

BOROUGH OF RINGWOOD

COUNTY OF PASSAIC

DECEMBER 31, 2014

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF RINGWOOD

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2014

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF RINGWOOD, N. J.
TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
<u>PART I</u>		
<u>CURRENT FUND</u>		
A	Comparative Balance Sheet - Regulatory Basis	5
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	7
A-2	Statement of Revenues - Regulatory Basis	9
A-3	Statement of Expenditures - Regulatory Basis	13
<u>TRUST FUND</u>		
B	Comparative Balance Sheet - Regulatory Basis	29
<u>GENERAL CAPITAL FUND</u>		
C	Comparative Balance Sheet - Regulatory Basis	31
C-1	Statement of General Capital Fund Balance - Regulatory Basis	32
<u>WATER UTILITY FUND</u>		
D	Comparative Balance Sheet - Regulatory Basis	33
D-1	Comparative Statement of Operations and Changes In Fund Balance - Regulatory Basis	35
D-2	Statement of Capital Fund Balance- Regulatory Basis	36
D-3	Statement of Revenues - Regulatory Basis	37
<u>PUBLIC ASSISTANCE FUND</u>		
E	Comparative Balance Sheet - Regulatory Basis	38
<u>PAYROLL FUND</u>		
F	Comparative Balance Sheet - Regulatory Basis	39
<u>RECREATION FUND</u>		
G	Comparative Balance Sheet - Regulatory Basis	40
<u>GENERAL FIXED ASSETS</u>		
H	Statement of General Fixed Assets - Regulatory Basis	41
	NOTES TO FINANCIAL STATEMENTS	42
	SUPPLEMENTARY DATA	74

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
	<u>CURRENT FUND</u>	
A-4	Statement of Current Cash - Collector - Treasurer	80
A-5	Statement of Change Funds	82
A-6	Statement of Taxes Receivable and Analysis of Property Tax Levy	83
A-7	Statement of Tax Title Liens	84
A-8	Statement of Property Acquired for Taxes - Assessed Valuations	84
A-9	Statement of Revenue Accounts Receivable	85
A-10	Statement of Due to Other Trust Fund	86
A-11	Statement of Due From/To Federal and State Grant Fund	86
A-12	Statement of 2013 Appropriation Reserves	87
A-13	Statement of Reserve for Encumbrances	90
A-14	Statement of Prepaid Taxes	90
A-15	Statement of Reserve for Tax Appeals	91
A-16	Statement of Due to State of New Jersey - Deduction per Chapter 73, P.L. 1976	91
A-17	Statement of Due to Water Operating Fund	92
A-18	Statement of County Taxes	92
A-19	Statement of Tax Overpayments	93
A-20	Statement of Regional High School Tax	94
A-21	Statement of Local District School Tax	94
A-22	Statement of Due To General Capital Fund	95
A-23	Statement of Reserve for Library Aid	95
A-24	Statement of Due to Outside Lienholders	96
A-25	Statement of Accounts Payable	96
A-26	Statement of Reserve for Hurricane Damage	97
A-27	Statement of Due to Assessment Trust Fund	97
A-28	Statement of Deferred Charges - N.J.S. 40:55 Special Emergency - Revaluation of Real Property and Hurricane Damage	98
A-29	Statement of Due to/from Current Fund	99
A-30	Schedule of State and Federal Grants Receivable	100
A-31	Statement of Appropriated Reserve for Grants	101
A-32	Statement of Unappropriated Reserve for State Grants	102

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
<u>TRUST FUND</u>		
B-1	Statement of Trust Cash Collector - Treasurer	103
B-2	Statement of Due to State Department of Health	104
B-3	Statement of Reserve for Animal Control Fund Expenditures	104
B-4	Statement of Deposits Payable	105
B-5	Statement of Due from Current Fund - Other Trust Fund	100
B-6	Statement of Due to State of New Jersey for Building Surcharge	106
B-7	Statement of Due to State of New Jersey - Marriage Surcharge	106
B-8	Statement of Encumbrances Payable	107
B-9	Statement of Net Assets Available for Benefits	107
B-10	Analysis of Assessment Trust Cash - Assessment Trust Fund	108
B-11	Statement of Assessments Receivable - Assessment Trust Fund	109
B-12	Statement of Assessment Liens - Assessment Trust Fund	110
B-13	Statement of Due From Current Fund - Assessment Trust Fund	111
B-14	Statement of Loans Payable - State of New Jersey Assessment Trust Fund	112
B-15	Statement of Reserve for Assessments and Liens - Assessment Trust Fund	113
B-16	Statement of Reserve for Other Trust Various Reserves	114
B-17	Statement of Amount to be Raised by Taxation for Canceled Assessments	115
<u>GENERAL CAPITAL FUND</u>		
C-2	Statement of General Capital Cash Collector - Treasurer	116
C-3	Analysis of Cash	117
C-4	Statement of Deferred Charges To Future Taxation - Funded	118
C-5	Statement of Deferred Charges To Future Taxation - Unfunded	119
C-6	Statement of Due From Current Fund	120
C-7	Statement of General Serial Bonds	121
C-8	Statement of Bond Anticipation Notes	123
C-9	Statement of Improvement Authorizations - General Capital	124
C-10	Statement of Capital Improvement Fund	125
C-11	Statement of Contracts Payable	125
C-12	Statement of Green Trust Loans Payable	126
C-13	Statement of Reserve for Various Projects	127
C-14	Statement of Bonds and Notes Authorized But Not Issued	128
<u>WATER UTILITY FUND</u>		
D-4	Statement of Expenditures - Regulatory Basis	129
D-5	Statement of Water Utility Cash - Treasurer	130
D-6	Analysis of Water Utility Assessment Trust Cash	131
D-7	Analysis of Water Utility Capital Cash	131
D-8	Statement of Due to Water Capital Fund - Water Utility Operating Fund	132

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>		<u>Page</u>
<u>WATER UTILITY FUND, CONTINUED</u>		
D-9	Statement of Consumer Accounts Receivable - Water Utility Operating Fund	132
D-10	Statement of Assessments Receivable	133
D-11	Statement of Fixed Capital - Water Utility Capital Fund	134
D-12	Statement of Fixed Capital - Authorized and Uncompleted	135
D-13	Statement of 2013 Appropriation Reserves	136
D-14	Statement of Reserve for Encumbrances	137
D-15	Statement of Accrued Interest on Bonds and Notes	138
D-16	Statement of Reserve for Assessments and Liens	138
D-17	Statement of Water Serial Bonds	139
D-18	Statement of Water Bond Anticipation Notes	141
D-19	Statement of Improvement Authorizations	142
D-20	Statement of Due From Water Operating Fund - Water Utility Capital Fund	143
D-21	Statement of Reserve for Amortization	144
D-22	Statement of Reserve for Capital Improvements	144
D-23	Statement of Deferred Reserve for Amortization	145
D-24	Statement of Contracts Payable	146
D-25	Statement of Reserve for Payment of Bond Anticipation Notes	146
D-26	Statement of Water Utility Liens	147
D-27	Statement of Due from Current Fund- Water Utility Operating Fund	147
D-28	Statement of Capital Improvement Fund- Water Utility Capital Fund	148
D-29	Statement of Bonds and Notes Authorized But Not Issued	149
<u>PUBLIC ASSISTANCE FUND</u>		
E-1	Schedule of Cash - Treasurer	150
E-2	Schedule of Public Assistance Cash and Reconciliation Per N.J.S. 40A:5-5	151
E-3	Schedule of Public Assistance Cash and Reconciliation	152
E-4	Schedule of Reserve for Public Assistance	153
<u>PAYROLL FUND</u>		
F-1	Schedule of Payroll Deductions	154
<u>RECREATION FUND</u>		
G-1	Statement of Cash Reconciliation	155
G-2	Schedule of Reserve for Recreation Expenditures	155

TABLE OF CONTENTS
(continued)

<u>Exhibit</u>	<u>Page</u>
<u>PART II</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	156
General Comments	158
Other Comments	160
Recommendations	160
Status of Prior Year Audit Findings/Recommendations	161

THIS PAGE INTENTIONALLY LEFT BLANK

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

August 3, 2015

The Honorable Mayor and
Members of the Borough Council
Borough of Ringwood
Ringwood, New Jersey 07456

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Ringwood in the County of Passaic, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2014, 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 basis of accounting 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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.

The Length of Service Awards Program of the Borough of Ringwood has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Ringwood on the basis of the financial reporting provisions 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 of America, to meet the requirements 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 each fund of the Borough of Ringwood as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 18 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,315,885.10 and \$1,291,660.78 for 2014 and 2013, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter 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 regulatory basis balance sheets and accounting group as of December 31, 2014 and 2013, the regulatory basis statements of operations for the years the ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ringwood's basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates 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 information listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The Honorable Mayor and
Members of the Borough Council
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2015 on our consideration of the Borough of Ringwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Ringwood's internal control over financial reporting and compliance.



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

August 3, 2015



Borough of Ringwood, N.J.
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2014

<u>ASSETS</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Cash	A-4	\$ 4,015,734.94	\$ 3,304,971.67
Change Funds	A-5	285.00	285.00
		<u>4,016,019.94</u>	<u>3,305,256.67</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	664,588.38	424,985.93
Tax Title Liens Receivable	A-7	568,133.18	496,504.61
Property Acquired for Taxes - Assessed Valuation	A-8	3,056,400.00	3,056,400.00
Revenue Accounts Receivable	A-9	27,219.30	27,359.77
Interfund:			
Other Trust Fund	A-10	5,731.00	5,731.00
Federal and State Grant Fund	A-11	120,406.95	
Assessment Trust Fund	A-27	7,034.38	4,342.42
		<u>4,449,513.19</u>	<u>4,015,323.73</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-28	152,000.00	352,000.00
		<u>152,000.00</u>	<u>352,000.00</u>
		<u>8,617,533.13</u>	<u>7,672,580.40</u>
Federal and State Grant Funds:			
State Grants Receivable	A-30	401,264.89	203,331.49
Interfund-Current Fund	A-29		48,287.40
		<u>401,264.89</u>	<u>251,618.89</u>
		<u>\$ 9,018,798.02</u>	<u>\$ 7,924,199.29</u>

See accompanying notes to financial statements.

