BOROUGH OF STANHOPE
COUNTY OF SUSSEX
REPORT OF AUDIT
2017

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS
BOROUGH OF STANHOPE

COUNTY OF SUSSEX

REPORT OF AUDIT

2017
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BOROUGH OF STANHOPE

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2017
Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Stanhope, NJ

Report on the Financial Statements

We have audited the financial statements-regulatory basis - of the various funds of the Borough of Stanhope in the County of Sussex (the "Borough") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Borough on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for the 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 and account group of the Borough as of December 31, 2017 and 2016, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

*Basis for Qualified Opinion*

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

**Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects on the December 31, 2017 and 2016 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Borough of Stanhope as of December 31, 2017 and 2016, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.
Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2018 on our consideration of the Borough of Stanhope’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 result 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 Stanhope’s internal control over financial reporting and compliance.

Mount Arlington, New Jersey
March 16, 2018
NISIVOCCIA LLP

Raymond G. Sarnelli
Registered Municipal Accountant No. 383
Certified Public Accountant
BOROUGH OF STANHOPE  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  

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<th>Assets</th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Cash and Cash Equivalents:</td>
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<td></td>
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<tr>
<td>Treasurer</td>
<td>$2,947,554.79</td>
<td>$2,793,486.11</td>
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<tr>
<td>Change Funds</td>
<td>250.00</td>
<td>250.00</td>
<td></td>
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<tr>
<td>Due from State of New Jersey:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Veterans and Senior Citizens Deductions</td>
<td>1,435.85</td>
<td>935.85</td>
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<td></td>
<td></td>
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<tr>
<td>Total Receivables and Other Assets With Full Reserves</td>
<td>2,949,240.64</td>
<td>2,794,671.96</td>
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<tr>
<td>Total Assets</td>
<td>$4,544,661.90</td>
<td>$4,328,221.10</td>
<td></td>
</tr>
</tbody>
</table>

<p>| Liabilities, Reserves and Fund Balance | | | |
| Unencumbered | $308,799.61 | $238,500.51 | | |
| Encumbered | 51,586.69 | 60,970.67 | | |
| Total Appropriation Reserves | 360,386.30 | 299,471.18 | | |
| Accounts Payable - Vendors | 140,108.90 | 130,108.90 | | |
| Prepaid Taxes | 219,065.84 | 39,808.10 | | |
| Tax Overpayments | 33,760.63 | 12,251.58 | | |
| Due to County of Sussex - Added and Omitted Taxes | 291.80 | 469.94 | | |
| Due to State of New Jersey: | | | |
| Marriage License Fees | 200.00 | 75.00 | | |
| Training Fees | 737.00 | 454.00 | | |
| Due to Other Trust Funds: | | | |
| Reserve for Tax Sale Premiums | $2,200.00 | | | |
| Reserve for Accumulated Sick and Vacation Compensation | | 10,000.00 | | |</p>
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<th>Reserve for:</th>
<th>2017</th>
<th>2016</th>
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<td>Sale of Municipal Assets</td>
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<td>$228,609.15</td>
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<td>Shade Tree</td>
<td>440.04</td>
<td>440.04</td>
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<td>Third Party Liens</td>
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<td>20,450.34</td>
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<td>Pending Tax Appeals</td>
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<td>Drunk Driving Enforcement Fund</td>
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<td>11,369.11</td>
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<td>Body Armor Replacement Program</td>
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<td>4,004.15</td>
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<td>Clean Communities Program</td>
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<td>10,896.73</td>
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<td>1,135.00</td>
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<tr>
<td>Shade Tree Grant</td>
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<td>165.00</td>
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<td>Drive Sober of Get Pulled Over</td>
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<td>54,418.18</td>
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<td>3,290.26</td>
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<td>22,500.00</td>
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<td><strong>1,242,818.75</strong></td>
<td><strong>992,772.77</strong></td>
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<tr>
<td>A</td>
<td>1,595,421.26</td>
<td>1,533,549.14</td>
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<td>A-1</td>
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<td>1,801,899.19</td>
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<th>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</th>
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<tr>
<td><strong>$ 4,544,661.90</strong></td>
<td><strong>$ 4,328,221.10</strong></td>
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<tr>
<td>----------------------------------</td>
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<tr>
<td>Fund Balance Utilized</td>
<td>$918,500.00</td>
<td>$779,000.00</td>
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<td>Miscellaneous Revenue Anticipated</td>
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<td>Receipts from:</td>
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<td>Delinquent Taxes</td>
<td>229,228.96</td>
<td>233,011.36</td>
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<td>Current Taxes</td>
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<td>11,543,789.32</td>
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<td>Nonbudget Revenue</td>
<td>81,203.61</td>
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<td>12,890.00</td>
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<td>Cancellation of Appropriated Reserves - Police Accreditation Services</td>
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<td>Interfunds Returned</td>
<td>7,677.41</td>
<td>4,922.80</td>
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<td>Total Income</td>
<td>$13,593,403.65</td>
<td>$13,397,120.17</td>
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<td>Municipal Purposes</td>
<td>4,174,624.50</td>
<td>4,015,204.58</td>
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<td>County Taxes</td>
<td>1,823,688.57</td>
<td>1,798,237.97</td>
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<tr>
<td>Due County for Added and Omitted Taxes</td>
<td>291.80</td>
<td>469.94</td>
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<tr>
<td>Regional High School Taxes</td>
<td>2,373,475.00</td>
<td>2,383,454.00</td>
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<tr>
<td>Local School District Taxes</td>
<td>4,389,907.00</td>
<td>4,290,530.00</td>
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<td>Interfunds Advanced</td>
<td>8,394.08</td>
<td>7,677.41</td>
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<tr>
<td>Total Expenditures</td>
<td>12,770,380.95</td>
<td>12,495,573.90</td>
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<td></td>
<td>823,022.70</td>
<td>901,546.27</td>
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### BOROUGH OF STANHOPE
### CURRENT FUND
### COMPARATIVE STATEMENT OF OPERATIONS
### AND CHANGE IN FUND BALANCE - REGULATORY BASIS

<table>
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<th>Fund Balance</th>
<th>Year Ended December 31,</th>
<th>Ref.</th>
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<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td>Balance January 1</td>
<td>$ 1,801,899.19</td>
<td>$ 1,679,352.92</td>
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<tr>
<td></td>
<td>2,624,921.89</td>
<td>2,580,899.19</td>
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<tr>
<td>Decreased by:</td>
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<td>Utilized as Anticipated Revenue</td>
<td>918,500.00</td>
<td>779,000.00</td>
</tr>
<tr>
<td>Balance December 31</td>
<td>A $ 1,706,421.89</td>
<td>$ 1,801,899.19</td>
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</table>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
**BOROUGH OF STANHOPE**  
**CURRENT FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Added by NJSA 40A:4-87</th>
<th>Realized</th>
<th>Excess or Deficit *</th>
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<tr>
<td>Fund Balance Anticipated</td>
<td>$918,500.00</td>
<td>$918,500.00</td>
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<tr>
<td><strong>Miscellaneous Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Alcoholic Beverages Licenses</td>
<td>3,000.00</td>
<td>3,059.00</td>
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<td>$59.00</td>
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<tr>
<td>Fees and Permits</td>
<td>7,100.00</td>
<td>24,245.80</td>
<td>84,968.00</td>
<td>17,145.80</td>
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<tr>
<td>Uniform Construction Code Fees</td>
<td>55,000.00</td>
<td>61,832.94</td>
<td>29,968.00</td>
<td>11,832.94</td>
</tr>
<tr>
<td>Fines and Costs - Municipal Court</td>
<td>50,000.00</td>
<td>46,539.76</td>
<td>3,460.24</td>
<td></td>
</tr>
<tr>
<td>Interest and Costs on Taxes</td>
<td>50,000.00</td>
<td>190,109.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uniform Construction Code Fees</td>
<td>55,000.00</td>
<td>84,968.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fines and Costs - Municipal Court</td>
<td>50,000.00</td>
<td>61,832.94</td>
<td>29,968.00</td>
<td>11,832.94</td>
</tr>
<tr>
<td>Interest and Costs on Taxes</td>
<td>50,000.00</td>
<td>46,539.76</td>
<td>3,460.24</td>
<td></td>
</tr>
<tr>
<td><strong>State of New Jersey:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Safe and Secure Communities Program</td>
<td>30,000.00</td>
<td>30,000.00</td>
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<td></td>
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<tr>
<td>Drunk Driving Enforcement Fund</td>
<td>$1,609.38</td>
<td>$1,609.38</td>
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<td></td>
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<tr>
<td>Body Armor Replacement Program</td>
<td>1,223.11</td>
<td>1,223.11</td>
<td></td>
<td></td>
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<tr>
<td>Clean Communities Program</td>
<td>7,623.88</td>
<td>7,623.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Click-It or Ticket Grant</td>
<td>5,500.00</td>
<td>5,500.00</td>
<td></td>
<td></td>
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<tr>
<td>Recycling Tonnage Grant</td>
<td>3,068.34</td>
<td>3,068.34</td>
<td></td>
<td></td>
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<tr>
<td><strong>Receipts from Delinquent Taxes:</strong></td>
<td>419,189.34</td>
<td>15,956.37</td>
<td>490,691.21</td>
<td>55,545.50</td>
</tr>
<tr>
<td><strong>Amount to be Raised by Taxes for Support of Municipal Budget:</strong></td>
<td>3,350,978.79</td>
<td>3,821,568.51</td>
<td>470,589.72</td>
<td>$</td>
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<tr>
<td>Local Tax for Municipal Purposes</td>
<td>4,868,668.13</td>
<td>15,956.37</td>
<td>5,459,988.68</td>
<td>575,364.18</td>
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<tr>
<td><strong>Budget Totals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Nonbudget Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$4,868,668.13</td>
<td>$15,956.37</td>
<td>$5,541,192.29</td>
<td>$656,567.79</td>
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</tbody>
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*Excludes allocation of interdepartmental service fees.*
BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(continued)

Analysis of Realized Revenue

<table>
<thead>
<tr>
<th>Allocation of Current Tax Collections:</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Collection of Current Taxes</td>
<td>$11,698,930.88</td>
</tr>
<tr>
<td>Allocated to:</td>
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<tr>
<td>Local School District Taxes</td>
<td>$4,389,907.00</td>
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<tr>
<td>Regional High School Taxes</td>
<td>2,373,475.00</td>
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<tr>
<td>County Taxes</td>
<td>1,823,980.37</td>
</tr>
<tr>
<td>Balance for Support of Municipal Budget</td>
<td>8,587,362.37</td>
</tr>
<tr>
<td>Add: Appropriation &quot;Reserve for Uncollected Taxes&quot;</td>
<td>710,000.00</td>
</tr>
<tr>
<td>Realized for Support of Municipal Budget</td>
<td>$3,821,568.51</td>
</tr>
</tbody>
</table>

Receipts from Delinquent Taxes:
| Delinquent Tax Collections             | $221,601.43 |
| Tax Title Liens                        | 7,627.53    |
| Delinquent Tax Collections             | $229,228.96 |

Fees and Permits - Other:
| Board of Health                        | $250.00     |
| Police                                | 629.80      |
| Planning Board/Board of Adjustment    | 365.00      |
| Zoning Officer                        | 2,850.00    |
| Clerk                                 | 20,151.00   |
|                                      | $24,245.80  |
BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(continued)

Analysis of Nonbudget Revenue:

Treasurer:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Investments and Deposits</td>
<td>$20,263.55</td>
</tr>
<tr>
<td>Cable Franchise Fee</td>
<td>$17,164.00</td>
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<tr>
<td>Bid Specs</td>
<td>$750.00</td>
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<tr>
<td>Outside Detail Administration Fees</td>
<td>$789.95</td>
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<tr>
<td>DMV Inspection Fines</td>
<td>$1,647.00</td>
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<tr>
<td>FEMA Storm Reimbursements</td>
<td>$19,272.38</td>
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<tr>
<td>Tax Collector Miscellaneous Revenue</td>
<td>$270.00</td>
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<tr>
<td>Miscellaneous</td>
<td>$2,394.12</td>
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</table>

$62,551.00

Prior Year Anticipated Revenue Realized:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drive Sober of Get Pulled Over</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Interest Earned - Due from Animal Control Fund</td>
<td>$155.12</td>
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<tr>
<td>Interest Earned - Due from Other Trust Fund</td>
<td>$4,918.78</td>
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<tr>
<td>Interest Earned - Due from General Capital Fund</td>
<td>$2,238.51</td>
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<tr>
<td>Statutory Excess in Animal Control Fund Reserve:</td>
<td></td>
</tr>
<tr>
<td>Due from Animal Control Fund</td>
<td>$6,340.20</td>
</tr>
</tbody>
</table>

$18,652.61

$81,203.61

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

Operations Within "CAPS":

**GENERAL GOVERNMENT:**

General Administration:
- Salaries and Wages: $64,713.00  
  - Other Expenses: $24,864.00

Mayor and Council:
- Salaries and Wages: $19,447.00  
  - Other Expenses: $12,799.00

Municipal Clerk:
- Salaries and Wages: $62,992.00  
  - Other Expenses: $11,980.00

Financial Administration:
- Salaries and Wages: $93,374.00  
  - Other Expenses: $6,590.00

Annual Audit: $32,261.00

Insurance (N.J.S.A. 40A:4-45.3(00)):
- Liability Insurance: $87,685.00  
- Workers Compensation: $67,775.00
- Employee Group Insurance: $282,800.00  
- Health Insurance Waiver: $14,000.00

Computerized Data Processing:
- Other Expenses: $18,100.00

Assessment of Taxes:
- Salaries and Wages: $19,671.00  
- Other Expenses: $2,115.00

Other Expenses - Fees and Appeals: $5,000.00

Collection of Taxes:
- Other Expenses: $3,375.00

Legal Services and Costs:
- Other Expenses: $91,000.00

### Appropriations Table

<table>
<thead>
<tr>
<th>Budget</th>
<th>Budget After Modification</th>
<th>Expended By</th>
<th>Paid or Charged</th>
<th>Reserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>$64,713.00</td>
<td>$64,713.00</td>
<td>$64,713.00</td>
<td>$22,434.74</td>
<td>$2,429.26</td>
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<tr>
<td>$24,864.00</td>
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</tr>
<tr>
<td>$19,447.00</td>
<td>$19,447.00</td>
<td>$19,447.00</td>
<td>$8,596.44</td>
<td>4,202.56</td>
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<tr>
<td>$12,799.00</td>
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<td>4,202.56</td>
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<td>$62,992.00</td>
<td>$62,992.00</td>
<td>$9,871.91</td>
<td>2,108.09</td>
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<tr>
<td>$11,980.00</td>
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<td>$11,980.00</td>
<td>$9,871.91</td>
<td>2,108.09</td>
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<td>$93,374.00</td>
<td>$93,374.00</td>
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<tr>
<td>$6,590.00</td>
<td>$6,590.00</td>
<td>$4,750.39</td>
<td>1,839.61</td>
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<tr>
<td>$32,261.00</td>
<td>$32,261.00</td>
<td>$32,261.00</td>
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<td>$87,685.00</td>
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<td>$282,800.00</td>
<td>$282,300.00</td>
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<tr>
<td>$14,000.00</td>
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<td>$18,100.00</td>
<td>$18,100.00</td>
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<td>$19,671.00</td>
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<td>$19,671.00</td>
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<tr>
<td>$2,115.00</td>
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<td>1,550.20</td>
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<td>$2,743.26</td>
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<td>$91,000.00</td>
<td>$91,000.00</td>
<td>$54,557.03</td>
<td>36,442.97</td>
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</table>
BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

<table>
<thead>
<tr>
<th>Operations Within &quot;CAPS&quot; (Cont'd):</th>
<th>Appropriations</th>
<th>Expended By</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Budget After Modification</td>
</tr>
<tr>
<td>GENERAL GOVERNMENT (continued):</td>
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<td></td>
</tr>
<tr>
<td>Engineering Services and Costs:</td>
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<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$27,000.00</td>
<td>$27,000.00</td>
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<tr>
<td>Public Buildings and Grounds:</td>
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</tr>
<tr>
<td>Salaries and Wages</td>
<td>9,744.00</td>
<td>9,744.00</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>21,360.00</td>
<td>21,360.00</td>
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<tr>
<td>Planning Board:</td>
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<tr>
<td>Salaries and Wages</td>
<td>9,446.00</td>
<td>9,446.00</td>
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<tr>
<td>Other Expenses</td>
<td>4,360.00</td>
<td>4,360.00</td>
</tr>
<tr>
<td>Zoning and Code Enforcement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>24,076.00</td>
<td>24,076.00</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>640.00</td>
<td>640.00</td>
</tr>
<tr>
<td>Regional Planning Board:</td>
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<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td>15,520.02</td>
<td>15,520.02</td>
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<tr>
<td>Affordable Housing-COAH</td>
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<td>5,000.00</td>
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<tr>
<td>Shade Tree Commission:</td>
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<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td>1,415.00</td>
<td>1,415.00</td>
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<tr>
<td>Environmental Commission</td>
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<td></td>
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<tr>
<td>(N.J.S.A. 40:56.1, et seq.):</td>
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<tr>
<td>Other Expenses</td>
<td>1,225.00</td>
<td>1,225.00</td>
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<tr>
<td>Insurance:</td>
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</tr>
<tr>
<td>Unemployment Compensation Insurance</td>
<td>5,500.00</td>
<td>5,500.00</td>
</tr>
</tbody>
</table>

PUBLIC SAFETY:  
Fire:  
Other Expenses  

43,150.00  
43,150.00  
41,257.71  
1,892.29
BOROUGH OF STANHOPE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017
(Continued)

Operations Within "CAPS" (Cont'd):
PUBLIC SAFETY (continued):
  Police:
    Salaries and Wages $1,014,032.00  $1,014,032.00  $999,333.40  $14,698.60
    Other Expenses 65,785.00  65,785.00  65,232.31  552.69
    Police Radio and Communication -Contractual 95,606.00  95,606.00  95,605.81  0.19
    First Aid Organization Contribution 14,000.00  14,000.00
  Emergency Management:
    Other Expenses 4,118.14  4,118.14  3,118.00  1,000.14
STREETS AND ROADS:
  Department of Public Works:
    Salaries and Wages 153,765.00  153,765.00  144,077.65  9,687.35
    Other Expenses 87,700.00  87,700.00  79,880.52  7,819.48
HEALTH AND WELFARE:
  Board of Health:
    Salaries and Wages 4,414.00  4,414.00  4,414.00
    Other Expenses 850.00  850.00  70.19  779.81
  Animal Regulation:
    Other Expenses 7,000.00  7,000.00  1,848.95  5,151.05
  Garbage and Trash Removal:
    Salaries and Wages 10,600.00  11,515.00  11,423.72  91.28
    Other Expenses 11,740.00  11,740.00  1,015.00  10,725.00
    Contractual 283,297.00  283,297.00  277,671.00  5,626.00
  Vehicle Maintenance:
    Other Expenses 44,000.00  44,000.00  41,638.76  2,361.24
BOROUGH OF STANHOPE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>Expended By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Budget After Modification</td>
</tr>
</tbody>
</table>

Operations Within "CAPS" (Cont'd):

RECREATION AND EDUCATION:

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Budget After Modification</th>
<th>Paid or Charged</th>
<th>Reserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Recreation Commissioners (R.S.40:12):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td>$12,455.00</td>
<td>$12,455.00</td>
<td>$6,170.54</td>
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<td>Celebration of Public Events:</td>
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<td></td>
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<td></td>
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<tr>
<td>Other Expenses</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>382.49</td>
<td>617.51</td>
</tr>
<tr>
<td>Stormwater Management:</td>
<td></td>
<td></td>
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<tr>
<td>Other Expenses</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td>3,692.00</td>
<td>1,308.00</td>
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</tbody>
</table>

UNIFORM CONSTRUCTION CODE - APPROPRIATION
OFFSET BY DEDICATED REVENUE:

Construction Code Official:

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Budget After Modification</th>
<th>Paid or Charged</th>
<th>Reserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>38,047.00</td>
<td>38,047.00</td>
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</tr>
<tr>
<td>Other Expenses</td>
<td>750.00</td>
<td>750.00</td>
<td>320.28</td>
<td>429.72</td>
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</table>

UNCLASSIFIED:

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Budget After Modification</th>
<th>Paid or Charged</th>
<th>Reserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>145,112.00</td>
<td>144,197.00</td>
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<td>43,598.53</td>
</tr>
<tr>
<td>Condo Services</td>
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<td>84,867.00</td>
<td>58,314.20</td>
<td>26,552.80</td>
</tr>
</tbody>
</table>

Total Operations Within "CAPS"                      | 3,173,115.16 | 3,173,115.16              | 2,893,320.96    | 279,794.20|

Contingent                                          | 1,000.00     | 1,000.00                  | 160.00          | 840.00   |

Total Operations Including Contingent Within "CAPS" | 3,174,115.16 | 3,174,115.16              | 2,893,480.96    | 280,634.20|

Detail:

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Budget After Modification</th>
<th>Paid or Charged</th>
<th>Reserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>1,524,321.00</td>
<td>1,525,236.00</td>
<td>1,498,156.37</td>
<td>27,079.63</td>
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<tr>
<td>Other Expenses</td>
<td>1,649,794.16</td>
<td>1,648,879.16</td>
<td>1,395,324.59</td>
<td>253,554.57</td>
</tr>
</tbody>
</table>
## BOROUGH OF STANHOPE
### CURRENT FUND
#### STATEMENT OF EXPENDITURES - REGULATORY BASIS
##### YEAR ENDED DECEMBER 31, 2017

(Continued)

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>Expended By</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations Within &quot;CAPS&quot; (Cont'd):</td>
<td></td>
</tr>
<tr>
<td>Deferred Charges and Statutory Expenditures - Municipal Within &quot;CAPS&quot;:</td>
<td></td>
</tr>
<tr>
<td>Contributions to:</td>
<td></td>
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<tr>
<td>Public Employees' Retirement System</td>
<td>$ 69,651.00</td>
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<tr>
<td>Social Security System (O.A.S.I.)</td>
<td>120,000.00</td>
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<tr>
<td>Police and Firemen's Retirement System of NJ</td>
<td>164,775.00</td>
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<tr>
<td>Total Deferred Charges and Statutory Expenditures - Municipal Within &quot;CAPS&quot;</td>
<td>354,426.00</td>
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<tr>
<td>Total General Appropriations for Municipal Purposes Within &quot;CAPS&quot;</td>
<td>3,528,541.16</td>
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<tr>
<td>Operations Excluded from &quot;CAPS&quot;:</td>
<td></td>
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<tr>
<td>Shared Service Agreements:</td>
<td></td>
</tr>
<tr>
<td>Municipal Court (Hopatcong Borough)</td>
<td>102,286.00</td>
</tr>
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</table>
### BOROUGH OF STANHOPE
### CURRENT FUND
### STATEMENT OF EXPENDITURES - REGULATORY BASIS
### YEAR ENDED DECEMBER 31, 2017

(Continued)

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>Expended By</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
</tr>
<tr>
<td>Operations Excluded from &quot;CAPS&quot; (Cont'd):</td>
<td></td>
</tr>
<tr>
<td>State and Federal Programs Offset by Revenues:</td>
<td></td>
</tr>
<tr>
<td>Body Armor Replacement Program</td>
<td></td>
</tr>
<tr>
<td>(N.J.S.A. 40A:4-87 + $1,223.11)</td>
<td>$1,223.11</td>
</tr>
<tr>
<td>Clean Communities Program (N.J.S.A. 40A:4-87 + $7,623.88)</td>
<td>7,623.88</td>
</tr>
<tr>
<td>Drunk Driving Enforcement Fund</td>
<td></td>
</tr>
<tr>
<td>(N.J.S.A. 40A:4-87 + $1,609.38)</td>
<td>$1,609.38</td>
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<tr>
<td>Safe and Secure Communities</td>
<td>$30,000.00</td>
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<tr>
<td>Click It or Ticket Grant (N.J.S.A. 40A:4-87 + $5,500.00)</td>
<td>5,500.00</td>
</tr>
<tr>
<td>Recycling Tonnage Grant</td>
<td>3,068.34</td>
</tr>
<tr>
<td><strong>Total Operations Excluded from &quot;CAPS&quot;</strong></td>
<td>135,354.34</td>
</tr>
<tr>
<td><strong>Detail:</strong></td>
<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td>135,354.34</td>
</tr>
<tr>
<td><strong>Capital Improvements-Excluded from &quot;CAPS&quot;</strong>:</td>
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<tr>
<td>Capital Improvement Fund</td>
<td>63,500.00</td>
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<tr>
<td>Road Repairs and Resurfacing</td>
<td>25,000.00</td>
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<tr>
<td><strong>Total Capital Improvements Excluded from &quot;CAPS&quot;</strong></td>
<td>88,500.00</td>
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</table>
## BOROUGH OF STANHOPE
### CURRENT FUND
#### STATEMENT OF EXPENDITURES - REGULATORY BASIS
##### YEAR ENDED DECEMBER 31, 2017
(Continued)

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>Budget</th>
<th>Budget After Modification</th>
<th>Expended By</th>
<th>Paid or Charged</th>
<th>Reserved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Municipal Debt Service Excluded from &quot;CAPS&quot;:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of Note Principal</td>
<td>$ 389,500.00</td>
<td>$ 389,500.00</td>
<td>$ 389,500.00</td>
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<tr>
<td>Interest on Notes</td>
<td>16,772.63</td>
<td>16,772.63</td>
<td>16,772.63</td>
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<td></td>
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<tr>
<td><strong>Total Municipal Debt Service Excluded from &quot;CAPS&quot;</strong></td>
<td>406,272.63</td>
<td>406,272.63</td>
<td>406,272.63</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total General Appropriations Excluded from &quot;CAPS&quot;</strong></td>
<td>630,126.97</td>
<td>646,083.34</td>
<td>621,083.34</td>
<td>$ 25,000.00</td>
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</tr>
<tr>
<td><strong>Subtotal General Appropriations</strong></td>
<td>4,158,668.13</td>
<td>4,174,624.50</td>
<td>3,865,824.89</td>
<td>308,799.61</td>
<td></td>
</tr>
<tr>
<td><strong>Reserve for Uncollected Taxes</strong></td>
<td>710,000.00</td>
<td>710,000.00</td>
<td>710,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total General Appropriations</strong></td>
<td>$ 4,868,668.13</td>
<td>$ 4,884,624.50</td>
<td>$ 4,575,824.89</td>
<td>$ 308,799.61</td>
<td></td>
</tr>
</tbody>
</table>

Ref. A
## Analysis of Budget After Ref. Modification

<table>
<thead>
<tr>
<th>Description</th>
<th>Ref.</th>
<th>Budget After Modification</th>
<th>Paid or Charged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted Budget</td>
<td></td>
<td>$4,868,668.13</td>
<td></td>
</tr>
<tr>
<td>Appropriation by NJSA 40A:4-87</td>
<td></td>
<td>$15,956.37</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$4,884,624.50</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **Reserve for Uncollected Taxes**: $710,000.00
- **Cash Disbursed**: $3,924,884.36
- **Encumbrances**: $51,586.69
- **Accounts Payable**: $10,000.00
- **Appropriated Reserves**:
  - Body Armor Replacement Program: $1,223.11
  - Drunk Driving Enforcement Fund: $1,609.38
  - Clean Communities Program: $3,582.15
  - Recycling Tonnage Grant: $3,068.34
  - **Total Appropriated Reserves**: $4,705,954.03
- **Less: Appropriation Refunds**: $130,129.14
- **Total Disbursements**: $4,575,824.89

---

The accompanying notes to financial statements are an integral part of this statement.
BOROUGH OF STANHOPE  
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS  

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Animal Control Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>B-4</td>
<td>$15,761.80</td>
</tr>
<tr>
<td><strong>Other Trust Funds:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recycling Tonnage Program</td>
<td>B-4</td>
<td>20,296.66</td>
</tr>
<tr>
<td>State Unemployment Insurance Fund</td>
<td>B-4</td>
<td>102,296.76</td>
</tr>
<tr>
<td>Performance Bonds and Escrow Deposits</td>
<td>B-4</td>
<td>72,699.29</td>
</tr>
<tr>
<td>Public Defender</td>
<td>B-4</td>
<td>12,288.90</td>
</tr>
<tr>
<td>Parking Offenses Adjudication Act</td>
<td>B-4</td>
<td>3,013.31</td>
</tr>
<tr>
<td>Other</td>
<td>B-4</td>
<td>542,763.69</td>
</tr>
<tr>
<td>COAH Housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from Current Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for Tax Sale Premiums</td>
<td>A</td>
<td>2,200.00</td>
</tr>
<tr>
<td>Reserve for Accumulated Sick and Vacation Compensation</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$780,527.76</td>
<td>$899,284.22</td>
</tr>
</tbody>
</table>

| **LIABILITIES, RESERVES AND FUND BALANCE**  | | |
| Animal Control Fund:  | | |
| Due to Current Fund | A | $6,340.20 | $6,332.15 |
| Reserve for Animal Control Expenditures | B-6 | 9,421.60 | 10,158.80 |
| **Other Trust Funds:**  | | |
| Reserve for:  | | |
| Recycling Tonnage Program Expenditures | | 20,296.66 | 16,807.22 |
| State Unemployment Insurance Payments | | 102,296.76 | 87,313.48 |
| Performance Bonds and Escrow Deposits | | 100,574.29 | 103,377.60 |
| Public Defender | | 12,288.90 | 12,203.29 |
| Parking Offenses Adjudication Act | | 3,013.31 | 2,922.43 |
| Tax Sale Premiums | | 219,200.00 | 314,100.00 |
| Storm Recovery | | 135,951.86 | 140,428.86 |
| Accumulated Sick and Vacation Compensation | | 133,116.42 | 168,266.78 |
| Recreation Commission | | 26,820.41 | 26,230.41 |
| Canal Restoration | | 2,000.00 | 2,000.00 |
| COAH Housing | | 9,207.35 | 9,143.20 |
| **TOTAL LIABILITIES, RESERVES AND FUND BALANCE**  | | |
|  | $780,527.76 | $899,284.22 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
BOROUGH OF STANHOPE
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT
BOROUGH OF STANHOPE  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Ref.</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>C-2</td>
<td>$23,526.72</td>
<td>$216,216.59</td>
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<tr>
<td>Grants Receivable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Jersey Department of Transportation</td>
<td></td>
<td>250,000.00</td>
<td>250,000.00</td>
</tr>
<tr>
<td>Deferred Charges to Future Taxation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfunded</td>
<td>C-4</td>
<td>$2,050,450.00</td>
<td>$2,278,450.00</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td></td>
<td>$2,323,976.72</td>
<td>$2,744,666.59</td>
</tr>
</tbody>
</table>

| LIABILITIES, RESERVES AND FUND BALANCE |  
|----------------------------------------|------|------|
| Bond Anticipation Notes Payable | C-7 | $1,888,950.00 | $1,973,250.00 |
| Improvement Authorizations: | | | |
| Funded | C-5 | 92,836.42 | 230,419.15 |
| Unfunded | C-5 | 268,793.23 | 495,780.75 |
| Capital Improvement Fund | C-6 | 17,275.02 | 11,275.02 |
| Reserve for Road Improvements | | 21,917.88 | |
| Reserve for Preliminary Expenses- Pedestrian Loop | | 262.50 | |
| Reserve for Canal Rehabilitation | | 10,000.00 | 10,000.00 |
| Fund Balance | C-1 | 23,941.67 | 23,941.67 |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | $2,323,976.72 | $2,744,666.59 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT
<table>
<thead>
<tr>
<th>Ref.</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>Balance December 31, 2016</td>
<td>$23,941.67</td>
</tr>
<tr>
<td>C</td>
<td>Balance December 31, 2017</td>
<td>$23,941.67</td>
</tr>
</tbody>
</table>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
<table>
<thead>
<tr>
<th>Assets Description</th>
<th>Ref.</th>
<th>December 31 2017</th>
<th>December 31 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Fund:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents:</td>
<td>D-5</td>
<td>$ 323,070.01</td>
<td>$ 371,848.75</td>
</tr>
<tr>
<td>Treasurer</td>
<td></td>
<td>50.00</td>
<td>50.00</td>
</tr>
<tr>
<td>Collector's Change Fund</td>
<td>D</td>
<td>2,472.88</td>
<td></td>
</tr>
<tr>
<td>Due from Water Utility Capital Fund</td>
<td></td>
<td></td>
<td>371,898.75</td>
</tr>
<tr>
<td>Receivables with Full Reserves:</td>
<td>D-7</td>
<td>105,184.58</td>
<td>98,661.75</td>
</tr>
<tr>
<td>Total Operating Fund</td>
<td></td>
<td>430,777.47</td>
<td>470,560.50</td>
</tr>
<tr>
<td><strong>Capital Fund:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents:</td>
<td>D-5</td>
<td>237,308.31</td>
<td>211,707.27</td>
</tr>
<tr>
<td>Fixed Capital</td>
<td>D-8</td>
<td>4,201,403.84</td>
<td>4,175,403.84</td>
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<tr>
<td>Fixed Capital Authorized and Uncompleted</td>
<td>D-9</td>
<td>3,186,027.12</td>
<td>3,186,027.12</td>
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<tr>
<td>Due from Water Utility Operating Fund</td>
<td>D</td>
<td></td>
<td>23,435.04</td>
</tr>
<tr>
<td>Total Capital Fund</td>
<td></td>
<td>7,624,739.27</td>
<td>7,596,573.27</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>$ 8,055,516.74</td>
<td>$ 8,067,133.77</td>
</tr>
</tbody>
</table>
### LIABILITIES, RESERVES AND FUND BALANCE

**Operating Fund:**

<table>
<thead>
<tr>
<th>Appropriation Reserves:</th>
<th>Ref.</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unencumbered</td>
<td>D-4;D-10</td>
<td>$111,582.37</td>
<td>$79,264.94</td>
</tr>
<tr>
<td>Encumbered</td>
<td>D-4;D-10</td>
<td>$6,727.97</td>
<td>$18,727.15</td>
</tr>
<tr>
<td><strong>Total Appropriation Reserves</strong></td>
<td></td>
<td>118,310.34</td>
<td>97,992.09</td>
</tr>
<tr>
<td>Accrued Interest on Loans and Notes</td>
<td>D</td>
<td>$12,983.00</td>
<td>$10,749.54</td>
</tr>
<tr>
<td>Due to Water Utility Capital Fund</td>
<td>D</td>
<td></td>
<td>23,435.04</td>
</tr>
<tr>
<td><strong>Reserve for Receivables</strong></td>
<td>D</td>
<td>105,184.58</td>
<td>98,661.75</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>D-1</td>
<td>194,299.55</td>
<td>239,722.08</td>
</tr>
<tr>
<td><strong>Total Operating Fund</strong></td>
<td></td>
<td>430,777.47</td>
<td>470,560.50</td>
</tr>
</tbody>
</table>

**Capital Fund:**

| Bond Anticipation Notes Payable                | D-14  | $718,600.00 | $808,600.00 |
| NJ Environmental Infrastructure Trust Loans Payable #1 | D-16  | $999,033.93 | $1,054,911.04 |
| NJ Environmental Infrastructure Trust Loans Payable #2 | D-16a | $419,068.88 | $443,261.73 |
| Improvement Authorizations:                    |       |             |             |
| Funded                                        | D-11  | $5,926.65   | $5,926.65   |
| Unfunded                                      | D-11  | 114,850.34  | 120,157.22  |
| **Capital Improvement Fund**                  | D-12  | 27,566.54   | 22,566.54   |
| Due to Water Utility Operating Fund            | D     | 2,472.88    |             |
| Reserve For:                                  |       |             |             |
| Amortization                                  | D-13  | 5,137,478.15| 4,941,408.19|
| Deferred Amortization                          | D-13A | 110,500.00  | 110,500.00  |
| Connection Fees                                |       | 41,873.00   | 41,873.00   |
| Future Capital Improvements                    |       | 20,000.00   | 20,000.00   |
| Payment of Debt Service                        |       | 5,750.00    | 5,750.00    |
| Fund Balance                                   | D-2   | 21,618.90   | 21,618.90   |
| **Total Capital Fund**                         |       | 7,624,739.27| 7,596,573.27|

**TOTAL LIABILITIES, RESERVES AND FUND BALANCE**

<table>
<thead>
<tr>
<th>Ref.</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$8,055,516.74</td>
<td>$8,067,133.77</td>
</tr>
</tbody>
</table>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
## Comparative Statement of Operations and Change in Operating Fund Balance - Regulatory Basis

**Year Ended December 31**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Other Income Realized</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance Utilized</td>
<td>$110,000.00</td>
<td>$120,000.00</td>
</tr>
<tr>
<td>Rents</td>
<td>625,954.10</td>
<td>634,316.01</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>11,122.42</td>
<td>8,469.34</td>
</tr>
<tr>
<td><strong>Other Credits to Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Reserves Lapsed</td>
<td>53,901.73</td>
<td>84,773.52</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>800,978.25</td>
<td>847,558.87</td>
</tr>
</tbody>
</table>

| **Expenditures**                                      |            |            |
| Budget Expenditures:                                  |            |            |
| Operating                                             | 492,255.00 | 482,469.00 |
| Capital Improvements                                  | 5,000.00   | 5,000.00   |
| Capital Outlay                                        | 6,000.00   | 20,000.00  |
| Debt Service                                          | 192,575.88 | 184,953.26 |
| Deferred Charges and Statutory Expenditures           | 40,569.90  | 39,600.00  |
| **Total Expenditures**                                | 736,400.78 | 732,022.26 |

| **Excess in Revenue**                                 | 64,577.47  | 115,536.61 |

| **Fund Balance**                                      |            |            |
| Balance January 1                                     | 239,722.08 | 244,185.47 |
| Decreased by:                                         |            |            |
| Utilization as Anticipated Revenue                    | 110,000.00 | 120,000.00 |
| **Balance December 31**                              | D $194,299.55 | $239,722.08 |

*THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT*
BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Description</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>Balance December 31, 2016</td>
<td></td>
<td>$21,618.90</td>
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<tr>
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THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
BOROUGH OF STANHOPE  
WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Anticipated</th>
<th>Realized</th>
<th>Excess or Deficit *</th>
</tr>
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<tbody>
<tr>
<td>Fund Balance Anticipated</td>
<td>$110,000.00</td>
<td>$110,000.00</td>
<td>$2,641.10</td>
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<tr>
<td>Water Rents</td>
<td>623,313.00</td>
<td>625,954.10</td>
<td>$3,122.42</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>8,000.00</td>
<td>11,122.42</td>
<td>$5,763.52</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$741,313.00</strong></td>
<td><strong>$747,076.52</strong></td>
<td><strong>$5,763.52</strong></td>
</tr>
</tbody>
</table>

Analysis of Miscellaneous Revenue

Miscellaneous:
- Interest on Investments and Deposits: $2,877.46
- Interest on Water Rents: $6,675.90
- Miscellaneous: $155.00
- Due from Water Utility Capital Fund:
  - Interest on Investments and Deposits: $1,414.06

