

**BOROUGH OF CHATHAM**

---

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

BOROUGH OF CHATHAM

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I</u>	
Independent Auditor's Report	1-3
<hr/>	
<u>Current Fund</u>	<u>Exhibit</u>
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenues – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Fund</u>	
Comparative Balance Sheet – Regulatory Basis	B
Statement of Assessment Trust Fund Balance – Regulatory Basis	B-1
<u>General Capital Fund</u>	
Comparative Balance Sheet – Regulatory Basis	C
Statement of Fund Balance – Regulatory Basis	C-1
<u>Water Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	D
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	D-1
Comparative Statement of Capital Fund Balance – Regulatory Basis	D-2
Statement of Revenues – Regulatory Basis	D-3
Statement of Expenditures – Regulatory Basis	D-4
<u>Solid Waste Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	E
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	E-1
Statement of Revenues – Regulatory Basis	E-2
Statement of Expenditures – Regulatory Basis	E-3
<u>Public Assistance Trust Fund</u>	
Comparative Balance Sheet – Regulatory Basis	F
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet – Regulatory Basis	G

BOROUGH OF CHATHAM

TABLE OF CONTENTS  
(CONTINUED)

	<u>Page</u>
<u>Part I (Continued)</u>	
	<u>Page</u>
<u>Notes to Financial Statements</u>	42-64
<u>Supplementary Data</u>	
Comparative Statement of Operations and Change in Fund Balance – Current Fund	66
Comparative Statement of Operations and Change in Fund Balance – Water Utility Operating Fund	67
Comparative Statement of Operations and Change in Fund Balance – Solid Waste Utility Fund	68
Comparative Schedule of Tax Rate Information	69
Comparison of Tax Levies and Collection Currently	69
Delinquent Taxes and Tax Title Liens	70
Property Acquired by Tax Title Lien Liquidation	70
Comparison of Water Utility Levies	71
Comparison of Solid Waste Utility Levies	71
Comparative Schedule of Fund Balances	72
Officials in Office and Surety Bonds	73
<u>Current Fund</u>	<u>Schedule</u>
Schedule of Cash – Treasurer	A-4
Schedule of Cash – Tax Collector	A-5
Schedule of Change Funds	A-6
Schedule of Petty Cash	A-7
Schedule of Amount Due from/(to) State of New Jersey for Senior Citizens' and Veterans' Deductions	A-8
Schedule of Taxes Receivable and Analysis of 2013 Property Tax Levy	A-9
Schedule of Tax Title Liens	A-10
Schedule of Property Acquired for Taxes – Assessed Valuation	A-11
Schedule of Revenue Accounts Receivable	A-12
Schedule of Interfund Accounts Receivable	A-13
Schedule of Other Accounts Receivable	A-14
Schedule of Deferred Charges	A-15
Schedule of Appropriation Reserves – 2012	A-16
Schedule of Reserve for Encumbrances	A-17
Schedule of Interfund Accounts Payable	A-18
Schedule of Prepaid Taxes	A-19
Schedule of Tax Overpayments	A-20
Schedule of Reserve for Tax Appeals Pending	A-21
Schedule of Reserve for Funds – Appropriated	A-22
Schedule of Reserve for Funds – Unappropriated	A-23
Schedule of Other Liabilities and Reserves	A-24
Schedule of Local Open Space, Regional School District and County Taxes	A-25

BOROUGH OF CHATHAM

TABLE OF CONTENTS  
(CONTINUED)

	<u>Schedule</u>
<u>Part I (Continued)</u>	
<u>Current Fund</u>	
Schedule of Amount Due From Current Fund	
To Federal and State Grants Fund	A-26
Schedule of Amount Due From Solid Waste Operating Fund	
To Federal and State Grants Fund	A-26a
Schedule of Amount Due From Other Trust Fund	
To Federal and State Grants Fund	A26-b
Schedule of Federal and State Aid Receivable	A-27
Schedule of Appropriated Reserves for Federal and State Grants	A-28
Schedule of Unappropriated Reserves for Federal and State Grants	A-29
Schedule of Reserve for Encumbrances for Federal and State Grants	A-30
<u>Trust Fund</u>	
Schedule of Cash – Treasurer	B-2
Analysis of Assessment Cash and Investments	B-3
Schedule of Assessments Receivable	B-4
Schedule of Interfund Accounts Receivable	B-5
Schedule of Interfund Accounts Payable	B-6
Schedule of Reserve for Assessment Receivable	B-7
Schedule of Reserve for Animal Control Fund Expenditures	B-8
Schedule of Amount Due to State Board of Health	B-9
Schedule of Prepaid License Fees	B-10
Schedule of Amount Due to State of New Jersey	B-11
Reserve for Special Funds	B-12
Schedule of Reserve for Encumbrances	B-13
<u>General Capital Fund</u>	
Schedule of Cash – Treasurer	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation – Funded	C-4
Schedule of Deferred Charges to Future Taxation – Unfunded	C-5
Schedule of Deferred Charges to Future Taxation – Canceled Federal and State Aid Receivable	C-6
Schedule of Federal, State and Other Aid Receivable	C-7
Schedule of Interfund Accounts Receivable	C-8
Schedule of Improvement Authorizations	C-9
Schedule of Reserve for Encumbrances	C-10
Schedule of Capital Improvement Fund	C-11
Schedule of Capital Reserves	C-12
Schedule of Interfund Accounts Payable	C-13
Schedule of Reserve for Federal, State and Other Aid Receivable	C-14
Schedule of Serial Bonds	C-15
Schedule of New Jersey Wastewater Treatment Financing Program Loan Payable	C-16

BOROUGH OF CHATHAM

TABLE OF CONTENTS  
(CONTINUED)

	<u>Schedule</u>
<u>Part I (Continued)</u>	
<u>Supplementary Date (Continued)</u>	
<u>General Capital Fund</u>	
Schedule of Bond Anticipation Notes	C-17
Schedule of Bonds and Notes Authorized but not Issued	C-18
<u>Water Utility Fund</u>	
Schedule of Cash – Treasurer	D-5
Analysis of Water Capital Cash	D-6
Schedule of Cash – Water Collector	D-7
Schedule of Interfund Accounts Receivable	D-8
Schedule of Water Utility Consumers’ Accounts Receivable	D-9
Schedule of Other Accounts Receivable	D-10
Schedule of Deferred Charges – Operating Deficit	D-11
Schedule of Fixed Capital	D-12
Scheduled of Fixed Capital Authorized and Uncompleted	D-13
Schedule of Wastewater Treatment Trust Loans Receivable	D-14
Schedule of Federal and State Aid Receivable	D-15
Schedule of Appropriation Reserves – 2012	D-16
Schedule of Reserve for Encumbrances	D-17
Schedule of Interfund Accounts Payable	D-18
Schedule of Utility Charges Overpayments	D-19
Schedule of Accrued Interest on Bonds	D-20
Schedule of Accrued Interest on Loans	D-21
Schedule of Accrued Interest on Notes	D-22
Schedule of Improvement Authorizations	D-23
Schedule of Reserve for Encumbrances	D-24
Schedule of Capital Improvement Fund	D-25
Schedule of Capital Reserves	D-26
Schedule of Reserve for Amortization	D-27
Schedule of Deferred Reserve for Amortization	D-28
Schedule of Serial Bonds Payable	D-29
Schedule of New Jersey Wastewater Treatment Financing Program Loan Payable	D-30
Schedule of Bond Anticipation Notes	D-31
Schedule of Bonds and Notes Authorized but not Issued	D-32
<u>Solid Waste Utility Fund</u>	
Schedule of Cash – Treasurer	E-4
Schedule of Cash – Solid Waste Collector	E-5
Schedule of Interfund Accounts Receivable	E-6
Schedule of Solid Waste Utility Consumers’ Accounts Receivable	E-7
Schedule of Solid Waste Liens Receivable	E-8
Schedule of Deferred Charges – Operating Deficit	E-9
Schedule of Appropriation Reserves – 2012	E-10

BOROUGH OF CHATHAM

TABLE OF CONTENTS  
(CONTINUED)

	<u>Schedule</u>
<u>Part I (Continued)</u>	
<u>Supplementary Date (Continued)</u>	
<u>Solid Waste Utility Fund (Continued)</u>	
Schedule of Reserve for Encumbrances	E-11
Schedule of Interfund Accounts Payable	E-12
Schedule of Utility Charges Overpayments	E-13
Schedule of Fixed Capital	E-14
Schedule of Reserve for Amortization	E-15
<u>Public Assistance Trust Fund</u>	
Schedule of Cash – Treasurer	F-1
Schedule of Reserve for Public Assistance	F-2
Schedule of Reserve for Public Assistance Revenues – 2013	F-3
Schedule of Public Assistance Expenditures – 2013	F-4
Schedule of Amount Due to Current Fund	F-5
<u>Report Pursuant to Government Auditing Standards</u>	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	165-166
	<u>Schedule</u>
Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2013	A
Schedule of Expenditures of State Financial Assistance for the Year Ended December 31, 2013	B
	<u>Page</u>
Notes to Schedules of Expenditures of Awards and Financial Assistance – Year Ended December 31, 2013	169
<u>Part II</u>	<u>Page</u>
General Comments and Recommendations	171-175

---

**INDEPENDENT AUDITOR'S REPORT**

*T. M. Vrabel & Associates, LLC*  
*Accountants and Auditors*

---

*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Hwang, CPA*

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Borough Council  
Borough of Chatham  
County of Morris, New Jersey

**Report on the Financial Statements**

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Chatham as of December 31, 2013 and December 31, 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2013 and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

*350 Main Road, Suite 104*  
*Montville, NJ 07045*  
*973-953-7769 Fax: 973-625-8733*  
*Email: tmvrabeldvc@optonline.net*

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by Borough of Chatham on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, the budget laws of New Jersey, which is a basis of accounting other than accounting principals generally accepted in the United States of America, to meet the requirements of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Chatham as of December 31, 2012, or the results of its operations for the year then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note XI of the financial statements, the Borough of Chatham participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$167,965.57 and \$121,861.36 for 2013 and 2012 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account groups of the Borough of Chatham as of December 31, 2013 and December 31, 2012, and the results of operations and changes in fund balances – regulatory basis of such funds for the years then ended and the statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2013, in accordance with financial reporting provisions described in Note 1.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough of Chatham, in the County of Morris, State of New Jersey, taken as a whole. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and supplemental schedules presented in the Supplementary Data Section are presented for purposes of additional analysis and are not required part of the financial statements.

The Schedules of Expenditures of Federal Awards and State Financial Assistance and the supplemental schedules presented in the Supplementary Data Section required by the Division of Local Governments Services is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have issued our report dated April 3, 2014 on our consideration of the Borough of Chatham's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Borough of Chatham's internal control over financial reporting and compliance.



Timothy M. Vrabel  
Registered Municipal Accountant  
License No. CR000339



Chris C.W. Hwang  
Certified Public Accountant  
License No. CC033704

Montville, New Jersey  
April 3, 2014

---

**SECTION A**  
**CURRENT FUND**

BOROUGH OF CHATHAM  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
<b>General Fund:</b>			
Cash - Treasurer	A-4	\$ 4,383,527.44	\$ 3,522,201.41
Change Fund	A-6	300.00	300.00
Petty Cash	A-7	400.00	500.00
		<u>4,384,227.44</u>	<u>3,523,001.41</u>
<b>Receivables and other Assets With Full Reserves :</b>			
Delinquent Property Taxes	A-9	346,858.57	375,231.92
Tax Title Liens	A-10	7,664.58	7,096.71
Property Acquired for Taxes - Assessed Valuation	A-11	32,200.00	32,200.00
Revenue Accounts Receivable	A-12	68,815.97	88,525.85
Interfunds Accounts Receivable	A-13	84,976.75	51,011.54
Other Accounts Receivable	A-14	-	23,322.14
		<u>540,515.87</u>	<u>577,388.16</u>
<b>Deferred Charges :</b>			
Special Emergency Authorization	A-15	215,464.00	277,952.00
Emergency Authorization	A-15		150,000.00
Expenditure Without Grant Appropriation	A-15	13,515.21	-
		<u>228,979.21</u>	<u>427,952.00</u>
		<u>5,153,722.52</u>	<u>4,528,341.57</u>
<b>Federal and State Grants Fund :</b>			
Amount Due From Current Fund	A-26	84,610.14	52,777.27
Amount Due From Solid Waste Operating Fund	A-26a	17,546.79	28,996.97
Amount Due From Other Trust Fund	A-26b	750.00	750.00
Federal and State Aid Receivable	A-27	5,126.70	12,626.70
		<u>108,033.63</u>	<u>95,150.94</u>
		<u>\$ 5,261,756.15</u>	<u>\$ 4,623,492.51</u>

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

BOROUGH OF CHATHAM

CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
<b>Liabilities :</b>			
Appropriation Reserves	A-3,16	\$ 266,681.14	\$ 450,146.92
Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-8	24,306.39	22,306.17
Reserve for Encumbrances	A-17	122,232.57	152,737.42
Interfunds Accounts Payable	A-18	1,075,403.81	350,129.39
Prepaid Taxes	A-19	175,577.86	191,206.40
Tax Overpayments	A-20	167,324.47	149,885.95
Reserve for Funds - Unappropriated	A-23	198,836.70	88,301.97
Emergency Notes Payable	A-24	215,464.00	427,952.00
Library Tax Payable	A-25	4,004.91	2,295.64
		<u>2,249,831.85</u>	<u>1,834,961.86</u>
Reserve for Receivables and Other Assets		540,515.87	577,388.16
Fund Balance	A-1	<u>2,363,374.80</u>	<u>2,115,991.55</u>
		<u>5,153,722.52</u>	<u>4,528,341.57</u>
<b>Federal and State Grants Fund :</b>			
Appropriated Reserves	A-28	71,350.62	62,345.29
Unappropriated Reserves	A-29	36,683.01	32,805.65
		<u>108,033.63</u>	<u>95,150.94</u>
		<u>\$ 5,261,756.15</u>	<u>\$ 4,623,492.51</u>

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

BOROUGH OF CHATHAM  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance Utilized	A-2	\$ 2,000,000.00	\$ 2,000,000.00
Miscellaneous Revenue Anticipated	A-2	3,296,761.21	3,078,113.70
Receipts from Delinquent Taxes	A-2	363,232.07	382,987.11
Receipts from Current Taxes	A-2	38,127,938.45	37,081,025.49
Non - Budget Revenue	A-2	514,680.89	402,321.13
Other Credits to Income :			
Interfund Advance Returned	A=13	3,313.44	
Other Receivables			7,827.51
Unexpended Balance of Appropriation			
Reserves Lapsed	A-16	<u>226,405.05</u>	<u>276,367.04</u>
Total Income		<u>44,532,331.11</u>	<u>43,228,641.98</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations :			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages	A-3	4,702,556.00	4,696,600.00
Other Expenses	A-3	2,938,923.00	3,081,889.00
Deferred Charges and Statutory			
Expenditures	A-3	952,750.00	937,331.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages	A-3	6,000.00	9,728.10
Other Expenses	A-3	1,372,561.44	1,341,547.03
Capital Improvements	A-3	7,500.00	10,000.00
Debt Service	A-3	1,748,638.79	1,782,327.05
Deferred Charges - Municipal		212,488.00	135,792.00

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

BOROUGH OF CHATHAM  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS  
(CONCLUDED)