Borough of Ringwood, N.J.
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2014

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
Liabilities:			
Appropriation Reserves	A-3, A-12	\$ 447,198.61	\$ 450,703.57
Reserve for Encumbrances	A-13	639,011.82	642,929.76
Prepaid Taxes	A-14	199,550.00	143,986.91
Tax Overpayments	A-19		997.80
Due to State of New Jersey, Chapter 73, P. L. 1976	A-16	31,551.40	33,686.51
Interfund:			
Water Operating Fund	A-17	722.09	
Federal and State Grant Fund	A-11		48,287.40
General Capital Fund	A-22	209,229.07	209,229.07
Reserve for Tax Appeals	A-15	8,179.63	8,179.63
Reserve for Hurricane Damage	A-26		832.29
Accounts Payable	A-25	213.85	213.85
Local School Taxes Payable	A-21	378,046.17	351,352.67
Regional School Taxes Payable	A-20	50,998.31	50,998.56
Due County for Added and Omitted Taxes	A-18	118,386.62	32,695.56
		<u>2,083,087.57</u>	<u>1,974,093.58</u>
 Reserve for Receivables	 Contra	 4,449,513.19	 4,015,323.73
Fund Balance	A-1	<u>2,084,932.37</u>	<u>1,683,163.09</u>
		<u>8,617,533.13</u>	<u>7,672,580.40</u>
 Federal and State Grant Funds:			
Interfund-Current Fund	A-29	120,406.95	
Reserve for Federal and State Grant Funds:			
Appropriated	A-31	264,303.15	247,917.95
Unappropriated	A-32	16,554.79	3,700.94
		<u>401,264.89</u>	<u>251,618.89</u>
		<u>\$ 9,018,798.02</u>	<u>\$ 7,924,199.29</u>

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31, 2014

With comparative figures for 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>REVENUE AND OTHER INCOME REALIZED:</u>			
Surplus Utilized	A-2	\$ 1,030,000.00	\$ 860,184.00
Miscellaneous Revenue Anticipated	A-2	2,883,584.78	3,245,438.74
Receipts from Delinquent Taxes	A-2	427,049.56	603,118.56
Receipts from Current Taxes	A-2	49,336,996.92	47,490,397.47
Non-Budget Revenue	A-2	349,829.18	239,354.43
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	179,357.72	224,884.59
Cancellation of Appropriations Payable	A-3	93.40	13,007.47
Cancellation of Reserves:			
Reserve for Tax Appeals			33,626.04
Reserve for Master Plan			3,701.99
Reserve for Sale of Surplus Equipment			6,666.18
Reserve for Revaluation of Real Property			45,335.00
Interfunds Returned		<u>6,159.00</u>	<u>188,217.93</u>
 TOTAL INCOME		 <u>\$ 54,213,070.56</u>	 <u>\$ 52,953,932.40</u>
 <u>EXPENDITURES:</u>			
Budget and Emergency Appropriations:			
Operations Within CAP:			
Salaries and wages	A-3	\$ 5,710,676.00	\$ 5,378,020.00
Other expenses	A-3	5,040,502.00	5,127,442.00
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,059,971.00	1,171,066.00
Operations Excluded from CAP:			
Salaries and Wages	A-3	133,200.00	109,200.00
Other Expenses	A-3	936,591.26	1,051,440.97
Capital Improvements	A-3	458,735.00	325,135.00
Municipal Debt Service	A-3	896,204.00	889,774.00
Deferred Charges	A-3	200,000.00	270,000.00
County Taxes	A-18	11,507,204.70	11,190,649.65
Due County for Added and Omitted Taxes:			
Current Year	A-18	108,730.46	23,039.40

See accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Revenues - Regulatory Basis

		Current Fund				
		Year Ended December 31, 2014				
	Ref.	Budget	Special N.J.S 40A:4-87	Realized	Excess or (Deficit)	
Fund Balance Anticipated	A-1	1,030,000.00		1,030,000.00		
Miscellaneous Revenues - Section A: Local Revenues						
Licenses:						
Alcoholic Beverages	A-9	3,100.00		3,771.80	671.80	
Other	A-2	6,750.00		7,390.00	640.00	
Fees and Permits	A-2	65,000.00		69,315.17	4,315.17	
Fines and Costs:						
Municipal Court	A-9	135,000.00		129,026.22	(5,973.78)	
Interest and Costs on Taxes	A-9	115,000.00		120,991.81	5,991.81	
Election Revenue	A-9	600.00		1,200.00	600.00	
Park and Ride Permits	A-9	28,000.00		32,468.00	4,468.00	
Sewer Rents	A-4	148,000.00		151,311.33	3,311.33	
Uniform Fire Safety Act	A-4	11,500.00		10,050.30	(1,449.70)	
Total Section A		512,950.00	-	525,524.63	12,574.63	
Miscellaneous Revenues - Section B: State Aid Without Offsetting Appropriations						
Energy Receipts Tax (P.L. 1997, Ch. 162 & 167)	A-4	1,600,509.00		1,600,509.00	-	
Total Section B		1,600,509.00	-	1,600,509.00	-	

See accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2014

	Ref.	Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues - Section C: Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17)	A-9	130,500.00		127,681.00	(2,819.00)
Uniform Construction Code Fees					
Miscellaneous Revenues - Section D: Special Items of Revenues Anticipated With Prior Written Consent of Director of Local Government Services - Interlocal Municipal Service Agreements offset with Appropriations:					
Borough of Wanaque - Health Services	A-4	65,000.00		74,130.00	9,130.00
Borough of Wanaque - Municipal Court	A-4	37,000.00		38,664.00	1,664.00
Borough of Bloomingdale - Snake Den Rd. Maint.	A-4	30,000.00		34,489.00	4,489.00
Total Section D		132,000.00	-	147,283.00	15,283.00
Miscellaneous Revenues - Section F: Special Items of Revenues Anticipated With Prior Written Consent of Director of Local Government Services State and Federal Revenues Offset With Appropriations:					
Clean Communities Program	A-30	28,100.00		28,100.00	-
Body Armor Grant	A-30	3,595.39	2,271.38	5,866.77	
Drunk Driving Enforcement Fund	A-30		4,696.94	4,696.94	
Municipal Alliance on Alcoholism and Drug Abuse	A-30	69,101.00		69,101.00	
Alcohol Education and Rehabilitation Fund	A-30	105.55		105.55	
NJ Transportation Trust Fund	A-30	327,600.00		327,600.00	
Total Section F		428,501.94	6,968.32	435,470.26	

See accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2014

	Ref.	Budget	Special N.J.S 40A:4-87	Realized	Excess or (Deficit)
Miscellaneous Revenues - Section G: Special Items of Revenues Anticipated With Prior Written Consent of Director of Local Government Services-Other Special Items:					
Reserve for Hurricane Irene	A-26	832.29		832.29	-
Sale of Recycling Materials	A-4	70,000.00		46,284.60	(23,715.40)
Total Section G		70,832.29	-	47,116.89	(23,715.40)
Total Miscellaneous Revenues	A-1	2,875,293.23	6,968.32	2,883,584.78	1,323.23
Receipts from Delinquent Taxes	A-1	535,000.00		427,049.56	(107,950.44)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	A-2	10,868,617.71		11,336,244.56	467,626.85
Non-Budget Revenue	A-1			349,829.18	349,829.18
Grand Total		15,308,910.94	6,968.32	16,026,708.08	710,828.82
		A-3	A-3		

See accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2014

Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1	\$ 49,336,996.92
Allocated to:		
School, County, Regional School and Municipal Open Space Taxes	A-6	<u>38,880,752.36</u>
Balance for Support of Municipal Budget Appropriations		10,456,244.56
Add: Appropriation - Reserve for Uncollected Taxes	A-3	<u>880,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 11,336,244.56</u>
Receipts from Delinquent taxes:		
Delinquent Tax Collections	A-6, A-7	<u>427,049.56</u>
	A-2	<u>\$ 427,049.56</u>
Licenses - Other:		
Clerk	A-9	1,065.00
Board of Health	A-9	<u>6,325.00</u>
	A-2	<u>\$ 7,390.00</u>
Fees and Permits - Other:		
Clerk	A-9	12,070.92
Board of Health	A-9	19,699.00
Police Department	A-9	18,271.23
Treasurer	A-9	<u>19,274.00</u>
	A-2	<u>\$ 69,315.15</u>
Analysis of Non - Budget Revenues		
Miscellaneous Revenues Not Anticipated:		
Revenue Accounts Receivable:		
Non-Budget Revenues - Health Department	A-9	4,944.00
Interfund - Assessment Trust	A-27	2,691.96
Other Miscellaneous Items	A-4	<u>342,193.22</u>
	A-1, A-2	<u>\$ 349,829.18</u>

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations - within "CAPS"						
GENERAL GOVERNMENT:						
Department of Administration						
Salaries and Wages		254,031.00	261,031.00	260,299.43	731.57	-
Other Expenses		67,800.00	68,800.00	67,288.27	1,511.73	-
Legislation						
Salaries and Wages		29,000.00	29,000.00	29,000.00	-	-
Other Expenses		5,025.00	4,025.00	3,045.88	979.12	-
Elections						
Salaries and Wages		1,200.00	1,200.00	543.04	656.96	-
Other Expenses		7,700.00	6,700.00	6,679.11	20.89	-
DEPARTMENT OF ADMINISTRATION:						
Legal Services						
Other Expenses		190,000.00	190,000.00	187,110.83	2,889.17	-
Office of Data Processing						
Other Expenses		43,500.00	83,500.00	82,486.38	1,013.62	-
Office of Emergency Management						
Salaries and Wages		5,183.00	5,183.00	3,887.28	1,295.72	-
Other Expenses		13,000.00	13,000.00	12,155.43	844.57	-
Division of Engineering						
Salaries and Wages		86,856.00	89,856.00	89,684.85	171.15	-
Other expenses		52,000.00	49,000.00	48,661.46	338.54	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