Total Miscellaneous Revenue: $11,122.42
BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Appropriations</th>
<th>Expended by</th>
<th>Unexpended Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budget</td>
<td>Paid or Charged</td>
<td>Reserved</td>
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<td></td>
<td>After Modification</td>
<td></td>
<td></td>
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<tr>
<td>Operating:</td>
<td></td>
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<tr>
<td>Salaries and Wages</td>
<td>$216,551.00</td>
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<tr>
<td>Other Expenses</td>
<td>$275,704.00</td>
<td>$179,480.65</td>
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<td>Capital Improvements:</td>
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<td>Capital Improvement Fund</td>
<td>$5,000.00</td>
<td>$5,000.00</td>
<td>$5,000.00</td>
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<td>Capital Outlay</td>
<td>$6,000.00</td>
<td>$6,000.00</td>
<td>$6,000.00</td>
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<td>Debt Service:</td>
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<tr>
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<td>$80,070.00</td>
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<td>$6,873.10</td>
<td>$6,873.10</td>
<td>$6,873.10</td>
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<td>Statutory Expenditures:</td>
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<td>Contribution to:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Public Employees' Retirement System</td>
<td>$19,000.00</td>
<td>$19,000.00</td>
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<tr>
<td>Social Security System (O.A.S.I.)</td>
<td>$16,569.90</td>
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</tr>
<tr>
<td>Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)</td>
<td>$5,000.00</td>
<td>$5,000.00</td>
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<tr>
<td></td>
<td>$741,313.00</td>
<td>$624,818.41</td>
<td>$111,582.37</td>
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<tr>
<td>Analysis of Paid or Charged:</td>
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<tr>
<td>Cash Disbursed</td>
<td>$589,555.15</td>
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<tr>
<td>Due to Water Utility Capital Fund</td>
<td>$6,000.00</td>
<td>$6,727.97</td>
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<tr>
<td>Encumbrances</td>
<td>D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Interest on Loans and Notes</td>
<td>$22,535.29</td>
<td>$624,818.41</td>
<td></td>
</tr>
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</table>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2017
SEWER UTILITY FUND
### BOROUGH OF STANHOPE
### SEWER UTILITY FUND
### COMPARATIVE BALANCE SHEET - REGULATORY BASIS

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Fund:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasurer</td>
<td>E-5</td>
<td>$899,489.97</td>
<td>$775,503.69</td>
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<tr>
<td>Collector's Change Fund</td>
<td></td>
<td>50.00</td>
<td>50.00</td>
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<tr>
<td>Due from Sewer Utility Capital Fund</td>
<td>E</td>
<td>272.84</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td><strong>899,539.97</strong></td>
<td><strong>775,826.53</strong></td>
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<td>Receivables with Full Reserves:</td>
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<tr>
<td>Consumer Accounts Receivable</td>
<td>E-8</td>
<td>155,904.81</td>
<td>148,294.27</td>
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<tr>
<td></td>
<td></td>
<td><strong>1,055,444.78</strong></td>
<td><strong>924,120.80</strong></td>
</tr>
<tr>
<td><strong>Total Operating Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>1,055,444.78</strong></td>
<td><strong>924,120.80</strong></td>
</tr>
<tr>
<td><strong>Capital Fund:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>E-5</td>
<td>473,059.69</td>
<td>496,332.53</td>
</tr>
<tr>
<td>Fixed Capital</td>
<td>E-9</td>
<td>4,624,149.41</td>
<td>4,598,149.41</td>
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<tr>
<td>Fixed Capital Authorized and Uncompleted</td>
<td>E-10</td>
<td>233,000.00</td>
<td>233,000.00</td>
</tr>
<tr>
<td>Due from Sewer Utility Operating Fund</td>
<td>E</td>
<td>42,550.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>5,372,759.10</strong></td>
<td><strong>5,327,481.94</strong></td>
</tr>
<tr>
<td><strong>Total Capital Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>5,372,759.10</strong></td>
<td><strong>5,327,481.94</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td><strong>$6,428,203.88</strong></td>
<td><strong>$6,251,602.74</strong></td>
</tr>
</tbody>
</table>
### BOROUGH OF STANHOPE
### SEWER UTILITY FUND
### COMPARATIVE BALANCE SHEET - REGULATORY BASIS

(Continued)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
</tr>
<tr>
<td><strong>LIABILITIES, RESERVES AND FUND BALANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Fund:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Reserves:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Encumbered</td>
<td>E-4;E-11</td>
<td>$3,489.28</td>
</tr>
<tr>
<td>Unencumbered</td>
<td>E-4;E-11</td>
<td>102,858.79</td>
</tr>
<tr>
<td><strong>Total Appropriation Reserves</strong></td>
<td>106,348.07</td>
<td>95,277.01</td>
</tr>
<tr>
<td>Accrued Interest on Notes</td>
<td></td>
<td>313.57</td>
</tr>
<tr>
<td>Due to Sewer Utility Capital Fund</td>
<td>E</td>
<td>42,550.00</td>
</tr>
<tr>
<td>Reserve for Receivables</td>
<td>E</td>
<td>155,904.81</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>E-1</td>
<td>750,328.33</td>
</tr>
<tr>
<td><strong>Total Operating Fund</strong></td>
<td>1,055,444.78</td>
<td>924,120.80</td>
</tr>
<tr>
<td><strong>Capital Fund:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Anticipation Notes Payable</td>
<td>E-16</td>
<td>34,000.00</td>
</tr>
<tr>
<td>Improvement Authorizations:</td>
<td></td>
<td></td>
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<tr>
<td>Funded</td>
<td>E-12</td>
<td>55,684.71</td>
</tr>
<tr>
<td>Unfunded</td>
<td>E-12</td>
<td>7,176.26</td>
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<tr>
<td>Capital Improvement Fund</td>
<td>E-13</td>
<td>47,589.68</td>
</tr>
<tr>
<td>Due to Sewer Utility Operating Fund</td>
<td>E</td>
<td>272.84</td>
</tr>
<tr>
<td>Reserve for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>E-14</td>
<td>4,684,149.41</td>
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<tr>
<td>Deferred Amortization</td>
<td>E-14A</td>
<td>139,000.00</td>
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<tr>
<td>Debt Service</td>
<td></td>
<td>50,000.00</td>
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<tr>
<td>Connection Fees</td>
<td></td>
<td>286,885.00</td>
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<tr>
<td>Preliminary Expenses</td>
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<td>265.00</td>
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<tr>
<td>Fund Balance</td>
<td>E-2</td>
<td>68,009.04</td>
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<tr>
<td><strong>Total Capital Fund</strong></td>
<td>5,372,759.10</td>
<td>5,327,481.94</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES, RESERVES AND FUND BALANCE**

$6,428,203.88  \quad $6,251,602.74

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


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

<table>
<thead>
<tr>
<th>Ref.</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue and Other Income Realized</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance Utilized</td>
<td>$ 100,000.00</td>
<td>$ 70,000.00</td>
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<tr>
<td>Sewer Rents</td>
<td>892,080.55</td>
<td>907,551.61</td>
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<tr>
<td>Miscellaneous Revenue</td>
<td>19,805.14</td>
<td>14,423.68</td>
</tr>
<tr>
<td>Other Credits to Income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unexpended Balance of Appropriation Reserves</td>
<td>92,064.69</td>
<td>134,319.33</td>
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<tr>
<td><strong>Total Income</strong></td>
<td>1,103,950.38</td>
<td>1,126,294.62</td>
</tr>
</tbody>
</table>

| **Expenditures** |                      |                     |
| Budget Expenditures: |                      |                     |
| Operating          | 850,049.52           | 840,389.11          |
| Capital Improvements | 5,000.00           | 5,000.00            |
| Capital Outlay     | 5,000.00            | 9,000.00            |
| Debt Service       | 34,544.77           | 25,125.00           |
| Deferred Charges and Statutory Expenditures | 39,230.48         | 37,545.00           |
| **Total Expenditures** | 933,824.77          | 917,059.11          |

Excess in Revenue  
170,125.61  209,235.51

**Fund Balance**

| Balance January 1 | 680,202.72 | 540,967.21 |
| Decreased by:     |           |           |
| Utilization as Anticipated Revenue | 100,000.00 | 70,000.00 |
| **Balance December 31** | E $ 750,328.33 | $ 680,202.72 |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.
**BOROUGH OF STANHOPE**  
**SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS**

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Balance December 31, 2016</th>
<th>$ 68,009.04</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Balance December 31, 2017</td>
<td>$ 68,009.04</td>
</tr>
</tbody>
</table>

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**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th></th>
<th>Anticipated</th>
<th>Realized</th>
<th>Excess or Deficit *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance Anticipated</td>
<td>$ 100,000.00</td>
<td>$ 100,000.00</td>
<td></td>
</tr>
<tr>
<td>Sewer Rents</td>
<td>820,858.00</td>
<td>892,080.55</td>
<td>$ 71,222.55</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>13,000.00</td>
<td>19,805.14</td>
<td>6,805.14</td>
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<tr>
<td><strong>Total</strong></td>
<td>$ 933,858.00</td>
<td>$ 1,011,885.69</td>
<td><strong>$ 78,027.69</strong></td>
</tr>
</tbody>
</table>

**Analysis of Realized Revenue**

- Miscellaneous:  
  - Interest on Sewer Rents: $ 10,341.93  
  - Interest on Investments and Deposits: $ 5,326.27  
  - Due from Sewer Utility Capital Fund:  
    - Interest on Investments and Deposits: $ 4,136.94  

**Total Realized Revenue: $ 19,805.14**

---

**THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT**
### BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Appropriations Budget</th>
<th>Appropriations After Modification</th>
<th>Expended Paid or Charged</th>
<th>Expended Reserved</th>
<th>Unexpended Balance Cancelled</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>$199,051.00</td>
<td>$199,051.00</td>
<td>$188,593.81</td>
<td>$10,457.19</td>
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</tr>
<tr>
<td>Other Expenses</td>
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<td>650,998.52</td>
<td>559,665.89</td>
<td>91,332.63</td>
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</tr>
<tr>
<td><strong>Capital Improvements:</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Improvement Fund</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>5,000.00</td>
<td>5,000.00</td>
<td>4,777.00</td>
<td>223.00</td>
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<tr>
<td><strong>Debt Service:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Payment of Note Principal</td>
<td>34,000.00</td>
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<td>34,000.00</td>
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<td></td>
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<tr>
<td>Interest on Notes</td>
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<td>578.00</td>
<td>544.77</td>
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<td><strong>Statutory Expenditures:</strong></td>
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<td></td>
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</tr>
<tr>
<td>Contribution to:</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Employees' Retirement Fund</td>
<td>19,000.00</td>
<td>19,000.00</td>
<td>19,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Security System (O.A.S.I.)</td>
<td>15,230.48</td>
<td>15,230.48</td>
<td>14,384.51</td>
<td>845.97</td>
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</tr>
<tr>
<td>Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)</td>
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<td>5,000.00</td>
<td>5,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$933,858.00</td>
<td>$933,858.00</td>
<td>$830,965.98</td>
<td>$102,858.79</td>
<td>$33.23</td>
</tr>
</tbody>
</table>

Analysis of Paid or Charged:

- **Cash Disbursed**: $822,154.93
- **Due to Sewer Utility Capital Fund**: $4,777.00
- **Encumbrances**: E $3,489.28
- **Accrued Interest on Notes**: 544.77

$830,965.98

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2017
GENERAL FIXED ASSETS ACCOUNT GROUP
(UNAUDITED)
## BOROUGH OF STANHOPE
### GENERAL FIXED ASSETS ACCOUNT GROUP
### COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 1,022,100.00</td>
</tr>
<tr>
<td>Building</td>
<td>1,211,000.00</td>
</tr>
<tr>
<td>Equipment and Vehicles</td>
<td>4,084,559.01</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$ 6,317,659.01</strong></td>
</tr>
</tbody>
</table>

| **RESERVE**        |                  |                  |
| Reserve for Fixed Assets | $ 6,317,659.01 | $ 6,208,497.18   |

| **TOTAL RESERVE**  |                  |                  |
|                    | **$ 6,317,659.01** | **$ 6,208,497.18** |

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT
Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification of Government Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

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

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

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.
Borough of Stanhope
Notes to Financial Statements
Year Ended December 31, 2017
(Continued)

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

B. Description of Funds (Cont’d)

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

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

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

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

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years’ revenue. Grant revenue is realized in the Current Fund when it is received and in the Capital Funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

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

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.

2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.

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

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

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

D. Deferred Charges to Future Taxation

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

E. Other Significant Accounting Policies Include:

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

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

Investments – Investments are stated at cost.
Borough of Stanhope
Notes to Financial Statements
Year Ended December 31, 2017
(Continued)

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

E. Other Significant Accounting Policies Include: (Cont’d)

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

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

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

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

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

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

General Fixed Assets (Unaudited) – In accordance with New Jersey Administrative Code accounting requirements, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value in the year in which they were originally recorded. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, the General Capital Fund and the Utility Capital Funds. The values recorded in the General Fixed Assets Account Group, Current Fund and the Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.
Note 1: Summary of Significant Accounting Policies (Cont’d)

E. Other Significant Accounting Policies Include: (Cont’d)

General Fixed Assets (Unaudited) (Cont’d)

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

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

Note 2: Long-Term Debt

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

<table>
<thead>
<tr>
<th>Issued</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>General:</td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>$1,888,950.00</td>
</tr>
<tr>
<td>Water Utility:</td>
<td></td>
</tr>
<tr>
<td>Loans and Notes</td>
<td>2,136,702.81</td>
</tr>
<tr>
<td>Sewer Utility:</td>
<td></td>
</tr>
<tr>
<td>Notes</td>
<td>34,000.00</td>
</tr>
<tr>
<td>Total Issued</td>
<td>4,059,652.81</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Funds Temporarily Held to Pay Bonds and Notes:</td>
<td></td>
</tr>
<tr>
<td>Water Utility</td>
<td>5,750.00</td>
</tr>
<tr>
<td>Sewer Utility</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Total Deductions</td>
<td>55,750.00</td>
</tr>
<tr>
<td>Net Debt Issued</td>
<td>4,003,902.81</td>
</tr>
</tbody>
</table>
Summary of Municipal Debt (Cont'd)

<table>
<thead>
<tr>
<th>Authorized but not Issued:</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>General: Bonds and Notes</td>
<td>$ 161,500.00</td>
</tr>
<tr>
<td>Water Utility: Bonds and Notes</td>
<td>2,750.00</td>
</tr>
<tr>
<td>Sewer Utility: Bonds and Notes</td>
<td></td>
</tr>
<tr>
<td>Total authorized but not Issued</td>
<td>164,250.00</td>
</tr>
<tr>
<td>Net Bonds and Notes Issued and Authorized but not Issued</td>
<td>$ 4,168,152.81</td>
</tr>
</tbody>
</table>

Summary of Municipal Debt Issued and Outstanding – Prior and Current Year

<table>
<thead>
<tr>
<th>Bond Anticipation Notes:</th>
<th>Balance</th>
<th>Additions</th>
<th>Retirements</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Capital Fund</td>
<td>$ 1,906,100.00</td>
<td>$ 1,973,250.00</td>
<td>$ 1,906,100.00</td>
<td>$ 1,973,250.00</td>
</tr>
<tr>
<td>Water Utility Capital Fund</td>
<td>765,600.00</td>
<td>808,600.00</td>
<td>765,600.00</td>
<td>808,600.00</td>
</tr>
<tr>
<td>Sewer Utility Capital Fund</td>
<td>25,000.00</td>
<td>68,000.00</td>
<td>25,000.00</td>
<td>68,000.00</td>
</tr>
</tbody>
</table>

| Loans Payable: Water Utility Capital Fund: NJ Environmental Infrastructure Loans | 1,578,192.73 | 80,019.96 | 1,498,172.77 |
| Total | $ 4,274,892.73 | $ 2,849,850.00 | $ 2,776,719.96 | $ 4,348,022.77 |

<table>
<thead>
<tr>
<th>Bond Anticipation Notes:</th>
<th>Balance</th>
<th>Additions</th>
<th>Retirements</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Capital Fund</td>
<td>$ 1,973,250.00</td>
<td>$ 1,888,950.00</td>
<td>$ 1,973,250.00</td>
<td>$ 1,888,950.00</td>
</tr>
<tr>
<td>Water Utility Capital Fund</td>
<td>808,600.00</td>
<td>718,600.00</td>
<td>808,600.00</td>
<td>718,600.00</td>
</tr>
<tr>
<td>Sewer Utility Capital Fund</td>
<td>68,000.00</td>
<td>34,000.00</td>
<td>68,000.00</td>
<td>34,000.00</td>
</tr>
</tbody>
</table>

| Loans Payable: Water Utility Capital Fund: NJ Environmental Infrastructure Loans | 1,498,172.77 | 80,069.96 | 1,418,102.81 |
| Total | $ 4,348,022.77 | $ 2,641,550.00 | $ 2,929,919.96 | $ 4,059,652.81 |
Note 2: **Long-Term Debt (Cont’d)**

The Borough's debt issued and outstanding on December 31, 2017, is described as follows:

**General Capital Fund**

**Bond Anticipation Notes**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Rate</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>$85,400.00</td>
</tr>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>117,000.00</td>
</tr>
<tr>
<td>Acquisition of New Equipment</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>47,850.00</td>
</tr>
<tr>
<td>Acquisition of Fire Equipment</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>22,000.00</td>
</tr>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>283,700.00</td>
</tr>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>75,450.00</td>
</tr>
<tr>
<td>Maple and Mountain Terrace</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>222,001.09</td>
</tr>
<tr>
<td>James Street Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>52,000.00</td>
</tr>
<tr>
<td>James Street Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>127,243.91</td>
</tr>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>185,955.00</td>
</tr>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>253,150.00</td>
</tr>
<tr>
<td>Improvements of Various Roads</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>112,000.00</td>
</tr>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>305,200.00</td>
</tr>
</tbody>
</table>

$1,888,950.00
Note 2: Long-Term Debt (Cont’d)

The Borough's debt issued and outstanding on December 31, 2017, is described as follows:

Water Utility Capital Fund

Bond Anticipation Notes

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Rate</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of New and Additional Vehicular Equipment</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>7,119.07</td>
</tr>
<tr>
<td>Improvement to Water Supply and Distribution System</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>46,150.00</td>
</tr>
<tr>
<td>Acquisition and Installation of a New Generator</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>4,402.22</td>
</tr>
<tr>
<td>Acquisition of New and Additional Equipment</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>93,800.00</td>
</tr>
<tr>
<td>Improvement to Water Supply and Distribution System</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>73,500.00</td>
</tr>
<tr>
<td>Improvement to Water Supply and Distribution System</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>73,298.47</td>
</tr>
<tr>
<td>Improvement to Water Supply and Distribution System</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>211,000.00</td>
</tr>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>31,600.00</td>
</tr>
<tr>
<td>Various Improvements</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>124,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$718,600.00</strong></td>
</tr>
</tbody>
</table>

NJ Environmental Infrastructure Trust Loans

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Final Maturity Date</th>
<th>Interest Rate</th>
<th>Balance Dec. 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Loan #1</td>
<td>08/01/2033</td>
<td>N/A</td>
<td>$734,033.93</td>
</tr>
<tr>
<td>Trust Loan #1</td>
<td>08/01/2033</td>
<td>3.00%-5.00%</td>
<td>265,000.00</td>
</tr>
<tr>
<td>Fund Loan #2</td>
<td>08/01/2033</td>
<td>N/A</td>
<td>203,389.88</td>
</tr>
<tr>
<td>Trust Loan #2</td>
<td>08/01/2033</td>
<td>0.20%-3.35%</td>
<td>215,679.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$1,418,102.81</strong></td>
</tr>
</tbody>
</table>
Note 2: Long-Term Debt (Cont’d)

Sewer Utility Capital Fund

Bond Anticipation Notes

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Rate</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of New and Additional</td>
<td>1.530%</td>
<td>5/23/2018</td>
<td>$ 34,000.00</td>
</tr>
<tr>
<td>Vehicular Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Debt Issued and Outstanding</td>
<td></td>
<td></td>
<td>$ 4,059,652.81</td>
</tr>
</tbody>
</table>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.643%.

<table>
<thead>
<tr>
<th></th>
<th>Gross Debt</th>
<th>Deductions</th>
<th>Net Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local School District Debt</td>
<td>$ 1,780,000.00</td>
<td>$ 1,780,000.00</td>
<td>$ 2,050,450.00</td>
</tr>
<tr>
<td>Water Utility Debt</td>
<td>2,139,452.81</td>
<td>2,139,452.81</td>
<td></td>
</tr>
<tr>
<td>Sewer Utility Debt</td>
<td>34,000.00</td>
<td>34,000.00</td>
<td></td>
</tr>
<tr>
<td>General Debt</td>
<td>2,050,450.00</td>
<td></td>
<td>$ 2,050,450.00</td>
</tr>
<tr>
<td></td>
<td>$ 6,003,902.81</td>
<td>$ 3,953,452.81</td>
<td>$ 2,050,450.00</td>
</tr>
</tbody>
</table>

Net Debt $2,050,450.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, $318,855,526.67 = 0.643%.