<u>Expenditures (Continued)</u>	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Refund of Prior Year Revenue	A-4	\$ -	\$ 2,996.90
Prior Year Senior Citizen Deduction Disallowed	A-8	250.00	250.00
Interfund Advance	A-13	35,540.50	49,945.81
Other Receivables	A-14	-	13,360.92
Grant Receivables Canceled	A-18	112,500.00	
Borough Open Space Tax	A-25	103,046.66	102,970.35
Library Share of Added and Omitted Taxes	A-25	1,709.27	1,141.47
Regional School District Tax	A-25	24,279,806.00	23,546,062.60
County Taxes	A-25	5,538,178.38	5,375,966.84
County Open Space Preservation	A-25	260,082.05	352,661.73
County Share of Added and Omitted Taxes	A-25	12,417.77	8,636.17
Total Expenditures		<u>42,284,947.86</u>	<u>41,449,206.97</u>
Excess in Revenue		2,247,383.25	1,779,435.01
Adjustments to Income before Fund Balance:			
Expenditures included above which by Statute			
are Deferred Charges to Budgets of succeeding years		-	290,000.00
Adjusted Excess in Revenue		<u>2,247,383.25</u>	<u>2,069,435.01</u>
Fund Balance January 1	A	<u>2,115,991.55</u>	<u>2,046,556.54</u>
		4,363,374.80	4,115,991.55
Decreased by :			
Utilized as Anticipated Revenue	A-1	<u>2,000,000.00</u>	<u>2,000,000.00</u>
Fund Balance December 31	A	<u>\$ 2,363,374.80</u>	<u>\$ 2,115,991.55</u>

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

BOROUGH OF CHATHAM

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated	Added by 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 2,000,000.00	\$ -	\$ 2,000,000.00	\$ -
Miscellaneous Revenues :					
Licenses :					
Alcohol Beverages	A-12	14,000.00		14,160.00	160.00
Fees and Permits :					
Construction Code Official	A-13	185,000.00		247,299.00	62,299.00
Other	A-2	64,000.00		54,038.00	(9,962.00)
Municipal Court - Fines and Costs	A-12	122,500.00		148,450.38	25,950.38
Interest and Costs on Taxes	A-12	84,000.00		80,259.41	(3,740.59)
Parking Meters	A-12	411,000.00		419,338.38	8,338.38
Sewer User Fees	A-12	988,000.00		1,030,317.96	42,317.96
Consolidated Municipal Property Tax Relief Aid	A-12	6,431.00		6,431.00	-
Energy Receipts Tax	A-12	563,365.00		563,365.00	-
Watershed Moratorium Offset Aid	A-12	2,303.00		2,303.00	-
Additional Revenues Offset with Appropriations:					
Farmers Market Fees	A-12	19,000.00		18,684.84	(315.16)
Public and Private Revenues Off-Set with Appropriations:					
Clean Communities Program	A-18	1,732.50		1,732.50	-
Body Armor Replacement Fund	A-18	2,076.18		2,076.18	-
Sprout House Grant	A-18	1,465.27		1,465.27	-
Sustainable Jersey Grant	A-18		12,000.00	12,000.00	-
Other Special Items :					
Water Utility Operating Surplus	A-12	30,000.00		30,000.00	-
PSE&G Settlement agreement	A-12	69,488.00		69,488.00	-
Lease of Municipal Property	A-12	580,000.00		595,352.29	15,352.29
Total Miscellaneous Revenues	A-1	3,144,360.95	12,000.00	3,296,761.21	140,400.26
Receipts from Delinquent Taxes	A-12	300,000.00		363,232.07	63,232.07
Amount to be raised by Taxes for Support of Municipal Budget :					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	7,405,385.71		8,852,731.58	1,447,345.87
Minimum Library Tax	A-2	812,246.00		812,246.00	-
Budget Totals	A-12	13,661,992.66	12,000.00	15,324,970.86	1,650,978.20
Non-Budget Revenues				514,680.89	514,680.89
		\$ 13,661,992.66	\$ 12,000.00	\$ 15,839,651.75	\$ 2,165,659.09

Ref. A-3 A-3

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

BOROUGH OF CHATHAM

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
(CONTINUED)

<u>Analysis of Realized Revenue</u>	<u>Ref.</u>		
<b>Allocation of Current Tax Collections :</b>			
2013 Taxes Collected in 2012	A-9	\$	191,206.40
2013 Taxes Collected in 2013	A-9		37,889,482.05
State's Share of Senior Citizens' and Veterans' Deductions	A-9		<u>47,250.00</u>
	A-1		38,127,938.45
Allocated to School and County Taxes	A-25		<u>30,195,240.13</u>
			7,932,698.32
Add : Reserve for Uncollected Taxes	A-3		<u>1,732,279.26</u>
Amount for Support of Municipal Budget	A-2		<u>\$ 9,664,977.58</u>
<b>Receipts from Delinquent Taxes :</b>			
Prior Year Taxes Collected	A-9	\$	363,232.07
Tax Title Lien Collected	A-10		<u>-</u>
	A-2		<u>\$ 363,232.07</u>
<b>Fees and Permits - Other :</b>			
Board of Health - Fees and Permits	A-12	\$	18,249.00
Planning Board - Fees and Permits	A-12		750.00
Board of Adjustment - Fees and Permits	A-12		7,400.00
Uniform Fire Safety Act - Fees	A-12		26,478.00
Gun Permits	A-12		176.00
Tax Assessor - Fees	A-12		440.00
Duplicate Tax Bills and Copies	A-12		525.00
Tax Searches	A-12		<u>20.00</u>
	A-2		<u>\$ 54,038.00</u>

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

BOROUGH OF CHATHAM

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
(CONCLUDED)

	<u>Ref.</u>	
<b><u>Analysis of Non-Budget Revenue</u></b>		
<b>Interfund Accounts Receivable:</b>		
Interest on Investments and Deposits	A-13	168.32
<b>Miscellaneous Revenue- Treasurer</b>		
Interest on Investments	\$	8,143.98
Miscellaneous Reimbursements		11,359.45
JIF Reimbursements		17,562.69
FEMA		91,984.58
Sale of Assets		94,204.11
Cable TV Franchise Fee		121,126.55
Police Department-Accident Reports		8.65
Alarm Board Connections		725.50
Road Opening Fees		3,406.00
Recreation Badge Sales		68,130.46
2% Administrative Fee-Senior Citizens/Veterans' Deductions		980.00
Miscellaneous		<u>96,880.60</u>
	A-4	<u>514,512.57</u>
	A-2	<u>\$ 514,680.89</u>

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

BOROUGH OF CHATHAM

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Appropriations		Paid or Charged	Expended	Unexpended Balance Canceled
		Budget	Budget After Modification			
<b>OPERATIONS WITHIN "CAP"</b>						
<b>GENERAL GOVERNMENT :</b>						
General Administration						
Salaries and Wages		\$ 121,800.00	\$ 139,800.00	\$ 139,791.56	\$ 8.44	\$ -
Other Expenses		58,170.00	58,170.00	58,183.30	6.70	-
Human Resources						
Salaries and Wages		35,200.00	38,200.00	37,822.35	377.65	-
Other Expenses		11,000.00	11,000.00	7,617.16	3,382.84	-
Mayor and Council						
Other Expenses		3,500.00	3,500.00	3,126.44	373.56	-
Borough Clerk						
Salaries and Wages		124,800.00	124,800.00	123,729.60	1,070.40	-
Other Expenses		17,500.00	20,500.00	19,706.97	793.03	-
Financial Administration						
Salaries and Wages		135,900.00	141,900.00	141,630.41	269.59	-
Other Expenses		18,500.00	18,500.00	18,327.65	172.35	-
Audit Services						
Other Expenses		35,900.00	32,800.00	16,100.00	16,700.00	-
Collection of Taxes						
Salaries and Wages		56,250.00	56,250.00	55,580.44	669.56	-
Other Expenses		5,400.00	8,500.00	8,485.97	14.03	-
Assessment of Taxes						
Salaries and Wages		47,500.00	44,500.00	44,474.70	25.30	-
Other Expenses		24,250.00	25,250.00	25,239.34	10.66	-
Legal Services and Costs						
Other Expenses		200,000.00	251,000.00	228,583.17	21,416.83	-
Municipal Court						
Other Expenses		172,771.00	172,771.00	172,771.00	-	-
Engineering Services and Costs						
Salaries and Wages		30,600.00	30,600.00	29,602.79	997.21	-
Other Expenses		6,500.00	6,500.00	4,874.43	1,625.57	-
Historical Preservation Commission						
Other Expenses		1,200.00	1,200.00	706.25	493.75	-
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board						
Salaries and Wages		27,950.00	27,950.00	27,934.56	15.44	-
Other Expenses		45,350.00	45,350.00	39,516.17	5,833.83	-
Zoning Costs						
Salaries and Wages		27,950.00	27,950.00	27,934.56	15.44	-
Other Expenses		10,000.00	10,000.00	3,372.06	6,627.94	-
INSURANCE:						
General Liability						
Workers Compensation Insurance		130,000.00	130,000.00	130,000.00	-	-
Group Insurance - Hospital and Medical		130,000.00	130,000.00	130,000.00	-	-
Health Benefit Waiver		618,460.00	653,460.00	644,725.93	8,734.07	-
Unemployment Compensation Insurance		5,000.00	5,000.00	4,999.93	0.07	-
Other Expenses		15,000.00	15,000.00	13,147.87	1,852.13	-

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

BOROUGH OF CHATHAM

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONTINUED)

	Ref.	Appropriations		Budget After Modification	Expended		Unexpended Balance Canceled
		Budget			Paid or Charged	Reserved	
<b>OPERATIONS WITHIN "CAP" (CONTINUED)</b>							
<b>PUBLIC SAFETY :</b>							
Police							
Salaries and Wages		\$ 2,565,249.00	\$	2,508,849.00	\$ 2,495,043.86	\$ 13,805.14	\$ -
Other Expenses		158,668.00		138,668.00	110,499.97	28,168.03	
Purchase of Police Vehicles		44,964.00		44,964.00	43,632.33	1,331.67	
Interlocal Service Agreement:							
Police Dispatching							
Other Expenses		211,259.00		211,259.00	198,990.00	12,269.00	
Project Pride							
Other Expenses		26,500.00		26,500.00	26,500.00	-	
Parking							
Salaries and Wages		88,500.00		51,500.00	46,068.76	5,431.24	
Other Expenses		15,000.00		15,000.00	7,556.39	7,443.61	
Emergency Management Services							
Salaries and Wages		12,850.00		12,850.00	12,804.96	45.04	
Other Expenses		3,000.00		4,000.00	3,304.90	695.10	
Emergency Squad							
Other Expenses		10,000.00		10,000.00	10,000.00	-	
Fire							
Salaries and Wages		46,000.00		46,000.00	43,693.97	2,306.03	
Other Expenses		70,175.00		70,175.00	53,958.90	16,216.10	
Fire Safety Official							
Salaries and Wages		67,500.00		67,500.00	62,337.20	5,162.80	
Other Expenses		4,000.00		4,000.00	3,491.94	508.06	
<b>PUBLIC WORKS FUNCTIONS:</b>							
Road Repairs and Maintenance							
Salaries and Wages		930,500.00		930,500.00	923,707.21	6,792.79	
Other Expenses		103,200.00		102,607.00	101,662.94	944.06	
Shade Tree Commission							
Other Expenses		19,000.00		18,793.00	17,715.00	1,078.00	
Public Buildings and Grounds							
Other Expenses		44,690.00		44,690.00	43,736.21	953.79	
Public Employees Occupational Safety and Health Act							
Other Expenses							
Vehicle Maintenance							
Salaries and Wages		111,257.00		111,257.00	111,224.00	33.00	
Other Expenses		39,850.00		39,850.00	38,526.32	1,323.68	
Community Services Act - Condo Costs							
Other Expenses		3,600.00		3,600.00	1,362.88	2,237.12	

BOROUGH OF CHATHAM

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONTINUED)

	Ref.	Appropriations		Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Cancelled
		Budget						
<b>OPERATIONS WITHIN "CAP" (CONTINUED)</b>								
<b>RECREATION AND EDUCATION :</b>								
<b>HEALTH AND WELFARE :</b>								
Board of Health		\$	21,150.00	\$	21,150.00	\$	12,021.60	\$ -
Salaries and Wages			82,476.00		80,759.45		1,716.55	
Other Expenses								
Environmental Commission			9,200.00		9,185.76		14.24	
Salaries and Wages			2,700.00		1,350.88		1,348.11	
Other Expenses								
Animal Control Regulations			13,600.00		18,586.62		3.38	
Other Expenses								
Recreation Services and Programs			114,000.00		105,983.04		8,016.96	
Salaries and Wages			20,200.00		12,917.17		7,282.83	
Other Expenses								
Senior Citizen Center Transportation			16,000.00		16,000.00		-	
Other Expenses								
Maintenance of Parks			47,000.00		43,165.71		3,834.29	
Other Expenses								
<b>OTHER COMMON OPERATING FUNCTIONS:</b>								
Accumulated Leave Compensation			10,000.00		10,000.00		9,907.20	
Salaries and Wages								
Celebration of Public Events			500.00		500.00		-	
Other Expenses								
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>								
Electricity			81,000.00		74,591.48		8,408.52	
Street Lighting			72,000.00		68,336.35		3,663.65	
Telephone and Telegraph			59,000.00		56,895.40		2,104.60	
Natural Gas			20,000.00		18,146.79		853.21	
Diesel Fuel, Fuel Oil			2,000.00		677.11		1,322.89	
Sewerage Processing and Disposal (Sewer System)			123,300.00		122,885.58		414.41	
Salaries and Wages			7,500.00		10,381.01		2,118.99	
Other Expenses			84,840.00		84,840.00		-	
Gasoline								
<b>CODE ENFORCEMENT AND ADMINISTRATION:</b>								
State Uniform Construction Code:			71,500.00		64,500.00		87.52	
Construction Official			9,300.00		9,300.00		-	
Salaries and Wages								
Other Expenses								
Interlocal Service Agreement:								
Other Expenses			72,000.00		71,195.69		804.31	
Other Expenses			7,636,478.00		7,396,324.09		240,154.91	
TOTAL OPERATIONS WITHIN "CAP" CONTINGENT			5,000.00		4,463.12		536.88	
TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAP"			7,636,478.00		7,400,787.21		240,691.79	
<b>DETAIL :</b>								
Salaries and Wages	A-1		4,778,856.00		4,635,069.00		67,487.00	
Other Expenses	A-1		2,857,523.00		2,765,718.21		173,204.79	
			7,636,478.00		7,400,787.21		240,691.79	

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

BOROUGH OF CHATHAM

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
(CONTINUED)