	<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
DEPARTMENT OF FINANCE:							
Office of Treasurer							
Salaries and Wages			162,749.00	168,749.00	166,693.55	2,055.45	-
Other Expenses			3,705.00	4,705.00	4,018.52	686.48	-
DIVISION OF TAX COLLECTION:							
Salaries and Wages			102,289.00	96,289.00	95,024.25	1,264.75	-
Other Expenses			4,405.00	4,405.00	3,220.21	1,184.79	-
DIVISION OF TAX ASSESSMENT:							
Salaries and Wages			74,186.00	74,186.00	73,684.60	501.40	-
Other expenses			1,990.00	1,990.00	1,728.40	261.60	-
DIVISION OF FINANCIAL CONTROL:							
Other expenses			45,500.00	46,500.00	45,865.00	635.00	-
Statutory Agencies							
Prosecutor							
Salaries and Wages			23,000.00	23,000.00	19,529.00	3,471.00	-
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1):							
Planning Board							
Salaries and Wages			15,962.00	17,362.00	17,016.61	345.39	-
Other Expenses			15,450.00	15,450.00	14,833.99	616.01	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Board of Adjustment						
Salaries and Wages		49,723.00	49,723.00	48,773.98	949.02	-
Other Expenses		7,900.00	7,900.00	7,564.95	335.05	-
INSURANCE						
Other Insurance Premiums		450,869.00	445,469.00	435,789.48	9,679.52	-
Group Insurance Plan - Employees		1,143,145.00	1,103,145.00	1,074,496.18	28,648.82	-
Health Benefit Waiver		50,000.00	50,000.00	50,000.00	-	-
Industrial Commission						
Salaries and Wages		125.00	125.00		125.00	-
Environmental Commission						
Salaries and Wages		1,390.00	1,390.00	1,151.40	238.60	-
Other Expenses		850.00	850.00	602.50	247.50	-
DEPARTMENT OF POLICE:						
Division of Patrol						
Salaries and Wages		2,352,694.00	2,322,694.00	2,320,095.27	2,598.73	-
Other Expenses		115,000.00	152,000.00	144,449.71	7,550.29	-
Division of Traffic/Crossing Guards						
Salaries and Wages		29,700.00	29,700.00	28,079.86	1,620.14	-
Other Expenses		300.00	300.00	43.98	256.02	-
Division of Investigation						
Salaries and Wages		289,284.00	296,284.00	294,877.93	1,406.07	-
Other Expenses		400.00	400.00	400.00	-	-
Division of Communications						
Salaries and Wages		284,774.00	260,774.00	249,471.69	11,302.31	-
Other Expenses		8,000.00	13,000.00	9,408.94	3,591.06	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Expenditures - Regulatory Basis

		Current Fund		Year Ended December 31, 2014		Unexpended
General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
O.S.H.A. Standard Fire Fighting Equipment (CH.516, P.L. 1983)						
Purchase of Fire Equipment		22,000.00	22,000.00	21,999.99	0.01	-
Education Seminars		5,000.00	5,000.00	5,000.00	-	-
Aid to Volunteer Fire Companies						
		90,000.00	90,000.00	89,999.99	0.01	-
Aid to Ambulance Corps						
		43,000.00	43,000.00	43,000.00	-	-
Bureau of Fire Prevention						
Other Expenses - Clothing Allowance		50,000.00	43,000.00	41,650.00	1,350.00	-
Uniform Fire Safety Act (P.L. 1983 C.383)						
Fire Inspection						
Salaries and Wages		25,539.00	25,539.00	25,038.00	501.00	-
Other Expenses		1,600.00	1,600.00	1,552.85	47.15	-
DEPARTMENT OF PUBLIC WORKS:						
Division of Streets and Roads						
Salaries and Wages		754,775.00	754,775.00	735,059.33	19,715.67	-
Other Expenses		151,590.00	151,590.00	151,107.13	482.87	-
Division of Snow and Ice Control						
Salaries and Wages		62,000.00	62,000.00	30,065.57	31,934.43	-
Other Expenses		144,500.00	144,500.00	95,941.23	48,558.77	-
Division of Equipment Maintenance						
Salaries and Wages		120,723.00	120,723.00	117,325.07	3,397.93	-
Other Expenses		272,250.00	272,250.00	271,723.90	526.10	-
Division of Public Buildings and Grounds						
Salaries and Wages		331,661.00	309,661.00	295,596.33	14,064.67	-
Other Expenses		284,000.00	324,000.00	323,229.82	770.18	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Division of Solid Waste /Recycling						
Salaries and Wages		68,591.00	67,591.00	64,759.47	2,831.53	-
Other Expenses		917,371.00	918,371.00	918,109.48	261.52	-
Division of Sewer						
Salaries and Wages		30,221.00	30,221.00	20,986.03	9,234.97	-
Other Expenses		182,000.00	182,000.00	138,156.78	43,843.22	-
DEPARTMENT OF COMMUNITY DEVELOPMENT:						
Division of Public Health						
Salaries and Wages		213,997.00	213,997.00	213,997.00	-	-
Other Expenses		54,480.00	54,480.00	45,292.74	9,187.26	-
Recreation						
Salaries and Wages		98,666.00	88,666.00	83,689.86	4,976.14	-
Other Expenses		62,609.00	62,609.00	60,304.52	2,304.48	-
Terminal Leave Compensation		12,000.00	12,000.00	12,000.00	-	-
Municipal Cable TV Committee						
Salaries and Wages		1,350.00	50.00		50.00	-
Other Expenses		21,150.00	21,450.00	21,450.00	-	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
Division of Code Enforcement						
Bureau of Building Construction		139,662.00	143,662.00	142,433.09	1,228.91	-
Salaries and Wages		3,632.00	3,632.00	2,408.88	1,223.12	-
Other Expenses						
Bureau of Electrical Inspection		14,264.00	14,264.00	14,264.00	-	-
Salaries and Wages						
Bureau of Plumbing Inspection		14,264.00	14,264.00	13,852.55	411.45	-
Salaries and Wages						
Municipal Court:		114,124.00	114,124.00	110,662.59	3,461.41	-
Salaries & Wages		6,195.00	6,195.00	5,962.51	232.49	-
Other Expenses						
Public Defender		12,593.00	12,593.00	12,092.00	501.00	-
Salaries & Wages						

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Expenditures - Regulatory Basis

		Current Fund				Unexpended
		Budget	Budget	Paid or	Reserved	Balance
		After	Modification	Charged		Cancelled
General Appropriations	Ref.	Budget	Budget			
UNCLASSIFIED:						
Gasoline		210,000.00	192,000.00	177,400.10	14,599.90	-
Electricity		68,000.00	68,000.00	57,343.43	10,656.57	-
Natural Gas		11,000.00	29,000.00	18,371.28	10,628.72	-
Telephone and Telegraph		42,000.00	42,000.00	41,524.82	475.18	-
Grantsman						-
Transportation Contract w/ Lakeland Reg HS		67,436.00	67,436.00	67,349.83	86.17	-
Celebration of Public Events		32,850.00	29,850.00	29,274.56	575.44	-
Contribution to A.W.A.R.E.		1,000.00	1,000.00	1,000.00	-	-
Drug and Alcohol Testing		4,300.00	4,300.00	416.00	3,884.00	-
TOTAL OPERATIONS (ITEM 8(A) WITHIN "CAPS"		10,751,078.00	10,751,078.00	10,419,052.69	332,025.31	-
CONTINGENT		100.00	100.00		100.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAPS"		10,751,178.00	10,751,178.00	10,419,052.69	332,125.31	-
DETAIL:						
Salaries and Wages	A-1	5,776,576.00	5,710,676.00	5,589,633.63	121,042.37	-
Other Expenses (Including Contingent)	A-1	4,974,602.00	5,040,502.00	4,829,419.06	211,082.94	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"						
DEFERRED CHARGES:						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees' Retirement System		285,648.00	285,648.00	285,648.00	-	-
Social Security System (O.A.S.I.)		270,000.00	270,000.00	269,778.59	221.41	-
Police and Firemen's Retirement System of NJ		494,323.00	494,323.00	494,323.00	-	-
Unemployment		10,000.00	10,000.00	5,550.28	4,449.72	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	A-1	<u>1,059,971.00</u>	<u>1,059,971.00</u>	<u>1,055,299.87</u>	<u>4,671.13</u>	<u>-</u>
JUDGMENTS						
CASH DEFICIT OF PRECEDING YEAR						
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"		<u>11,811,149.00</u>	<u>11,811,149.00</u>	<u>11,474,352.56</u>	<u>336,796.44</u>	<u>-</u>

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Expenditures - Regulatory Basis

General Appropriations	Current Fund				Unexpended Balance Cancelled
	Ref.	Budget	Budget After Modification	Paid or Charged	
Year Ended December 31, 2014					
OPERATIONS - EXCLUDED FROM "CAPS"					
Reserve for Tax Appeals		60,000.00	60,000.00		60,000.00
Aid to Library		698,121.00	698,121.00	689,667.45	8,453.55
Emergency Services Volunteer Length of Service Award Program		71,800.00	71,800.00	34,800.00	37,000.00
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"		829,921.00	829,921.00	724,467.45	105,453.55

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Expenditures - Regulatory Basis

		Current Fund				Unexpended
		Year Ended December 31, 2014				Balance
	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
DEPARTMENT OF COMMUNITY DEVELOPMENT:						
Division of Public Health		65,000.00	65,000.00	60,051.38	4,948.62	-
Salaries & Wages						
Municipal Court						
Borough of Wanaque		37,000.00	37,000.00	37,000.00	-	
Salaries & Wages						
Borough of Bloomingdale		30,000.00	30,000.00	30,000.00	-	
Salaries & Wages						
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS		132,000.00	132,000.00	127,051.38	4,948.62	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Clean Communities Program						
Salaries & Wages		1,200.00	1,200.00	1,200.00	-	-
Other Expenses		26,900.00	26,900.00	26,900.00	-	-
Body Armor Grant						
Other Expenses		5,866.77	5,866.77	5,866.77	-	-
Recycling Tonnage Grant						
Other Expenses						
Drunk Driving Enforcement Fund						
Other Expenses		4,696.94	4,696.94	4,696.94	-	-
Municipal Alliance (AWARE)						
Other Expenses		69,101.00	69,101.00	69,101.00	-	-
Alcohol Education and Rehabilitation Fund						
		105.55	105.55	105.55	-	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Expenditures - Regulatory Basis

		Current Fund				Unexpended
		Year Ended December 31, 2014				Balance
		Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
General Appropriations	Ref.					
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (CONT.)						
		<u>107,870.26</u>	<u>107,870.26</u>	<u>107,870.26</u>	-	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES		1,069,791.26	1,069,791.26	959,389.09	110,402.17	-
DETAIL:						
Salaries and Wages	A-1	133,200.00	133,200.00	128,251.38	4,948.62	-
Other Expenses	A-1	936,591.26	936,591.26	831,137.71	105,453.55	-
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"						