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

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5% Average Equalized Valuation of Real Property</td>
<td>$ 11,159,943.43</td>
<td></td>
</tr>
<tr>
<td>Net Debt</td>
<td>2,050,450.00</td>
<td></td>
</tr>
<tr>
<td>Remaining Borrowing Power</td>
<td>$ 9,109,493.43</td>
<td></td>
</tr>
</tbody>
</table>
Note 2: Long-Term Debt (Cont'd)

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

Cash Receipts from Fees, Rents or Other Charges for Year $ 747,076.52

Deductions:
- Operating and Maintenance Costs $ 532,824.90
- Debt Service 192,575.88
Total Deductions 725,400.78
Excess in Revenue $ 21,675.74

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

Cash Receipts from Fees, Rents or Other Charges for Year $ 1,011,885.69

Deductions:
- Operating and Maintenance Costs $ 889,280.00
- Debt Service 34,544.77
Total Deductions 923,824.77
Excess in Revenue $ 88,060.92

Footnote:

If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount or the gross amount of authorized debt whichever is lesser.

The above is in agreement with the annual debt statement as filed by the Chief Financial Officer.

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

<table>
<thead>
<tr>
<th>Year Ended Dec. 31,</th>
<th>Water Utility Capital Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 80,144</td>
<td>$ 15,327</td>
<td>$ 95,471</td>
</tr>
<tr>
<td>2019</td>
<td>80,260</td>
<td>14,711</td>
<td>94,971</td>
</tr>
<tr>
<td>2020</td>
<td>85,406</td>
<td>14,065</td>
<td>99,471</td>
</tr>
<tr>
<td>2021</td>
<td>85,589</td>
<td>13,132</td>
<td>98,721</td>
</tr>
<tr>
<td>2022</td>
<td>85,805</td>
<td>12,167</td>
<td>97,972</td>
</tr>
<tr>
<td>2023-2027</td>
<td>438,192</td>
<td>46,314</td>
<td>484,506</td>
</tr>
<tr>
<td>2028-2032</td>
<td>467,711</td>
<td>22,394</td>
<td>490,105</td>
</tr>
<tr>
<td>2033</td>
<td>94,996</td>
<td>1,200</td>
<td>96,196</td>
</tr>
<tr>
<td>Total</td>
<td>$ 1,418,103</td>
<td>$ 139,310</td>
<td>$ 1,557,413</td>
</tr>
</tbody>
</table>
Note 2: Long-Term Debt (Cont’d)

Net Pension Liability

The State of New Jersey Public Employees’ Retirement System’s (PERS) net pension liability was calculated to be $3,391,723 at December 31, 2016. The State of New Jersey Police Firemen’s Retirement System’s (PFRS) net pension liability was calculated to be $3,860,502 at December 31, 2016. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2017, which were appropriated and included as anticipated revenue in the year ending December 31, 2018 introduced budget, were as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Fund</td>
<td>$820,000.00</td>
</tr>
<tr>
<td>Water Utility Operating Fund</td>
<td>87,000.00</td>
</tr>
<tr>
<td>Sewer Utility Operating Fund</td>
<td>90,000.00</td>
</tr>
</tbody>
</table>

Note 4: School District 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 Stanhope has not elected to defer school taxes.

Note 5: Pension Plans

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee’s Retirement System (PERS) or the State of New Jersey Police and Firemen’s Retirement System (PFRS).

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:
Note 5: Pension Plans (Cont’d)

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

Benefits Provided (Cont’d)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to $107,651 for 2017.

The employee contribution rate was 7.20% effective July 1, 2016 and increased to 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.
Note 5: Pension Plans (Cont’d)

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

Pension Liabilities and Pension Expense

At December 31, 2016, the Borough’s liability was $3,391,723 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Borough’s proportion was 0.011%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2015. The Borough has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Public Employees’ Retirement System (PERS)’ valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2016 pension information in the Notes to the Financial Statements as the June 30, 2017 pension information has not been released as of the date of this audit.

For the year ended December 31, 2017, the Borough recognized actual pension expense in the amount of $107,651.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

<table>
<thead>
<tr>
<th>Inflation Rate</th>
<th>3.08%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Increases:</td>
<td></td>
</tr>
<tr>
<td>Through 2026</td>
<td>1.65% - 4.15% based on age</td>
</tr>
<tr>
<td>Thereafter</td>
<td>2.65% - 5.15% based on age</td>
</tr>
<tr>
<td>Investment Rate of Return</td>
<td>7.65%</td>
</tr>
</tbody>
</table>

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (setback 3 years for males and set forward one year for females).
Note 5: Pension Plans (Cont’d)

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

Actuarial Assumptions (Cont’d)

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS’ target asset allocation as of June 30, 2016 are summarized in the following table:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Long-Term Expected Real Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>5.00%</td>
<td>0.87%</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>1.50%</td>
<td>1.74%</td>
</tr>
<tr>
<td>Investment Grade Credit</td>
<td>8.00%</td>
<td>1.79%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>2.00%</td>
<td>1.67%</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>2.00%</td>
<td>4.56%</td>
</tr>
<tr>
<td>Inflation-Indexed Bonds</td>
<td>1.50%</td>
<td>3.44%</td>
</tr>
<tr>
<td>Broad U.S. Equities</td>
<td>26.00%</td>
<td>8.53%</td>
</tr>
<tr>
<td>Developed Foreign Equities</td>
<td>13.25%</td>
<td>6.83%</td>
</tr>
<tr>
<td>Emerging Market Equities</td>
<td>6.50%</td>
<td>9.95%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>9.00%</td>
<td>12.40%</td>
</tr>
<tr>
<td>Hedge Funds/Absolute Return</td>
<td>12.50%</td>
<td>4.68%</td>
</tr>
<tr>
<td>Real Estate (Property)</td>
<td>2.00%</td>
<td>6.91%</td>
</tr>
<tr>
<td>Commodities</td>
<td>0.50%</td>
<td>5.45%</td>
</tr>
<tr>
<td>Global Debt ex. U.S.</td>
<td>5.00%</td>
<td>-0.25%</td>
</tr>
<tr>
<td>REIT</td>
<td>5.25%</td>
<td>5.63%</td>
</tr>
</tbody>
</table>

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Note 5: Pension Plans (Cont’d)

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

Discount Rate (Cont’d)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Borough's proportionate share of the collective net pension liability as of December 31, 2016 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<table>
<thead>
<tr>
<th>December 31, 2016</th>
<th>1% Decrease (2.98%)</th>
<th>Current Discount Rate (3.98%)</th>
<th>1% Increase (4.98%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borough's proportionate share of the Net Pension Liability</td>
<td>$ 4,156,160</td>
<td>$ 3,391,723</td>
<td>$ 2,760,613</td>
</tr>
</tbody>
</table>

Pension Plan Fiduciary Net Position

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

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

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen’s Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.
Note 5: Pension Plans (Cont’d)

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

<table>
<thead>
<tr>
<th>Tier</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Members who were enrolled prior to May 22, 2010</td>
</tr>
<tr>
<td>2</td>
<td>Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011</td>
</tr>
<tr>
<td>3</td>
<td>Members who were eligible to enroll on or after June 28, 2011</td>
</tr>
</tbody>
</table>

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

Special Funding Situation

Note 5: Pension Plans (Cont’d)

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

Special Funding Situation (Cont’d)

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities’ total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2016 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2016 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Borough contributions to PFRS amounted to $164,775 for the year ended December 31, 2017. During the fiscal year ended June 30, 2016, the State of New Jersey contributed $12,422 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of $41,406.

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

Pension Liabilities and Pension Expense

At December 31, 2016, the Borough’s liability for its proportionate share of the net pension liability was $3,860,502. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016.
Note 5: Pension Plans (Cont’d)

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

Pension Liabilities and Pension Expense (Cont’d)

The Borough's proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the Borough's proportion was 0.020%, which was a decrease of 0.0025% from its proportion measured as of June 30, 2015. The Borough has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Police and Firemen’s Retirement System (PFRS)’ valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2016 pension information in the Notes to the Financial Statements as the June 30, 2017 pension information has not been released as of the date of this audit.

Additionally, the State’s proportionate share of the net pension liability attributable to the Borough is $324,186 as of June 30, 2016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the State's proportion was 0.020%, which was a decrease of 0.0025% from its proportion measured as of June 30, 2015 which is the same proportion as the Borough’s. The Borough has rolled forward the net pension liability to December 31, 2016 with no adjustments. The State of New Jersey Police and Firemen’s Retirement System (PFRS)’ valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

Borough’s Proportionate Share of the Net Pension Liability

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borough's Proportionate Share of the Net Pension Liability</td>
<td>$ 3,860,502</td>
</tr>
<tr>
<td>State's Proportionate Share of the Net Pension Liability Associated with the Borough</td>
<td>$ 324,186</td>
</tr>
<tr>
<td>Total Net Pension Liability</td>
<td>$ 4,184,688</td>
</tr>
</tbody>
</table>

For the year ended December 31, 2017, the Borough recognized total pension expense of $164,775.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

- Inflation Rate: 3.08%
- Salary Increases:
  - Through 2026: 2.10% - 8.98% based on age
  - Thereafter: 3.10% - 9.98% based on age
- Investment Rate of Return: 7.65%
Note 5: Pension Plans (Cont’d)

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

Actuarial Assumptions (Cont’d)

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary’s modified 2014 projection scales.

Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary’s modified 2014 projection scales, which was further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary’s modified 2014 projection scales, which was further projected on a generational basis using the plan actuary’s modified 2014 projection scales. Disability retirement rates were based on the special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS’ target asset allocation as of June 30, 2016 are summarized in the table on the following page:
Note 5: Pension Plans (Cont’d)

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

Long Term Expected Rate of Return (Cont’d)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Long-Term Expected Real Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>5.00%</td>
<td>0.87%</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>1.50%</td>
<td>1.74%</td>
</tr>
<tr>
<td>Investment Grade Credit</td>
<td>8.00%</td>
<td>1.79%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>2.00%</td>
<td>1.67%</td>
</tr>
<tr>
<td>High Yield Bonds</td>
<td>2.00%</td>
<td>4.56%</td>
</tr>
<tr>
<td>Inflation-Indexed Bonds</td>
<td>1.50%</td>
<td>3.44%</td>
</tr>
<tr>
<td>Broad U.S. Equities</td>
<td>26.00%</td>
<td>8.53%</td>
</tr>
<tr>
<td>Developed Foreign Equities</td>
<td>13.25%</td>
<td>6.83%</td>
</tr>
<tr>
<td>Emerging Market Equities</td>
<td>6.50%</td>
<td>9.95%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>9.00%</td>
<td>12.40%</td>
</tr>
<tr>
<td>Hedge Funds/Absolute Return</td>
<td>12.50%</td>
<td>4.68%</td>
</tr>
<tr>
<td>Real Estate (Property)</td>
<td>2.00%</td>
<td>6.91%</td>
</tr>
<tr>
<td>Commodities</td>
<td>0.50%</td>
<td>5.45%</td>
</tr>
<tr>
<td>Global Debt ex. U.S.</td>
<td>5.00%</td>
<td>-0.25%</td>
</tr>
<tr>
<td>REIT</td>
<td>5.25%</td>
<td>5.63%</td>
</tr>
</tbody>
</table>

Discount Rate - PFRS

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.
Note 5: Pension Plans (Cont’d)

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

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

The following presents the total net pension liability (including the State’s proportionate share of the net pension liability attributable to the Borough) as of December 31, 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<table>
<thead>
<tr>
<th>December 31, 2016</th>
<th>1% Decrease (4.55%)</th>
<th>Current Discount Rate (5.55%)</th>
<th>1% Increase (6.55%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borough’s proportionate share of the NPL and the State’s proportionate share of the Net Pension Liability associated with the Borough</td>
<td>$5,395,849</td>
<td>$4,184,688</td>
<td>$3,197,060</td>
</tr>
</tbody>
</table>

Pension Plan Fiduciary Net Position - PFRS

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

Note 6: Accrued Sick and Vacation Benefits

The Borough of Stanhope permits employees to accrue unused sick and vacation pay, which may be taken as time off or paid upon retirement or separation. It is estimated that the current cost of such unpaid compensation would approximate $183,235. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough’s budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Sick and Vacation Compensation of $133,116 on the Trust Funds balance sheet at December 31, 2017.
Note 7:  Selected Tax Information

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Levy</th>
<th>Cash Collections</th>
<th>Percentage of Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$11,941,700.02</td>
<td>$11,698,930.88</td>
<td>97.96%</td>
</tr>
<tr>
<td>2016</td>
<td>11,801,964.19</td>
<td>11,543,789.32</td>
<td>97.81%</td>
</tr>
<tr>
<td>2015</td>
<td>11,348,062.85</td>
<td>11,088,668.46</td>
<td>97.71%</td>
</tr>
</tbody>
</table>

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.
Note 8: Risk Management

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

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

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

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

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.

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

The December 31, 2017 audit report for this fund was not filed as of the date of this report. Selected financial information for this Fund as of December 31, 2016 is as follows:

<table>
<thead>
<tr>
<th>Morris County Municipal Joint Insurance Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
</tr>
<tr>
<td>Net Position</td>
</tr>
<tr>
<td>Total Revenue</td>
</tr>
<tr>
<td>Total Expenses</td>
</tr>
<tr>
<td>Change in Net Position</td>
</tr>
<tr>
<td>Members Dividends</td>
</tr>
</tbody>
</table>
Note 8: Risk Management (Cont'd)

Financial statements for the fund are available at the Office of the Executive Director:

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

New Jersey Unemployment Compensation Insurance

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest Earned</th>
<th>Borough/Employee Contributions</th>
<th>Amount Reimbursed</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$114.95</td>
<td>$15,012.10</td>
<td>$17,775.36</td>
<td>$72,844.69</td>
</tr>
<tr>
<td>2016</td>
<td>142.44</td>
<td>15,500.00</td>
<td>1,173.65</td>
<td>87,313.48</td>
</tr>
<tr>
<td>2017</td>
<td>699.59</td>
<td>15,500.00</td>
<td>1,216.31</td>
<td>102,296.76</td>
</tr>
</tbody>
</table>

Note 9: Cash and Cash Equivalents and Investments

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

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

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned.

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

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.
Cash and Cash Equivalents and Investments (Cont’d)

Custodial Credit Risk – The Borough’s policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits

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

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

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

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

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

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

2. Government money market mutual funds;

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

5. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law” P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
Note 9: Cash and Cash Equivalents and Investments (Cont’d)

Investments (Cont’d)

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c281 (C.52A:18A-90.4); or

(8) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983 c.313 (C.40A:5A-1 et seq.);

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2017, cash and cash equivalents of the Borough of Stanhope consisted of the following:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Cash on Hand</th>
<th>Checking Accounts</th>
<th>NJ Cash Management Fund</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$250.00</td>
<td>$2,848,542.23</td>
<td>$99,012.56</td>
<td>$2,947,804.79</td>
</tr>
<tr>
<td>Animal Control</td>
<td>15,761.80</td>
<td></td>
<td>15,761.80</td>
<td></td>
</tr>
<tr>
<td>Other Trust</td>
<td>762,565.96</td>
<td></td>
<td>762,565.96</td>
<td></td>
</tr>
<tr>
<td>General Capital</td>
<td>23,065.62</td>
<td>461.10</td>
<td>23,526.72</td>
<td></td>
</tr>
<tr>
<td>Water Operating</td>
<td>50.00</td>
<td>232,074.70</td>
<td>323,120.01</td>
<td></td>
</tr>
<tr>
<td>Water Capital</td>
<td>232,471.43</td>
<td>4,836.88</td>
<td>237,308.31</td>
<td></td>
</tr>
<tr>
<td>Sewer Operating</td>
<td>50.00</td>
<td>867,949.06</td>
<td>899,539.97</td>
<td></td>
</tr>
<tr>
<td>Sewer Capital</td>
<td>153,997.77</td>
<td>319,061.92</td>
<td>473,059.69</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$350.00</strong></td>
<td><strong>$5,136,428.57</strong></td>
<td><strong>$545,908.68</strong></td>
<td><strong>$5,682,687.25</strong></td>
</tr>
</tbody>
</table>

During the year ended December 31, 2017, the Borough did not hold any investments. The carrying amount of the Borough’s cash and cash equivalents at year end was $5,682,687.25 and the bank balance was $5,570,044.73. The $545,908.68 invested with the State of New Jersey Cash Management Fund is uninsured and unregistered.
Note 10: Post-Retirement Medical Benefits

In addition to the pension benefits described in Note 5, the Borough provides other post-retirement benefits to certain Borough employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

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

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

In accordance with the Borough’s resolution, Borough employees are entitled to the following benefits:

The coverage applies to the employee and dependents. In the event of an employee’s death, coverage ceases. In order to be eligible for this benefit, the employee must have a minimum of twenty-five (25) years of full-time service with the Borough.

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

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

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP would be billed to the Borough on a monthly basis. The Borough’s portion of post-retirement benefits would be funded on a pay-as-you-go basis from the Current Fund operating budget.

For the year ended December 31, 2017, the Borough had no employees who met post-retirement eligibility requirements for health care benefits and recognized expenses of $0.

Note 11: Deferred Compensation Plan

The Borough of Stanhope offers its employees deferred compensation plans (the "Plans") created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by VALIC and Equitable, are 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.
Note 12: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2017:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Interfund Receivable</th>
<th>Interfund Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$ 6,340.20</td>
<td>$ 2,200.00</td>
</tr>
<tr>
<td>Animal Control</td>
<td></td>
<td>2,200.00</td>
</tr>
<tr>
<td>Other Trust</td>
<td>2,200.00</td>
<td></td>
</tr>
<tr>
<td>Water Utility Operating</td>
<td>2,472.88</td>
<td></td>
</tr>
<tr>
<td>Water Utility Capital</td>
<td></td>
<td>2,472.88</td>
</tr>
<tr>
<td>Sewer Utility Operating</td>
<td>42,550.00</td>
<td></td>
</tr>
<tr>
<td>Sewer Utility Capital</td>
<td></td>
<td>42,550.00</td>
</tr>
<tr>
<td></td>
<td>$ 53,563.08</td>
<td>$ 53,563.08</td>
</tr>
</tbody>
</table>

The interfund receivable in the Current Fund and the interfund payable in the Animal Control Fund represents the statutory excess collected in the Animal Control Fund. The interfund receivable in the Other Trust Fund and the interfund payable in the Current Fund represents the money due for tax sale premium. The interfund between the Water Utility Operating Fund and the Water Utility Capital Fund represents accrued interest on notes paid by capital ordinance. The interfund between the Sewer Utility Operating Fund and the Sewer Utility Capital Fund represents the transfer of connection fees.

Note 13: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, disputes over contract awards, and as one of several hundred third-party defendants in "superfund" litigation. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough’s financial position as of December 31, 2017.

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

Various tax appeals on assessed valuations have been filed against the Borough and are awaiting a final decision. The ultimate outcome and effect of such appeals have not been determined; however, the Borough Tax Assessor will aggressively defend the Borough’s assessments. The Borough has established a reserve for this contingency in the amount of $138,230.11, which the Borough believes is adequate to cover any potential liability.
Note 14: **Economic Dependency**

The Borough receives a substantial amount of its support from the federal and state government. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough’s programs and activities.