	Ref.	Appropriations		Budget After Modification	Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
		Budget	Budget After Modification					
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</b>								
Contribution to:								
Public Employees' Retirement System								
Social Security System (O.A.S.I.)								
Defined Contribution Retirement Program								
Police and Firemen's Retirement System of N.J.								
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAP"</b>		\$ 228,650.00	\$ 228,650.00	\$ 228,650.00	\$ 228,633.00	\$ 17.00	\$ 17.00	\$ -
		214,200.00	209,200.00	209,200.00	209,200.00			
		2,000.00	2,000.00	2,000.00			2,000.00	
		512,900.00	512,900.00	512,900.00	512,859.00		41.00	
	A-1	957,750.00	952,750.00	952,750.00	950,692.00		2,058.00	
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAP"</b>		8,594,229.00	8,594,229.00	8,594,229.00	8,351,479.21	242,749.79		
<b>OPERATIONS EXCLUDED FROM "CAP"</b>								
Length of Service Awards Program (N.J.S.A. 40A:4-453j)		20,000.00	20,000.00	20,000.00			20,000.00	
Maintenance of Joint Free Public Library								
Proportionate Share (N.J.S.A. 40A:54-29.17)		812,246.00	812,246.00	812,246.00	812,246.00			
Madison-Chatham Joint Meeting								
Sewer Service Charge-Contractual (N.J.S.A. 40A:4-45.3)		507,541.49	507,541.49	507,541.49	507,541.49			
Farmers Market								
Salaries and Wages								
Other Expenses (N.J.S.A. 40A:4-87 + \$6,500.00)		6,000.00	6,000.00	6,000.00	5,979.84	20.16		
Public and Private Programs Offset by Revenues:		13,000.00	13,000.00	13,000.00	9,088.81	3,911.19		
Clean Communities Program								
Body Armor Replacement Fund		1,732.50	1,732.50	1,732.50	1,732.50			
Sprout House Grant		2,076.18	2,076.18	2,076.18	2,076.18			
Sustainable Jersey Grant (N.J.S.A. 40A: 4-87)		1,465.27	1,465.27	1,465.27	1,465.27			
Matching Funds for Grants:								
Municipal Alliance on Alcoholism and Drug Abuse		12,000.00	12,000.00	12,000.00	12,000.00			
<b>TOTAL OPERATIONS EXCLUDED FROM "CAP"</b>		2,500.00	2,500.00	2,500.00	2,500.00			
		1,366,561.44	1,378,561.44	1,378,561.44	1,354,630.09	23,931.35		
<b>DETAIL :</b>								
Salaries and Wages	A-1	6,000.00	6,000.00	6,000.00	5,979.84	20.16		
Other Expenses	A-1	1,360,561.44	1,372,561.44	1,372,561.44	1,348,650.25	23,911.19		
		1,366,561.44	1,378,561.44	1,378,561.44	1,354,630.09	23,931.35		

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



---

**SECTION B**  
**TRUST FUND**

BOROUGH OF CHATHAM  
TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		<u>December 31,</u>	
<u>Assets</u>	<u>Ref.</u>	<u>2013</u>	<u>2012</u>
Animal Control Fund :			
Cash - Treasurer	B-2	<u>431.27</u>	<u>1,509.03</u>
		<u>431.27</u>	<u>1,509.03</u>
Other Funds :			
Cash - Treasurer	B-2	1,142,071.81	1,344,794.02
Interfunds Accounts Receivable	B-5	<u>643,598.78</u>	<u>297,352.12</u>
		<u>1,785,670.59</u>	<u>1,642,146.14</u>
		<u>\$ 1,786,101.86</u>	<u>\$ 1,643,655.17</u>
Length of Service Award Program:			
Cash with Agent Provider (Unaudited)		<u>\$ 167,965.57</u>	<u>\$ 121,861.36</u>

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

BOROUGH OF CHATHAM

TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

				<u>December 31,</u>	
<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2013</u>		<u>2012</u>	
<b>Animal Control Fund :</b>					
Reserve for Animal Control Fund Expenditures	B-8	432.47		1,505.43	
Amount Due to State Board of Health	B-9	<u>(1.20)</u>		<u>3.60</u>	
		<u>431.27</u>		<u>1,509.03</u>	
<b>Other Funds :</b>					
Interfunds Accounts Payable	B-6	33,248.83		36,265.27	
Amount Due to State of New Jersey	B-11	4,308.46		2,512.46	
Reserve for Special Funds	B-12	<u>1,748,113.30</u>		<u>1,603,368.41</u>	
		<u>1,785,670.59</u>		<u>1,642,146.14</u>	
		<u>\$ 1,786,101.86</u>		<u>\$ 1,643,655.17</u>	
<b>Length of Service Award Program:</b>					
Reserve for Qualified Participants - Enrolled (Unaudited)		<u>\$ 167,965.57</u>		<u>\$ 121,861.36</u>	

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

BOROUGH OF CHATHAM  
TRUST FUND  
STATEMENT OF ASSESSMENT TRUST FUND BALANCE-REGULATORY BASIS

NOT APPLICABLE

---

---

**SECTION C**  
**GENERAL CAPITAL FUND**

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Cash - Treasurer	C-2	\$ 686,729.02	\$ 292,493.33
Deferred Charges to Future Taxation:			
Funded	C-4	13,201,135.00	15,228,624.09
Unfunded	C-5	1,969,079.00	981,956.00
Federal, State and Other Aid Receivable	C-7	117,805.11	1,331,429.00
Interfund Accounts Receivable	C-8	347,194.89	-
		<u>\$ 16,321,943.02</u>	<u>\$ 17,834,502.42</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds	C-15	\$ 11,902,000.00	\$ 13,287,000.00
N.J. Wastewater Treatment Financing Program and NJEIT Loans Payable	C-16	1,299,135.00	1,941,624.09
Bond Anticipation Notes	C-17	1,307,330.00	-
Improvement Authorizations :			
Funded	C-9	321,167.98	1,167,733.72
Unfunded	C-9	604,174.63	759,800.98
Reserve for Encumbrances	C-10	638,350.28	578,999.65
Capital Improvement Fund	C-11	6,813.37	22,813.37
Capital Reserves	C-12	84,694.89	-
Interfund Accounts Payable	C-13	2,355.31	914.16
Reserve for Federal, State and Other Aid Receivable	C-14	80,305.11	-
Fund Balance	C-1	75,616.45	75,616.45
		<u>\$ 16,321,943.02</u>	<u>\$ 17,834,502.42</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2013 in the amount of \$661,749.00.  
 See Schedule C-18 for analysis.

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

## BOROUGH OF CHATHAM

GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance January 1	C	<u>\$ 75,616.45</u>	<u>\$ 75,616.45</u>
Fund Balance December 31	C	<u>\$ 75,616.45</u>	<u>\$ 75,616.45</u>

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

---

**SECTION D**  
**WATER UTILITY FUND**

BOROUGH OF CHATHAM  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
<b>Water Operating Fund:</b>			
Cash - Treasurer	D-5	\$ 578,360.62	\$ 347,542.95
Interfunds Accounts Receivable	D-8	<u>3,859.38</u>	<u>3,370.52</u>
		<u>582,220.00</u>	<u>350,913.47</u>
<b>Receivables with Full Reserves:</b>			
Consumers' Accounts Receivable	D-9	93,473.47	121,955.29
Other Account Receivable	D-10	<u>2,300.00</u>	<u>2,300.00</u>
		<u>95,773.47</u>	<u>124,255.29</u>
<b>Total Water Operating Fund</b>		<u><b>677,993.47</b></u>	<u><b>475,168.76</b></u>
<b>Water Capital Fund :</b>			
Cash - Treasurer	D-5	424,463.31	45,571.22
Fixed Capital	D-12	6,137,008.65	6,137,008.65
Fixed Capital Authorized and Uncompleted	D-13	<u>1,433,586.00</u>	<u>1,128,586.00</u>
<b>Total Water Capital Fund</b>		<u><b>7,995,057.96</b></u>	<u><b>7,311,165.87</b></u>
		<u><b>\$ 8,673,051.43</b></u>	<u><b>\$ 7,786,334.63</b></u>

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

BOROUGH OF CHATHAM

WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
<b>Water Operating Fund :</b>			
<b>Liabilities :</b>			
Appropriation Reserves	D-4,16	\$ 54,821.68	\$ 123,093.47
Reserve for Encumbrances	D-17	31,376.52	31,091.38
Interfund Accounts Payable	D-18	30,179.79	17,499.12
Utility Charges Overpayments	D-19	1,892.57	2,587.76
Accrued Interest on Bonds	D-20	<u>22,921.38</u>	<u>25,718.25</u>
		141,191.94	199,989.98
Reserve for Receivables		93,473.47	121,955.29
Fund Balance	D-1	<u>443,328.06</u>	<u>153,223.49</u>
Total Water Operating Fund		<u>677,993.47</u>	<u>475,168.76</u>
<b>Water Capital Fund :</b>			
Serial Bonds	D-29	2,407,000.00	2,632,000.00
Bond Anticipation Notes	D-31	534,900.00	-
Interfund Accounts Payable	D-18	573.68	84.82
Improvement Authorizations - Funded	D-23	96,958.26	141,380.31
Improvement Authorizations - Unfunded	D-23	248,885.70	78,028.04
Reserve for Encumbrances	D-24	45,388.62	33,321.00
Capital Improvement Fund	D-25	15,222.02	19,922.02
Reserve for Amortization	D-27	4,354,652.48	4,129,652.48
Deferred Reserve for Amortization	D-28	273,036.00	258,336.00
Fund Balance	D-2	<u>18,441.20</u>	<u>18,441.20</u>
Total Water Capital Fund		<u>7,995,057.96</u>	<u>7,311,165.87</u>
		<u>\$ 8,673,051.43</u>	<u>\$ 7,786,334.63</u>

There were Bonds and Notes Authorized but not Issued as of December 31, 2013 in the amount of \$1,006.17.  
See Schedule D-32 for analysis.

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

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Operating Fund Balance Utilized	D-1,3	\$ 17,113.89	\$ 66,482.98
Rents	D-3	1,469,101.60	1,378,798.86
Miscellaneous Revenues	D-3	13,912.21	11,835.08
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-16	<u>114,204.65</u>	<u>45,602.84</u>
Total Income		<u>1,614,332.35</u>	<u>1,502,719.76</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations:			
Operating	D-4	875,376.00	934,714.00
Capital Improvements	D-4	10,000.00	10,000.00
Debt Service	D-4	312,747.89	322,657.98
Deferred Charges and Statutory Expenditures	D-4	<u>78,990.00</u>	<u>80,611.00</u>
Total Expenditures		<u>1,277,113.89</u>	<u>1,347,982.98</u>
Excess in Revenue		337,218.46	154,736.78
Fund Balance January 1	D	<u>153,223.49</u>	<u>99,969.69</u>
		490,441.95	254,706.47
Decreased by :			
Utilization by Water Operating Budget	D-1	17,113.89	66,482.98
Utilization by Current Budget	D-5	<u>30,000.00</u>	<u>35,000.00</u>
Fund Balance December 31	D	<u>\$ 443,328.06</u>	<u>\$ 153,223.49</u>

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

## BOROUGH OF CHATHAM

WATER UTILITY FUND  
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Fund Balance January 1	C	<u>\$ 18,441.20</u>	<u>\$ 18,441.20</u>
Fund Balance December 31	C	<u>\$ 18,441.20</u>	<u>\$ 18,441.20</u>

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

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	Budget <u>Anticipated</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Operating Fund Balance Utilized	D-1	\$ 17,113.89	\$ 17,113.89	\$ -
Water Rents	D-1,3	1,250,000.00	1,469,101.60	219,101.60
Miscellaneous Revenues	D-1,3	<u>10,000.00</u>	<u>13,912.21</u>	<u>3,912.21</u>
	D-4	<u>\$ 1,277,113.89</u>	<u>\$ 1,500,127.70</u>	<u>\$ 223,013.81</u>
 <u>Analysis of Realized Revenue</u>				
Water Service Charges:				
Consumer Accounts Receivable	D-9	\$ 1,466,513.84		
Utility Charge Overpayments Applied	D-19	<u>2,587.76</u>		
	D-3		<u>\$ 1,469,101.60</u>	
 Miscellaneous :				
Interest on Water Rents		\$ 4,889.26		
Interest on Investments - Operating		499.59		
Bulk water		1,620.00		
Water Tap/Meters		<u>6,414.50</u>		
	D-5		\$ 13,423.35	
Interfunds Accounts Receivable:				
Water Capital Fund - Interest	D-8		<u>488.86</u>	
	D-3		<u>\$ 13,912.21</u>	

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

BOROUGH OF CHATHAM

D-4

WATER UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Ref.	Budget Appropriations	Transfers	Budget After Transfers	Paid or Charged	Expended	Reserved
Operating :							
Salaries and Wages		\$ 495,000.00	-	\$ 495,000.00	460,192.24	\$	34,807.76
Other Expenses		380,376.00		380,376.00	361,089.76		19,286.24
Total Operating	D-1	<u>875,376.00</u>		<u>875,376.00</u>	<u>821,282.00</u>		<u>54,094.00</u>
Capital Improvement :							
Capital Improvement Fund		10,000.00		10,000.00	10,000.00		
Total Capital Improvement	D-1	<u>10,000.00</u>		<u>10,000.00</u>	<u>10,000.00</u>		
Debt Service :							
Payment of Bond Principal		225,000.00		225,000.00	225,000.00		
Interest on Bonds		87,747.89		87,747.89	87,747.89		
Total Debt Service	D-1	<u>312,747.89</u>		<u>312,747.89</u>	<u>312,747.89</u>		
Deferred Charges and Statutory Expenditures :							
Contribution to:							
Public Employees Retirement System		37,640.00		37,640.00	37,640.00		-
Social Security (O.A.S.I.)		37,850.00		37,850.00	37,122.32		727.68
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)		3,500.00		3,500.00	3,500.00		-
Total Statutory Expenditures	D-1	<u>78,990.00</u>		<u>78,990.00</u>	<u>78,262.32</u>		<u>727.68</u>
		<u>\$ 1,277,113.89</u>	<u>\$ -</u>	<u>\$ 1,277,113.89</u>	<u>\$ 1,222,292.21</u>		<u>\$ 54,821.68</u>

Ref. D-3

D

Ref.

Disbursed  
Encumbrances  
Accrued Interest on Bonds

\$ 1,103,167.80  
31,376.52  
87,747.89

\$ 1,222,292.21

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

---

**SECTION E**  
**SOLID WASTE UTILITY FUND**

BOROUGH OF CHATHAM

SOLID WASTE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Solid Waste Operating Fund:			
Cash - Treasurer	E-4	\$ 264,119.32	\$ 206,606.36
Receivables with Full Reserves:			
Consumers' Accounts Receivable	E-7	<u>8,286.23</u>	<u>11,608.28</u>
Total Solid Waste Operating Fund		<u>272,405.55</u>	<u>218,214.64</u>
Solid Waste Capital Fund :			
Fixed Capital	E-14	<u>18,000.00</u>	<u>18,000.00</u>
Total Solid Waste Capital Fund		<u>18,000.00</u>	<u>18,000.00</u>
		<u>\$ 290,405.55</u>	<u>\$ 236,214.64</u>

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

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(CONCLUDED)

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
<b>Solid Waste Operating Fund :</b>			
<b>Liabilities :</b>			
Appropriation Reserves	E-3,10	\$ 14,693.68	\$ 39,548.57
Reserve for Encumbrances	E-11	11,784.00	30,429.99
Interfund Accounts Payable	E-12	40,775.31	29,365.66
Utility Charges Overpayments	E-13	<u>1,508.12</u>	<u>580.45</u>
		68,761.11	99,924.67
Reserve Receivables		8,286.23	11,608.28
Fund Balance	E-1	<u>195,358.21</u>	<u>106,681.69</u>
<b>Total Solid Waste Operating Fund</b>		<u><b>272,405.55</b></u>	<u><b>218,214.64</b></u>
<b>Solid Waste Capital Fund :</b>			
Reserve for Amortization	E-15	<u>18,000.00</u>	<u>18,000.00</u>
<b>Total Solid Waste Capital Fund</b>		<u><b>18,000.00</b></u>	<u><b>18,000.00</b></u>
		<u><b>\$ 290,405.55</b></u>	<u><b>\$ 236,214.64</b></u>

There were no Bonds and Notes Authorized but not Issued as of December 31, 2013.