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Down Payments on Improvements Capital Improvement Fund		91,000.00	91,000.00	91,000.00	-	-
Purchase of Fire Fighting Equipment		40,135.00	40,135.00	40,135.00	-	-
Public and Private Programs Offset by Revenues New Jersey Transportation Trust Fund Authority Act		327,600.00	327,600.00	327,600.00	-	-
TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"	A-1	<u>458,735.00</u>	<u>458,735.00</u>	<u>458,735.00</u>	-	-

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.
Statement of Expenditures - Regulatory Basis

		Current Fund				Unexpended
		Year Ended December 31, 2014				Balance
	General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Cancelled
	DEFERRED CHARGES:					
	Emergency Authorizations					
	Special Emergency Authorizations -					
	5 Years (N.J.S. 40A:4-55)		200,000.00	200,000.00	200,000.00	XXXXXXXXXX
	Special Emergency Authorizations -					
	3 Years (N.J.S. 40A:4-55.1 & 40A:4-55.13)					XXXXXXXXXX
						XXXXXXXXXX
	Deferred Charges to Future Taxation					
	Unfunded:					
		A-1	200,000.00	200,000.00	200,000.00	-
	TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"					
	JUDGMENTS					
	TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOL (N.J.S.A. 40:48-17.1 & 17.3)					
	WITH PRIOR CONSENT OF LOCAL FINANCE BOARD: CASH DEFICIT OF PRECEDING YEAR					
	TOTAL GENERAL APPROPRIATIONS FOR MUN. PURPOSES EXCLUDED FROM "CAPS"		2,624,730.26	2,624,730.26	2,514,234.69	110,402.17
						93.40

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2014

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
TOTAL GENERAL APPROPRIATIONS - EXCLUDED FROM "CAPS"		2,624,730.26	2,624,730.26	2,514,234.69	110,402.17	93.40
SUBTOTAL GENERAL APPROPRIATIONS		14,435,879.26	14,435,879.26	13,988,587.25	447,198.61	93.40
RESERVE FOR UNCOLLECTED TAXES		880,000.00	880,000.00	880,000.00	XXXXXXXXXX	-
TOTAL GENERAL APPROPRIATIONS		15,315,879.26	15,315,879.26	14,868,587.25	447,198.61	93.40
					A	A-1
ADOPTED BUDGET	A-2		15,308,910.94			
APPROPRIATION BY 40A:4-87	A-2		6,968.32			
			15,315,879.26			
RESERVE FOR UNCOLLECTED TAXES	A-2			880,000.00		
RESERVE FOR ENCUMBRANCES	A-13			639,011.82		
DEFERRED CHARGE-EMERG. AUTH. (40A:4-55)	A-28			200,000.00		
INTERFUND-FEDERAL AND STATE GRANT FUND	A-31			435,470.26		
DISBURSED	A-4			12,714,105.17		
				14,868,587.25		

See Accompanying notes to financial statements.

Borough of Ringwood, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Fund

December 31, 2014

With Comparative Figures for 2013

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
Animal Control Trust Fund:			
Cash	B-1	2,469.38	72.40
		<u>2,469.38</u>	<u>72.40</u>
Assessment Fund:			
Cash	B-1	391,816.40	374,631.40
Assessments Receivable	B-11	1,393,268.88	1,526,194.52
Assessment Liens	B-12	12,517.94	8,984.33
Amount to be Raised by Taxation			
Cancelled Assessments	B-17	4,232.56	4,232.56
		<u>1,801,835.78</u>	<u>1,914,042.81</u>
Other Trust Funds:			
Cash:			
Other Trust	B-1	3,183,404.02	1,244,882.82
Unemployment Insurance Trust Fund	B-1	80,948.25	82,153.57
Small Cities Economic Development Grant	B-1	178,377.22	182,776.22
		<u>3,442,729.49</u>	<u>1,509,812.61</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Investments		1,230,885.10	1,199,860.78
Contributions Receivable		85,000.00	91,800.00
		<u>1,315,885.10</u>	<u>1,291,660.78</u>
		<u>6,562,919.75</u>	<u>4,715,588.60</u>

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Fund

December 31, 2014

With Comparative Figures for 2013

	Ref.	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<u>LIABILITIES AND RESERVES</u>			
Animal Control Trust Fund:			
Due to State Department of Health	B-2	12.00	
Reserve for Animal Control Fund Expenditures	B-3	2,457.38	72.40
		<u>2,469.38</u>	<u>72.40</u>
Assessment Fund:			
Interfund-Current Fund	B-13	7,034.38	4,342.42
Loan Payable-State of New Jersey	B-14	1,749,230.91	1,885,200.39
Reserve for Assessment and Liens	B-15	45,570.49	24,500.00
		<u>1,801,835.78</u>	<u>1,914,042.81</u>
Other Trust Funds:			
Deposits Payable	B-4	134,011.48	164,993.32
Due to State of New Jersey - Building Surcharge	B-6	10.00	
Due to State of New Jersey - Marriage Surcharge	B-7	275.00	350.00
Encumbrances Payable	B-8	76,902.25	4,858.14
Other Trust Reserves	B-16	3,225,799.76	1,333,880.15
Interfund-Current Fund	B-5	5,731.00	5,731.00
		<u>3,442,729.49</u>	<u>1,509,812.61</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-9	1,315,885.10	1,291,660.78
		<u>6,562,919.75</u>	<u>4,715,588.60</u>

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2014

With Comparative Figures for 2013

<u>Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
Cash	C-2, C-3	2,764,198.87	1,529,506.29
Deferred Charges to Future Taxation:			
Funded	C-4	5,697,645.87	6,215,640.32
Unfunded	C-5	5,373,360.65	3,636,918.65
Interfund:			
Current Fund	C-6	209,229.07	209,229.07
		<u>14,044,434.46</u>	<u>11,591,294.33</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	5,637,000.00	6,147,000.00
Bond Anticipation Notes	C-8	5,353,113.00	3,616,671.00
Improvement Authorizations:			
Funded	C-9	87,817.44	43,369.83
Unfunded	C-9	2,326,962.91	1,183,373.39
Capital Improvement Fund	C-10	80,758.95	80,758.95
Contracts Payable	C-11	95,858.35	305,812.65
Loan Payable	C-12	60,645.87	68,640.32
Reserve for Various Projects	C-13	399,830.80	143,221.05
Capital Fund Balance	C-1	2,447.14	2,447.14
		<u>14,044,434.46</u>	<u>11,591,294.33</u>

See accompanying notes to financial statements.

There were bonds and notes authorized but not issued on December 31, 2014 of \$20,247.65 as per Exhibit C-14.

Borough of Ringwood, N.J.
Statement of General Capital Fund Balance - Regulatory Basis
General Capital Fund
Year Ended December 31, 2014

	<u>Ref.</u>	
Balance - December 31, 2013	C	<u><u>2,447.14</u></u>
Balance - December 31, 2014	C, C-3	<u><u>2,447.14</u></u>

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2014

With Comparative Figures for 2013

<u>ASSETS</u>	<u>Ref</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
Operating Fund:			
Cash	D-5	123,212.67	217,921.68
Cash - Change Fund		100.00	100.00
Interfund:			
Water Capital	D-8	9,060.75	
Current Fund	D-27	722.09	
		<u>133,095.51</u>	<u>218,021.68</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	135,276.76	146,953.91
Water Utility Liens	D-26		722.09
		<u>135,276.76</u>	<u>147,676.00</u>
		<u>268,372.27</u>	<u>365,697.68</u>
Assessment Trust Fund:			
Cash	D-5, D-6	0.36	0.36
Assessments Receivable	D-10	163,480.00	163,480.00
		<u>163,480.36</u>	<u>163,480.36</u>
Capital Fund:			
Cash	D-5, D-7	1,991,174.17	372,954.86
Fixed Capital	D-11	14,723,649.97	14,723,649.97
Fixed Capital Authorized and Uncompleted	D-12	6,180,000.00	3,380,000.00
		<u>22,894,824.14</u>	<u>18,476,604.83</u>
		<u>23,326,676.77</u>	<u>19,005,782.87</u>

See accompanying notes to financial statements.

There were bonds and notes authorized and not issued of \$1,283,201.21 at December 31, 2014 as per Exhibit D-29.

Borough of Ringwood, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2014

With Comparative Figures for 2013

	Ref	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<u>LIABILITIES, RESERVES AND SURPLUS</u>			
Operating Fund:			
Appropriation Reserves	D-4, D-13	68,249.90	111,303.13
Reserve for Encumbrances	D-14	26,663.16	32,773.46
Accrued Interest on Bonds and Notes	D-15	20,567.97	20,238.47
		<u>115,481.03</u>	<u>164,315.06</u>
Reserve for Receivables	Contra	135,276.76	147,676.00
Operating Fund Balance	D-1	<u>17,614.48</u>	<u>53,706.62</u>
		<u>268,372.27</u>	<u>365,697.68</u>
Assessment Trust Fund:			
Reserve for Assessment and Liens	D-16	<u>163,480.36</u>	<u>163,480.36</u>
		<u>163,480.36</u>	<u>163,480.36</u>
Capital Fund:			
Serial Bonds	D-17	2,817,000.00	3,037,000.00
Bond Anticipation Notes	D-18	3,917,312.00	2,446,550.00
Interfund:			
Water Operating Fund	D-20	9,060.75	
Improvement Authorizations:			
Funded	D-19	135,000.00	
Unfunded	D-19	3,085,040.66	424,940.66
Contracts Payable	D-24	45,014.62	56,895.31
Reserve for:			
Amortization	D-21	12,688,837.00	12,439,599.00
Capital Improvements	D-22	238.84	238.84
Deferred Amortization	D-23	197,300.00	62,300.00
Payment of BAN's	D-25		460.75
Surplus	D-2	<u>20.27</u>	<u>8,620.27</u>
		<u>22,894,824.14</u>	<u>18,476,604.83</u>
		<u>23,326,676.77</u>	<u>19,005,782.87</u>

See accompanying notes to financial statements.