Note 15: **Fixed Assets (Unaudited)**

The following is a summarization of the activity of the Borough of Stanhope’s fixed assets for the year ended December 31, 2017:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$1,022,100.00</td>
<td></td>
<td></td>
<td>$1,022,100.00</td>
</tr>
<tr>
<td>Buildings</td>
<td>1,211,000.00</td>
<td></td>
<td></td>
<td>1,211,000.00</td>
</tr>
<tr>
<td>Equipment and Vehicles</td>
<td>3,975,397.18</td>
<td>$109,161.83</td>
<td></td>
<td>4,084,559.01</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,208,497.18</strong></td>
<td><strong>$109,161.83</strong></td>
<td><strong>$0</strong></td>
<td><strong>$6,317,659.01</strong></td>
</tr>
</tbody>
</table>
SUPPLEMENTARY DATA
BOROUGH OF STANHOPE  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2017

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Amount of Bond</th>
<th>Name of Corporate or Personal Surety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rosemarie Maio</td>
<td>Mayor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Thornton</td>
<td>Council President</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michael Depew</td>
<td>Councilperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diana Kuncken</td>
<td>Councilperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thomas Romano</td>
<td>Councilperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doreen Thistleton</td>
<td>Councilperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patricia Zdichocki</td>
<td>Councilperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brian McNeilly</td>
<td>Administrator</td>
<td>$1,000,000</td>
<td>Municipal Excess Liability JIF</td>
</tr>
<tr>
<td>Ellen Horak</td>
<td>Borough Clerk</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Dana Mooney</td>
<td>Chief Financial Officer/Tax Collector</td>
<td>$1,000,000</td>
<td>Municipal Excess Liability JIF</td>
</tr>
<tr>
<td>Maria Mascuch</td>
<td>Sewer Collector and Water Collector</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>Ursula H. Leo</td>
<td>Attorney</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* All employees, who are not specifically bonded, are covered under $50,000 and $950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.
### BOROUGH OF STANHOPE
#### CURRENT FUND
#### SCHEDULE OF CASH - TREASURER

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance December 31, 2016</td>
<td>A $ 2,793,486.11</td>
</tr>
<tr>
<td>Increased by Receipts:</td>
<td></td>
</tr>
<tr>
<td>Tax Collector</td>
<td>$ 12,380,132.91</td>
</tr>
<tr>
<td>Revenue Accounts Receivable</td>
<td>400,126.74</td>
</tr>
<tr>
<td>Miscellaneous Revenue Not Anticipated</td>
<td>62,551.00</td>
</tr>
<tr>
<td>Appropriation Refunds</td>
<td>130,129.14</td>
</tr>
<tr>
<td>Due to State of New Jersey</td>
<td></td>
</tr>
<tr>
<td>Veterans and Senior Citizens' Deductions</td>
<td>25,000.00</td>
</tr>
<tr>
<td>Training Fees</td>
<td>3,589.00</td>
</tr>
<tr>
<td>Marriage License Fees</td>
<td>650.00</td>
</tr>
<tr>
<td>Due Animal Control License Fund</td>
<td>6,487.27</td>
</tr>
<tr>
<td>Due Other Trust Funds:</td>
<td></td>
</tr>
<tr>
<td>Tax Sale Premium</td>
<td>2,200.00</td>
</tr>
<tr>
<td>Interfund Returned</td>
<td>4,918.78</td>
</tr>
<tr>
<td>Due to General Capital Fund</td>
<td>2,238.51</td>
</tr>
<tr>
<td>Due from Various Vendors</td>
<td>1,345.26</td>
</tr>
<tr>
<td>Unappropriated Reserves</td>
<td></td>
</tr>
<tr>
<td>Body Armor Replacement Fund</td>
<td>1,223.11</td>
</tr>
<tr>
<td>Drunk Driving Enforcement Fund</td>
<td>1,609.38</td>
</tr>
<tr>
<td>Clean Communities Program</td>
<td>7,623.88</td>
</tr>
<tr>
<td>Click-It or Ticket</td>
<td>5,500.00</td>
</tr>
<tr>
<td>Safe and Secure Communities</td>
<td>30,000.00</td>
</tr>
<tr>
<td>Recycling Tonnage Grant</td>
<td>7,809.34</td>
</tr>
<tr>
<td>Appropriated Reserves</td>
<td></td>
</tr>
<tr>
<td>Housing Reimbursement Program Reimbursement</td>
<td>6,265.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,079,399.32</strong></td>
</tr>
<tr>
<td></td>
<td><strong>15,872,885.43</strong></td>
</tr>
</tbody>
</table>
BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

Decreased by Disbursements:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Appropriation Expenditures</td>
<td>$ 3,924,884.36</td>
</tr>
<tr>
<td>2016 Appropriation Reserves</td>
<td>110,381.72</td>
</tr>
<tr>
<td>Local School District Taxes</td>
<td>4,389,907.00</td>
</tr>
<tr>
<td>Regional School Taxes</td>
<td>2,373,475.00</td>
</tr>
<tr>
<td>County Taxes</td>
<td>1,824,158.51</td>
</tr>
<tr>
<td>Tax Overpayment Refunds</td>
<td>295.82</td>
</tr>
<tr>
<td>Due to Other Trust Funds:</td>
<td></td>
</tr>
<tr>
<td>Reserve for Accumulated Sick and Vacation Compensation</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Due to General Capital Fund</td>
<td>21,917.88</td>
</tr>
<tr>
<td>Due to State of New Jersey</td>
<td></td>
</tr>
<tr>
<td>Training Fees</td>
<td>3,306.00</td>
</tr>
<tr>
<td>Marriage License Fees</td>
<td>525.00</td>
</tr>
<tr>
<td>Due to Other Trust Funds:</td>
<td></td>
</tr>
<tr>
<td>Appropriated Reserves - Recycling Trust</td>
<td>6,358.60</td>
</tr>
<tr>
<td>Due from Various Vendors</td>
<td>2,053.88</td>
</tr>
<tr>
<td>Reserve for Third Party Tax Title Liens</td>
<td>248,120.73</td>
</tr>
<tr>
<td>Appropriated Reserves:</td>
<td></td>
</tr>
<tr>
<td>Clean Communities Program</td>
<td>3,390.20</td>
</tr>
<tr>
<td>Drunk Driving Enforcement Fund</td>
<td>1,929.94</td>
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<tr>
<td>Drive Sober or Get Pulled Over</td>
<td>4,000.00</td>
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<tr>
<td>Cablevision 2014 PEG Access Grant</td>
<td>626.00</td>
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<tr>
<td></td>
<td><strong>$ 12,925,330.64</strong></td>
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Balance December 31, 2017                                            $ 2,947,554.79
BOROUGH OF STANHOPE  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Increased by Receipts:</td>
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<tr>
<td>Taxes Receivable</td>
<td>$11,852,002.79</td>
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<tr>
<td>Tax Title Liens Receivable</td>
<td>$7,627.53</td>
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<tr>
<td>2018 Prepaid Taxes</td>
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<td>Tax Overpayments</td>
<td>$25,026.29</td>
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<td>Outside Liens</td>
<td>$229,870.70</td>
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<td>Interest and Costs on Taxes</td>
<td>$46,539.76</td>
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<tr>
<td><strong>Total Increased</strong></td>
<td><strong>$12,380,132.91</strong></td>
</tr>
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</table>

| Decreased by:                      |              |
| Payments to Treasurer              | $12,380,132.91 |

CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
# BOROUGH OF STANHOPE

**CURRENT FUND**

**SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>2015</td>
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<td>2016</td>
<td>219,918.01</td>
<td>221,601.43</td>
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<tr>
<td>2017</td>
<td>$ 11,941,700.02</td>
<td>$ 11,941,700.02</td>
<td>$ 715.79</td>
<td>$ 39,808.10</td>
<td>$ 39,808.10</td>
<td>$ 11,630,401.36</td>
<td>$ 3,221.42</td>
<td>$ 1,823,980.37</td>
<td>$ 220,248.00</td>
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<td>$ 221,601.43</td>
<td>$ 221,601.43</td>
<td>$ 715.79</td>
<td>$ 39,808.10</td>
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</tbody>
</table>

**Analysis of 2017 Property Tax Levy**

**Tax Yield:**

- General Purpose Tax: $11,939,792.17
- Added Taxes (54:4-63.1 et seq.): $1,907.85

**Total:** $11,941,700.02

**Tax Levy:**

- Local School District Taxes: $4,389,907.00
- Regional High School Taxes: $2,373,475.00
- County Taxes: $1,823,688.57
- County Added and Omitted Taxes: $291.80

**Total Tax Levy:** $8,587,362.37

- Local Tax for Municipal Purposes: $3,350,978.79
- Add: Additional Tax Levied: $3,358.86

**Total:** $3,354,337.65

**Total:** $11,941,700.02
BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

Ref.

Balance December 31, 2016

A $223,017.99

Increased by:
Transfer from Taxes Receivable

21,941.47

244,959.46

Decreased by:
Cash Collections $7,627.53
Transfer to Foreclosed Property 34,797.53

42,425.06

Balance December 31, 2017

A $202,534.40
<table>
<thead>
<tr>
<th>Clerk:</th>
<th>Balance Dec 31, 2016</th>
<th>Accrued In 2017</th>
<th>Collected by Treasurer</th>
<th>Balance Dec 31, 2017</th>
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</thead>
<tbody>
<tr>
<td>Licenses:</td>
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<td>Alcoholic Beverages</td>
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<td>$3,059.00</td>
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<td>20,151.00</td>
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<tr>
<td>Fees and Permits</td>
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<td>Board of Health:</td>
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<td>250.00</td>
<td>250.00</td>
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<tr>
<td>Construction Code Official:</td>
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<tr>
<td>Fees and Permits</td>
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<tr>
<td>Municipal Court:</td>
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<td>Fines and Costs</td>
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<tr>
<td>Planning Board/Board of Adjustment:</td>
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<tr>
<td>Fees and Permits</td>
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<td>Energy Receipts Tax</td>
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<td>Consolidated Municipal Property Tax Relief Aid</td>
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<tr>
<td>Garden State Trust Fund</td>
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<td>4,439.00</td>
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<tr>
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<td>5,000.00</td>
<td>5,000.00</td>
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<tr>
<td></td>
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<tr>
<td></td>
<td>$10,552.31</td>
<td>$393,519.21</td>
<td>$400,128.74</td>
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Ref: A

A-9
BOROUGH OF STANHOPE
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
## BOROUGH OF STANHOPE
### CURRENT FUND
### SCHEDULE OF 2016 APPROPRIATION RESERVES
### YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>General Government:</th>
<th>Balance Dec 31, 2016</th>
<th>Balance After Modification</th>
<th>Paid or Charged</th>
<th>Balance Lapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administrative and Executive:</strong></td>
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<tr>
<td>Other Expenses</td>
<td>$1,752.28</td>
<td>$1,752.28</td>
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<td>Other Expenses</td>
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<td>Other Expenses</td>
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<td>2,451.85</td>
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<td><strong>Computerized Data Processing:</strong></td>
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<td>Other Expenses</td>
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<td>948.28</td>
<td>940.92</td>
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<td><strong>Collection of Taxes:</strong></td>
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<td><strong>Legal Services and Costs:</strong></td>
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<td><strong>Public Buildings and Grounds:</strong></td>
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<td>Salaries and Wages</td>
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<td>1,533.06</td>
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<td><strong>Municipal Land Use Law (N.J.S.A. 40:55d-1):</strong></td>
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<tr>
<td>Planning Board:</td>
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<tr>
<td>Salaries and Wages</td>
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<tr>
<td>Other Expenses</td>
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<td>2,838.92</td>
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<td><strong>Zoning and Code Enforcement:</strong></td>
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<td><strong>Regional Planning Board:</strong></td>
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<tr>
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<td>2,200.25</td>
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<td>2,200.25</td>
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<td><strong>Environmental Commission:</strong></td>
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<tr>
<td>Other Expenses</td>
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<td><strong>Shade Tree Commission:</strong></td>
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<td>Unemployment Compensation Insurance</td>
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### BOROUGH OF STANHOPE

**CURRENT FUND**

**SCHEDULE OF 2016 APPROPRIATION RESERVES**

**YEAR ENDED DECEMBER 31, 2017**

(Continued)

<table>
<thead>
<tr>
<th>Public Safety:</th>
<th>Balance</th>
<th>After Modification</th>
<th>Paid or Charged</th>
<th>Balance Lapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fire:</strong></td>
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<tr>
<td>Other Expenses</td>
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<td>$14,197.51</td>
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<td>Contractual</td>
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<td><strong>Emergency Management:</strong></td>
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<table>
<thead>
<tr>
<th>Streets and Roads:</th>
<th>Balance</th>
<th>After Modification</th>
<th>Paid or Charged</th>
<th>Balance Lapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department of Public Works:</strong></td>
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<tr>
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<th>Health and Welfare:</th>
<th>Balance</th>
<th>After Modification</th>
<th>Paid or Charged</th>
<th>Balance Lapsed</th>
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</thead>
<tbody>
<tr>
<td><strong>Board of Health:</strong></td>
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<tr>
<td>Other Expenses</td>
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<td>677.66</td>
<td>677.66</td>
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<td><strong>Animal Regulation:</strong></td>
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<td><strong>Garbage and Trash Removal:</strong></td>
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<tr>
<td>Salaries and Wages</td>
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<th>Recreation and Education:</th>
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<th>After Modification</th>
<th>Paid or Charged</th>
<th>Balance Lapsed</th>
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</thead>
<tbody>
<tr>
<td><strong>Celebration of Public Events:</strong></td>
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<td><strong>Stormwater Management:</strong></td>
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<tr>
<td><strong>Road Repairs &amp; Resurfacing</strong></td>
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<td>25,000.00</td>
<td>25,000.00</td>
<td>25,000.00</td>
<td>25,000.00</td>
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<td><strong>Uniform Construction Code:</strong></td>
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<tr>
<td><strong>Construction Code Official:</strong></td>
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### BOROUGH OF STANHOPE
#### CURRENT FUND
#### SCHEDULE OF 2016 APPROPRIATION RESERVES
#### YEAR ENDED DECEMBER 31, 2017

(Continued)

#### Balance of 2016 Appropriation Reserves

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance Dec 31, 2016</th>
<th>Balance After Modification</th>
<th>Paid or Charged</th>
<th>Balance Lapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unclassified:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>$ 56,365.87</td>
<td>$ 48,521.87</td>
<td>$ 12,487.39</td>
<td>$ 36,034.48</td>
</tr>
<tr>
<td>Condo Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td>32,342.90</td>
<td>32,342.90</td>
<td>20,430.66</td>
<td>11,912.24</td>
</tr>
<tr>
<td>Contingent</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td></td>
</tr>
<tr>
<td>Social Security System (O.A.S.I.)</td>
<td>8,088.62</td>
<td>8,088.62</td>
<td></td>
<td>8,088.62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 299,471.18</strong></td>
<td><strong>$ 299,471.18</strong></td>
<td><strong>$ 132,299.60</strong></td>
<td><strong>$ 167,171.58</strong></td>
</tr>
</tbody>
</table>

#### Analysis of Balance December 31, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unencumbered</td>
<td>$ 238,500.51</td>
</tr>
<tr>
<td>Encumbered</td>
<td>$ 60,970.67</td>
</tr>
</tbody>
</table>

**Total:** $ 299,471.18

#### Analysis of Paid or Charged

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Disbursed</td>
<td>$ 110,381.72</td>
</tr>
<tr>
<td>Due to General Capital Fund:</td>
<td></td>
</tr>
<tr>
<td>Reserve for Road Improvements</td>
<td>$ 21,917.88</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 132,299.60</strong></td>
</tr>
</tbody>
</table>
### BOROUGH OF STANHOPE
**CURRENT FUND**
**SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE**
**YEAR ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th>Increased by:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy - Calendar Year 2017</td>
<td>$4,389,907.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decreased by:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to Local School District</td>
<td>$4,389,907.00</td>
</tr>
</tbody>
</table>

### CURRENT FUND
**SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE**
**YEAR ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th>Increased by:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy - Calendar Year 2017</td>
<td>$2,373,475.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decreased by:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to Regional School District</td>
<td>$2,373,475.00</td>
</tr>
<tr>
<td>Ref.</td>
<td>Animal Control</td>
</tr>
<tr>
<td>------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td>Fund</td>
</tr>
<tr>
<td></td>
<td>$16,490.95</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Increased by Receipts:**
- Animal Control Fees: $5,059.20
- State Registration Fees: $610.80
- Penalties and Miscellaneous: $1,220.00

**Due to/from Current Fund:**
- Interest Income: $155.12
- Interfund Advanced/Returned: $4,918.78
- Tax Sale Premium: $10,000.00
- Interest on Deposits: $699.59
- Unemployment Insurance Deposits: $15,300.00
- Performance Bond and Escrow Deposits and Interest: $11,930.16
- Parking Offenses Adjudication Act: $90.88
- Recreation Trust: $41,655.68
- COAH Housing Deposit and Interest: $64.15
- Due from Current Fund Appropriated Reserves: $6,358.60
- Recycling Revenue and Interest: $2,048.89

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Total Receipts</th>
<th>Total Funds Available</th>
<th>Balance December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,045.12</td>
<td>$23,536.07</td>
<td>$15,761.80</td>
</tr>
<tr>
<td></td>
<td>$8,407.49</td>
<td>$25,214.71</td>
<td>$20,296.66</td>
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<tr>
<td></td>
<td>$16,199.59</td>
<td>$103,113.07</td>
<td>$102,296.76</td>
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<tr>
<td></td>
<td>$16,848.94</td>
<td>$92,351.54</td>
<td>$72,699.29</td>
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<td></td>
<td>$85.61</td>
<td>$12,288.90</td>
<td>$12,288.90</td>
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<tr>
<td></td>
<td>$90.88</td>
<td>$3,013.31</td>
<td>$3,013.31</td>
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<tr>
<td></td>
<td>$64.15</td>
<td>$9,207.35</td>
<td>$9,207.35</td>
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<tr>
<td></td>
<td>$84,255.68</td>
<td>$753,156.73</td>
<td>$542,763.69</td>
</tr>
<tr>
<td></td>
<td>$10,000.00</td>
<td>$32,600.00</td>
<td>$32,600.00</td>
</tr>
<tr>
<td></td>
<td>$32,600.00</td>
<td>$129,700.00</td>
<td>$129,700.00</td>
</tr>
<tr>
<td></td>
<td>$4,918.78</td>
<td>$14,733.47</td>
<td>$14,733.47</td>
</tr>
<tr>
<td></td>
<td>$129,700.00</td>
<td>$4,477.00</td>
<td>$4,477.00</td>
</tr>
<tr>
<td></td>
<td>$35,150.36</td>
<td>$41,065.68</td>
<td>$41,065.68</td>
</tr>
<tr>
<td></td>
<td>$41,065.68</td>
<td>$41,065.68</td>
<td>$41,065.68</td>
</tr>
<tr>
<td></td>
<td>$129,700.00</td>
<td>$35,150.36</td>
<td>$35,150.36</td>
</tr>
<tr>
<td></td>
<td>$4,477.00</td>
<td>$35,150.36</td>
<td>$35,150.36</td>
</tr>
<tr>
<td></td>
<td>$41,065.68</td>
<td>$41,065.68</td>
<td>$41,065.68</td>
</tr>
</tbody>
</table>

**Decreased by Disbursements:**
- State Registration Fees: $610.80
- Animal Control Fund Expenditures: $676.20
- Due to Current Fund: $6,487.27
- Reserve for Recycling Expenditures: $4,918.05
- Performance Bond and Escrow Deposit Expenditures: $4,918.78
- Tax Sale Premium Expenditures: $129,700.00
- Storm Recovery Expenditures: $4,477.00
- Accumulated Sick and Vacation Compensation Expenditures: $35,150.36
- Recreation Trust: $41,065.68
- State Unemployment Insurance Expenditures: $210,393.04

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Total Disbursements</th>
<th>Balance December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,774.27</td>
<td>$15,761.80</td>
</tr>
<tr>
<td></td>
<td>$4,918.05</td>
<td>$20,296.66</td>
</tr>
<tr>
<td></td>
<td>$1,216.31</td>
<td>$102,296.76</td>
</tr>
<tr>
<td></td>
<td>$19,652.25</td>
<td>$72,699.29</td>
</tr>
<tr>
<td></td>
<td>$12,288.90</td>
<td>$3,013.31</td>
</tr>
<tr>
<td></td>
<td>$9,207.35</td>
<td>$9,207.35</td>
</tr>
<tr>
<td></td>
<td>$210,393.04</td>
<td>$542,763.69</td>
</tr>
</tbody>
</table>