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

BOROUGH OF CHATHAM  
 SOLID WASTE UTILITY FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2013</u>	<u>Year 2012</u>
Solid Waste User Fees	E-2	\$ 492,557.80	\$ 483,495.41
Recycling Tonnage Grant	E-2	28,996.97	27,503.72
Miscellaneous	E-2	2,916.18	2,549.38
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	E-10	<u>37,503.57</u>	<u>9,025.35</u>
Total Income		<u>561,974.52</u>	<u>522,573.86</u>
 <u>Expenditures</u> 			
Budgetary and Emergency Appropriations:			
Operating	E-3	462,858.00	465,070.00
Statutory Expenditures	E-3	<u>10,440.00</u>	<u>13,500.00</u>
Total Expenditures		<u>473,298.00</u>	<u>478,570.00</u>
Excess in Revenue		88,676.52	44,003.86
Fund Balance January 1	E	<u>106,681.69</u>	<u>62,677.83</u>
Fund Balance December 31	E	<u>\$ 195,358.21</u>	<u>\$ 106,681.69</u>

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

BOROUGH OF CHATHAM  
 SOLID WASTE UTILITY FUND  
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Ref.</u>	Budget <u>Anticipated</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Solid Waste User Fees	E-1,2	\$ 442,301.03	\$ 492,557.80	\$ 50,256.77
Recycling Tonnage Grant	E-1,12	28,996.97	28,996.97	-
Miscellaneous	E-1,2	<u>2,000.00</u>	<u>2,916.18</u>	<u>916.18</u>
	E-3	<u>\$ 473,298.00</u>	<u>\$ 524,470.95</u>	<u>\$ 51,172.95</u>
<u>Analysis of Realized Revenue</u>	<u>Ref.</u>			
<b>Rents :</b>				
Consumer Accounts Receivable	E-7	\$ 491,977.35		
Prepaid Water Charges Applied	E-7	<u>580.45</u>		
	E-2		<u>\$ 492,557.80</u>	
<b>Miscellaneous :</b>				
Interest on Investments - Operating		\$ 551.32		
Interest on Delinquent User Fees		<u>2,364.86</u>		
	E-2,4		<u>2,916.18</u>	

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

BOROUGH OF CHATHAM

E-3

SOLID WASTE UTILITY FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Ref.</u>	<u>Budget Appropriations</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>
Operating :						
Salaries and Wages		\$ 95,000.00	\$ -	\$ 95,000.00	\$ 88,595.55	\$ 6,404.45
Other Expenses		<u>367,858.00</u>		<u>367,858.00</u>	<u>360,341.44</u>	<u>7,516.56</u>
Total Operating	E-1	<u>462,858.00</u>		<u>462,858.00</u>	<u>448,936.99</u>	<u>13,921.01</u>
Statutory Expenditures :						
Contribution:						
Public Employees Retirement System		2,690.00		2,690.00	2,689.80	0.20
Social Security (O.A.S.I.)		<u>7,250.00</u>		<u>7,250.00</u>	<u>6,777.53</u>	<u>472.47</u>
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)		<u>500.00</u>		<u>500.00</u>	<u>200.00</u>	<u>300.00</u>
Total Statutory Expenditures	E-1	<u>10,440.00</u>	-	<u>10,440.00</u>	<u>9,667.33</u>	<u>772.67</u>
		<u>\$ 473,298.00</u>	\$ -	<u>\$ 473,298.00</u>	<u>\$ 458,604.32</u>	<u>\$ 14,693.68</u>
Ref.	E-2					E
				<u>Ref.</u>		
			Disbursed	E-4	\$446,820.32	
			Encumbrances	E-11	<u>11,784.00</u>	
					<u>\$ 458,604.32</u>	

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

---

**SECTION F**  
**PUBLIC ASSISTANCE TRUST FUND**

BOROUGH OF CHATHAM  
PUBLIC ASSISTANCE TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2013</u>	<u>2012</u>
Cash - Treasurer			
Public Assistance Fund No. 1	F-1	\$ 9,792.86	\$ 7,546.86
Public Assistance Fund No. 2	F-1	<u>17,867.01</u>	<u>17,867.01</u>
		<u>\$ 27,659.87</u>	<u>\$ 25,413.87</u>
 <u>Liabilities and Reserves</u>			
Reserve for Public Assistance Fund No. 1	F-2	\$ 9,792.86	\$ 7,546.86
Reserve for Public Assistance Fund No. 2	F-2	<u>17,867.01</u>	<u>17,867.01</u>
		<u>\$ 27,659.87</u>	<u>\$ 25,413.87</u>

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

---

**SECTION G**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

## BOROUGH OF CHATHAM

GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
<b>General Fixed Assets:</b>		
Land	\$ 35,864,600.00	\$ 36,066,327.11
Buildings	31,476,859.60	31,947,142.05
Machinery and Equipment	<u>8,693,340.72</u>	<u>8,770,025.17</u>
	<u>\$ 76,034,800.32</u>	<u>\$ 76,783,494.33</u>
Investments in General Fixed Assets	<u>\$ 76,034,800.32</u>	<u>\$ 76,783,494.33</u>

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

---

**NOTES TO FINANCIAL STATEMENTS**

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Borough of Chatham have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Borough's accounting policies are described below.

B. Reporting Entity

The Borough of Chatham is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough of Chatham.

The primary criterion for including activities within the Borough's reporting entity, as set forth in section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Borough of Chatham. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Except as noted below, the financial statements of the Borough of Chatham include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Chatham, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Chatham do not include the operations of the municipal library, or volunteer fire and first aid squads. Furthermore, the Borough of Chatham is not includable in any other reporting entity on the basis of such criteria.

C. Description of Funds

The accounting policies of the Borough of Chatham conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Chatham accounts for its financial transactions through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America.

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grants for operation.

Trust Fund – receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created.

General Capital Fund – receipt and disbursement of funds used for 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 water utility.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

C. Description of Funds (Continued)

Operating and Capital Funds – account for the operations and acquisition of capital facilities of the swimming pool utility.

Public Assistance Fund – receipts and disbursements of funds that provide assistance to certain residents of the Borough of Chatham pursuant to Title 44 of New Jersey statutes.

D. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant policies follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues – are recorded as received in cash except for certain amounts that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures – are recorded on the “budgetary” basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts that may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the Governing Body to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of the foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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.

Deferred Charges – The funding of certain expenditures incurred in the current year (i.e. emergencies, overexpenditures) are deferred to subsequent years' budgets.

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

Levy of Taxes – The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Borough of Chatham to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after the due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest – It is the policy of the Borough of Chatham to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Fixed Assets – In accordance with N.J.A.C. 5:30-5.6, Accounting Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough of Chatham has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value. Expenditures for long lived assets with an original cost in excess of \$2,000 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Accounting for utility fund “fixed capital” remains unchanged under the requirements of N.J.A.C. 5:305.6.

Property and equipment purchased by the Water and Solid Waste Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Fixed Assets(Continued)

The following schedules are a summarization of the changes in general fixed assets for the year ended December 31, 2013 and 2012:

	<u>Balance as of</u> <u>December 31, 2012</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposal /</u> <u>Transfers</u>	<u>Balance as of</u> <u>December 31, 2013</u>
Land	\$36,066,327.11	\$	\$201,727.11	\$35,864,600.00
Buildings	31,947,142.05		470,282.45	31,476,859.60
Machinery and Equipment	<u>8,770,025.17</u>	<u>197,673.55</u>	<u>274,358.00</u>	<u>8,693,340.92</u>
	<u>\$76,783,494.33</u>	<u>\$197,673.55</u>	<u>\$946,367.56</u>	<u>\$76,034,800.32</u>

	<u>Balance as of</u> <u>December 31, 2011</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposal/</u> <u>Transfers</u>	<u>Balance as of</u> <u>December 31, 2012</u>
Land	\$35,093,171.81	\$ 973,155.30	\$	\$36,066,327.11
Buildings	31,085,132.16	862,009.89		31,947,142.05
Machinery and Equipment	<u>8,737,643.00</u>	<u>94,382.10</u>	<u>62,000.00</u>	<u>8,770,025.17</u>
	<u>\$74,915,946.97</u>	<u>\$1,929,547.36</u>	<u>\$62,000.00</u>	<u>\$76,783,494.33</u>

E. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenues and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

F. Comparative Date

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the entity's financial reporting.

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

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Governmental Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the entity's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the entity's financial statement disclosures.

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

H. Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services.

Under New Jersey State Statutes, the annual budget is required to be balanced, prepared on a cash basis and to provide a reserve for uncollected taxes. The 2013 statutory budget included a reserve for uncollected taxes in the amount of \$1,732,279.26. To balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2013 statutory budgets were as follows:

Current Fund	\$2,000,000.00
Water Utility Operating Fund	17,113.89
Solid Waste Utility Operating Fund	0.00

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

H. Budgetary Information (Continued)

Transfers of line item amounts are permitted after November 1 and must be made by a resolution adopted by the governing body. The following significant budget transfers were approved in the 2013 calendar year.

<u>Budget Category</u>	<u>Amount</u>
General Administration – Salaries and Wages	\$18,000.00
Group Insurance – Hospital and Medical	35,000.00
Legal Services and Costs – Other Expenses	51,000.00
Police – Salaries and Wages	(56,400.00)
- Other Expenses	(20,000.00)
Parking – Salaries and Wages	(37,000.00)

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. The following significant budget insertions were approved during the 2013 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Sustainable Jersey Grant	\$12,000.00

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no emergency appropriations approved during the 2013 calendar year.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note II: Detailed Notes On All Funds

A. Deposits and Investments

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), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2013 the Borough of Chatham's cash and cash equivalents amounted to \$10,483,701.84. Of this amount, \$750,000.00 was covered by federal depository insurance (F.D.I.C.) and \$9,612,597.42 was covered by a collateral pool maintained by the banks as required by GUDPA. Although the individual developers' accounts are subject to F.D.I.C. coverage, it cannot be accurately determined whether the total amount of \$121,104.42 included in Developers' Escrow deposits is covered.

At December 31, 2013 the Borough of Chatham's had no participation in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Chatham will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of December 31, 2013, \$121,104.42 of the Borough of Chatham's cash and cash equivalents of \$10,483,701.84 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$121,104.42
--------------------------------	--------------

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 40A:5-15.1) permit the Borough of Chatham to purchase the following types of securities:

- a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any local unit may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the local unit;
- (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, approved by the Division of Investment of the Department of the Treasury for investment by local units;
  - (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, c.281 (C.52:18A-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;
    - (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.

The Borough of Chatham had no investments as described in Note I:F.1. at December 31, 2013.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

B. Property Taxes

The Borough of Chatham is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. All property tax revenue is recognized when received in cash. Property taxes receivable as of December 31, 2013 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
1976	\$ 1,311.72
1985	2,002.90
1986	1,070.05
1987	6,934.98
1989	422.89
2013	<u>335,116.00</u>
	<u>\$ 346,858.57</u>

The years 1976 through 1989 are bankrupt properties.

C. Interfund Receivables and Payables

As of December 31, 2013 interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 84,976.75	\$ 1,075,403.81
Federal and State Grants Fund	102,906.93	
Trust Funds:		
Other Trust Fund	643,598.78	33,248.83
General Capital Fund	347,194.89	2,355.32
Water Utility Fund:		
Operating Fund	3,859.38	.30,179.79
Capital Fund		573.68
Solid Waste Utility Fund:		
Operating Fund	<u>-0-</u>	<u>40,775.31</u>
	<u>\$ 1,182,536.73</u>	<u>\$ 1,182,536.73</u>

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

C: Interfund Receivables and Payables (Continued)

The amounts due to or from the current fund and grants fund are due to the fact that there is no separate grants fund bank account. All other interfunds are due to cash being transferred between accounts. It is anticipated that all other interfunds will be liquidated during the subsequent calendar year.

D. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013 the following deferred charges are shown on the balance sheets of the various funds:

	Balance Dec. 31, 2013	2014 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency Authorizations (40A:4-55)	\$215,464.00	\$ 62,488.00	\$152,976.00

The appropriations in the 2014 Budget are not less than that required by statute.

E. Leases

The Borough of Chatham has commitments to lease copying equipment and postage meter under operating leases which expire in 2017. Total operating lease payments made during the year ended December 31, 2012 were \$55,880.37. Future minimum lease payments are as follows:

<u>Year ended</u>	<u>Amount</u>
December 31, 2014	\$ 55,880.37
December 31, 2015	55,880.37
December 31, 2016	11,177.52
December 31, 2017	<u>2,232.00</u>
Total future minimum lease payments	<u>\$125,170.26</u>

**BOROUGH OF CHATHAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

**Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures**

**F. Debt**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough of Chatham are general obligation bonds, backed by the full faith and credit of the Borough of Chatham. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

Long-term debt as of December 31, 2013 and 2012 consisted of the following:

	Balance <u>Dec. 31, 2012</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>Dec. 31, 2013</u>	Amounts Due Within <u>One Year</u>
<b>Bonds Payable:</b>					
General	\$ 13,287,000.00	\$ -	\$ 1,385,000.00	\$ 11,902,000.00	\$ 1,385,000.00
Water Utility	3,189,000.00		165,000.00	3,024,000.00	175,000.00
Solid Waste Utility	-			-	-
<b>NJ Environmental Infrastructure Loan:</b>					
General	<u>1,941,624.09</u>	-	642,489.09	<u>1,299,135.00</u>	<u>101,816.09</u>
	<u>\$ 18,417,624.09</u>	<u>\$ -</u>	<u>\$ 2,192,489.09</u>	<u>\$ 16,225,135.00</u>	<u>\$ 1,661,816.09</u>

Short-term financing as of December 31, 2013 and 2012 consisted of the following:

	Balance <u>Dec. 31, 2012</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>Dec. 31, 2013</u>	Amounts Due Within <u>One Year</u>
<b>Bond Anticipation Notes:</b>					
General	\$ -	\$ 1,307,330.00	\$ -	\$ 1,307,330.00	\$ 1,307,330.00
Water Utility	-	534,900.00	-	534,900.00	534,900.00
Solid Waste Utility	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 1,842,230.00</u>	<u>\$ -</u>	<u>\$ 1,842,230.00</u>	<u>\$ 1,842,230.00</u>

**Summary of Municipal Debt**

	<u>Year 2013</u>		<u>Year 2012</u>		<u>Year 2011</u>
<b><u>Issued</u></b>					
<b>General:</b>					
Bonds, Loans and Notes	\$ 14,508,465.00		\$ 15,228,624.09		\$ 16,721,699.27
Water Utility:					
Bonds and Notes	<u>2,407,000.00</u>		<u>2,632,000.00</u>		<u>2,852,000.00</u>
Total Issued	<u>16,915,465.00</u>	-	<u>17,860,624.09</u>	-	<u>19,573,699.27</u>
<b>Net Debt Issued</b>	<u>16,915,465.00</u>	-	<u>17,860,624.09</u>	-	<u>19,573,699.27</u>
<b><u>Authorized but not Issued</u></b>					
<b>General:</b>					
Bonds and Notes	661,749.00		981,956.00		136,826.00
Water Utility:					
Bonds and Notes	<u>1,006.17</u>		<u>245,606.17</u>		<u>1,006.17</u>
Total Authorized but Not Issued	<u>662,755.17</u>		<u>1,227,562.17</u>		<u>137,832.17</u>
<b>Net Bonds and Notes Issued and Authorized but not Issued</b>	<u>\$ 17,578,220.17</u>	<u>\$ -</u>	<u>\$ 19,088,186.26</u>	<u>\$ -</u>	<u>\$ 19,711,531.44</u>

**BOROUGH OF CHATHAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
**(CONTINUED)**

Note II: **Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)**

F. **Debt (Continued)**

**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 .660 %.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 14,046,055.97	\$ 14,046,055.97	\$ -
Water Utility Debt	2,942,906.17	2,942,906.17	-
General Debt	<u>15,170,214.00</u>	<u>-</u>	<u>15,170,214.00</u>
	<u>\$ 32,159,176.14</u>	<u>\$ 16,988,962.14</u>	<u>\$ 15,170,214.00</u>

Net Debt \$16,210,580.09 divided by Equalized Valuation Basis  
per N.J.S.A. 40A:2-2 as amended, \$2,297,931,460.33 = 0.660%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 80,427,601.11
Net Debt	<u>15,170,214.00</u>
Remaining Borrowing Power	<u>\$ 65,257,387.11</u>

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

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

Cash Receipts from fees, rents or other charges for year		\$ 1,500,127.70
Deductions:		
Operating and Maintenance Cost	\$ 954,366.00	
Debt Service per Water Account	<u>312,747.89</u>	
Total Deductions		<u>1,267,113.89</u>
Excess in Revenue-Self Liquidating		<u>\$ 233,013.81</u>

Footnote:

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

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

Cash Receipts from fees, rents or other charges for year		\$ 524,470.95
Deductions:		
Operating and Maintenance Cost	\$ 473,298.00	
Debt Service per Solid Waste Account	<u>-</u>	
Total Deductions		<u>473,298.00</u>
Excess in Revenue-Self Liquidating		<u>\$ 51,172.95</u>

Footnote:

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

A revised annual debt statement should be filed by the Chief Financial Officer.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note II: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)

F. Debt (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the adoption of an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough of Chatham are general obligation bonds.