Borough of Ringwood, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Fund

December 31, 2014

With Comparative Figures for 2013

	Ref.	2014	2013
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Surplus Utilized	D-1	53,000.00	70,000.00
Rents and Additional Rents	D-3	1,443,556.97	1,374,129.20
Miscellaneous	D-3	11,614.73	20,768.01
Capital Fund Balance	D-3	8,600.00	
Reserve for Debt Service	D-3	460.75	15,000.00
Other Credits to Income:			
Interfunds Returned	D-26	722.09	
Unexpended Balance of Appropriation Reserves	D-13	12,878.32	16,434.07
Total Income		<u>1,530,832.86</u>	<u>1,496,331.28</u>
<u>EXPENDITURES</u>			
Operating	D-4	952,895.00	999,386.00
Capital Improvements	D-4	135,000.00	
Debt Service	D-4	394,030.00	417,065.00
Deferred Charges and Statutory Expenditures	D-4	32,000.00	30,000.00
Total Expenditures		<u>1,513,925.00</u>	<u>1,446,451.00</u>
Excess in Revenue		16,907.86	49,880.28
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Surplus		16,907.86	49,880.28
FUND BALANCE - JANUARY 1,	D	<u>53,706.62</u>	<u>73,826.34</u>
		70,614.48	123,706.62
Decreased by:			
Utilization by Water Operating Budget	D-1	<u>53,000.00</u>	<u>70,000.00</u>
FUND BALANCE - DECEMBER 31,	D	<u><u>17,614.48</u></u>	<u><u>53,706.62</u></u>

See accompanying notes to financial statements.

Borough of Ringwood, N.J.
 Statement of Capital Fund Balance - Regulatory Basis
 Water Utility Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2013	D	8,620.27
Decreased by:		
Anticipated in Operating Fund Budget	D-20	<u>8,600.00</u>
Balance - December 31, 2014	D	<u><u>20.27</u></u>

Borough of Ringwood, N.J.
Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

December 31, 2014

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)*</u>
Surplus Utilized	D-1	53,000.00	53,000.00	-
Rents	D-1	1,374,000.00	1,374,000.00	-
Miscellaneous	D-1	20,500.00	11,614.73	(8,885.27)
Special Items:				
Additional Water Rents	D-1	57,364.25	69,556.97	12,192.72
Water Capital Surplus	D-1; D-8	8,600.00	8,600.00	-
Reserve for Debt Service	D-1; D-8	460.75	460.75	-
Budget Totals		<u>1,513,925.00</u>	<u>1,517,232.45</u>	<u>3,307.45</u>
Analysis of Water Rents:				
Consumer Accounts Receivable Collected	D-5, D-9		<u>1,443,556.97</u>	
Analysis of Miscellaneous Revenues:				
Treasurer:				
Interest on Investments:				
Water Operating Fund	D-5		1,900.33	
Water Collector:				
Main Tap		9,000.00		
Meter Charges		600.00		
Other		<u>114.40</u>		
	D-5		<u>9,714.40</u>	
			<u>11,614.73</u>	

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Borough of Ringwood, N.J.
Balance Sheet - Regulatory Basis
Public Assistance Fund
December 31, 2014
With Comparative Figures for 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Cash	E-1	<u>6,961.19</u>	<u>6,961.19</u>
		<u>6,961.19</u>	<u>6,961.19</u>
<u>Liabilities</u>			
Reserve For Public Assistance	E-4	<u>6,961.19</u>	<u>6,961.19</u>
		<u>6,961.19</u>	<u>6,961.19</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Borough of Ringwood, N.J.

Balance Sheet - Regulatory Basis

Payroll Fund

December 31, 2014

With Comparative Figures for 2013

		<u>Ref.</u>	<u>2014</u>	<u>2013</u>
	<u>Assets</u>			
Cash		F -1	<u>46,592.30</u>	<u>0.07</u>
			<u>46,592.30</u>	<u>0.07</u>
	<u>Liabilities</u>			
Payroll Deductions Payable		F -1	<u>46,592.30</u>	<u>0.07</u>
			<u>46,592.30</u>	<u>0.07</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Borough of Ringwood, N.J.
Balance Sheet - Regulatory Basis
Recreation Fund
December 31, 2014
With Comparative Figures for 2013

	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Assets</u>			
Cash	G-1	<u>267,435.80</u>	<u>240,390.07</u>
		<u>267,435.80</u>	<u>240,390.07</u>
<u>Liabilities</u>			
Reserve for Encumbrances		10,968.86	20,941.79
Reserve For Recreation	G-2	<u>256,466.94</u>	<u>219,448.28</u>
		<u>267,435.80</u>	<u>240,390.07</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Borough of Ringwood, N.J.

Statement of General Fixed Assets - Regulatory Basis

December 31, 2014

	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2013</u>
<u>Assets</u>		
General Fixed Assets:		
Land	7,135,500.00	7,135,500.00
Buildings	4,196,000.00	4,196,000.00
Machinery, Vehicles and Equipment	<u>8,741,792.86</u>	<u>8,653,814.19</u>
	<u>20,073,292.86</u>	<u>19,985,314.19</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>20,073,292.86</u>	<u>19,985,314.19</u>

(1) See Notes to Financial Statements - (Note 11)

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The financial statements of the Borough of Ringwood have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is an other comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Ringwood (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

Assessment Trust Fund - This fund is used to account for special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. The Borough has transferred administration of the General Assistance Program to the Passaic County Board of Social Services. The funds remaining in the Public Assistance Fund are to be used to assist certain residents who do not qualify for the General Assistance Program.

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Ringwood. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month in the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund and Water Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund and water operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

- General Capital Fund
- Trust Fund
- Public Assistance Fund
- Water Capital Fund

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. Several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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 additions to income. Appropriation reserves do not exist under GAAP.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

General Fixed Assets - Prior to year 2000, the Borough of Ringwood did not maintain a fixed asset accounting system as required by N.J.A.C. 5:30-5.6. Assets were not added or deleted from the Schedule of Fixed Assets. During the year 2000, an independent appraisal was made of the Borough's fixed assets and the Borough has developed a fixed asset accounting system.

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

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation, (continued)

Basis of Accounting, (continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Recent Accounting Pronouncements, Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2014, \$-0- of the Borough's bank balance of \$13,484,606.78 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

As more fully described in Note 18, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Variable Annuity Life Insurance Company, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2014 and 2013 amounted to \$1,230,885.10 and \$1,199,860.78, respectively.

The following investments represent 5% or more of the total invested with Variable Annuity Life Insurance Company on December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Broad Cap Value Income Fund	\$75,183.54	\$68,284.42
Large Capital Growth Fund	84,711.89	78,615.52
Mid Cap Index Fund	76,474.50	60,301.80
Mid Cap Value Fund	65,266.50	71,782.51
Money Market Funds	98,654.27	132,202.61
Vanguard Life Strategy Growth Fund	<u>69,612.67</u>	<u>66,880.82</u>
Total	<u>\$469,903.37</u>	<u>\$478,067.68</u>

NOTE 3. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the regulatory 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, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Long-term debt as of December 31, 2014 consisted of the following:

	Balance <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds Payable - General Obligation Debt	\$6,147,000.00	\$	\$510,000.00	\$5,637,000.00	\$510,000.00
Bonds Payable - Water Utility Debt	3,037,000.00		220,000.00	2,817,000.00	230,000.00
Other Liabilities - Compensated Absences Payable	190,920.93		33,211.36	157,709.57	
Loan Payable - State of NJ - Skyline Lakes Dam	1,165,822.28		86,357.20	1,079,465.08	86,357.20
New Jersey - Green Trust Loans	68,640.32		7,994.45	60,645.87	8,155.13
Loan Payable - State of NJ - Erskine Lakes Dam	<u>719,378.11</u>	<u> </u>	<u>49,612.28</u>	<u>669,765.83</u>	<u>49,612.28</u>
	<u>\$11,328,761.64</u>	<u>\$0.00</u>	<u>\$907,175.29</u>	<u>\$10,421,586.35</u>	<u>\$884,124.61</u>

The Borough's debt is summarized as follows:

**SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT AND OPERATING
DEBT AND TYPE II SCHOOL DEBT)**

	<u>Year 2014</u>	<u>Year 2013</u>	<u>Year 2012</u>
<u>Issued:</u>			
General Bonds and Notes	\$10,990,113.00	\$9,763,671.00	\$9,103,677.00
Water Utility - Bonds and Notes	6,734,312.00	5,483,550.00	5,736,615.00
Assessment Loans Payable	1,749,230.91	1,885,200.39	2,021,169.88
Green Trust Loan	<u>60,645.87</u>	<u>68,640.32</u>	<u>76,477.24</u>
Total Issued	<u>19,534,301.78</u>	<u>17,201,061.71</u>	<u>16,937,939.12</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	20,247.65	20,247.65	20,247.65
Water Utility - Bonds and Notes	<u>1,283,201.21</u>	<u>118,201.21</u>	<u>118,201.21</u>
Total Authorized But Not Issued	<u>1,303,448.86</u>	<u>138,448.86</u>	<u>138,448.86</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$20,837,750.64</u>	<u>\$17,339,510.57</u>	<u>\$17,076,387.98</u>

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

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 .729%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$11,245,000.00	\$11,245,000.00	\$0.00
Regional School District Debt	1,040,543.47	1,040,543.47	0.00
Water Utility Debt	8,017,513.21	8,017,513.21	0.00
General Debt	<u>12,820,237.43</u>	<u>851,816.40</u>	<u>11,968,421.03</u>
	<u>\$33,123,294.11</u>	<u>\$21,154,873.08</u>	<u>\$11,968,421.03</u>

Net Debt \$11,968,421.03 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,642,247,436.33 equals .729%.

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3 ½% of Equalized Valuation Basis (Municipal)	\$57,478,660.27
Net Debt	<u>11,968,421.03</u>
Remaining Borrowing Power	<u>\$45,510,239.24</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE", WATER UTILITY
PER N.J.S.A. 40A:2-45

Cash receipts from fees, rents or other charges for year		\$1,517,232.45
Deductions:		
Operating and Maintenance Cost	\$984,895.00	
Debt Service per Water Account	<u>394,030.00</u>	
Total Deductions		<u>1,378,925.00</u>
Excess in Revenue		<u>\$138,307.45</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible.

