of New Jersey. As a result of this dependency, the Borough is subject to changes in specific flows of intergovernmental revenues based on modifications to State laws and appropriations.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of Current Cash per N.J.S. 40A:5-5--Collector-Treasurer
For the Year Ended December 31, 2015

	<u>Regular</u>	<u>Federal and State</u>
Balance Dec. 31, 2014	\$ 124,259.41	\$ 4,067.30
Increased by Receipts:		
Taxes Receivable	\$ 722,983.65	
Prepaid Taxes	18,234.88	
Revenue Accounts Receivable	105,313.20	
Due to State of New Jersey -State Training Fees	140.00	
Tax Overpayments	1,329.64	
Federal and State Grants Receivable		\$ 1,105.41
Miscellaneous Revenue not Anticipated	1,520.00	
Budget Refunds--Contra	<u>1,733.91</u>	
	<u>851,255.28</u>	<u>1,105.41</u>
	975,514.69	5,172.71
Decreased by Disbursements:		
2015 Appropriations	411,306.45	
County Taxes Payable	388,352.10	
Due County for Added Taxes	2,105.76	
Due to State of New Jersey -State Training Fees	209.00	
Tax Overpayments	274.74	
Reserve for Renovations to Municipal Building	2,695.00	
2014 Appropriation Reserves	1,461.44	
Budget Refunds--Contra	1,733.91	
Reserve for Federal and State Grants -- Appropriated		<u>1,227.00</u>
	<u>808,138.40</u>	<u>1,227.00</u>
Balance Dec. 31, 2015	<u>\$ 167,376.29</u>	<u>\$ 3,945.71</u>

BOROUGH OF PINE VALLEY
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2015

<u>Year</u>	<u>2015 Levy</u>	<u>2014</u>	<u>2015</u>	<u>Overpayments Applied</u>	<u>Balance Dec. 31, 2015</u>
		<u>Collections</u>			
2015	<u>\$ 740,495.32</u>	<u>\$ 17,511.67</u>	<u>\$ 722,983.65</u>	<u>\$ -</u>	<u>\$ -</u>

Analysis of 2015 Property Tax Levy

Tax Yield

General Purpose Tax

\$ 740,495.32

Tax Levy

County Taxes:

County Tax

\$ 357,555.45

County Open Space Tax

21,948.59

County Library Tax

8,848.06

Total County Taxes

\$ 388,352.10

Local Tax for Municipal Purposes

351,980.41

Add: Additional Tax Levied

162.81

Local Tax for Municipal Purposes Levied

352,143.22

\$ 740,495.32

BOROUGH OF PINE VALLEY
CURRENT FUND
 Statement of Revenue Accounts Receivable
 For the Year Ended December 31, 2015

	<u>Accrued in 2015</u>	<u>Collected in 2015</u>
Clerk:		
Licenses -- Alcoholic Beverages	\$ 55.00	\$ 55.00
Construction Code Official:		
Fees and Permits	1,880.00	1,880.00
Energy Receipts Tax	2,136.00	2,136.00
Uniform Fire Safety Act Fees	1,006.20	1,006.20
Service Agreement-- Police Services	100,236.00	100,236.00
	\$ 105,313.20	\$ 105,313.20

CURRENT FUND
 Statement of Due to State of New Jersey -- State Training Fees
 For the Year Ended December 31, 2015

Balance Dec. 31, 2014		\$ 75.00
Increased by:		
Collected		140.00
		215.00
Decreased by:		
Disbursed		209.00
Balance Dec. 31, 2015		\$ 6.00

BOROUGH OF PINE VALLEY
CURRENT FUND
 Statement of Tax Overpayments
 For the Year Ended December 31, 2015

Balance Dec. 31, 2014		\$ 274.74
Increased by:		
Collected		1,329.64
		1,604.38
Decreased by:		
Disbursed		274.74
Balance Dec. 31, 2015		\$ 1,329.64

CURRENT FUND
 Statement of Reserve for Renovations to Municipal Building
 For the Year Ended December 31, 2015

Balance Dec. 31, 2014		\$ 20,000.00
Increased by:		
Charged to 2015 Budget Appropriations		27,000.00
		47,000.00
Decreased by:		
Disbursed	\$ 2,695.00	
Encumbered		900.00
		3,595.00
Balance Dec. 31, 2015		\$ 43,405.00