Serial Bonds outstanding as of December 31, 2013 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General of 2011	Multiple	8/15	2023	\$ 5,819,000.00	\$ 5,139,000.00
General of 2006	Multiple	12/15	2021	8,170,000.00	5,085,000.00
General of 2002	Multiple	8/1	2017	5,058,000.00	1,678,000.00
				<u>19,047,000.00</u>	<u>11,902,000.00</u>
Water of 2011	Multiple	8/15	2023	916,000.00	816,000.00
Water of 2006	Multiple	12/15	2026	945,000.00	735,000.00
Water of 2002	Multiple	8/1	2022	1,274,000.00	689,000.00
Water of 1995	Multiple	3/1	2015	1,287,000.00	167,000.00
				<u>4,422,000.00</u>	<u>2,407,000.00</u>
				<u>\$ 23,469,000.00</u>	<u>\$ 14,309,000.00</u>

**BOROUGH OF CHATHAM**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**Note 11: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures (Continued)**

**F. Debt (Continued)**

**1. Bonds Payable**

Principal and interest due on serial bonds outstanding is as follows:

Calendar Year	General		Water Utility		Total
	Principal	Interest	Principal	Interest	
2014	\$ 1,385,000.00	\$ 363,307.50	\$ 235,000.00	\$ 81,684.75	\$ 2,064,992.25
2015	1,395,000.00	320,195.00	247,000.00	72,510.50	2,034,705.50
2016	1,405,000.00	276,457.50	215,000.00	65,145.00	1,961,602.50
2017	1,413,000.00	231,990.00	220,000.00	59,140.00	1,924,130.00
2018	1,220,000.00	183,387.50	225,000.00	52,002.50	1,680,390.00
2019	1,240,000.00	147,612.50	230,000.00	44,671.25	1,662,283.75
2020	1,260,000.00	111,437.50	230,000.00	37,021.25	1,638,458.75
2021	1,265,000.00	73,337.50	235,000.00	29,146.25	1,602,483.75
2022	650,000.00	32,975.00	239,000.00	20,677.50	942,652.50
2023	669,000.00	16,725.00	156,000.00	11,800.00	853,525.00
2024	-	-	60,000.00	7,000.00	67,000.00
2025	-	-	60,000.00	4,600.00	64,600.00
2026	-	-	55,000.00	2,200.00	57,200.00
	<u>\$ 11,902,000.00</u>	<u>\$ 1,757,425.00</u>	<u>\$ 2,407,000.00</u>	<u>\$ 487,599.00</u>	<u>\$ 16,554,024.00</u>

**2. Bond Anticipation Notes**

Bond Anticipation Notes outstanding as of December 31, consists of the following:

Ord. No.	Description	Interest Rate	Issue Date	Maturity Date	Amount Outstanding
<b>General Capital:</b>					
Ord. 12-06	Various Improvements	0.49%	7/23/13	7/23/14	\$ 845,130.00
Ord. 13-09	Various Improvements	0.49%	7/23/13	7/23/14	462,200.00
	<b>Total General Capital</b>				<u>1,307,330.00</u>
<b>Water Capital:</b>					
Ord. 12-07	Various Improvements	0.49%	7/23/13	7/23/14	244,600.00
Ord. 13-08	Various Improvements	0.49%	7/23/13	7/23/14	290,300.00
	<b>Total Water Capital</b>				<u>534,900.00</u>
					<u>\$ 1,842,230.00</u>

**3. Bonds Authorized but not Issued**

As of December 31, 2013 the Borough of Chatham had authorized but not issued bonds as follows:

General Capital Fund	\$ 661,749.00
Water Utility Capital Fund	\$ 1,006.17

**BOROUGH OF CHATHAM**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

Note II: Detailed Notes on All Funds (Continued)

**G. N.J. Wastewater Treatment and Environmental Infrastructure Financing Programs (Continued)**

Schedule of remaining annual principal and interest payments for the two combined loans are detailed as follows:

Calendar Year	Loan Number 1		Loan Number 2		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	78,495.75	18,686.25	23,320.34	11,714.88	101,816.09	32,415.13
2015	78,495.75	15,855.00	23,320.34	9,905.00	101,816.09	27,775.00
2016	83,495.75	15,105.00	23,320.34	9,405.00	106,816.09	26,526.00
2017	83,495.75	14,105.00	23,320.34	8,905.00	106,816.09	25,027.00
2018	83,495.75	13,105.00	23,320.34	8,405.00	106,816.09	23,528.00
2019	83,495.75	12,105.00	28,320.34	7,905.00	111,816.09	22,029.00
2020	83,495.75	11,305.00	28,320.34	7,305.00	111,816.09	20,630.00
2021	83,495.75	10,305.00	28,320.34	6,555.00	111,816.09	18,881.00
2022	88,495.75	9,705.00	28,320.34	6,105.00	116,816.09	17,832.00
2023	71,091.50	8,705.00	28,320.34	5,505.00	99,411.84	16,233.00
2024	25,000.00	7,705.00	28,320.34	4,905.00	53,320.34	14,634.00
2025	13,456.00	6,705.00	28,320.34	4,305.00	41,776.34	13,035.00
2026			28,320.34	3,705.00	28,320.34	5,731.00
2027			33,320.34	3,180.00	33,320.34	5,207.00
2028			33,320.34	2,380.00	33,320.34	4,408.00
2029	-	-	33,320.65	1,580.00	33,320.65	3,609.00
	<u>\$ 856,009.25</u>	<u>\$143,391.25</u>	<u>\$ 443,125.75</u>	<u>\$101,764.88</u>	<u>\$ 1,299,135.00</u>	<u>\$ 277,500.13</u>

Installment payments of principal and interest on the above described Wastewater Treatment Loan and Environmental Infrastructure Loans are due on February 1 and August 1 of each year for Loans Number 1 and 2.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

H. Fund Balance Appropriated

Fund balances at December 31, 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 20 were as follows:

Current Fund	\$2,195,000.00
Water Utility Operating Fund	50,138.79
Sewer Waste Utility Operating Fund	49,554.21

Note III: Pension Plans

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS), the Police and Fireman's Retirement System (PFRS), Defined Contribution Retirement Program (DCRP) or the Consolidated Police and Fireman's Pension Fund (CPFPPF). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS, PFRS and DCRP are considered cost sharing multiple-employer defined benefit plans. The CPFPPF is considered a cost sharing plan with special funding situation.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits.

The Police and Fireman's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State Firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

The Consolidated Police and Firemen's Pension Fund (CPFPPF) was established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members.

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq.). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq..

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note III: Pension Plans (Continued)

Retirement Benefits

For PERS employees, the benefits will be 1/55 of the average of the three highest year compensation for each year of service. However, for PERS who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

For PFRS employees, the benefits will be various percentages of final compensation depending upon the number of years of service.

Significant Legislation

P.L 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: TPAF and PERS active member rates increased from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS Prosecutors Part active member rates increased from 8.5 percent to 10 percent; SPRS active member rates increased from 7.5 percent to 9 percent; and JRS active member rates increased from 3 percent to 12 percent phased-in over seven years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF, PERS and JRS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended until reactivated as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Funding Status and Funding Progress

As of July 31, 2012, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPP, JRS, and SPRS) is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note IV: Health Benefits and Post Retirement Medical Benefits

P.L. 2011, c.78 effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Health Benefits Program Fund (HBPF)-Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

P.L. 1997, C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State contributed \$38.0 million for the state fiscal year 2013 to provide benefits under Chapter 330 to qualified retirees.

PERS employees do not receive past retirement medical benefits.

Note V: Deferred Compensation Plan

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

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Borough of Chatham (without being restricted to the provisions of benefits under the Plan) subject only to the claims of the Borough of Chatham's general creditors. Participants' right under the Plan are equivalent to those of general creditors of the Borough of Chatham in an amount equal to the fair market value of the deferred account for each participant.

The maximum amount of deferred compensation for any participant for any taxable year shall not exceed the lesser of \$7,500.00 or 25 percent of the participant's includable compensation for the taxable year except as provided by the limited catch-up provision which may effect a participant's last three taxable years ending before a participant attains normal retirement age as defined by plan.

During the year ended December 31, 2012 and 2013, the employees' contributions to the plan were \$169,713.86, and \$138,268.68, respectively.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note VI: Risk Management

The Borough of Chatham 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.

The Borough of Chatham is a member of the Morris County Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage up to \$100,000 for member municipalities. The Borough of Chatham pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be 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 Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared. Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Chatham continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. There have been no significant reductions in insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Borough of Chatham is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides insurance coverage for claims in excess of \$100,000 for general liability, automobile liability and workers' compensation. The MEL also provides insurance coverage for the following: employment practices liability, non-owned aircraft, public officials liability, directors and officers liability and Faithful Performance and Employee Dishonesty Blanket Bond (\$1,000,000 limit).

The JIF's members are also members of the New Jersey Municipal Environmental Risk Management Fund which provides commercial insurance coverage for environmental impairment liability.

The JIF provides Property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

The Borough of Chatham continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note VII: Segment Information – Utility/Enterprise Funds

The Borough of Chatham maintains two utility funds which provide water and solid waste disposal services. Segment information for the year ended December 31, 2013 was as follows:

	<u>Water Utility Fund</u>	<u>Solid Waste Utility Fund</u>
Operating Revenues	\$1,482,025.36	\$523,919.63
Operating Income or (Loss)	527,659.36	50,621.63
Operating Transfers in	488.86	
Net Income or (Loss)	337,218.46	88,676.52
Fixed Assets:		
Additions	-0-	
Net Working Capital	536,801.53	203,644.44
Total Operating Assets	677,993.47	272,405.55
Operating Fund Balance	443,328.06	195,558.21
Long Term Debt	2,407,000.00	
Short Term Debt	535,906.17	

Note VIII: Accrued Sick and Vacation Benefits

The Borough of Chatham permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate.

It is estimated that the current cost of such unpaid compensation would approximate \$759,688.00. 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 of Chatham's budget operating expenditures in the year in which it is used.

Note IX: Related Party Transactions

In 2013 Mayor Bruce A. Harris and the members of the Borough Council also served as members of the Madison-Chatham Joint Meeting. The Borough of Chatham contributed \$507,541.49 to the Joint Meeting in 2013 for operating expense.

In addition, the Borough of Chatham, together with the Borough of Madison, is funding the improvement of the Joint Meeting wastewater treatment plant.

In 2013 Mayor Bruce A. Harris also served as a Trustee for the Library of the Chathams. The Borough of Chatham contributed \$812,246.00 to the Library of the Chatham's in 2013.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

Note X: Contingent Liabilities

The Borough of Chatham is a defendant in several lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

Note XI: Subsequent Events

The Borough of Chatham has evaluated subsequent events through April 3, 2014, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

X11: Length of Service Awards Program (Unaudited)

During the 2003 calendar year, the voters of the Borough of Chatham approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The Borough of Chatham appropriated \$20,000.00 and \$20,000.00 in 2013 and 2012 budgets, respectively, for contributions to the LOSAP or volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Borough of Chatham subject only to the claims of the Borough of Chatham general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the Borough of Chatham and each participant's rights are equal to his or her share of the fair market value of the plan assets. The Borough of Chatham believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Borough of Chatham has an obligation of due care in selecting the third party administrator. In the opinion of the Borough of Chatham legal counsel, the Borough of Chatham has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The Borough of Chatham issues a separate unaudited financial report that includes the statement of net assets available for benefits for the LOSAP.

**SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - CURRENT FUND**

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	\$2,000,000.00	4.49%	\$2,000,000.00	4.63%
Miscellaneous-From other than Local Property Tax Levies	3,811,442.10	8.56%	3,480,434.83	8.05%
Collection of Delinquent Taxes and Tax Title Liens	363,232.07	0.82%	382,987.11	0.89%
Collection of Current Tax Levy	38,127,938.45	85.62%	37,081,025.49	85.78%
Other Credits to Income	229,718.49	0.52%	284,194.55	0.66%
Total Income	<u>44,532,331.11</u>	<u>100.00%</u>	<u>43,228,641.98</u>	<u>100.00%</u>
 <b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	11,941,417.23	28.24%	11,995,214.18	28.94%
Borough Open Space Tax	103,046.66	0.24%	102,970.35	0.25%
County Taxes	5,810,678.20	13.74%	5,737,264.74	13.84%
Regional School Taxes	24,279,806.00	57.42%	23,546,062.60	56.81%
Other Expenditures	149,999.77	0.35%	67,695.10	0.16%
Total Expenditures	<u>42,284,947.86</u>	<u>100.00%</u>	<u>41,449,206.97</u>	<u>100.00%</u>
Excess in Revenue	2,247,383.25		1,779,435.01	
Adjustments to Income before Fund Balance:				
Expenditures included above which by Statute are Deferred Charges to Budgets of succeeding years	-		290,000.00	
Adjusted Excess in Revenue	2,247,383.25		2,069,435.01	
Fund Balance January 1	<u>2,115,991.55</u>		<u>2,046,556.54</u>	
	4,363,374.80		4,115,991.55	
Less:				
Utilization as Anticipated Revenue	<u>2,000,000.00</u>		<u>2,000,000.00</u>	
Fund Balance December 31	<u>\$2,363,374.80</u>		<u>\$2,115,991.55</u>	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - WATER UTILITY OPERATING FUND**