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long term debt consisted of the following at December 31, 2014:

<u>Paid by Current Fund:</u>	<u>Debt Outstanding</u>
<u>General Serial Bonds:</u>	
\$840,000.00 Sewer Refunding Bonds of 2009 with interest rates of 3.00% to 5.00% issued April 23, 2009, due in annual installments through February 1, 2019.	\$460,000.00
\$1,630,000.00 General Refunding Bonds of 2009 with interest rates of 3.00% to 5.00% issued April 23, 2009, due in annual installments through February 1, 2021.	1,025,000.00
\$4,367,000.00 County Guaranteed Governmental Loan Revenue Bonds of 2009 with interest rates of 4.25% to 5.50% issued January 15, 2009, due in annual installments through October 1, 2024.	4,152,000.00
\$150,000.00 New Jersey Green Trust Loans dated February 2002 with an interest rate of 2% payable in installments through 2021	<u>60,645.87</u>
	<u>5,697,645.87</u>
 <u>Paid by Assessment Fund:</u>	
\$1,579,959.55 Loan payable - NJDEP - dated March 3, 2009 with an interest rate of 2% payable in installments through 2027	1,079,465.08
\$930,996.16 Loan payable - NJDEP - dated October 14, 2009 with an interest rate of 2% payable in installments through 2028	<u>669,765.83</u>
	<u>1,749,230.91</u>
 <u>Paid by Water Utility Fund:</u>	
<u>Water Serial Bonds:</u>	
\$2,122,000.00 Water Bonds of 2004 with an interest rate of 4.00% issued January 15, 2004, due in annual installments through January 15, 2024.	\$1,517,000.00
\$1,870,000.00 Water Bonds of 2009 with interest rates of 3.00% to 5.00% issued April 23, 2009, due in annual installments through February 1, 2021.	<u>1,300,000.00</u>
	<u>2,817,000.00</u>
	<u>\$10,263,876.78</u>

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Capital and Water Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough and/or Water Utility Revenues.

In addition to the above, the Borough had authorized but not issued debt as follows:

Water Capital	\$1,283,201.21
General Capital	<u>20,247.65</u>
	<u>\$1,303,448.86</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR THE NEXT FIVE YEARS FOR BONDED DEBT ISSUED AND OUTSTANDING

<u>Calendar Year</u>	<u>General</u>		<u>Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$510,000.00	\$259,597.50	\$230,000.00	\$116,517.50
2016	535,000.00	239,560.00	250,000.00	107,742.50
2017	535,000.00	217,572.50	245,000.00	97,430.00
2018	540,000.00	193,697.50	265,000.00	85,430.00
2019	545,000.00	169,572.50	265,000.00	72,930.00
2020-2024	<u>2,972,000.00</u>	<u>468,350.00</u>	<u>1,562,000.00</u>	<u>164,360.00</u>
	<u>\$5,637,000.00</u>	<u>\$1,548,350.00</u>	<u>\$2,817,000.00</u>	<u>\$644,410.00</u>

NOTE 4. 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 one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. 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. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2014, the Borough had \$5,353,113.00 in outstanding general capital bond anticipation notes maturing on May 1, 2015 at an interest rate of .75% and \$3,917,312.00 in water capital bond anticipation notes maturing on May 1, 2015 at an interest rate of .75%.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2014.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>General Capital Fund:</u>				
NW Capital Markets	\$2,569,671.00	\$	\$2,569,671.00	\$0.00
TD Securities	0.00	5,353,113.00		5,353,113.00
Janney Montgomery Scott	<u>1,047,000.00</u>		<u>1,047,000.00</u>	<u>0.00</u>
	<u>3,616,671.00</u>	<u>5,353,113.00</u>	<u>3,616,671.00</u>	<u>5,353,113.00</u>
<u>Water Utility Capital Fund:</u>				
NW Capital Markets	2,046,550.00		2,046,550.00	0.00
TD Securities	0.00	3,917,312.00		3,917,312.00
Janney Montgomery Scott	<u>400,000.00</u>		<u>400,000.00</u>	<u>0.00</u>
	<u>2,446,550.00</u>	<u>3,917,312.00</u>	<u>2,446,550.00</u>	<u>3,917,312.00</u>
	<u>\$6,063,221.00</u>	<u>\$9,270,425.00</u>	<u>\$6,063,221.00</u>	<u>\$9,270,425.00</u>

NOTE 5. LOAN AGREEMENTS

The Borough of Ringwood has entered into several loan agreements with the State of New Jersey Department of Environmental Protection as described below:

Green Trust Loans dated February 2002 payable over 19 years from November 7, 2002, the date of the final drawdown payment, through November 7, 2021. The loans of \$150,000 are at an interest rate of 2.00%.

Following are the remaining maturities and debt service schedules for the outstanding principal and interest on the Green Trust Loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$8,155.13	\$1,172.35	\$9,327.48
2016	8,319.05	1,008.43	9,327.48
2017	8,486.26	841.22	9,327.48
2018	8,656.84	670.64	9,327.48
2019	8,830.84	496.64	9,327.48
2020-2021	<u>18,197.75</u>	<u>457.20</u>	<u>18,654.95</u>
	<u>\$60,645.87</u>	<u>\$4,646.48</u>	<u>\$65,292.35</u>

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 5. LOAN AGREEMENTS, (continued)

A Dam Restoration Loan for Skyline Lakes Dams No. 1 and 2 dated March 3, 2009 in the amount of \$1,300,000 with an interest rate of 2.00% and a final maturity of May 27, 2027; and a Dam Restoration Loan for Erskine Upper Lake Dam dated October 14, 2009 in the amount of \$764,017 with an interest rate of 2.00% and a final maturity of July 6, 2028. The principal and interest on the Dam Restoration Loans are being paid by a special assessment levied on the property owners benefitting from the projects.

Following are the remaining maturities and debt service schedules for the outstanding principal and interest on the Dam Restoration Loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$105,788.75	\$30,180.73	\$135,969.48
2016	107,915.13	28,054.38	135,969.51
2017	110,084.21	25,885.28	135,969.49
2018	112,296.90	23,672.59	135,969.49
2019	114,554.06	21,415.42	135,969.48
2020-2024	608,248.10	71,599.40	679,847.50
2025-2028	<u>376,464.91</u>	<u>13,071.05</u>	<u>389,535.96</u>
	<u>\$1,535,352.06</u>	<u>\$213,878.85</u>	<u>\$1,749,230.91</u>

NOTE 6. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, the following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance Dec. 31, 2013</u>	<u>Cancelled 2014</u>	<u>2014 Budget Appropriation</u>	<u>Balance to Succeeding Budget</u>
<u>Current Fund:</u>				
Emergency Authorization	<u>\$352,000.00</u>	<u>\$</u>	<u>\$200,000.00</u>	<u>\$152,000.00</u>

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 7. LOCAL AND REGIONAL HIGH SCHOOL TAXES

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

The Borough of Ringwood has elected to defer school taxes as follows:

	December 31, 2014		December 31, 2013	
	Local	Regional	Local	Regional
	<u>School District</u>	<u>High School</u>	<u>School District</u>	<u>High School</u>
Balance of Tax	\$9,320,288.17	\$4,667,402.81	\$9,099,897.17	\$4,184,862.06
Deferred	<u>8,942,242.00</u>	<u>4,616,404.50</u>	<u>8,748,544.50</u>	<u>4,133,863.50</u>
School Tax Payable	<u>\$378,046.17</u>	<u>\$50,998.31</u>	<u>\$351,352.67</u>	<u>\$50,998.56</u>

NOTE 8. PENSION PLANS

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemen's Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 8. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 8. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 8. PENSION PLANS, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2014	\$285,648.00	\$494,323.00
2013	299,942.00	604,744.00
2012	350,564.01	578,984.00

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 8. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

NOTE 9. OTHER POST-RETIREMENT BENEFITS

In addition to the pension benefits described in Note 8, the Borough provides post employment health care benefits as follows:

Eligibility for Retired Group Coverage

Under the collective bargaining agreement between the Borough and the P.B.A., employees who retire from the Borough with twenty-five (25) or more years of service as defined by PFRS, shall be provided with retiree medical and prescription coverage (for Employee and their eligible dependents) under the Aetna Plan Patriot 20 QPOS with the

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 9. OTHER POST-RETIREMENT BENEFITS, (continued)

Passive Prescription benefits plan as per Article VII, Paragraph 1, set forth above, as proposed for all active employees with no deductible or a plan equal to or better than said plan.

Under the Borough's other collective bargaining agreements, for those employees who retire at age 60 or thereafter and have completed at least thirty (30) years of employment with the Borough (employment in other governmental jurisdictions shall not be calculated to determine years of employment with the Borough), the Borough shall continue the said employee and spouse under the medical insurance policy, the prescription plan and the vision plan then current and applicable to persons covered by this Agreement. The said coverage shall terminate upon employee attaining the age of 65 years irrespective of the age of the spouse and neither the employee nor the spouse shall thereafter be covered. The Borough shall annually be responsible to pay only five thousand forty dollars (\$5,040.00) toward the premium for the coverage and said employee shall pay the balance of the cost of the said premium. Upon said employee attaining 65 years of age, the Borough shall no longer be responsible to pay any amount toward premiums and, as stated above, the said employee and his/her spouse shall no longer be covered by the Borough's insurance policy. The scope and extent of coverage shall pursuant to the terms of the then-current Agreement.

Employees retiring from the Borough with thirty (30) or more years of service shall be entitled to the continuation of prescription and vision coverage into retirement at no cost to the employee, provided that this provision is not in conflict with P.L. 2011, c. 78 § 39 and 42. To the extent any of this provision conflicts with the aforesaid statute, State Law shall control.

The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During 2014, there were twenty-four (24) retired employees who received this benefit at a cost of \$284,632.00.

Funding Policy

The Borough is not required to nor does it contribute the annual required contribution (ARC) per N.J.S.A. 40A:4-1 et. seq. There is currently no provision under State statute for the Borough to accrue funds, create a trust or issue debt to finance their other post employment benefit ("OPEB") liability.