**Balance December 31, 2017:**
- Other Trust Funds
BOROUGH OF STANHOPE
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
BOROUGH OF STANHOPE
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Ref.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance December 31, 2016</td>
<td>$ 10,158.80</td>
</tr>
<tr>
<td>Increased by:</td>
<td></td>
</tr>
<tr>
<td>Dog License Fees Collected</td>
<td>$ 3,599.20</td>
</tr>
<tr>
<td>Cat License Fees Collected</td>
<td>1,460.00</td>
</tr>
<tr>
<td>Penalties</td>
<td>1,215.00</td>
</tr>
<tr>
<td>Penalties and Miscellaneous</td>
<td>5.00</td>
</tr>
<tr>
<td>Total</td>
<td>$ 6,279.20</td>
</tr>
<tr>
<td>Decreased by:</td>
<td></td>
</tr>
<tr>
<td>Animal Control Fund Expenditures</td>
<td>676.20</td>
</tr>
<tr>
<td>Statutory Excess- Due to Current Fund</td>
<td>6,340.20</td>
</tr>
<tr>
<td>Total</td>
<td>7,016.40</td>
</tr>
<tr>
<td>Balance December 31, 2017</td>
<td>$ 9,421.60</td>
</tr>
</tbody>
</table>

License Fees Collected

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 5,122.40</td>
</tr>
<tr>
<td>2016</td>
<td>4,299.20</td>
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</tbody>
</table>

Maximum Allowable Reserve $ 9,421.60
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance December 31, 2016</td>
<td>$216,216.59</td>
</tr>
<tr>
<td>Increased by:</td>
<td></td>
</tr>
<tr>
<td>Current Fund Budget Appropriation:</td>
<td></td>
</tr>
<tr>
<td>Capital Improvement Fund</td>
<td>$63,500.00</td>
</tr>
<tr>
<td>Payment of Bond Anticipation Notes</td>
<td>389,500.00</td>
</tr>
<tr>
<td>Current Fund Appropriation Reserves:</td>
<td></td>
</tr>
<tr>
<td>Reserve for Road Improvements</td>
<td>21,917.88</td>
</tr>
<tr>
<td>Bond Anticipation Notes Issued</td>
<td>1,888,950.00</td>
</tr>
<tr>
<td>Due to/from Current Fund:</td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>2,238.51</td>
</tr>
<tr>
<td>Decreased by:</td>
<td></td>
</tr>
<tr>
<td>Due to Current Fund:</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>2,238.51</td>
</tr>
<tr>
<td>Reserve for Preliminary Expenses</td>
<td>9,737.50</td>
</tr>
<tr>
<td>Bond Anticipation Notes Payable</td>
<td>1,973,250.00</td>
</tr>
<tr>
<td>Improvement Authorization Expenditures</td>
<td>573,570.25</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance December 31, 2017</td>
<td>$23,526.72</td>
</tr>
</tbody>
</table>
### BOROUGH OF STANHOPE

#### GENERAL CAPITAL FUND

#### ANALYSIS OF CASH

<table>
<thead>
<tr>
<th>Balance (Deficit)</th>
<th>Receipts</th>
<th>Disbursements</th>
<th>Transfers</th>
<th>Balance (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 31, 2016</td>
<td></td>
<td></td>
<td></td>
<td>Dec 31, 2017</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$23,941.67</td>
<td></td>
<td></td>
<td>$23,941.67</td>
</tr>
<tr>
<td>Due Current Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Improvement Fund</td>
<td>11,275.02</td>
<td>$389,500.00</td>
<td>$24,156.39</td>
<td>$2,238.51</td>
</tr>
<tr>
<td>New Jersey Department of Transportation Grant Receivable</td>
<td>(250,000.00)</td>
<td>63,500.00</td>
<td>$2,238.51</td>
<td>17,275.02</td>
</tr>
<tr>
<td>Reserve for Morris Canal Rehabilitation</td>
<td>10,000.00</td>
<td></td>
<td></td>
<td>(250,000.00)</td>
</tr>
<tr>
<td>Reserve for Road Improvements</td>
<td>10,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve for Preliminary Expenses - Pedestrian Loop</td>
<td>9,737.50</td>
<td></td>
<td></td>
<td>$21,917.88</td>
</tr>
</tbody>
</table>

#### Ordinance

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Improvement Description</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-03</td>
<td>05/29/01</td>
<td>Improvements of Public Buildings</td>
<td>56,883.85</td>
</tr>
<tr>
<td>07-02</td>
<td>04/25/07</td>
<td>Improvement of Elm Street and Grove Road</td>
<td>$37,900.00</td>
</tr>
<tr>
<td>07-05</td>
<td>06/26/07</td>
<td>Improvement of the Municipal Building</td>
<td>29,390.56</td>
</tr>
<tr>
<td>07-06</td>
<td>06/26/07</td>
<td>Acquisition of New and Additional Equipment</td>
<td>4,300.00</td>
</tr>
<tr>
<td>07-09</td>
<td>07/31/07</td>
<td>Improvement of Various Roads</td>
<td>41,700.00</td>
</tr>
<tr>
<td>08-02</td>
<td>05/20/08</td>
<td>Improvements to Various Roads</td>
<td>23,000.00</td>
</tr>
<tr>
<td>08-03</td>
<td>05/20/08</td>
<td>Improvement of Main Street and Grove Road</td>
<td>50,000.00</td>
</tr>
<tr>
<td>08-09</td>
<td>09/30/08</td>
<td>Various Improvements</td>
<td>30,000.00</td>
</tr>
<tr>
<td>09-08</td>
<td>07/21/09</td>
<td>Various Improvements $85,400.00</td>
<td>138,400.00</td>
</tr>
<tr>
<td>10-04</td>
<td>05/25/10</td>
<td>Various Improvements $117,000.00</td>
<td>157,000.00</td>
</tr>
<tr>
<td>10-13</td>
<td>11/23/10</td>
<td>Acquisition of New Equipment $47,850.00</td>
<td>62,850.00</td>
</tr>
<tr>
<td>11-13</td>
<td>07/12/11</td>
<td>Acquisition of Fire Equipment $286.38</td>
<td>22,000.00</td>
</tr>
<tr>
<td>12-15</td>
<td>06/26/12</td>
<td>Various Improvements $3,060.41 $283,700.00</td>
<td>313,700.00</td>
</tr>
<tr>
<td>13-12</td>
<td>07/09/13</td>
<td>Various Improvements $1,590.42 $75,450.00</td>
<td>80,430.00</td>
</tr>
<tr>
<td>14-08</td>
<td>04/08/14</td>
<td>Maple and Mountain Terrance Reconstruction</td>
<td>1,337.47</td>
</tr>
<tr>
<td>14-12</td>
<td>06/24/14</td>
<td>James Street Improvements $11,332.00 $179,243.91</td>
<td>227,001.09</td>
</tr>
<tr>
<td>14-13</td>
<td>06/24/14</td>
<td>Various Improvements 338,728.11 $185,055.00</td>
<td>190,055.00</td>
</tr>
<tr>
<td>15-06</td>
<td>04/28/15</td>
<td>Various Improvements 4,457.40</td>
<td>5,000.00</td>
</tr>
<tr>
<td>15-10</td>
<td>04/28/15</td>
<td>Various Improvements 72,128.54 $253,150.00</td>
<td>258,150.00</td>
</tr>
<tr>
<td>15-14</td>
<td>07/14/15</td>
<td>Improvement of Various Roads $11,500.00 $112,000.00</td>
<td>114,000.00</td>
</tr>
<tr>
<td>16-04</td>
<td>04/12/16</td>
<td>Various Improvements (131,000.03) $305,200.00</td>
<td>84,655.91</td>
</tr>
<tr>
<td>16-08</td>
<td>09/13/16</td>
<td>Milling and Paving Various Roads $27.19</td>
<td>20,914.00</td>
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<tr>
<td>16-11</td>
<td>09/13/16</td>
<td>Supply Main Street Lighting $21,277.60</td>
<td>20,914.00</td>
</tr>
<tr>
<td>17-03</td>
<td>05/09/17</td>
<td>Various Improvements $92,248.71</td>
<td>8,500.00</td>
</tr>
<tr>
<td>17-04</td>
<td>05/09/17</td>
<td>Various Improvements $28,486.18</td>
<td>28,486.18</td>
</tr>
</tbody>
</table>

|                              | $216,216.59 | $1,888,950.00 | $453,000.00 | $24,156.39 | $1,973,250.00 | $573,570.25 | $11,976.01 | $468,917.88 | $468,917.88 | $23,526.72 |

<p>|                              | $216,216.59 | $1,888,950.00 | $453,000.00 | $24,156.39 | $1,973,250.00 | $573,570.25 | $11,976.01 | $468,917.88 | $468,917.88 | $23,526.72 |</p>
<table>
<thead>
<tr>
<th>Ord. No.</th>
<th>Date</th>
<th>Improvement Description</th>
<th>Balance Dec 31, 2016</th>
<th>2017 Appropriation A</th>
<th>Unexpended Improvement Authorizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>07-02</td>
<td>04/25/07</td>
<td>Improvement of Elm Street and Grove Road</td>
<td>$37,900.00</td>
<td>$37,900.00</td>
<td>$37,900.00</td>
</tr>
<tr>
<td>07-04</td>
<td>04/25/07</td>
<td>Improvement of New and Additional Equipment</td>
<td>$32,600.00</td>
<td>$32,600.00</td>
<td>$32,600.00</td>
</tr>
<tr>
<td>07-05</td>
<td>04/25/07</td>
<td>Acquisition of New and Additional Equipment</td>
<td>$4,300.00</td>
<td>$4,300.00</td>
<td>$4,300.00</td>
</tr>
<tr>
<td>07-06</td>
<td>06/26/07</td>
<td>Improvement of Various Roads</td>
<td>$41,700.00</td>
<td>$41,700.00</td>
<td>$41,700.00</td>
</tr>
<tr>
<td>07-08</td>
<td>06/26/07</td>
<td>Improvement of the Municipal Building</td>
<td>$23,000.00</td>
<td>$23,000.00</td>
<td>$23,000.00</td>
</tr>
<tr>
<td>07-09</td>
<td>07/31/07</td>
<td>Various Improvements</td>
<td>$50,000.00</td>
<td>$50,000.00</td>
<td>$50,000.00</td>
</tr>
<tr>
<td>08-02</td>
<td>05/20/08</td>
<td>Improvement of Various Roads</td>
<td>$30,000.00</td>
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<td>$30,000.00</td>
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<tr>
<td>08-03</td>
<td>05/20/08</td>
<td>Improvement on Main St and Grove St</td>
<td>$138,400.00</td>
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<tr>
<td>10-04</td>
<td>11/23/10</td>
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<td>$27,000.00</td>
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<tr>
<td>10-05</td>
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<td>$30,000.00</td>
<td>$30,000.00</td>
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<tr>
<td>12-13</td>
<td>05/28/13</td>
<td>Various Improvements</td>
<td>$107,000.00</td>
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<tr>
<td>12-15</td>
<td>06/28/13</td>
<td>Various Improvements</td>
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<td>$313,700.00</td>
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<tr>
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<td>09/09/13</td>
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<tr>
<td>15-10</td>
<td>09/09/13</td>
<td>Various Improvements</td>
<td>$190,955.00</td>
<td>$190,955.00</td>
<td>$190,955.00</td>
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<tr>
<td>15-14</td>
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<td>$253,150.00</td>
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<tr>
<td>16-14</td>
<td>04/12/16</td>
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<td>$190,955.00</td>
<td>$190,955.00</td>
<td>$190,955.00</td>
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<tr>
<td>16-15</td>
<td>04/12/16</td>
<td>Various Improvements</td>
<td>$253,150.00</td>
<td>$253,150.00</td>
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<tr>
<td>17-03</td>
<td>05/09/17</td>
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Notes: 
- **Dec 31, 2016**
- **Expenditures**
- **Unexpended Proceeds of Bond Anticipation**
- **Budget**
- **Appropriation**
- **Improvement Authorizations - Unfunded**
# BOROUGH OF STANHOPE
## GENERAL CAPITAL FUND
### SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<table>
<thead>
<tr>
<th>Ord. No.</th>
<th>Improvement Description</th>
<th>Date</th>
<th>Amount</th>
<th>Balance Dec. 31, 2016 Funded</th>
<th>Amount</th>
<th>Capital Improvement Charges to Future Taxation - Paid or Charged</th>
<th>Balance Dec. 31, 2017 Funded</th>
<th>Unfunded</th>
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</thead>
<tbody>
<tr>
<td>01-03</td>
<td>Improvements of Public Buildings</td>
<td>05/29/01</td>
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<td>$48,083.85</td>
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<td>29,390.56</td>
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<td>Acquisition of Fire Equipment</td>
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<td>37,000.00</td>
<td>286.38</td>
<td>286.38</td>
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<td>286.38</td>
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<tr>
<td>12-15</td>
<td>Various Improvements</td>
<td>06/26/12</td>
<td>359,000.00</td>
<td>3,060.41</td>
<td>2,840.86</td>
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<td>219.55</td>
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<tr>
<td>13-12</td>
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<td>07/09/13</td>
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<td>1,590.42</td>
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<tr>
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<td>Maple and Mountain Terrance Reconstruction</td>
<td>04/08/14</td>
<td>245,000.00</td>
<td>1,337.47</td>
<td>359.35</td>
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<td>978.12</td>
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<td>14-12</td>
<td>James Street Improvements</td>
<td>06/24/14</td>
<td>392,000.00</td>
<td>11,332.00</td>
<td>11,332.00</td>
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<td>63,202.41</td>
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<td>06/24/14</td>
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<td>147,773.11</td>
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<td>275,525.70</td>
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<td>Various Improvements</td>
<td>04/28/15</td>
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<td>4,457.40</td>
<td>2,840.86</td>
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<td>219.55</td>
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<tr>
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<td>Various Improvements</td>
<td>04/28/15</td>
<td>271,750.00</td>
<td>3,060.41</td>
<td>2,840.86</td>
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<td>219.55</td>
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<tr>
<td>15-14</td>
<td>Improvement of Various Roads</td>
<td>07/14/15</td>
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<td>11,500.00</td>
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<td>5,348.75</td>
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<td>89,544.06</td>
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<tr>
<td>16-08</td>
<td>Milling and Paving Various Rds</td>
<td>09/13/16</td>
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<td>27.19</td>
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<td>Supply Main Street Lighting</td>
<td>09/13/16</td>
<td>39,900.00</td>
<td>21,277.60</td>
<td>20,914.00</td>
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<td>363.60</td>
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<td>Various Improvements</td>
<td>05/09/17</td>
<td>170,000.00</td>
<td>39,000.00</td>
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<td>28,486.18</td>
<td>10,513.82</td>
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<tr>
<td>17-04</td>
<td>Various Improvements</td>
<td>05/09/17</td>
<td>39,000.00</td>
<td>39,000.00</td>
<td>161,500.00</td>
<td></td>
<td>28,486.18</td>
<td>10,513.82</td>
</tr>
</tbody>
</table>

| Total    | $230,419.15               | $495,780.75 | $47,500.00    | $161,500.00                 | $573,570.25  | $92,836.42                  | $268,793.23                  |          |

Ref: C C C C
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Ref.</th>
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</thead>
<tbody>
<tr>
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<td>Increased by:</td>
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<td>Current Fund Budget Appropriation</td>
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<tr>
<td>Decreased by:</td>
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<td></td>
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<tr>
<td>Preliminary Expenses</td>
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<tr>
<td>Appropriated to Finance Improvement Authorizations</td>
<td>$47,500.00</td>
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</tr>
<tr>
<td>Balance December 31, 2017</td>
<td>$17,275.02</td>
<td>C</td>
</tr>
<tr>
<td>Ord. No.</td>
<td>Improvement Description</td>
<td>Issue of Note</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>07-02</td>
<td>Improvement of Elm Street and Grove Road</td>
<td>04/25/07</td>
</tr>
<tr>
<td>07-05</td>
<td>Improvement of the Municipal Building</td>
<td>10/26/07</td>
</tr>
<tr>
<td>07-06</td>
<td>Acquisition of New and Additional Equipment</td>
<td>10/26/07</td>
</tr>
<tr>
<td>07-09</td>
<td>Improvement of Various Roads</td>
<td>10/26/07</td>
</tr>
<tr>
<td>08-02</td>
<td>Improvement of Various Roads</td>
<td>06/04/09</td>
</tr>
<tr>
<td>08-03</td>
<td>Improvement of Main St and Grove Rd</td>
<td>06/04/09</td>
</tr>
<tr>
<td>08-09</td>
<td>Various Improvements</td>
<td>06/04/09</td>
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<td>09-08</td>
<td>Various Improvements</td>
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<td>10-04</td>
<td>Various Improvements</td>
<td>06/03/11</td>
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<tr>
<td>10-13</td>
<td>Acquisition of New Equipment</td>
<td>06/03/11</td>
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<td>11-13</td>
<td>Acquisition of Fire Equipment</td>
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<td>12-15</td>
<td>Various Improvements</td>
<td>05/30/13</td>
</tr>
<tr>
<td>13-12</td>
<td>Various Improvements</td>
<td>05/30/14</td>
</tr>
<tr>
<td>14-08</td>
<td>Maple and Mountain Terrace</td>
<td>05/30/14</td>
</tr>
<tr>
<td>14-12</td>
<td>James Street Improvements</td>
<td>05/30/14</td>
</tr>
<tr>
<td>14-12</td>
<td>James Street Improvements</td>
<td>05/30/14</td>
</tr>
<tr>
<td>14-13</td>
<td>Various Improvements</td>
<td>05/28/15</td>
</tr>
<tr>
<td>15-10</td>
<td>Various Improvements</td>
<td>05/24/16</td>
</tr>
<tr>
<td>15-14</td>
<td>Improvement of Various Roads</td>
<td>05/24/16</td>
</tr>
<tr>
<td>16-04</td>
<td>Various Improvements</td>
<td>05/23/17</td>
</tr>
</tbody>
</table>

**Total:** $1,973,250.00

**Paid by Budget Appropriation:** $1,888,950.00

**Renewed Issues:** $1,583,750.00

**New Issues:** $305,200.00

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**BOROUGH OF STANHOPE**

**GENERAL CAPITAL FUND**

**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

---

**Ref. C**

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**C-7**
BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
BOROUGH OF STANHOPE
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
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<td>04/16</td>
<td>Various Improvements</td>
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<td>$305,200.00</td>
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</tr>
<tr>
<td>17-03</td>
<td>05/09/17</td>
<td>Various Improvements</td>
<td></td>
<td>$161,500.00</td>
<td>$161,500.00</td>
</tr>
</tbody>
</table>

**Total:**

- Balance Dec 31, 2016: $305,200.00
- 2017 Anticipation Notes Issued: $161,500.00
- Balance Dec 31, 2017: $161,500.00
BOROUGH OF STANHOPE  
WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Operating</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>$ 371,848.75</td>
<td>$ 211,707.27</td>
</tr>
</tbody>
</table>

**Balance December 31, 2016**

**Increased by Receipts:**
- Consumer Accounts Receivable - Water Rents: $ 625,954.10
- Interest on Water Rents: 6,675.90
- Miscellaneous Revenue: 3,032.46

**Water Utility Operating Fund Budget Appropriation:**
- Capital Improvement Fund: $ 5,000.00
- Payment of Bond Anticipation Notes: 90,000.00
- Capital Outlay: 6,000.00

**Water Utility Operating Fund Appropriation Reserves:**
- Capital Outlay: 20,000.00
- Bond Anticipation Notes Issued: 718,600.00

**Due to/from Water Utility Capital Fund:**
- Interfund Returned: 1,414.06
- Due to Water Utility Operating Fund - Interest Income: 1,414.06

**Decreased by Disbursements:**
- 2017 Appropriation Expenditures: 589,555.15
- 2016 Appropriation Reserves: 24,090.36
- Interest on Loans and Notes: 22,774.71
- Bond Anticipation Notes Matured: 808,600.00
- Improvement Authorizations: 28,834.00
- Due to Water Utility Operating Fund: 1,414.06
- Due to Water Utility Capital Fund:
  - Interfund Returned: 23,435.04
  - Appropriation Reserves - Capital Outlay: 20,000.00
  - Budget Appropriation - Capital Outlay: 6,000.00