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	\$ 17,113.89	1.06%	\$ 66,482.98	4.42%
Collection of Water Rents	1,469,101.60	91.00%	1,378,798.86	91.75%
Miscellaneous	13,912.21	0.86%	11,835.08	0.79%
Other Credits to Income	114,204.65	7.07%	45,602.84	3.03%
Total Income	<u>1,614,332.35</u>	<u>100.00%</u>	<u>1,502,719.76</u>	<u>100.00%</u>
<b><u>Expenditures</u></b>				
Budget Expenditures:				
Operating	875,376.00	68.54%	934,714.00	69.34%
Capital Improvements	10,000.00	0.78%	10,000.00	0.74%
Debt Service	312,747.89	24.49%	322,657.98	23.94%
Statutory Expenditures	78,990.00	6.18%	80,611.00	5.98%
Total Expenditures	<u>1,277,113.89</u>	<u>100.00%</u>	<u>1,347,982.98</u>	<u>100.00%</u>
Excess in Revenue	337,218.46		154,736.78	
Fund Balance January 1	<u>153,223.49</u>		<u>99,969.69</u>	
	490,441.95		254,706.47	
Less:				
Utilization as Anticipated Revenue	17,113.89		66,482.98	
Utilization by Current Budget	<u>30,000.00</u>		<u>35,000.00</u>	
Fund Balance December 31	<u>\$ 443,328.06</u>		<u>\$ 153,223.49</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - SOLID WASTE UTILITY FUND

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ -	0.00%	\$ -	0.00%
Collection of Solid Waste User Fees	492,557.80	87.65%	483,495.41	92.52%
Miscellaneous	31,913.15	5.68%	30,053.10	5.75%
Other Credits to Income	<u>37,503.57</u>	<u>6.67%</u>	<u>9,025.35</u>	<u>1.73%</u>
Total Income	<u>561,974.52</u>	<u>100.00%</u>	<u>522,573.86</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	462,858.00	97.79%	465,070.00	97.18%
Statutory Expenditures	<u>10,440.00</u>	<u>2.20%</u>	<u>13,500.00</u>	<u>2.82%</u>
Total Expenditures	<u>473,298.00</u>	<u>100.00%</u>	<u>478,570.00</u>	<u>100.00%</u>
Excess in Revenue	88,676.52		44,003.86	
Fund Balance January 1	<u>106,681.69</u>		<u>62,677.83</u>	
	195,358.21		106,681.69	
Fund Balance December 31	<u>\$ 195,358.21</u>		<u>\$ 106,681.69</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

<u>Year</u>	<u>Assessed Valuation</u>	<u>Apportionment of Tax Rate</u>				<u>Regional School</u>
		<u>Total</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>County</u>	
2013	\$ 2,056,543,173	\$ 1.868	\$ 0.399	\$ 0.005	\$ 0.283	\$ 1.181
2012	2,056,320,702	1.822	0.392	0.005	0.280	1.145
2011	2,064,472,776	1.750	0.367	0.005	0.262	1.116
2010	2,064,472,776	1.684	0.355	0.032	0.237	1.060
2009	2,057,959,626	1.630	0.333	0.010	0.301	0.986
2008	2,053,319,615	1.522	0.315	0.012	0.261	0.934
2007	2,045,037,166	1.500	0.307	0.012	0.254	0.927
2006	2,034,879,945	1.389	0.291	0.011	0.245	0.842
2005	2,031,217,435 (1)	3.309	0.681	0.010	0.606	2.012
2004	790,982,131	3.100	0.697	0.010	0.559	1.834

(1) Revaluation Effective

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
2013	\$ 38,498,158.90	\$ 38,127,938.45	99.03%
2012	37,522,368.38	37,081,025.49	98.82%
2011	36,101,675.73	35,593,677.55	98.59%
2010	34,818,611.12	34,485,213.82	99.04%
2009	34,236,516.89	33,861,184.11	98.90%
2008	32,899,144.90	32,583,610.28	99.04%
2007	31,176,717.40	30,870,814.23	99.01%
2006	30,643,934.68	30,242,463.63	98.68%
2005	28,293,299.00	27,997,342.24	98.95%
2004	26,234,466.45	25,921,582.84	98.80%

**DELINQUENT TAXES AND TAX TITLE LIENS**

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

<u>Dec. 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 7,664.58	\$ 346,858.57	\$ 354,523.15	0.92%
2012	7,096.71	375,231.92	382,328.63	1.01%
2011	6,542.82	394,479.65	401,022.47	1.11%
2010	6,010.82	323,984.22	329,995.04	0.94%
2009	45,627.85	346,936.24	392,564.09	1.14%
2008	15,689.96	312,533.10	328,223.06	0.99%
2007	4,046.34	309,782.58	313,828.92	1.00%
2006	3,584.26	387,135.42	390,719.68	1.27%
2005	3,128.29	305,166.58	308,294.87	1.08%
2004	2,705.73	332,496.68	335,202.41	1.27%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

No properties have been acquired in 2013 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2013	\$ 32,200.00
2012	32,200.00
2011	32,200.00
2010	32,200.00
2009	32,200.00
2008	32,200.00
2007	32,200.00
2006	32,200.00
2005	32,200.00
2004	32,200.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2013	\$ 1,440,619.78	\$ 1,469,101.60
2012	1,373,946.39	1,378,798.86
2011	1,263,472.43	1,222,998.89
2010	1,242,245.69	1,231,932.80
2009	1,105,146.40	1,097,727.91
2008	1,162,167.76	1,156,138.50
2007	1,066,063.42	1,062,085.66
2006	1,149,146.72	1,165,210.76
2005	1,116,779.61	1,103,696.87
2004	849,532.98	796,604.76

COMPARISON OF SOLID WASTE UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collection</u>
2013	\$ 489,235.75	\$ 492,557.80
2012	483,533.06	483,495.41
2011	471,028.34	470,653.35
2010	498,700.00	502,263.53
2009	470,979.02	460,940.34
2008	470,616.71	472,593.54
2007	445,383.57	445,015.66
2006	431,473.36	428,535.20
2005	333,269.20	334,890.06
2004	313,596.91	313,089.31

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2013	\$ 2,475,874.80	\$2,195,000.00
	2012	2,115,991.55	2,000,000.00
	2011	2,046,556.54	2,000,000.00
	2010	2,835,857.96	2,800,000.00
	2009	3,494,844.26	3,450,000.00
	2008	4,105,998.00	3,700,000.00
	2007	4,160,716.39	3,750,000.00
	2006	3,904,402.49	3,500,000.00
	2005	3,717,472.83	3,300,000.00
	2004	3,234,675.66	2,800,000.00
Water Utility Operating Fund	2013	\$ 443,328.06	\$ 50,138.79
	2012	153,223.49	17,113.89
	2011	99,969.69	66,482.98
	2010	145,215.60	45,267.21
	2009	38,331.70	38,000.00
	2008	80,522.79	57,375.00
	2007	85,416.58	76,843.40
	2006	212,350.22	172,144.10
	2005	171,300.38	48,011.11
	2004	46.39	-
Solid Waste Utility Operating Fund	2013	\$ 195,358.21	\$ 49,554.21
	2012	106,681.69	-
	2011	62,677.83	-
	2010	42,241.40	-
	2009	31,434.46	31,000.00
	2008	53,218.20	39,000.00
	2007	51,515.79	50,000.00
	2006	58,171.29	46,251.83
	2005	53,049.61	41,799.35
	2004	33,743.35	30,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Bruce A. Harris	Mayor	
Leonard Resto	Council President (To 4/8/13)	
John Holman	Council President (From 5/28/13)	
James J. Collander	Councilman	
Victoria Fife	Councilwoman	
Gerald J. Helfrich	Councilman	
Alida Kass	Councilwoman (From 11/5/13)	
James Lonergan	Councilman	
Robert Falzarano	Borough Administrator	
Susan Caljean	Borough Clerk	
	Deputy Registrar	
Michael Mariniello	Chief Financial Officer	
Tyrina Cittrich	Assistant Financial Officer	
Madeline L. Polidor-LeBoeuf	Collector of Taxes	See Below
	Tax Search Officer	
Therese DePiereo	Tax Assessor	
Cheri Morris	Utilities Collector	See Below
Anne Mandal	Registrar	
	Purchasing Officer	
	Tax Assesor Clerk	
	Assessment Searcher	
Maria Maramonte	Construction Control Person	

Employee dishonesty coverage in the amount of \$1,000,000.00 is provided through the Morris County Municipal Joint Insurance Fund (\$50,000) and Municipal Excess Liability Joint Insurance Fund (\$950,000) for all employees including the Tax Collector and Utilities Collector.

All of the bonds were examined and properly executed.

The surety bonds for Tax Collector and Utilities Collector were in accordance with the Local Finance Board promulgated schedule.

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2012	A		\$ 3,522,201.41
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 514,512.57	
Tax Collector	A-5	38,558,928.39	
Petty Cash Returned	A-7	100.00	
Amount Due from State for Senior Citizens' and Veterans' Deductions	A-8	49,000.22	
Revenue Accounts Receivable	A-12	2,951,383.85	
Interfund Accounts Receivable	A-13	250,780.76	
Interfund Accounts Payable	A-18	512,131.11	
Unappropriated Reserves	A-23	112,000.00	
Other Liabilities and Reserves	A-24	<u>282,189.45</u>	
			<u>43,231,026.35</u>
			46,753,227.76
Decreased by Disbursements :			
2013 Budget Appropriations	A-3	11,315,841.57	
Interfund Accounts Receivable	A-13	35,540.50	
Deferred Charges	A-15	13,515.21	
2012 Appropriation Reserves	A-16	376,479.29	
Interfund Accounts Payable	A-18	10,768.62	
Tax Overpayments Refunded	A-20	32,393.48	
Other Liabilities and Reserves	A-24	494,677.45	
Regional District School and County Taxes	A-25	<u>30,090,484.20</u>	
			<u>42,369,700.32</u>
Balance December 31, 2013	A		<u>\$ 4,383,527.44</u>

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH - TAX COLLECTOR

	<u>Ref.</u>	
Increased by Receipts :		
Taxes Receivable	A-9	\$ 38,252,714.12
Revenue Accounts Receivable	A-12	80,804.41
Prepaid Taxes	A-19	175,577.86
Tax Overpayments	A-20	<u>49,832.00</u>
		<u>\$ 38,558,928.39</u>
Decreased by Disbursements :		
Paid to Treasurer	A-4	<u>\$ 38,558,928.39</u>

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CHANGE FUNDS

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Municipal Court Clerk	\$ 100.00	\$ 100.00
	<u>200.00</u>	<u>200.00</u>
	<u>\$ 300.00</u>	<u>\$ 300.00</u>
Ref.	A	A

SCHEDULE OF PETTY CASH

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 500.00
Decreased by:		
Returned in 2013	A-4	<u>100.00</u>
Balance December 31, 2013	A	<u>\$ 400.00</u>

BOROUGH OF CHATHAM

A-8

CURRENT FUND  
 SCHEDULE OF AMOUNT DUE FROM/(TO) STATE OF NEW JERSEY  
FOR SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

	<u>Ref.</u>		
Balance December 31, 2012	A		\$ (22,306.17)
Increased by :			
Senior Citizens' Deductions Per Tax Billings	A-8	\$ 3,000.00	
Veterans' Deductions Per Tax Billings	A-8	45,000.00	
Veterans' Deductions Allowed by Tax Collector	A-8	<u>500.00</u>	
			<u>48,500.00</u>
			26,193.83
Decreased by :			
Received in Cash from State of New Jersey	A-4	49,000.22	
Senior Citizens' Deductions Disallowed by Tax Collector	A-8	1,000.00	
Senior Citizens' Deductions Disallowed by Tax Collector - Prior Year	A-1	250.00	
Veterans' Deductions Disallowed by Tax Collector	A-8	<u>250.00</u>	
			<u>50,500.22</u>
Balance December 31, 2013	A		<u>\$ (24,306.39)</u>

Calculation of State's Share of  
 Senior Citizens' and Veterans' Deductions

Senior Citizens' Deductions per Tax Billings	A-8	\$ 3,000.00
Veterans' Deductions per Tax Billings	A-8	45,000.00
Senior Citizens' Deductions Allowed by Tax Collector	A-8	-
Veterans' Deductions Allowed by Tax Collector	A-8	500.00
Senior Citizens' Deductions Disallowed by Tax Collector	A-8	(1,000.00)
Veterans' Deductions Disallowed by Tax Collector	A-8	<u>(250.00)</u>
	A-9	<u>\$ 47,250.00</u>

BOROUGH OF CHATHAM

CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF 2013 PROPERTY TAX LEVY

Year	Balance Dec. 31, 2012	Added Taxes	2013 Levy	2012 Collections	2013 Collections	State's Share of Senior Citizens' and Veterans' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec. 31, 2013
1976	\$ 1,311.72								\$ 1,311.72
1985	2,002.90								2,002.90
1986	1,070.05								1,070.05
1987	6,934.98								6,934.98
1989	422.89								422.89
2012	<u>363,489.38</u>	250.00			<u>363,232.07</u>		<u>507.31</u>		
	<u>375,231.92</u>	<u>250.00</u>		<u>191,206.40</u>	<u>363,232.07</u>		<u>507.31</u>		
2013			<u>38,498,158.90</u>		<u>37,889,482.05</u>	<u>47,250.00</u>	<u>34,536.55</u>	<u>567.87</u>	<u>11,742.54</u>
	<u>\$ 375,231.92</u>	<u>\$ 250.00</u>	<u>\$ 38,498,158.90</u>	<u>\$ 191,206.40</u>	<u>\$ 38,252,714.12</u>	<u>\$ 47,250.00</u>	<u>\$ 35,043.86</u>	<u>\$ 567.87</u>	<u>\$ 346,858.57</u>

Ref. A

Analysis of 2013 Property Tax Levy

Tax Yield :									
General Purpose Tax	\$ 38,390,853.95								
Business Personality Tax	<u>25,372.54</u>								
Added Taxes (54-4-63.1 et seq.)	\$ 38,416,226.49								
	<u>81,932.41</u>								
Tax Levy :	\$ 38,498,158.90								
Regional School District Tax (Abstract)									
County Taxes (Abstract)									
County Open Space Preservation (Abstract)	\$ 5,538,178.38								
Amount Due to County for Added Taxes (54-4-63.1 et seq.)	<u>260,082.05</u>								
Local Tax for Municipal Purposes (Abstract)									
Local Tax for Library Purposes (Abstract)	7,405,365.71								
Municipal Open Space	<u>812,246.00</u>								
Amount Due to Municipal Open Space for Added Taxes	102,827.16								
Add : Additional Tax Levied	<u>219.50</u>								
	<u>86,996.33</u>								
	<u>8,407,674.70</u>								
	<u>\$ 38,498,158.90</u>								

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 7,096.71
Increased by :		
Transferred from Taxes Receivable	A-9	<u>567.87</u>
Balance December 31, 2013	A	<u>\$ 7,664.58</u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION

	<u>Ref.</u>	
Balance December 31, 2012	A	<u>\$ 32,200.00</u>
Balance December 31, 2013	A	<u>\$ 32,200.00</u>

BOROUGH OF CHATHAM

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Ref.	Balance Dec. 31, 2012	Accrued in 2013	Collector	Collected by Treasurer	Balance Dec. 31, 2013
A-2	\$ -	\$ 14,160.00		\$ 14,160.00	\$ -
A-2	-	18,249.00		18,249.00	-
A-2	-	750.00		750.00	-
A-2	-	7,400.00		7,400.00	-
A-2	-	26,478.00		26,478.00	-
A-2	-	176.00		176.00	-
A-2	-	440.00		440.00	-
A-2	-	525.00	525.00		-
A-2	-	20.00	20.00		-
A-2	7,428.81	157,593.21		148,450.38	16,571.64
A-2	-	80,259.41	80,259.41		-
A-2	-	419,338.38		419,338.38	-
A-2	81,097.04	1,001,465.25		1,030,317.96	52,244.33
A-2	-	6,431.00		6,431.00	-
A-2	-	563,365.00		563,365.00	-
A-2	-	2,303.00		2,303.00	-
A-2	-	18,684.84		18,684.84	-
A-2	-	30,000.00		30,000.00	-
A-2	-	69,488.00		69,488.00	-
A-2	-	595,352.29		595,352.29	-
	<u>\$ 88,525.85</u>	<u>\$ 3,012,478.38</u>	<u>\$ 80,804.41</u>	<u>\$ 2,951,383.85</u>	<u>\$ 68,815.97</u>