Currently, there are no contribution requirements of plan members.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 9. OTHER POST-RETIREMENT BENEFITS, (continued)

Annual OPEB Cost

For 2014, the Borough's annual OPEB cost (expense) of \$1,229,127.00 (based on actuarial valuation as of December 31, 2014) was equal to the ARC (Annual Required Contribution). The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 are as follows:

<u>Year</u>	<u>Actual OPEB Payments</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$306,657.00	\$1,229,127.00	24.95%	\$7,716,201.00
2013	284,632.00	1,434,776.00	19.84	6,793,731.00
2012	260,228.00	1,434,776.00	18.14	5,643,587.00

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2014 (based on an actuarial study as of December 31, 2014) was as follows:

Actuarial Accrued Liability (AAL)	\$14,200,860.00
Actuarial Value of Plan Assets	-0-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$14,200,860.00</u>
Funded Ratio (Actuarial Value of Plan Assets (AAL))	0.00%
Cover Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A
<hr/>	
N/A - Not Available	

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 9. OTHER POST-RETIREMENT BENEFITS, (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include economic assumptions; benefit assumptions and demographic assumptions. Economic assumptions include the discount rate and health care cost trend rates. Benefit assumptions encompass the initial per capita costs rates for medical coverage, and the face amount of employer-paid life insurance. Finally, demographic assumptions include probabilities concerning retirement, mortality, termination without receiving benefits; disability; recovery from disability; participation rates and coverage levels. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 10. FUND BALANCES

Fund balances as of December 31, 2014 that have been anticipated as revenue in the 2015 budget is as follows:

Current Fund	\$1,200,000.00
Water Operating Fund	_____
	<u>\$1,200,000.00</u>

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 11. FIXED ASSETS

The following is a summary of changes in the general fixed assets' account group for the year 2014.

	Balance <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2014</u>
Land	\$7,135,500.00	\$	\$	\$7,135,500.00
Buildings	4,196,000.00			4,196,000.00
Machinery, Vehicles and Equipment	<u>8,653,814.19</u>	<u>251,652.07</u>	<u>163,673.40</u>	<u>8,741,792.86</u>
	<u>\$19,985,314.19</u>	<u>\$251,652.07</u>	<u>\$163,673.40</u>	<u>\$20,073,292.86</u>

During the year ended December 31, 2000, the Borough had its fixed assets appraised by an independent appraisal company. Based on the information obtained from this appraisal, an adjustment was necessary to the Borough's fixed assets. The resulting adjustment is reflected in the accompanying financial statements and supporting schedules.

NOTE 12. ACCRUED SICK AND VACATION BENEFITS

The Borough permits employees to accrue (with certain restrictions) unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$157,709.57 as of December 31, 2014. This amount is not reported either as an expenditure or liability.

NOTE 13. DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2014 consist of the following:

\$120,406.95	Due from Federal and State Grant Fund to Current Fund for anticipated revenue.
209,229.07	Due to General Capital Fund from Current Fund for reimbursement of expenditures.
5,731.00	Due from Other Trust Fund to Current Fund for reimbursement of expenditures.
722.09	Due from Current Fund to Water Operating Fund for lien collected.
9,060.75	Due from Water Capital Fund to Water Operating Fund for budgeted revenue.
<u>7,034.38</u>	Due from Assessment Trust Fund to Current Fund for receipts collected in Assessment Trust Fund.
<u>\$352,184.24</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 14. LEASES

The Borough has not entered into any long-term agreements for any equipment purchases.

NOTE 15. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2014 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Ringwood is also a member of the Morris Municipal Joint Insurance Fund (the "Fund"). The Fund provides their members with Liability, Property and Workers' Compensation and both an insured and self administered group of municipalities established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The Borough's health insurance is carried through the North Jersey Municipal Employee Benefit Fund. Adequacy of the Borough's insurance coverage is the responsibility of the Borough's management.

NOTE 16. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2014</u>	<u>Balance</u> <u>Dec 31, 2013</u>
Prepaid Taxes	<u>\$199,550.00</u>	<u>\$143,986.91</u>
Cash Liability for Taxes Collected in Advance	<u>\$199,550.00</u>	<u>\$143,986.91</u>

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 17. DEFERRED COMPENSATION PLAN

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

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Borough of Ringwood (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Borough's general creditors. Participants' rights under the Plan are equivalent to those of general creditors of the Borough in an amount equal to the fair market value of the deferred account for each participant. However, on October 22, 1997 the Borough passed a resolution to amend the Plan to be in conformance with Internal Revenue Code for Section 457 Deferred Compensation Plans, as amended by the "Small Jobs Protection Act of 1996". This change requires all deferred funds to be held for the exclusive benefit of the participating employees and their beneficiaries.

The employees' contributions to the Plan and all income attributable to those amounts have been transferred to the exclusive benefit of the participating employees and their beneficiaries as required by the plan amendment.

NOTE 18. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On September 10, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company (VALIC). The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The LOSAP shall provide for annual contributions for each eligible member who meets the criteria as follows:

- a. 50 points in a calendar year are required for a member of a volunteer fire company to be eligible for an annual contribution; 350 points are required in a calendar year for a member of the ambulance corps to be eligible for an annual contribution.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 18. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP), (continued)

- b. Five (5) years of service are required for vesting. A member who fails to meet eligibility criteria for two (2) consecutive years shall forfeit all rights toward vesting and the monies contributed to that member's account shall go into the pool for distribution in accordance with Item C. any member with ten (10) years of service as of January 1, 2000 shall be vested immediately upon adoption of the plan.

- c. The Borough of Ringwood's annual contribution was originally equivalent to one (1) tax point, based on the prior year's tax rate. In March of 2003, the Borough adopted Ordinance 2003-2 amending the Borough's annual contribution as follows:

The Borough's annual contribution shall be \$850.00 for the base year of 2000 for each eligible member. In addition, contributions which are forfeited by members who do not become vested throughout that calendar year will be distributed in accordance with LOSAP rules and regulations.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2014 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES

General Counsel has reported that the Borough is involved in the following legal suits of which the amount of potential loss cannot be determined at the this time but could be material to the financial statements:

EPA REGULATORY ACTION (against Ford and Ringwood)

- a. The proceeding. The EPA has issued regulatory orders requiring Ford to clean up and remediate toxic waste deposits in Upper Ringwood. Ford has asserted claims that Ringwood has some responsibility regarding the same. EPA issued an order requiring Ringwood and Ford to cooperate in the remediation process.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

EPA REGULATORY ACTION (against Ford and Ringwood), (continued)

- b. The claims asserted. The amount of damages can not be determined at this time. Ford is cleaning up the affected areas under the control and regulation of the EPA. A dispute exists over responsibility for the removal of hazardous substances from an area entitled SR-6. NJDEP has remediated the area and advised Ford and Ringwood that it will hold them responsible for the costs. Ringwood denies any responsibility regarding the hazardous waste. EPA recently issued an order that Ringwood clean up the St. George's pit area.
- c. Amount of monetary damages sought. Precise amounts have not been determined, but Ringwood asserts that its insurance policies provide coverage.
- d. Objective sought by EPA is remediation; Ford is demanding contribution toward certain costs.
2. Progress of case: DEP has removed hazardous substances from SR-6. Ringwood and its insurance carriers and Ford are in discussions as to responsibility for further clean-up and apportionment of cost for work done.
3. Management and response to litigation: Borough denies any responsibility for hazardous waste remediation.
4. Evaluation of likelihood of outcome: Technical data received from Ringwood's experts indicates that any non solid waste substances on SR-6 are hazardous substances whose remediation is the responsibility of Ford. For the overwhelming bulk of remediation, the responsibility lies with Ford.
5. The EPA has finalized its plan to address contamination in three areas of the site: Peter's Mine Pit - Contaminated soil and other material will be removed from around the opening of the mine pit and the pit will be capped; Cannon Mine Pit - The mine pit will be capped; O'Connor Disposal Area - The area will be excavated with a contingency to consolidate and cap waste if the Borough of Ringwood builds a recycling center on this area of the site.
6. Amount or range of potential loss: Cannot be determined at this time.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

DEP REQUIRING SOLID WASTE CLEAN-UP

- a. The proceeding. DEP has issued an administrative order requiring Ringwood to remove materials identified as SR-6.
 - b. The claim asserted. That Ringwood remove all waste substances located on SR-6.
 - c. Monetary damages. Not sought.
 - d. Whether or not damage covered by insurance. Dispute as to insurance coverage with Ringwood asserting coverage.
 - e. Objective sought by plaintiff. Removal of solid and toxic waste from SR-6.
2. Progress of Case. Ringwood has removed certain solid waste; DEP is removing the toxic waste and asserts that it will hold Ringwood and/or Ford liable for costs.
 3. Ringwood is contesting any requirement to contribute to the cost of removing toxic waste.
 4. Tests conducted by Ringwood's engineer indicates responsibility for toxic waste removal resides solely with Ford.
 5. Estimate amount or range of potential loss. Can not be determined at this time.

ROGER DEGROAT, 9 SHEEHAN DRIVE

Roger DeGroat, 9 Sheehan Drive: Part of the property owner's land collapsed resulting in a sink hole possibly stemming from surface mining activities. The property owner asserts that it is the Borough's responsibility to remediate the same. Open issue as to whether insurance coverage is available. The Borough is exploring ways to resolve the matter. DeGroat has agreed to a remediation plan proposed by the Borough wherein the Borough would use the proceeds of a state grant to pay for the work. Bid documents were prepared and the work was publicly advertised with only one bidder whose bid exceeded the budget amount and was rejected. A second public advertisement was conducted and no bids were received.

However, Mr DeGroat's property is now under mortgage foreclosure and the Borough has put any remediation effort on hold pending resolution of that suit.

Mr. DeGroat has filed a Notice of Tort Claim which has been forwarded to the Borough's carrier. More than two (2) years have passed since the filing of the same.

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 19. COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

RINGWOOD V. SADDLE MOUNTAIN, L.P.

Suit by the Borough to prohibit quarrying at various depths and other relief sought. Defendant asserts that the claims of the Borough are frivolous and are demanding monetary sanctions. The amount sought by defendant cannot be determined at this time.

VARIOUS TAX COURT APPEALS

North Jersey District Water Supply Commission v. Ringwood. Plaintiff contends that the assessment is in excess of the value of the premises. Plaintiff is the largest taxpayer in the Borough and any reduction in assessment could sufficiently impact tax revenues. Outcome of the case cannot be determined at this time.

UNASSERTED CLAIMS

DEP has conducted micro-gravity and toxic substance testing in Upper Ringwood and the results may indicate unstable infrastructure or health problems and/or residences which may result in claims similar to that of DeGroat above and claims about adverse health effects.

The Borough's Special Counsel has reported the following:

"This firm represents the Borough of Ringwood as special outside environmental counsel on the Environmental Protection Agency Superfund Site known as, "Ringwood Mines/Landfill Site, Ringwood, New Jersey." The Borough of Ringwood is a potentially responsible party for the investigation and remediation of the Ringwood Site, along with the Ford Motor Company. We reached a settlement agreement with Ford which allocates the financial liability between the parties based upon certain circumstances set forth in the agreement. Another settlement agreement was reached between the Borough of Ringwood and the insurance carriers who are providing coverage for this claim, which essentially obligates the insurance carriers to pay for the Borough's share of financial liability as set forth in the Ford Settlement, as well as for payment of the Borough's professional fees, including this firm's services.