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of 2014 Appropriation Reserves
For the Year Ended December 31, 2015

	Balance		Adjusted Balance	Disbursed	Balance Lapsed
	Encumbered	Reserved			
Department of Public Affairs and Public Safety					
Administrative and Executive					
Other Expenses	\$	274.53	\$ 274.53		\$ 274.53
Elections					
Other Expenses		0.87	0.87		0.87
Legal Services and Costs					
Other Expenses		80.34	80.34		80.34
Police					
Salary and Wages		1,293.93	1,293.93		1,293.93
Other Expenses		1,233.42	1,233.42	\$ 470.00	763.42
Office of Emergency Management					
Other Expenses		101.31	101.31		101.31
Municipal Court					
Other Expenses		50.00	50.00		50.00
Insurance					
Liability		123.94	123.94		123.94
Group Insurance for Employees		886.68	886.68	241.35	645.33
Unemployment Compensation		42.41	42.41	42.41	
Engineering Services and Costs					
Other Expenses		1,436.26	1,436.26		1,436.26
Uniform Fire Safety Act (P.L. 1983, C. 383)					
Fire Official					
Other Expenses		100.00	100.00		100.00
Department of Revenue and Finance					
Assessment of Taxes					
Other Expenses		105.00	105.00		105.00
Collection of Taxes					
Salary and Wages		13.34	13.34		13.34
Other Expenses		287.50	287.50		287.50
Financial Administration					
Salary and Wages		13.33	13.33		13.33
Other Expenses		285.00	285.00		285.00
Department of Public Works and Property					
Public Building and Grounds					
Miscellaneous Other Expenses		0.60	0.60		0.60
Maintenance of Vehicles					
Other Expenses		1.78	1.78		1.78
Unclassified					
Computer Software Maintenance		4,420.00	4,420.00		4,420.00
Computer Hardware Maintenance		102.00	102.00		102.00
Website Design		1,197.03	1,197.03		1,197.03
Electricity		243.11	243.11	243.11	
Purchase of Gasoline		1,024.01	1,024.01	464.57	559.44
Statutory Expenditures					
Contribution to:					
Public Employees Retirement System		733.00	733.00		733.00
Police and Firemen's Retirement System		1,226.00	1,226.00		1,226.00
Social Security System (O.A.S.I.)		1,722.55	1,722.55		1,722.55
	\$	-	\$ 16,997.94	\$ 1,461.44	\$ 15,536.50

BOROUGH OF PINE VALLEY
CURRENT FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2015

Charged in 2015:	
Appropriations	\$ 19,148.00
Reserve for Renovations to Municipal Building	<u>900.00</u>
Balance Dec. 31, 2015	<u><u>\$ 20,048.00</u></u>

BOROUGH OF PINE VALLEY
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
State Grants:				
Recycling Grant		\$ 268.63	\$ 268.63	
Body Armor Grant		836.78	836.78	
	\$ -	\$ 1,105.41	\$ 1,105.41	\$ -

Exhibit SA-10

FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Unappropriated
For the Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Grants</u> <u>Receivable</u>	<u>Realized as</u> <u>2015 Budget</u> <u>Revenue</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
State Grants:				
Recycling Grant	\$ 303.18	\$ 268.63	\$ 303.18	\$ 268.63
Body Armor Grant	837.41	836.78	837.41	836.78
	\$ 1,140.59	\$ 1,105.41	\$ 1,140.59	\$ 1,105.41

BOROUGH OF PINE VALLEY
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Appropriated
For the Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
State Grants:				
Recycling Grant	\$ 1,142.21	\$ 303.18	\$ 500.00	\$ 945.39
Body Armor Grant	<u>1,784.50</u>	<u>837.41</u>	<u>727.00</u>	<u>1,894.91</u>
	<u>\$ 2,926.71</u>	<u>\$ 1,140.59</u>	<u>\$ 1,227.00</u>	<u>\$ 2,840.30</u>

SUPPLEMENTAL EXHIBITS

PAYROLL TRUST FUND

BOROUGH OF PINE VALLEY
PAYROLL TRUST FUND
Statement of Payroll Trust Cash per N.J.S. 40A:5-5--Treasurer
For the Year Ended December 31, 2015