Ref. A A-5 A-4 A

BOROUGH OF CHATHAM

CURRENT FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2012	Accrued in in 2013	Interfund Advance Originating in 2013	Received in 2013	Balance Dec. 31, 2013
Animal Control Fund - Interest	\$ -	\$ 3.89	\$ -	\$ 3.89	\$ -
Other Trust Funds:					
Interest					
Uniform Construction Code Fees and Permits	151.57	348.91		51.91	448.57
Open Space (Debt Service)	28,764.56	247,299.00		247,299.00	-
Flexible Spending Account - Advance	3,313.44	-		3,313.44	28,764.56
	<u>32,229.57</u>	<u>247,647.91</u>		<u>250,664.35</u>	<u>29,213.13</u>
General Capital Fund - Interest	914.16	1,441.15		-	2,355.31
Water Operating Fund - Advance	17,499.12	-	12,680.67	-	30,179.79
Solid Waste Operating Fund - Advance	368.69	-	22,859.83	-	23,228.52
Payroll Account - Interest	-	112.52		112.52	-
	<u>\$ 51,011.54</u>	<u>\$ 249,205.47</u>	<u>\$ 35,540.50</u>	<u>\$ 250,780.76</u>	<u>\$ 84,976.75</u>
Ref.	A		A-1,4	A-4	A
			Ref.		
	Interfund Advance Returned		A-1	\$ 3,313.44	
	Construction Code Official		A-2	247,299.00	
	Interest on Investments		A-2	<u>168.32</u>	
				<u>\$ 250,780.76</u>	

BOROUGH OF CHATHAM  
 CURRENT FUND  
SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

	<u>Ref</u>	<u>Total</u>	<u>Library</u>	<u>Madison - Chatham Joint Meeting</u>	<u>Board of Education</u>
Balance December 31, 2012	A	\$ 23,322.14	\$ 685.69	\$ 587.71	\$ 22,048.74
Decreased by:					
Canceled in 2013		<u>23,322.14</u>	<u>\$ 685.69</u>	<u>\$ 587.71</u>	<u>\$ 22,048.74</u>
Balance December 31, 2013	A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Authorized</u> <u>in 2013</u>	<u>Raised in</u> <u>2013</u> <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
	Special Emergency (N.J.S.A. 40A:4-55):						
10/24/2011	Hurricane irene Damage	52,440.00	10,488.00	\$ 41,952.00	\$ -	\$ 10,488.00	\$ 31,464.00
11/14/2011	Police Retirement Severance Liability	120,000.00	24,000.00	96,000.00		24,000.00	72,000.00
11/26/2012	Hurricane Sandy Damage	140,000.00	28,000.00	140,000.00		28,000.00	112,000.00
11/12/2012	Emergency (N.J.S.A. 40A:4-47)			150,000.00		150,000.00	-
	Expenditure Without Grant Appropriation			-	13,515.21	-	13,515.21
				<u>\$ 427,952.00</u>	<u>\$ 13,515.21</u>	<u>\$ 212,488.00</u>	<u>\$ 228,979.21</u>
			Ref.	A	A-4	A-3	A

BOROUGH OF CHATHAM

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2012

OPERATIONS WITHIN "CAP"

Salaries and Wages :

	Balance Dec. 31, 2012	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
General Administration	\$ 1,180.00	\$ -	\$ -	\$ 1,180.00	\$ -	\$ 1,180.00
Human Resources	1,395.41			1,395.41	915.00	480.41
Borough Clerk	192.00			192.00		192.00
Financial Administration	636.63			636.63		636.63
Collection of Taxes	265.21			265.21		265.21
Assessment of Taxes	125.76			125.76	109.01	16.75
Engineering Services and Costs	119.71			119.71		119.71
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board	123.36			123.36		123.36
Zoning Costs	123.36			123.36		123.36
Police	6,050.14			6,050.14		6,050.14
Parking	179.92			179.92		179.92
Emergency Management Services	7.04			7.04		7.04
Fire	8,229.48	(100.00)		8,129.48		8,129.48
Fire Safety Official	7,221.07			7,221.07		7,221.07
Road Repairs and Maintenance	20,158.88			20,158.88	14,000.00	6,158.88
Vehicle Maintenance	27.92			27.92		27.92
Board of Health	129.44			129.44		129.44
Environmental Commission	9.48			9.48		9.48
Administration of Public Assistance	47.10			47.10		47.10
Recreation Services and Programs	164.02			164.02		164.02
Sewerage Processing and Disposal	1,328.48			1,328.48		1,328.48
Uniform Construction Code:						
Code Enforcement and Administration	1,865.82			1,865.82	1,830.00	35.82
Other Expenses :						
General Administration	7,161.86		4,331.99	11,493.85	11,421.86	71.99
Human Resources	5,064.04		125.50	5,189.54	199.50	4,990.04
Mayor and Council	149.58		192.00	341.58	301.00	40.58
Borough Clerk	331.54	1,000.00	662.22	1,993.76	1,885.79	107.97
Financial Administration	958.48		225.00	1,183.48	719.00	464.48
Audit Services	16,050.00		19,850.00	35,900.00	35,600.00	300.00
Collection of Taxes	810.49		346.99	1,157.48	561.37	596.11
Assessment of Taxes	4,314.53	6,000.00	131.90	10,446.43	9,976.28	470.15

BOROUGH OF CHATHAM

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2012

	Balance Dec. 31, 2012	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<u>Other Expenses: (Continued)</u>						
Legal Services and Costs	\$ 59,674.40	\$ 20,000.00	\$ 10,097.37	\$ 89,771.77	\$ 88,235.53	\$ 1,536.24
Municipal Court	41.00			41.00		41.00
Engineering Services and Costs	899.45			899.45	15.54	883.91
Historical Preservation	1,200.00			1,200.00		1,200.00
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Planning Board	1,465.74		2,728.25	4,193.99	2,421.57	1,772.42
Zoning Costs	395.50	1,700.00	885.00	2,980.50	2,965.00	15.50
Insurance:						
General Liability	12,448.05			12,448.05		12,448.05
Worker's Compensation Insurance	5,106.04			5,106.04		5,106.04
Group Insurance - Hospital and Medical	7,271.23			7,271.23	208.33	7,062.90
Health Benefit Waiver	5,020.49			5,020.49		5,020.49
Unemployment Compensation Insurance	4,756.71			4,756.71	117.31	4,639.40
Police	89,258.85	(33,300.00)	6,882.71	62,841.56	3,180.21	59,661.35
Police Dispatch	0.05			0.05		0.05
Parking	433.98	2,000.00	675.61	3,109.59	2,967.14	142.45
Emergency Management Services	1,076.26		61.37	1,137.63	61.37	1,076.26
Fire	691.36	100.00	27,861.30	28,652.66	28,473.26	179.40
Fire Safety Official	316.56	600.00	1,504.00	2,420.56	2,089.00	331.56
Road Repairs and Maintenance	57,787.37		21,321.79	79,109.16	76,023.69	3,085.47
Shade Tree Commission	5,000.00	1,500.00		6,500.00	1,332.50	5,167.50
Public Buildings and Grounds	3,937.82			7,335.36	2,252.60	5,082.76
Vehicle Maintenance	11,179.33		2,472.36	13,651.69	4,447.86	9,203.83
Community Services Act - Condo Costs	3,600.00			3,600.00		3,600.00
Board of Health	2,569.62		582.28	3,151.90	606.93	2,544.97
Environmental Commission	2,800.00		250.00	3,050.00	250.00	2,800.00
Animal Control Services	1,479.78		16.65	1,496.43	16.65	1,479.78
Recreation Services and Programs	4,765.49		74.00	4,839.49	97.00	4,742.49
Maintenance of Parks	10,559.02		288.19	10,847.21	288.19	10,559.02
Celebration of Public Events	500.00			500.00	500.00	-
Uniform Construction Code						
Code Enforcement and Administration	2,147.29		256.22	2,403.51	2,343.54	59.97

BOROUGH OF CHATHAM

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2012

	Balance Dec. 31, 2012	Transfers To/From	Transferred - Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Lapsed
<b>Other Expenses: (Continued)</b>						
Utilities:						
Electricity	\$ 2,091.19	\$ (600.00)	\$ 10,159.60	\$ 11,650.79	\$ 10,468.18	\$ 1,182.61
Street Lighting	10,279.21		9,354.65	19,633.86	12,441.71	7,192.15
Telephone and Telegraph	3,805.81		1,382.33	5,188.14	4,670.56	517.58
Natural Gas	13,217.95		1,285.19	14,503.14	7,869.08	6,634.06
Diesel Fuel, Fuel Oil	1,025.42		1,974.58	3,000.00	1,974.58	1,025.42
Sewerage Processing and Disposal	855.39			855.39	799.75	55.64
Gasoline	6,123.36		16,810.66	22,934.02	18,157.37	4,776.65
Contingent	4,055.00			4,055.00	\$ 1,200.00	2,855.00
Social Security System (O.A.S.I.)	5,891.95			5,891.95	1,425.00	4,466.95
Defined Contribution Retirement Program	1,680.29			1,680.29	938.79	741.50
<b>OPERATIONS EXCLUDED FROM "CAP"</b>						
Salaries and Wages :						
Farmers Market	281.28			281.28		281.28
Other Expenses:						
Length of Service Award Program (N.J.S.A. 40A:4-453jj)	20,000.00			20,000.00	12,600.00	7,400.00
Farmers Market	37.93	1,100.00	6,550.17	7,688.10	7,522.24	165.86
	<u>\$ 450,146.92</u>	<u>\$ -</u>	<u>\$ 152,737.42</u>	<u>\$ 602,884.34</u>	<u>\$ 376,479.29</u>	<u>\$ 226,405.05</u>

Ref. A A-17 A-4 A-1

BOROUGH OF CHATHAM  
 CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 152,737.42
Increased by :		
2013 Budget Charges	A-3	<u>122,232.57</u>
		274,969.99
Decreased by :		
Transferred to 2012 Appropriation Reserves	A-16	<u>152,737.42</u>
Balance December 31, 2013	A	<u>\$ 122,232.57</u>

BOROUGH OF CHATHAM

CURRENT FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	Balance Dec. 31, 2012	Received in 2013	Accrued in 2013	Paid in 2013	Balance Dec. 31, 2013
Federal and State Grants Funds	\$ 52,777.27	\$ 38,636.22	\$ 3,965.27	\$ 10,768.62	\$ 84,610.14
Other Trust Funds:					
Open Space Fund - Levy	206,118.06		107,446.66		313,564.72
Accumulated Absences	21,829.06	7,000.00			28,829.06
Tax Sale Premiums	69,405.00	231,800.00			301,205.00
General Capital Fund	-	234,694.89	112,500.00	-	347,194.89
	<u>\$ 350,129.39</u>	<u>\$ 512,131.11</u>	<u>\$ 223,911.93</u>	<u>\$ 10,768.62</u>	<u>\$ 1,075,403.81</u>

Ref.	A	A-4	A-4	A
------	---	-----	-----	---

Ref.

2013 Budget Revenue - Grants	\$ (17,273.95)	A-2
2013 Budget Appropriations - Grants	1,465.27	A-18
2013 Budget Appropriations - Grants	19,773.95	A-3
	<u>3,965.27</u>	
2013 Budget Appropriations - Reimburse		
Open Space Trust Funds	4,400.00	A-3
2013 Open Space Tax Levy	103,046.66	A-25
NJDOT Grant Received in 2012	112,500.00	A-1
	<u>\$ 223,911.93</u>	

BOROUGH OF CHATHAM  
 CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 191,206.40
Increased by :		
2014 Taxes Paid	A-5	<u>175,577.86</u>
		366,784.26
Decreased by :		
Applied to Taxes Receivable	A-9	<u>191,206.40</u>
Balance December 31, 2013	A	<u>\$ 175,577.86</u>

BOROUGH OF CHATHAM  
 CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 149,885.95
Increased by:		
Taxes Overpaid in 2013	A-5	<u>49,832.00</u>
		199,717.95
Decreased by:		
Refunded in 2013	A-4	<u>32,393.48</u>
Balance December 31, 2013	A	<u>\$ 167,324.47</u>
 <u>Analysis of Balance December 31, 2013</u>		
2013 Taxes		\$ 35,968.59
2012 Taxes		35,937.28
2011 Taxes		23,458.59
2010 Taxes		32,779.19
2009 Taxes		<u>39,180.82</u>
		 <u>\$ 167,324.47</u>

SCHEDULE OF RESERVE FOR TAX APPEALS PENDING

**NOT APPLICABLE**

BOROUGH OF CHATHAM  
 CURRENT FUND  
SCHEDULE OF RESERVES FOR FUNDS - APPROPRIATED

**NOT APPLICABLE**

SCHEDULE OF RESERVE FOR FUNDS - UNAPPROPRIATED

	<u>Ref.</u>	<u>Total</u>	<u>Sprout House Grant</u>	<u>FEMA Reserve to Fund Deferred Charges</u>	<u>Rent Security - C.P.S.</u>	<u>Rent Security - A.T.&amp;T.</u>	<u>Rent Security - ECLC</u>
Balance December 31, 2012	A	\$ 88,301.97	\$ 1,465.27	\$ -	\$ 5,666.70	\$ 6,170.00	\$ 75,000.00
Increased by:							
Received in 2013	A-4	<u>112,000.00</u>	-	<u>112,000.00</u>	-	-	-
Decreased by :		<u>200,301.97</u>	<u>1,465.27</u>	<u>112,000.00</u>	<u>5,666.70</u>	<u>6,170.00</u>	<u>75,000.00</u>
Realized as Revenue In 2013	A-18	<u>1,465.27</u>	<u>1,465.27</u>	-	-	-	-
Balance December 31, 2013	A	<u>\$ 198,836.70</u>	<u>\$ -</u>	<u>\$ 112,000.00</u>	<u>\$ 5,666.70</u>	<u>\$ 6,170.00</u>	<u>\$ 75,000.00</u>

BOROUGH OF CHATHAM  
 CURRENT FUND  
SCHEDULE OF OTHER LIABILITIES AND RESERVES

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Received</u> <u>in 2013</u>	<u>Paid</u> <u>in 2013</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Amount Due to Outside Lienholders	\$ -	\$ 66,725.45	\$ 66,725.45	\$ -
Emergency Notes Payable	150,000.00		150,000.00	-
Special Emergency Notes Payable	<u>277,952.00</u>	<u>215,464.00</u>	<u>277,952.00</u>	<u>215,464.00</u>
	<u>\$ 427,952.00</u>	<u>\$ 282,189.45</u>	<u>\$ 494,677.45</u>	<u>\$ 215,464.00</u>
Ref.	A	A-4	A-4	A

BOROUGH OF CHATHAM  
 CURRENT FUND  
SCHEDULE OF LOCAL OPEN SPACE, REGIONAL SCHOOL DISTRICT AND COUNTY TAXES

	Ref.	Balance <u>Dec. 31, 2012</u>	<u>2013 Levy</u>	<u>Paid in 2013</u>	Balance <u>Dec. 31, 2013</u>
Local Open Space	A-2	\$ -	\$ 102,827.16	\$ 102,827.16	\$ -
Amount Due Local Open Space for Added and Omitted Taxes - 2013	A-2		219.50	219.50	-
Amount Due Library for Added and Omitted Taxes - 2013	A-2		1,709.27		1,709.27
-2012		1,141.47			1,141.47
-2011		1,154.17			1,154.17
Regional School District Tax	A-2		24,279,806.00	24,279,806.00	-
County Tax	A-2		5,538,178.38	5,538,178.38	-
County Open Space Preservation	A-2		260,082.05	260,082.05	-
Amount Due County for Added and Omitted Taxes - 2013	A-2	-	<u>12,417.77</u>	<u>12,417.77</u>	-
		<u>\$ 2,295.64</u>	<u>\$ 30,195,240.13</u>	<u>\$ 30,193,530.86</u>	<u>\$ 4,004.91</u>

A-1

A

Ref.