Since reaching these settlements with Ford and the insurance carriers, all of the parties have complied with their respective settlement obligations. Furthermore, the parties continue to work together and to negotiate resolution on the remaining issues including selection of the remedies by the EPA. To date, the Borough of Ringwood does not owe this firm any money for services or expenses as the insurance carriers are obligated to pay (and have been paying) for same pursuant to the settlement agreement."

BOROUGH OF RINGWOOD, N.J.
Notes to Financial Statements
Years Ended December 31, 2014 and 2013
(continued)

NOTE 20. OTHER MATTERS

The Borough entered into an agreement as a co-borrower between the Borough, Skyline Lake Property Owners Association and the State of New Jersey for a dam rehabilitation project. The Borough has passed a special assessment ordinance to repay the loan.

The Borough experienced damage during the year ended December 31, 2011. On September 13, 2011, the Borough passed a special emergency resolution for \$1,600,000 payable over five years to fund the repairs. On December 21, 2011, the Borough passed Resolution number 2011-328 reducing the amount of the special emergency resolution by \$600,000 to \$1,000,000. On May 7, 2013, the Borough passed Resolution number 2013-162 reducing the amount of the special emergency resolution by \$248,000 to \$752,000.

NOTE 21. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through August 3, 2015, the date which the financial statements were available to be issued and the following items were noted for disclosure:

On May 21, 2015, the Borough issued \$1,375,000 Water Refunding Bonds, Series 2015. The Series 2015 Water Refunding Bonds were issued to provide funds to refund the Borough's outstanding Water Bonds of 2004 maturing on or after January 15, 2016; and to pay certain costs and expenses incidental to the issuance of the Bonds. The Series 2015 Water Refunding Bonds have interest rates ranging from 2.00% to 4.00% and have a final maturity of January 15, 2024.

Additionally, the Borough issued \$6,640,000 bonds consisting of \$3,540,000 General Bonds, Series 2015 and \$3,100,000 Water Bonds, Series 2015. These bonds were issued to finance the costs of various projects, including payment at maturity of \$6,550,000 outstanding bond anticipation notes, and pay for expenses incurred in connection with the issuance of the bonds. The bonds have interest rates ranging from 2.00% to 3.125% and have a final maturity of 2035.

SUPPLEMENTARY DATA

THIS PAGE INTENTIONALLY LEFT BLANK

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate:</u>	<u>3.397</u>	<u>3.279</u>	<u>2.781</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.754	.749	.632
County	.787	.766	.643
Local School	1.224	1.198	.981
Regional High School	.632	.566	.525
 <u>Assessed Valuation:</u>			
2014	\$1,461,359,600		
2013		\$1,460,834,800	
2012			\$1,710,756,000

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$50,139,392.37	\$49,336,996.92	98.40%
2013	48,012,821.50	47,490,397.47	98.91
2012	47,692,747.92	46,784,656.88	98.10

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	\$664,588.38	\$568,133.18	\$1,232,721.56	2.46%
2013	424,985.93	496,504.61	921,490.54	1.92
2012	604,649.27	428,243.89	1,032,893.16	2.17

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2014	\$3,056,400.00
2013	3,056,400.00
2012	3,056,400.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2014	\$1,431,879.82	\$1,443,556.97
2013	1,375,956.77	1,374,129.20
2012	1,390,513.99	1,344,570.52

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2014	\$2,084,932.37	\$1,200,000.00
	2013	1,683,163.09	1,030,000.00
	2012	1,076,972.66	860,184.00
	2011	851,817.79	697,000.00
	2010	1,010,802.53	803,000.00
Water Utility Operating Fund	2014	\$17,614.48	\$-0-
	2013	53,706.62	53,000.00
	2012	73,826.34	70,000.00
	2011	2,462.81	-0-
	2010	53,421.31	50,958.50

OFFICIALS IN OFFICE

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Walter J. Davison, Jr.	Mayor	
John M. Speer	Deputy Mayor	
Donna S. Anderson	Councilwoman	
Jim Martocci	Councilman	
Linda Schaefer	Councilwoman	
William E. Marsala	Councilman	
Sean Noonan	Councilman	
Scott Heck	Borough Manager/Director, DPW	
Kelley A. Halewicz	Deputy Borough Manager/Borough Clerk	
Gail Bado	CFO/Treasurer, Tax Collector	(A)
Joseph Perconti	Magistrate	(A)
Kathleen Quinn	Court Clerk and Violations Clerk	(A)
Ralph Fava	Prosecutor	
Lisa Perry	Animal Control	
Susan Calcagno	Secretary - Board of Health	
Allen Spinozzi	Plumbing Inspector	
Michael Hafner	Building Inspector	
Bernard Lombardo	Chief of Police, 01/01/14 – 10/01/14	
Joseph Walker	Chief of Police, 10/01/14 – 12/31/14	
Helen Forsa	Secretary - Board of Adjustment	
Rich Motyka	Tax Assessor	
Richard J. Clemack	Attorney	
Charles J. Ferraioli	Auditor	

(A) Covered by a \$1,000,000 commercial crime policy issued through the Morris Municipal Joint Insurance Fund.

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF RINGWOOD, N.J
 Schedule of Expenditures of Federal Awards
 Fiscal Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	State Agency Account Number	Program Amount	Grant Period		Cash Received		Program Expenditures		(MEMO) Cumulative Expenditures
				From	To	Prior Years	Current Year	Prior Years	Current Year	
U.S. Department of Housing and Urban Development:										
Community Development Block Grants	14.218	N/A	\$ 204,239	01/01/14	12/31/14	204,239		21,463	4,399	25,862
U.S. Department of Homeland Security:										
<i>Pass Through New Jersey Department of Law and Public Safety:</i>										
Disaster Grants - Public Assistance	97.036	066-1200-A92	218,652	01/01/13	12/31/13	53,288	55,556	218,652		218,652
Emergency Management Performance Grants	97.042	N/A	\$ 55,000	01/01/10	12/31/10	31,188	4,736	55,000		55,000
Subtotal						84,476	60,292	273,652		273,652
Total Federal Awards						288,715	60,292	295,115	4,399	299,514

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF RINGWOOD, N.J.
Schedule of Expenditures of State Financial Assistance
Fiscal Year Ended December 31, 2014

State Grant Account Number	Program Amount	Grant Period		Cash Received		Program Expenditures		(MEMO) Cumulative Expenditures
		From	To	Prior Years	Current Year	Prior Years	Current Year	
State Funding Department								
New Jersey Department of Environmental Protection:								
Clean Communities Program								
765-042-4900-004	\$ 23,940	01/01/12	12/31/12	23,940		22,038	6,413	28,451
765-042-4900-004	28,108	01/01/13	12/31/13	28,108				0
765-042-4900-004	26,365	01/01/14	12/31/14		26,365			0
				52,048	26,365	22,038	6,413	28,451
Recycling Tonnage Grant								
752-042-4900-001	\$ 16,341	01/01/12	12/31/12	16,341		6,984	9,357	16,341
752-042-4900-001	30,397	01/01/13	12/31/13	30,397			16,578	16,578
752-042-4900-001	14,220	01/01/14	12/31/14		14,220			0
				46,738	14,220	6,984	25,935	32,919
New Jersey Department of Law and Public Safety:								
Body Armor Replacement Fund								
718-066-1020-001	\$ 493	01/01/09	12/31/09	183		384	109	493
718-066-1020-001	4,128	01/01/10	12/31/10	4,128			4,128	4,128
718-066-1020-001	2,204	01/01/11	12/31/11	2,204			433	433
718-066-1020-001	1,989	01/01/12	12/31/12	1,989				0
718-066-1020-001	5,685	01/01/13	12/31/13	5,685				0
718-066-1020-001	4,606	01/01/14	12/31/14		4,606			0
				14,189	4,606	384	4,670	5,054
New Jersey Department of Community Affairs:								
Neighborhood Preservation Program								
100-022-8020-092-02-3510	\$ 365,000	01/01/09	12/31/09	365,000		352,737		352,737
N/A	\$ 238,000	01/01/06	12/31/06	238,000		197,368		197,368
				603,000		550,105		550,105
Sinkhole Remediation Grant								
New Jersey Department of Justice:								
Alcohol Education and Rehabilitation Fund								
760-098-Y900-001	\$ 3,181	01/01/08	12/31/08	3,181		200		200
760-098-Y900-001	589	01/01/09	12/31/09	589				
760-098-Y900-001	1,520	01/01/11	12/31/11	1,520				
	699	01/01/13	12/31/13	699				
				5,989		200		200

BOROUGH OF RINGWOOD, N.J.
Schedule of Expenditures of State Financial Assistance
Fiscal Year Ended December 31, 2014

State Grant Account Number	Program Amount	Grant Period		Cash Received		Program Expenditures		(MEMO) Cumulative Expenditures
		From	To	Prior Years	Current Year	Prior Years	Current Year	
State Funding Department								
New Jersey Division of Motor Vehicles:								
100-078-6400-YYYY	\$ 8,802	01/01/12	12/31/12	8,802		6,618	2,184	8,802
100-078-6400-YYYY	5,923	01/01/13	12/31/13	5,923			3,172	3,172
100-078-6400-YYYY	4,697	01/01/14	12/31/14		4,697			
				14,725	4,697	6,618	5,356	11,974
Highlands Water Protection and Planning Council:								
100-082-2078-033	\$ 104,000	01/01/12	12/31/12	11,660	6,159	13,114	4,554	17,668
				11,660	6,159	13,114	4,554	17,668
New Jersey Department of Transportation:								
078-6320-480	\$ 245,000	01/01/13	12/31/13	183,750	61,250	245,000		245,000
078-6320-480	\$ 235,000	01/01/14	12/31/14					
				183,750	61,250	245,000		245,000
Pass-Through County of Passaic:								
N/A	48,442	01/01/13	12/31/13	22,824	25,618	43,887	4,555	48,442
N/A	69,101	01/01/14	12/31/14		8,405		38,267	38,267
				22,824	34,023	43,887	42,822	86,709
				954,923	151,320	888,330	89,750	978,080
Total State Financial Assistance								

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 04-04.