Balance Dec. 31, 2014		\$	-
Increased by Receipts:			
Payroll Deductions Payable	\$ 82,600.71		
Payroll Taxes--Employer's Share	21,414.05		
Net Payroll	<u>174,372.74</u>		
			<u>278,387.50</u>
			278,387.50
Decreased by Disbursements:			
Payroll Deductions Payable	82,293.40		
Payroll Taxes--Employer's Share	21,414.05		
Net Payroll	<u>174,372.74</u>		
			<u>278,080.19</u>
Balance Dec. 31, 2015		\$	<u><u>307.31</u></u>

BOROUGH OF PINE VALLEY
PAYROLL TRUST FUND
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2015

Receipts:		
Payroll Deductions Payable		\$ 82,600.71
Decreased by Disbursements:		
Disbursements		<u>82,293.40</u>
Balance Dec. 31, 2015		<u><u>\$ 307.31</u></u>

BOROUGH OF PINE VALLEY

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

BOROUGH OF PINE VALLEY
Schedule of Findings and Recommendations
For the Year Ended December 31, 2015

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

BOROUGH OF PINE VALLEY
Summary Schedule of Prior Year Audit Findings
as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

FINANCIAL STATEMENT FINDINGS

None.

BOROUGH OF PINE VALLEY
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>	
Michael B. Kennedy	Mayor		
	Director of Finance		
Debra M. Kennedy	Commissioner		
	Director of Public Works		
Jane R. Bromley	Commissioner to 11/23/15		
	Director of Public Safety to 11/23/15		
Robert W. Mather	Borough Administrator	\$ 1,000,000.00	(A)
	Municipal Coordinator on Aging	1,000,000.00	(A)
Patricia A. McCunney	Treasurer	1,000,000.00	(A)
	Tax Clerk	1,000,000.00	(A)
Dean Ciminera	Chief Finance Officer	1,000,000.00	(C)
	Tax Collector	1,000,000.00	(C)
	Qualified Purchasing Agent	1,000,000.00	(A)
Dawn T Amadio	Borough Clerk	1,000,000.00	(A)
	Registrar	1,000,000.00	(A)
Cathy Sims	Deputy Borough Clerk	1,000,000.00	(A)
	Deputy Registrar	1,000,000.00	(A)
Raymond L. Hallworth	Construction Code Official to 3/31/15	1,000,000.00	(A)
	Building Inspector to 3/31/15	1,000,000.00	(A)
Albert Hallworth, IV	Construction Code Official from 4/01/15 to 6/30/15	1,000,000.00	(A)
	Building Inspector from 4/01/15 to 6/30/15	1,000,000.00	(A)
Stephen Murray	Construction Code Official from 7/01/15	1,000,000.00	(A)
	Building Inspector from 7/01/15	1,000,000.00	(A)
Stephen W. Buchhofer	Plumbing/Electrical/Fire Inspector	1,000,000.00	(A)
Kevin Waddington	Fire Official	1,000,000.00	(A)
Theresa L. Stagliano	Tax Assessor	1,000,000.00	(A)
Kelly J. Foster	Municipal Court Administrator	1,000,000.00	(B)
Craig S. Larsen, Esq.	Municipal Court Judge	1,000,000.00	(B)
Joseph Betley, Esq.	Solicitor		
Mark Rinaldi, Esq.	Public Defender		
George J. Singley, Esq.	Prosecutor		

(A) Covered by the Public Employee Dishonesty Coverage in the amount of \$50,000 written by the Camden County Municipal Joint Insurance Fund and the Excess Public Employee Dishonesty Coverage in the amount of \$950,000 written by the Municipal Excess Liability Joint Insurance Fund.

(B) Covered by the Excess Public Officials Bond Coverage in the amount of \$1,000,000 written by the Municipal Excess Liability Joint Insurance Fund.

(C) Covered by the Primary Statutory Positions Bond Coverage in the amount of \$1,000,000 written by the Municipal Excess Liability Joint Insurance Fund.

All of the Bonds were examined and properly executed.

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Borough officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in cursive script, appearing to read "Todd Saler".

Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