**Balance December 31, 2017**

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Operating</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>$ 323,070.01</td>
<td>$ 237,308.31</td>
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</tbody>
</table>
BOROUGH OF STANHOPE
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - UTILITY COLLECTOR
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

<table>
<thead>
<tr>
<th>Ordinance No.</th>
<th>Receipts</th>
<th>Disbursements</th>
<th>Transfers</th>
<th>Balance/ (Deficit) Dec.31,2017</th>
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<tbody>
<tr>
<td></td>
<td>Balance/ (Deficit)</td>
<td>Bond Anticipation Budget Appropriations Miscellaneous</td>
<td>Bond Improvement Authorizations Miscellaneous</td>
<td>From</td>
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<tr>
<td></td>
<td>Dec.31,2016</td>
<td>Notes</td>
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<tr>
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<tr>
<td>Due Water Utility Operating Fund</td>
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<tr>
<td>Fund Balance</td>
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<td>Reserve for Payment of Debt Service</td>
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<tr>
<td>Reserve for Future Capital Improvements</td>
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<tr>
<td>Ordinance No.</td>
<td>General Improvements</td>
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<tr>
<td>2012-10 Improvement to Water Supply and Distribution System</td>
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<td>2012-14 Acquisition of New and Additional Vehicular Equipment</td>
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<td>2012-19 Preliminary Engineering for Phase I Water System Improvements</td>
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<tr>
<td>2013-11 Acquisition of New and Additional Equipment</td>
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<td>2014-11 Improvement to Water Supply and Distribution System</td>
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<td>2014-18 Improvement to Water Supply and Distribution System</td>
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<td>2015-08 Various Improvements</td>
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<td>2015-13 Reconstruction of Roadway Pavements</td>
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<td>2017-04 Purchase of Pickup Truck</td>
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Notes:
- Ordinance No. indicates the specific authorization for each improvement.
- General Improvements provide a broad category for various capital improvement projects.
- Detailed data includes budget, anticipations, disbursements, and transfers.
- The analysis concludes with the balance for each year.
## BOROUGH OF STANHOPE
### WATER UTILITY OPERATING FUND
#### SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
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<tr>
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<tr>
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<td></td>
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<tr>
<td>Collections</td>
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<td>Balance December 31, 2017</td>
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<tr>
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<td>------------------------</td>
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<tr>
<td>General Plant Equipment</td>
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<td>Water Tank and Fence</td>
<td>$53,183.01</td>
</tr>
<tr>
<td>Meters</td>
<td>$56,557.48</td>
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<td>Office Building</td>
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<tr>
<td>Chlorinator</td>
<td>$11,618.13</td>
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<tr>
<td>Additional Water Supply</td>
<td>$50,000.00</td>
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<tr>
<td>Extension of Water Main</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Purchase and Installation of One Hundred Water Meters</td>
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</tr>
<tr>
<td>Improvement to Reservoirs and Associated Pumping Equipment</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Construction of a Well House</td>
<td>$250,084.42</td>
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<tr>
<td>Improvement to Water System</td>
<td>$1,216,862.34</td>
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<tr>
<td>Purchase of DPW Truck</td>
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<tr>
<td>Purchase of Storage Shed</td>
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<td>Fencing at Well #2</td>
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<td>Improvement to Water System</td>
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<tr>
<td>Dump Truck</td>
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<tr>
<td>Computer Equipment</td>
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<td>Water Meter Reader</td>
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<tr>
<td>Purchase of DPW Backhoe</td>
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<tr>
<td>Purchase of Dump Truck</td>
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<td>Backhoe Hammer Attachment</td>
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<tr>
<td>Improvement to Water Tower has</td>
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<tr>
<td>Purchase and Installation of New Generator</td>
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<td>Purchase Radio Read/Touchpads</td>
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Total: $4,175,403.84  $26,000.00  $4,201,403.84
### BOROUGH OF STANHOPE
#### WATER UTILITY CAPITAL FUND
#### SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<table>
<thead>
<tr>
<th>Improvement Description</th>
<th>Ordinance No.</th>
<th>Date</th>
<th>Amount</th>
<th>Balance Dec.31, 2016</th>
<th>Additions by Capital Outlay</th>
<th>Costs to Fixed Capital</th>
<th>Balance Dec.31, 2017</th>
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</thead>
<tbody>
<tr>
<td>Improvement to Water Supply and Distribution System</td>
<td>2012-18</td>
<td>11/27/12</td>
<td>$2,300,000.00</td>
<td>$2,300,000.00</td>
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<td>$2,300,000.00</td>
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<tr>
<td>Preliminary Engineering for Phase I Water System Improvements</td>
<td>2012-19</td>
<td>10/23/12</td>
<td>83,000.00</td>
<td>83,000.00</td>
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<td></td>
<td>83,000.00</td>
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<tr>
<td>Acquisition of New and Additional Equipment</td>
<td>2013-11</td>
<td>07/09/13</td>
<td>140,000.00</td>
<td>140,000.00</td>
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<td></td>
<td>140,000.00</td>
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<tr>
<td>Improvement to Water Supply and Distribution System</td>
<td>2014-07</td>
<td>04/08/14</td>
<td>104,000.00</td>
<td>104,000.00</td>
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<td></td>
<td>104,000.00</td>
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<tr>
<td>Improvement to Water Supply and Distribution System</td>
<td>2014-11</td>
<td>06/24/14</td>
<td>265,000.00</td>
<td>256,000.00</td>
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<td>256,000.00</td>
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<tr>
<td>Various Improvements</td>
<td>2014-14</td>
<td>08/12/14</td>
<td>35,000.00</td>
<td>35,000.00</td>
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<td>2014-18</td>
<td>08/26/14</td>
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<td>2015-08</td>
<td>04/28/15</td>
<td>128,000.00</td>
<td>128,000.00</td>
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<td></td>
<td>128,000.00</td>
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<tr>
<td>Reconstruction of Roadway Pavements</td>
<td>2015-13</td>
<td>07/14/15</td>
<td>27,500.00</td>
<td>27,500.00</td>
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<td></td>
<td>27,500.00</td>
</tr>
<tr>
<td>Purchase of Pickup Truck</td>
<td>2017-04</td>
<td>05/09/17</td>
<td>26,000.00</td>
<td>26,000.00</td>
<td>$26,000.00</td>
<td>$26,000.00</td>
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<td></td>
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<td>$3,186,027.12</td>
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Ref. D

D
### BOROUGH OF STANHOPE
### WATER UTILITY OPERATING FUND
### SCHEDULE OF 2016 APPROPRIATION RESERVES
### YEAR ENDED DECEMBER 31, 2017

#### Operating:
- **Salaries and Wages**: $4,967.66 → 4,967.66 → 4,967.66
- **Other Expenses**: $72,645.21 → 72,645.21 → $24,090.36 → 48,554.85

#### Capital Improvements:
- **Capital Outlay**: $20,000.00 → 20,000.00 → 20,000.00

#### Deferred Charges and Statutory Expenditures:
- **Social Security System (O.A.S.I.)**: 379.22 → 379.22 → 379.22

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance Dec. 31, 2016</th>
<th>Balance After Modification</th>
<th>Paid or Charged</th>
<th>Balance Lapsed</th>
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</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
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<td>$4,967.66</td>
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<td>$4,967.66</td>
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<tr>
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<td>$72,645.21</td>
<td>$72,645.21</td>
<td>$24,090.36</td>
<td>48,554.85</td>
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<tr>
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<td>$20,000.00</td>
<td>$20,000.00</td>
<td>$20,000.00</td>
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<tr>
<td>Social Security System (O.A.S.I.)</td>
<td>379.22</td>
<td>379.22</td>
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<tr>
<td><strong>Total</strong></td>
<td>$97,992.09</td>
<td>$97,992.09</td>
<td>$44,090.36</td>
<td>$53,901.73</td>
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Ref: D

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**Analysis of Balance December 31, 2016**

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<thead>
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<th>Description</th>
<th>Ref</th>
<th>Balance</th>
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<tbody>
<tr>
<td>Unencumbered</td>
<td>D</td>
<td>$79,264.94</td>
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<td>Encumbered</td>
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**Total**: $97,992.09

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**Analysis of Paid or Charged:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Disbursed</td>
<td>$24,090.36</td>
</tr>
<tr>
<td>Due to Water Utility Capital Fund</td>
<td>$20,000.00</td>
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</tbody>
</table>

**Total**: $44,090.36
## BOROUGH OF STANHOPE

**WATER UTILITY CAPITAL FUND**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

<table>
<thead>
<tr>
<th>Ord. No.</th>
<th>Improvement Description</th>
<th>Date</th>
<th>Amount</th>
<th>Balance Dec. 31, 2016</th>
<th>2017 Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Funded</td>
<td>Unfunded</td>
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<tr>
<td>2012-18</td>
<td>Improvement to Water Supply and Distribution System</td>
<td>11/27/12</td>
<td>$2,300,000.00</td>
<td>$3,824.60</td>
<td>$2,750.00</td>
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<td>Preliminary Engineering for Phase I Water System Improvements</td>
<td>10/23/12</td>
<td>83,000.00</td>
<td>966.70</td>
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<td>2013-11</td>
<td>Acquisition of New and Additional Equipment</td>
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<td>37,326.43</td>
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<td>Improvement to Water Supply and Distribution System</td>
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<td>5,423.90</td>
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<td>30,746.10</td>
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<tr>
<td>2014-14</td>
<td>Various Improvements</td>
<td>08/12/14</td>
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<td>1,354.20</td>
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<td>Improvement to Water Supply and Distribution System</td>
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<td>112,527.12</td>
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<td>16,878.42</td>
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<tr>
<td>2015-08</td>
<td>Various Improvements</td>
<td>04/28/15</td>
<td>128,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015-13</td>
<td>Reconstruction of Roadway Pavements</td>
<td>07/14/15</td>
<td>27,500.00</td>
<td>1,135.35</td>
<td>$26,000.00</td>
</tr>
<tr>
<td>2017-04</td>
<td>Purchase of Pickup Truck</td>
<td>05/09/17</td>
<td>26,000.00</td>
<td>$26,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$5,926.65</td>
<td></td>
<td>$120,157.22</td>
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Cash Disbursed

Due to Water Utility Operating Fund - Accrued Interest on Notes

$28,834.00

$2,472.88

$31,306.88
<table>
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<tr>
<th>Description</th>
<th>Ref</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
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<td>D</td>
<td>$22,566.54</td>
</tr>
<tr>
<td>Increased by:</td>
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<td></td>
</tr>
<tr>
<td>2017 Budget Appropriation</td>
<td></td>
<td>5,000.00</td>
</tr>
<tr>
<td>Balance December 31, 2017</td>
<td>D</td>
<td>$27,566.54</td>
</tr>
</tbody>
</table>
## Schedule of Reserve for Amortization

**Ref.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance December 31, 2016</strong></td>
<td>$4,941,408.19</td>
</tr>
<tr>
<td>Increased by:</td>
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</tr>
<tr>
<td>Transfer from Deferred Reserve for Amortization</td>
<td>$26,000.00</td>
</tr>
<tr>
<td>Paid by Water Utility Operating Budget:</td>
<td></td>
</tr>
<tr>
<td>Bond Anticipation Notes</td>
<td>$90,000.00</td>
</tr>
<tr>
<td>NJ Environmental Infrastructure Loan #1</td>
<td>$55,877.11</td>
</tr>
<tr>
<td>NJ Environmental Infrastructure Loan #2</td>
<td>$24,192.85</td>
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<tr>
<td><strong>Total Increased</strong></td>
<td><strong>$196,069.96</strong></td>
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<tr>
<td><strong>Balance December 31, 2017</strong></td>
<td>$5,137,478.15</td>
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</table>
## Schedule of Deferred Reserve for Amortization

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-19</td>
<td>Preliminary Engineering for Phase I Water System Improvements</td>
<td>10/23/12</td>
<td>$83,000.00</td>
<td>$26,000.00</td>
<td>$26,000.00</td>
<td>$83,000.00</td>
</tr>
<tr>
<td>2015-13</td>
<td>Reconstruction of Roadway Pavements</td>
<td>07/14/15</td>
<td>27,500.00</td>
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<td></td>
<td>27,500.00</td>
</tr>
<tr>
<td>2017-04</td>
<td>Purchase of Pickup Truck</td>
<td>05/09/17</td>
<td></td>
<td>$26,000.00</td>
<td>$26,000.00</td>
<td>$110,500.00</td>
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Ref. D

To Reserve for Amortization

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>$110,500.00</td>
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Ref. D
## Schedule of Bond Anticipation Notes Payable

<table>
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<th>Ord. No.</th>
<th>Improvement Description</th>
<th>Date of Issue of Original Note</th>
<th>Interest Rate</th>
<th>Balance Dec. 31, 2016</th>
<th>Issue</th>
<th>Maturity</th>
<th>Balance Dec. 31, 2017</th>
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</thead>
<tbody>
<tr>
<td>2012-10</td>
<td>Improvement to Water Supply and Distribution System</td>
<td>05/31/13</td>
<td>0.850%</td>
<td>$66,230.24</td>
<td>05/24/16</td>
<td>05/24/17</td>
<td>$53,730.24</td>
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<tr>
<td></td>
<td></td>
<td>05/31/13</td>
<td>1.530%</td>
<td></td>
<td>05/23/17</td>
<td>05/23/18</td>
<td></td>
</tr>
<tr>
<td>2012-14</td>
<td>Acquisition of New and Additional Vehicular Equipment</td>
<td>05/31/13</td>
<td>0.850%</td>
<td>13,319.07</td>
<td>05/24/16</td>
<td>05/24/17</td>
<td>7,119.07</td>
</tr>
<tr>
<td></td>
<td></td>
<td>05/31/13</td>
<td>1.530%</td>
<td></td>
<td>05/23/17</td>
<td>05/23/18</td>
<td></td>
</tr>
<tr>
<td>2012-18</td>
<td>Improvement to Water Supply and Distribution System</td>
<td>05/31/13</td>
<td>0.850%</td>
<td>55,150.00</td>
<td>05/24/16</td>
<td>05/24/17</td>
<td>55,150.00</td>
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<tr>
<td></td>
<td></td>
<td>05/31/13</td>
<td>1.530%</td>
<td></td>
<td>05/23/17</td>
<td>05/23/18</td>
<td></td>
</tr>
<tr>
<td>2013-02</td>
<td>Acquisition and Installation of a New Generator</td>
<td>05/31/13</td>
<td>0.850%</td>
<td>7,902.22</td>
<td>05/24/16</td>
<td>05/24/17</td>
<td>7,902.22</td>
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<td>1.530%</td>
<td></td>
<td>05/23/17</td>
<td>05/23/18</td>
<td></td>
</tr>
<tr>
<td>2013-11</td>
<td>Acquisition of New and Additional Equipment</td>
<td>05/30/14</td>
<td>0.850%</td>
<td>108,800.00</td>
<td>05/24/16</td>
<td>05/24/17</td>
<td>93,800.00</td>
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<td>05/30/14</td>
<td>1.530%</td>
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<td>05/23/17</td>
<td>05/23/18</td>
<td></td>
</tr>
<tr>
<td>2014-07</td>
<td>Improvement to Water Supply and Distribution System</td>
<td>05/30/14</td>
<td>0.850%</td>
<td>83,500.00</td>
<td>05/24/16</td>
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<td>73,500.00</td>
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<tr>
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<td></td>
<td>05/30/14</td>
<td>1.530%</td>
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<td>05/23/17</td>
<td>05/23/18</td>
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<tr>
<td>2014-18</td>
<td>Improvement to Water Supply and Distribution System</td>
<td>05/30/14</td>
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<td>75,698.47</td>
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<td>05/24/17</td>
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<td>05/30/14</td>
<td>1.530%</td>
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<td>05/23/17</td>
<td>05/23/18</td>
<td></td>
</tr>
<tr>
<td>2014-11</td>
<td>Improvement to Water Supply and Distribution System</td>
<td>05/28/15</td>
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<td>1.530%</td>
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<td>05/23/17</td>
<td>05/23/18</td>
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</tr>
<tr>
<td>2014-14</td>
<td>Various Improvements</td>
<td>05/28/15</td>
<td>0.850%</td>
<td>34,000.00</td>
<td>05/24/16</td>
<td>05/24/17</td>
<td>31,600.00</td>
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<td></td>
<td>05/28/15</td>
<td>1.530%</td>
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<td>05/23/17</td>
<td>05/23/18</td>
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</tr>
<tr>
<td>2015-08</td>
<td>Various Improvements</td>
<td>05/24/16</td>
<td>0.850%</td>
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<td>05/24/16</td>
<td>05/24/17</td>
<td>128,000.00</td>
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<tr>
<td></td>
<td></td>
<td>05/24/16</td>
<td>1.530%</td>
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<td>05/23/17</td>
<td>05/23/18</td>
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</tbody>
</table>

|          | Total                                           | $808,600.00                  | $718,600.00  | $808,600.00            | $718,600.00 |

Ref. D

Renewed $718,600.00
Paid by Budget Appropriation $90,000.00

D-14
BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
<table>
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<th>Due Date</th>
<th>Principal</th>
<th>Interest</th>
<th>Loan Balance</th>
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<tbody>
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<td>5</td>
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<td>$4,962.50</td>
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<td>7</td>
<td>02/01/19</td>
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<td>$4,712.50</td>
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<tr>
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Total: $265,000.00 | $83,675.00
BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #1  
(Continued)  
Schedule of Principal Payments Outstanding December 31, 2017  
Fund Loan - 2014 Issue

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$ 734,033.93
BOROUGH OF STANHOPE
WATER UTILITY CAPITAL FUND
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #2

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Decreased by:  
Principal Matured  
D  $24,192.85
Balance December 31, 2017  
D  $419,068.88

Schedule of Principal and Interest Payments Outstanding December 31, 2017  
Trust Loan - 2014 Issue

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$215,679.00  $55,635.63
BOROUGH OF STANHOPE  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE #2  
(Continued)

Schedule of Principal Payments Outstanding December 31, 2017  
Fund Loan - 2014 Issue

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BOROUGH OF STANHOPE
COUNTY OF SUSSEX
2017
SEWER UTILITY FUND
# Schedule of Cash - Treasurer

## Borough of Stanhope

### Sewer Utility Fund

#### Balance December 31, 2016

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Operating</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 775,503.69</td>
<td>$ 496,332.53</td>
</tr>
</tbody>
</table>

#### Increased by Receipts:

- **Consumer Accounts Receivable - Sewer Rents**: $892,080.55
- **Interest on Sewer Rents**: $10,341.93
- **Interest on Investments and Deposits**: $5,326.27
- **Sewer Utility Operating Fund Budget Appropriation**:
  - **Capital Improvement Fund**: $5,000.00
  - **Payment of Bond Anticipation Notes**: $34,000.00
- **Bond Anticipation Notes Issued**: $34,000.00
- **Due from Sewer Utility Capital Fund**: $4,409.78
- **Due to Sewer Utility Capital Fund - Sewer Connection Fees**: $36,550.00
- **Due to Sewer Utility Operating Fund - Interest Income**: $4,136.94

#### Decreased by Disbursements:

- **2017 Appropriation Expenditures**: $822,154.93
- **2016 Appropriation Reserves**: $1,989.32
- **Interest on Notes**: $578.00
- **Bond Anticipation Notes Matured**: $68,000.00
- **Improvement Authorizations**: $28,000.00
- **Due to Sewer Utility Operating Fund**: $4,409.78

#### Balance December 31, 2017

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Operating</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 899,489.97</td>
<td>$ 473,059.69</td>
</tr>
</tbody>
</table>
BOROUGH OF STANHOPE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - UTILITY COLLECTOR
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
### BOROUGH OF STANHOPE
#### SEWER UTILITY CAPITAL FUND
#### ANALYSIS OF SEWER CAPITAL CASH

<table>
<thead>
<tr>
<th>Balance/ (Deficit)</th>
<th>Bond Anticipation Budget Miscellaneous</th>
<th>Disbursements</th>
<th>Transfer Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 31, 2016</td>
<td>Bond Anticipation Appropriations Notes</td>
<td>Improvement Authorizations Miscellaneous</td>
<td>From To Dec 31, 2017</td>
</tr>
<tr>
<td>Capital Fund Balance</td>
<td>$ 68,009.04</td>
<td>$ 5,000.00</td>
<td>$ 38,136.94</td>
</tr>
<tr>
<td>Capital Improvement Fund</td>
<td>$ 62,589.68</td>
<td>$ 5,000.00</td>
<td>$ 38,136.94</td>
</tr>
<tr>
<td>Due Sewer Utility Operating Fund</td>
<td>$ 272.84</td>
<td>$ 38,136.94</td>
<td>$ 4,409.78</td>
</tr>
<tr>
<td>Reserve for Connection Fees</td>
<td>$ 250,335.00</td>
<td>$ 68,000.00</td>
<td>$ 2,000.00</td>
</tr>
<tr>
<td>Reserve for Debt Service</td>
<td>$ 50,000.00</td>
<td>$ 26,000.00</td>
<td>$ 26,000.00</td>
</tr>
<tr>
<td>Reserve for Preliminary Expenses</td>
<td>$ 265.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Ordinance No.**

**General Improvements**

<table>
<thead>
<tr>
<th>Ordinance No.</th>
<th>Improvement of the Sanitary Sewage System</th>
<th>Acquisition of New and Additional Equipment</th>
<th>Acquisition of New and Additional Vehicular Equipment</th>
<th>Acquisition of Pickup Truck</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-16</td>
<td>$ 3,686.19</td>
<td>$ 51,998.52</td>
<td>$ 9,176.26 $ 34,000.00 $ 68,000.00 $ 2,000.00 $ 34,000.00</td>
<td>$ 7,176.26 $ 26,000.00 $ 26,000.00</td>
</tr>
<tr>
<td>13-10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15-09</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17-04</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ref.</td>
<td>Description</td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------</td>
<td>-------------</td>
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<td></td>
</tr>
<tr>
<td>E</td>
<td>Balance December 31, 2016</td>
<td>$148,294.27</td>
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<td></td>
<td>Increased by:</td>
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<tr>
<td></td>
<td>2017 Sewer Charges Levied</td>
<td>$899,691.09</td>
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<tr>
<td></td>
<td>Decreased by:</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Collections</td>
<td>$892,080.55</td>
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<tr>
<td>E</td>
<td>Balance December 31, 2017</td>
<td>$155,904.81</td>
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<tr>
<td>Description</td>
<td>Balance Dec 31, 2016</td>
<td>Additions by Ordinance</td>
<td>Balance Dec 31, 2017</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>----------------------</td>
<td>------------------------</td>
<td>----------------------</td>
<td></td>
</tr>
<tr>
<td>Sanitary Sewer System Ordinances:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sanitary Sewerage Collection System</td>
<td>$1,116,217.74</td>
<td>$35,000.00</td>
<td>$1,151,217.74</td>
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<tr>
<td>Improvement to Sanitary Sewerage Collection System</td>
<td>2,549,240.90</td>
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<td>2,549,240.90</td>
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<tr>
<td>Purchase New Sewer Equipment</td>
<td>8,500.00</td>
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<td>8,500.00</td>
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<tr>
<td>Sewer System Extension Work</td>
<td>35,000.00</td>
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<td>35,000.00</td>
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<tr>
<td>Purchase of Storage Shed</td>
<td>3,000.00</td>
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<td>3,000.00</td>
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<tr>
<td>Purchase and Installation of Gate Closing Equipment</td>
<td>2,500.00</td>
<td></td>
<td>2,500.00</td>
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</tr>
<tr>
<td>Improvement of Sewer System</td>
<td>587,377.54</td>
<td></td>
<td>587,377.54</td>
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<tr>
<td>Computer Equipment</td>
<td>5,500.00</td>
<td></td>
<td>5,500.00</td>
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</tr>
<tr>
<td>Purchase of Sewer Equipment</td>
<td>17,228.93</td>
<td></td>
<td>17,228.93</td>
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</tr>
<tr>
<td>Purchase of Various Vehicles</td>
<td>113,980.00</td>
<td>$26,000.00</td>
<td>139,980.00</td>
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<tr>
<td>Acquisition of Sewer Cameras</td>
<td>85,000.00</td>
<td></td>
<td>85,000.00</td>
<td></td>
</tr>
<tr>
<td>Purchase of Backhoe Pallet Attachment</td>
<td>2,500.00</td>
<td></td>
<td>2,500.00</td>
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</tr>
<tr>
<td>Purchase and Installation of New Generator</td>
<td>32,104.30</td>
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<td>32,104.30</td>
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</tr>
<tr>
<td>Purchase of Radio Read Units and Touchpads</td>
<td>40,000.00</td>
<td></td>
<td>40,000.00</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$4,598,149.41</strong></td>
<td><strong>$26,000.00</strong></td>
<td><strong>$4,624,149.41</strong></td>
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</table>

Ref. E
## BOROUGH OF STANHOPE
### SEWER UTILITY CAPITAL FUND
#### SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<table>
<thead>
<tr>
<th>Improvement Description</th>
<th>Ordinance No.</th>
<th>Date</th>
<th>Amount</th>
<th>Balance Dec 31, 2016</th>
<th>2017 Authorizations</th>
<th>Costs to Fixed Capital</th>
<th>Balance Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of the Sanitary Sewerage System</td>
<td>12-16</td>
<td>6/26/12</td>
<td>$60,000.00</td>
<td>$60,000.00</td>
<td></td>
<td></td>
<td>$60,000.00</td>
</tr>
<tr>
<td>Acquisition of New and Additional Equipment</td>
<td>13-10</td>
<td>7/9/13</td>
<td>$105,000.00</td>
<td>$105,000.00</td>
<td></td>
<td></td>
<td>105,000.00</td>
</tr>
<tr>
<td>Acquisition of New and Additional Vehicular Equipment</td>
<td>15-09</td>
<td>4/28/15</td>
<td>$68,000.00</td>
<td>$68,000.00</td>
<td></td>
<td></td>
<td>68,000.00</td>
</tr>
<tr>
<td>Acquisition of Pickup Truck</td>
<td>17-04</td>
<td>5/9/17</td>
<td>$26,000.00</td>
<td></td>
<td>$26,000.00</td>
<td>$26,000.00</td>
<td>$233,000.00</td>
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</tbody>
</table>

Ref. E

E-10
BOROUGH OF STANHOPE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Balance Dec 31, 2016</th>
<th>After Modification</th>
<th>Paid or Charged</th>
<th>Balance Lapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>$5,171.66</td>
<td>$5,171.66</td>
<td>$1,989.32</td>
<td>$5,171.66</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>88,209.28</td>
<td>88,209.28</td>
<td></td>
<td>86,219.96</td>
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<tr>
<td><strong>Capital Improvements:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>1,223.00</td>
<td>1,223.00</td>
<td>1,223.00</td>
<td></td>
</tr>
<tr>
<td><strong>Deferred Charges and Statutory Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Security System (O.A.S.I.)</td>
<td>673.07</td>
<td>673.07</td>
<td></td>
<td>673.07</td>
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<tr>
<td><strong>Total</strong></td>
<td>$95,277.01</td>
<td>$95,277.01</td>
<td>$3,212.32</td>
<td>$92,064.69</td>
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</tbody>
</table>

Analysis of Balance December 31, 2016

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Unencumbered</th>
<th>Encumbered</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>E  $89,297.67</td>
<td>E $5,979.34</td>
</tr>
</tbody>
</table>

$95,277.01

Cash Disbursed $1,989.32  
Due to Sewer Utility Capital Fund 1,223.00

$3,212.32
<table>
<thead>
<tr>
<th>Ord. No.</th>
<th>Improvement Description</th>
<th>Ordinance Date</th>
<th>Amount</th>
<th>Balance Dec. 31, 2016</th>
<th>Authorizations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Funded</td>
<td>Sewer Utility Capital Outlay</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unfunded</td>
<td>Paid or Charged</td>
</tr>
<tr>
<td>12-16</td>
<td>Improvement of Sanitary Sewerage System</td>
<td>6/26/12</td>
<td>$60,000.00</td>
<td>$3,686.19</td>
<td>$3,686.19</td>
</tr>
<tr>
<td>13-10</td>
<td>Acquisition of New and Additional Equipment</td>
<td>7/9/13</td>
<td>105,000.00</td>
<td>51,998.52</td>
<td>51,998.52</td>
</tr>
<tr>
<td>15-09</td>
<td>Acquisition of New and Additional Vehicular Equipment</td>
<td>4/28/15</td>
<td>68,000.00</td>
<td>$9,176.26</td>
<td>$2,000.00 $7,176.26</td>
</tr>
<tr>
<td>17-04</td>
<td>Acquisition of Pickup Truck</td>
<td>5/9/17</td>
<td>26,000.00</td>
<td>$20,000.00 $6,000.00</td>
<td>$28,000.00 $55,684.71 $7,176.26</td>
</tr>
</tbody>
</table>

Ref. E E

Budget Appropriation $4,777.00
Appropriation Reserves $1,223.00

$6,000.00
<table>
<thead>
<tr>
<th>Description</th>
<th>Ref.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance December 31, 2016</td>
<td>E</td>
<td>$62,589.68</td>
</tr>
<tr>
<td>Increased by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 Budget Appropriation</td>
<td></td>
<td>$5,000.00</td>
</tr>
<tr>
<td><strong>Total Increase</strong></td>
<td></td>
<td><strong>67,589.68</strong></td>
</tr>
<tr>
<td>Decreased by:</td>
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<td></td>
</tr>
<tr>
<td>Appropriated to Finance Improvement Authorizations</td>
<td></td>
<td>$20,000.00</td>
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<tr>
<td><strong>Total Decrease</strong></td>
<td></td>
<td><strong>47,589.68</strong></td>
</tr>
<tr>
<td>Balance December 31, 2017</td>
<td>E</td>
<td>$47,589.68</td>
</tr>
</tbody>
</table>
**BOROUGH OF STANHOPE**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Balance December 31, 2016</td>
<td>$4,658,149.41</td>
</tr>
<tr>
<td></td>
<td>Increased by:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transfer from Deferred Reserve for Amortization</td>
<td>$26,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Balance December 31, 2017</td>
<td>$4,684,149.41</td>
</tr>
<tr>
<td>Ord. No.</td>
<td>Improvement Description</td>
<td>Date of Ordinance</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>13-10</td>
<td>Acquisition of New and Additional Equipment</td>
<td>7/9/13</td>
</tr>
<tr>
<td>15-09</td>
<td>Acquisition of New and Additional Vehicular Equipment</td>
<td>4/28/15</td>
</tr>
<tr>
<td>17-04</td>
<td>Acquisition of Pickup Truck</td>
<td>5/9/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Ref. E
BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
<table>
<thead>
<tr>
<th>Ord, No.</th>
<th>Improvement Description</th>
<th>Date of Issue</th>
<th>Interest Rate</th>
<th>Balance Dec 31, 2016</th>
<th>Issued</th>
<th>Matured</th>
<th>Balance Dec 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-09</td>
<td>Acquisition of New and Additional Vehicular Equipment</td>
<td>5/24/2016</td>
<td>5/24/2017</td>
<td>0.850%</td>
<td>$ 68,000.00</td>
<td>$ 34,000.00</td>
<td>$ 34,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5/23/2017</td>
<td>5/23/2018</td>
<td>1.530%</td>
<td>$ 34,000.00</td>
<td>$ 34,000.00</td>
<td>$ 34,000.00</td>
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</tbody>
</table>

Ref. E

Renewed
Paid by Budget Appropriation

$ 34,000.00 $ 34,000.00

$ 34,000.00 $ 68,000.00
BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
BOROUGH OF STANHOPE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2017

NOT APPLICABLE
<table>
<thead>
<tr>
<th>Name of Federal Agency or Department</th>
<th>Name of Program</th>
<th>Project Number/ Grant Period</th>
<th>C.F.D.A. Number</th>
<th>State Account Number</th>
<th>Grant Period</th>
<th>Grant Award</th>
<th>Amount Received</th>
<th>Amount of Expenditures</th>
<th>Cumulative Expenditures</th>
<th>Amount Provided to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Homeland Security:</td>
<td>Disaster Grants - Public Assistance - F.E.M.A. Superstorm Sandy</td>
<td>97.036/ N/A</td>
<td>10/30/12 - 12/31/12</td>
<td>$79,817.09</td>
<td>$19,272.38</td>
<td>$79,817.09</td>
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<tr>
<td>(Passed through New Jersey Department of Law and Public Safety)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total U.S. Department of Homeland Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Passed through New Jersey Department of Law and Public Safety)</td>
<td>Click-It or Ticket</td>
<td>20.614/ N/A</td>
<td>01/01/16 - 12/31/17</td>
<td>$5,500.00</td>
<td>$5,000.00</td>
<td>$5,500.00</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>(Passed through New Jersey Division of Highway Traffic Safety)</td>
<td>Drive Sober or Get Pulled Over</td>
<td>20.602/ N/A</td>
<td>01/01/16 - 12/31/17</td>
<td>$5,000.00</td>
<td>$4,000.00</td>
<td>$5,000.00</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Total Department of Transportation</td>
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<td></td>
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<tr>
<td>Total Federal Awards</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N/A - Not Applicable/Not Available
* - Expended in a Prior Year.
## Borough of Stanhope
### Schedule of Expenditures of State Awards
#### Year Ended December 31, 2017

<table>
<thead>
<tr>
<th>Department of Law and Public Safety</th>
<th>Name of Program</th>
<th>Program No./Account Number</th>
<th>Grant Period</th>
<th>Grant Award</th>
<th>Amount Received</th>
<th>Amount of Expenditures</th>
<th>Cumulative Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Safe and Secure Communities</td>
<td>100-066-1010-01101/17</td>
<td>01/01/17 - 12/31/17</td>
<td>$30,000.00</td>
<td>$7,500.00</td>
<td>$30,000.00</td>
<td>$30,000.00</td>
</tr>
<tr>
<td></td>
<td>Drunk Driving Enforcement Fund</td>
<td>100-078-6400-YYYY</td>
<td>01/01/17 - 12/31/18</td>
<td>$2,662.57</td>
<td>$1,929.94</td>
<td>$2,177.69</td>
<td>$2,177.69</td>
</tr>
<tr>
<td></td>
<td>Body Armor Replacement Fund</td>
<td>718-066-1020-001</td>
<td>01/01/17 - 12/31/18</td>
<td>$1,223.11</td>
<td>$1,223.11</td>
<td>$1,223.11</td>
<td>$1,223.11</td>
</tr>
<tr>
<td></td>
<td>Clean Communities Program</td>
<td>765-042-4900</td>
<td>01/01/14 - 12/31/17</td>
<td>$6,457.91</td>
<td>$1,214.12</td>
<td>$6,457.91</td>
<td>$6,457.91</td>
</tr>
<tr>
<td></td>
<td>Recycling Tonnage Grant</td>
<td>752-042-4900</td>
<td>01/01/16 - 12/31/17</td>
<td>$3,290.26</td>
<td>$3,290.26</td>
<td>$3,290.26</td>
<td>$3,290.26</td>
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<tr>
<td></td>
<td></td>
<td>001-42Y-6020</td>
<td>01/01/17 - 12/31/18</td>
<td>$7,809.34</td>
<td>$6,368.79</td>
<td>$6,368.79</td>
<td>$6,368.79</td>
</tr>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Department of Environmental Protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clean Communities Program</td>
<td>004-V42Y-6020</td>
<td>01/01/15 - 12/31/17</td>
<td>$7,848.82</td>
<td>$2,176.08</td>
<td>$5,354.10</td>
<td>$5,354.10</td>
</tr>
<tr>
<td></td>
<td>Recycling Tonnage Grant</td>
<td>001-V42Y-6020</td>
<td>01/01/17 - 12/31/18</td>
<td>$7,809.34</td>
<td>$6,368.79</td>
<td>$6,368.79</td>
<td>$6,368.79</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
<td>Total Department of Environmental Protection</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Total State Awards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to schedules of expenditures of federal and state awards.
BOROUGH OF STANHOPE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2017

Note A. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state grant activity of the Borough of Stanhope under programs of the federal and state governments for the year ended December 31, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note D. STATE LOANS OUTSTANDING

The Borough of Stanhope has the following loans outstanding as of December 31, 2017:

<table>
<thead>
<tr>
<th>Loan Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NJ Environmental Infrastructure Loan Payable #1</td>
<td>$999,033.93</td>
</tr>
<tr>
<td>NJ Environmental Infrastructure Loan Payable #2</td>
<td>$419,068.88</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$1,418,102.81</strong></td>
</tr>
</tbody>
</table>

The project which relates to the loans is complete and the Borough is in the process of repaying the loan balance.
Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements - regulatory basis - of the various funds of the Borough of Stanhope, in the County of Sussex (the "Borough") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated March 16, 2018. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.
We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2017-01, that we consider to be a significant deficiency.

Compliance and Other Matters

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

The Borough’s Response to the Finding

The Borough’s response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

- The Independent Auditors’ Report expresses a qualified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.

- A significant deficiency was disclosed during the audit of the financial statements as reported in the Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported.

- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey’s OMB Circular 15-08 for 2017 as both state and federal grant expenditures were less than the single audit thresholds of $750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

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

  Finding 2017-01
  Segregation of Duties

  Criteria

  Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

  Condition

  The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

  The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger including recording cash receipts and disbursements for the various funds as well as the preparation of payroll are performed by one person with limited oversight review.

  Cause

  This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.
Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont’d)

Finding 2017-01
Segregation of Duties

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Management’s Response:
The Borough’s segregation of duties finding has been evaluated. However, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:
- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:
- Not applicable since state expenditures were below the single audit threshold.
The Borough's one finding 2016-01 noted during 2016 regarding segregation of duties was not resolved and is included in the audit for the year ended December 31, 2017. The finding was evaluated, however, due to budgetary constraints, no resolution could be made.
BOROUGH OF STANHOPE

PART III

COMMENT AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017
BOROUGH OF STANHOPE
COMMENTS AND RECOMMENDATIONS

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

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

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest $1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.”

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

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are $17,500 for a contracting unit without a qualified purchasing agent and $40,000 for a contracting unit with a qualified purchasing agent.

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.
Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

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

Collection of Interest on Delinquent Taxes and Assessments

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

On January 3, 2017, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of $1,500.00 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under $1,500.00. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be imposed on delinquencies in excess of $10,000 at December 31.

It appears from an examination of the Tax Collector's and the Utility Collector's records on a test basis that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 17, 2017 and was complete.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Liens</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>5</td>
</tr>
<tr>
<td>2016</td>
<td>7</td>
</tr>
<tr>
<td>2015</td>
<td>6</td>
</tr>
</tbody>
</table>

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

New Jersey Administrative Code Accounting Requirements

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

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

The Borough currently complies with the accounting requirements.
Federal and State Grants

The Chief Financial Officer has made a great effort over the last couple of years to continually review grant balances, however there still remains a number of appropriated grant reserves in the Current Fund as of December 31, 2017. It appears as though some of these awards may have exceeded the designated grant period under the terms of the original grant agreement. It is recommended that the Borough continue to review and determine if appropriated grant balances, and offsetting receivables should be cancelled or expended.

Management Response

The Chief Financial Officer will continue to review and evaluate what action can be taken relative to grant balances.

Suggestions to Management

Governmental Accounting Standards Board Statements

The next Governmental Accounting Standards Board ("GASB") statement which could have an impact on the Borough will be GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, will be effective for the calendar year ending December 31, 2018. This standard replaces GASB No. 45, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. It is similar to GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the State of New Jersey.

Corrective Action Plan

Recommendations #1 and #2 from the 2016 Audit Report have not been resolved and are included in the current year recommendations and are in the process of being implemented, where possible.
It is recommended that:

1. The Borough maintain an adequate segregation of duties, where possible, with respect to the recording and treasury functions.

2. The Borough continue to review and determine if appropriated grant balances should be cancelled or expended.