Disbursed	A-4	\$ 30,090,484.20
Interfund Accounts Payable	A-18	<u>103,046.66</u>
		<u>\$ 30,193,530.86</u>

## BOROUGH OF CHATHAM

CURRENT FUND  
 SCHEDULE OF AMOUNT DUE FROM CURRENT FUND  
TO FEDERAL AND STATE GRANTS FUND

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 52,777.27
Increased by :		
Received in Current Fund		
- State Aid Receivable	A-27	\$ 19,500.00
- Unappropriated Reserves	A-29	20,601.49
2013 Budget Appropriations	A-28	<u>19,773.95</u>
		<u>59,875.44</u>
		112,652.71
Decreased by :		
2013 Budget Revenues		
- State Aid Receivable	A-27	12,000.00
- Unappropriated Reserves	A-29	5,273.95
Expended in Current Fund		
- Appropriated Reserves	A-28	<u>10,768.62</u>
		<u>28,042.57</u>
Balance December 31, 2013	A	<u>\$ 84,610.14</u>

A-26a

SCHEDULE OF AMOUNT DUE FROM SOLID WASTE OPERATING FUND  
TO FEDERAL AND STATE GRANTS FUND

	<u>Ref.</u>	
Balance December 31, 2012	A	\$ 28,996.97
Increased by :		
Received in Solid Waste Operating Fund		
- Unappropriated Reserves	A-29	<u>17,546.79</u>
		46,543.76
Decreased by :		
2013 Budget Revenues in Solid Waste Operating Fund	A-29	<u>28,996.97</u>
Balance December 31, 2013	A	<u>\$ 17,546.79</u>

A-26b

SCHEDULE OF AMOUNT DUE FROM OTHER TRUST FUND  
TO FEDERAL AND STATE GRANTS FUND

	<u>Ref.</u>	
Balance December 31, 2012	A	<u>\$ 750.00</u>
Balance December 31, 2013	A	<u>\$ 750.00</u>

BOROUGH OF CHATHAM  
 CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

	<u>Balance Dec. 31, 2012</u>	<u>2013 Budget Revenues</u>	<u>Received in Current Fund</u>	<u>Balance Dec. 31, 2013</u>
Sustainable Jersey Grant	\$ -	\$ 12,000.00	\$ 12,000.00	\$ -
Bulletproof Vest Program - Federal	738.94			738.94
Cool Cities Program Grant	1,887.76			1,887.76
Donations - Chatham Jaycees:				
Shade Tree Grant	2,500.00			2,500.00
ANJEC Smart Growth Planning Grant	<u>7,500.00</u>	<u>-</u>	<u>7,500.00</u>	<u>-</u>
	<u>\$ 12,626.70</u>	<u>\$ 12,000.00</u>	<u>\$ 19,500.00</u>	<u>\$ 5,126.70</u>
Ref.	A	A-26	A-26	A

BOROUGH OF CHATHAM

CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>2013 Budget</u> <u>Appropriations</u>	<u>Expenditures</u> <u>in Current</u> <u>Fund</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Drunk Driving Enforcement Fund	\$ 9,388.28	-	\$ 743.13	\$ 8,645.15
Clean Communities Program	-	1,732.50	1,732.50	-
Alcohol Education and Rehabilitation Fund	2,018.22	-	-	2,018.22
Municipal Alliance on Alcoholism and Drug Abuse - Matching	514.50	2,500.00	3,014.50	-
Body Armor Replacement Fund	3,023.62	2,076.18	775.85	4,323.95
Sprout House Grant - Memorial Park	-	1,465.27	-	1,465.27
Sustainable Jersey Grant	-	12,000.00	-	12,000.00
NJCFC - Highlands Grant	361.63	-	-	361.63
Bulletproof Vest Program - Federal	3,585.85	-	-	590.85
Office of Environmental Services Grant	4.37	-	2,995.00	4.37
Municipal Stormwater Regulation Program	7,909.13	-	-	7,909.13
Cool Cities Program Grant	1,887.76	-	-	1,887.76
Improvement District Challenge Grant - State	69.08	-	-	69.08
Improvement District Challenge Grant - Matching	69.08	-	-	69.08
Donations - Mayor's Wellness Campaign	806.13	-	-	806.13
Donations - Chatham Jaycees:				
Farmer's Market	500.00	-	-	500.00
Community Garden Grant	675.37	-	-	675.37
Donations - Green Fair Event	1,107.27	-	1,082.64	24.63
NJ Energy Efficiency Conservation Block Grant	20,000.00	-	-	20,000.00
Patterson Memorial Grant	425.00	-	425.00	-
ANJEC Smart Growth Planning Grant	7,500.00	-	-	7,500.00
ANJEC Smart Growth Planning Grant - Matching	2,500.00	-	-	2,500.00
	<u>\$ 62,345.29</u>	<u>\$ 19,773.95</u>	<u>\$ 10,768.62</u>	<u>\$ 71,350.62</u>

Ref.

A

A-26

A-26

A



BOROUGH OF CHATHAM

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES FOR FEDERAL AND STATE GRANTS

NOT APPLICABLE

BOROUGH OF CHATHAM  
TRUST FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control</u>	<u>Other Funds</u>
Balance December 31, 2012	B	\$ 1,509.03	\$ 1,344,794.02
Increased by Receipts:			
Interfund Accounts Receivable	B-5		-
Interfund Accounts Payable	B-6	3.89	247,647.91
2013 Dog License Fees	B-8	9,142.20	
Late Fees	B-8	665.00	
2013 Budget Appropriation	B-8	15,980.00	
Cat Licenses	B-8	1,507.00	
Amount Due to State Board of Health	B-9	745.80	-
Amount Due to State of New Jersey	B-11		19,176.00
Reserve for Special Funds - Deposits	B-12		635,645.84
Reserve for Special Funds - Interest	B-12	-	2,771.04
		<u>28,043.89</u>	<u>905,240.79</u>
		<u>29,552.92</u>	<u>2,250,034.81</u>
Decreased by Disbursements :			
Interfund Accounts Payable	B-6	3.89	250,664.35
Expenditures Per R.S. 4:19-15.11	B-8	28,367.16	
Amount Due to State Board of Health	B-9	750.60	
Amount Due to State of New Jersey	B-11		17,380.00
Reserve for Special Funds	B-12	-	839,918.65
		<u>29,121.65</u>	<u>1,107,963.00</u>
Balance December 31, 2013	B	\$ 431.27	\$ 1,142,071.81

B-3

BOROUGH OF CHATHAM

TRUST FUND  
ANALYSIS OF ASSESSMENT CASH AND INVESTMENTS

NOT APPLICABLE

B-4

SCHEDULE OF ASSESSMENTS RECEIVABLE

NOT APPLICABLE

BOROUGH OF CHATHAM

B-5

TRUST FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2012</u>	<u>Paid In 2013</u>	<u>Accrued In 2013</u>	<u>Received in 2013</u>	<u>Balance Dec. 31, 2013</u>
Other Trust Funds:					
Current Fund:					
Tax Sale Premiums	\$ 69,405.00	\$ -	\$ 231,800.00	\$ -	\$ 301,205.00
Accumulated Absences	21,829.06	-	7,000.00	-	28,829.06
Open Space - Levy	206,118.06	-	107,446.66	-	313,564.72
	<u>\$ 297,352.12</u>	<u>\$ -</u>	<u>\$ 346,246.66</u>	<u>\$ -</u>	<u>\$ 643,598.78</u>
Ref.	B		B-12		B

B-6

SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance Dec. 31, 2012</u>	<u>Received in 2013</u>	<u>Accrued in 2013</u>	<u>Paid in 2013</u>	<u>Balance Dec. 31, 2013</u>
Animal Control Fund:					
Current Fund	\$ -	\$ 3.89	\$ -	\$ 3.89	\$ -
Other Trust Funds:					
Current Fund:					
Special Deposits - Interest	\$ 144.86	\$ 297.00	\$ -	\$ -	\$ 441.86
Other Trust/POAA/Recycling-Interest	-	51.38	-	51.38	-
Forfeited Assets-Interest	6.71	-	-	-	6.71
Public Defender - Fees	-	0.53	-	0.53	-
UCC Fees	-	247,299.00	-	247,299.00	-
Open Space-Bond Principal	24,777.00	-	-	-	24,777.00
Open Space-Bond Interest	3,987.56	-	-	-	3,987.56
Flexible Spending	3,313.44	-	-	3,313.44	-
Grant Fund:					
Community Garden Recreation	750.00	-	-	-	750.00
Water Operating Fund:					
Open Space-Bond Principal	3,040.00	-	-	-	3,040.00
Open Space-Bond Interest	245.70	-	-	-	245.70
	<u>36,265.27</u>	<u>247,647.91</u>	<u>-</u>	<u>250,864.35</u>	<u>33,248.83</u>
	<u>\$ 36,265.27</u>	<u>\$ 247,651.80</u>	<u>\$ -</u>	<u>\$ 250,868.24</u>	<u>\$ 33,248.83</u>
Ref.	B	B-2		B-2	B

BOROUGH OF CHATHAM

TRUST FUND

SCHEDULE OF RESERVE FOR ASSESSMENT RECEIVABLE

NOT APPLICABLE

BOROUGH OF CHATHAM

TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2012	B		\$ 1,505.43
Increased by :			
2013 Dog License Fees	B-2	\$ 9,142.20	
Late Fees	B-2	665.00	
2013 Budget Appropriation	B-2	15,980.00	
Cat Licenses	B-2	<u>1,507.00</u>	
			<u>27,294.20</u>
Decreased by :			28,799.63
Expenditures Per R.S. 4:19-15.11	B-2		<u>28,367.16</u>
Balance December 31, 2013	B		<u>\$ 432.47</u>

Animal Control Fees Collected

<u>Year</u>	<u>Amount</u>
2011	\$ 11,684.00
2012	<u>11,573.80</u>
	<u>\$ 23,257.80</u>

BOROUGH OF CHATHAM  
 TRUST FUND  
SCHEDULE OF AMOUNT DUE TO STATE BOARD OF HEALTH

	<u>Ref.</u>	
Balance December 31, 2012	B	\$ 3.60
Increased by :		
Dog License Fees Collected in 2013	B-2	<u>745.80</u>
		749.40
Decreased by :		
Paid to State Board of Health	B-2	<u>750.60</u>
Balance December 31, 2013	B	<u>\$ (1.20)</u>

SCHEDULE OF PREPAID LICENSE FEES

**NOT APPLICABLE**

BOROUGH OF CHATHAM  
 TRUST FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	<u>Total</u>	<u>Marriage License Fees</u>	<u>Burial Permit</u>	<u>Code Enforcement Fees</u>
Balance December 31, 2012	B	\$ 2,512.46	\$ 50.00	\$ -	\$ 2,462.46
Increased by :					
Received In 2013	B-2	<u>19,176.00</u>	<u>875.00</u>	<u>10.00</u>	<u>18,291.00</u>
		21,688.46	925.00	10.00	20,753.46
Decreased by :					
Paid to State of New Jersey in 2013	B-2	<u>17,380.00</u>	<u>850.00</u>	<u>5.00</u>	<u>16,525.00</u>
Balance December 31, 2013	B	<u>\$ 4,308.46</u>	<u>\$ 75.00</u>	<u>\$ 5.00</u>	<u>\$ 4,228.46</u>

BOROUGH OF CHATHAM

TRUST FUND  
RESERVE FOR SPECIAL FUNDS

	Balance Dec. 31, 2012	Received in 2013	Interest Earnings	Interfund Accounts Receivable	Paid in in 2013	Balance Dec. 31, 2013
Recreation Expenditures	\$ 502,500.21	\$ 287,686.25	\$ 1,374.55	\$ -	\$ 270,393.62	\$ 521,167.39
Police Services	34,148.67	81,378.18	25.60		98,124.28	17,428.17
Unemployment Compensation Insurance	14,164.59	4,000.00			4,399.06	13,765.53
Special Deposits	103,901.03	93,021.02			81,370.24	115,551.81
Parking Offenses Adjudication Act	8,661.97	1,138.00				9,799.97
Recycling	12,144.54	12,198.67			8,202.15	16,141.06
Fire Safety	6,039.00	500.00			3,800.00	2,739.00
Tax Sale Premium	70,905.00			231,800.00		302,705.00
Accumulated Absences	61,754.06			7,000.00		33,754.06
Art Council Donations	2,355.00	5,996.00			794.58	7,556.42
Chatham Police 100th Anniversary	5,000.00	5,170.00			9,861.80	308.20
Chatham Mural Painting	525.00				525.00	-
Chatham Spring Clean		10,404.51			10,461.11	(56.60)
Environmental Commission		700.00				700.00
Bring Back the White Lights		5,201.00				5,201.00
Disposal of Forfeited Assets	42,094.40	998.00			4,188.72	38,903.68
Kevin Coughlin Bequest	36,759.12	1,043.48			13,250.00	24,552.60
Public Defender	1,258.00				889.25	368.75
COAH	159,093.18	84,225.31	475.17		52,720.00	191,073.66
Open Space	532,802.36		895.72	107,446.66	204,562.48	436,582.26
Snow Removal	1,417.04	25,000.00			24,968.03	1,449.01
Community Garden Recreation	7,396.53	1,220.34			1,554.89	7,061.98
Flexible Spending	448.71	15,765.08			14,853.44	1,360.35
	<u>\$ 1,603,368.41</u>	<u>\$ 635,645.84</u>	<u>\$ 2,771.04</u>	<u>\$ 346,246.66</u>	<u>\$ 839,918.65</u>	<u>\$ 1,748,113.30</u>

Ref.

B

B-2

B-2

B-5

B-2

B

BOROUGH OF CHATHAM  
TRUST FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

NOT APPLICABLE

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		
Balance December 31, 2012	C		\$ 292,493.33
Increased by Receipts:			
Federal, State and Other Aid Receivable	C-7	\$ 506,506.00	
Capital Improvement Fund	C-11	7,500.00	
Interfund Accounts Payable	C-13	1,441.15	
Bond Anticipation Notes	C-17	<u>1,307,330.00</u>	
			<u>1,822,777.15</u>
			2,115,270.48
Decreased by Disbursements :			
Improvement Authorizations	C-9	1,225,426.51	
Reserve for Encumbrances	C-10	<u>203,114.95</u>	
			<u>1,428,541.46</u>
Balance December 31, 2013	C		<u>\$ 686,729.02</u>



BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

CONCLUDED

	Balance or (Deficit) Dec. 31, 2012	Receipts			Disbursements			Balance or (Deficit) Dec. 31, 2013
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers From	
Improvement Authorizations :								
11-12 Various Improvements and Acquisition of Equipment:								
Road, Curbs and Sidewalk Improvements	\$ 164,917.57				\$ 15,237.57		\$ 149,680.00	\$ 2,029.71
Stormwater Drainage Improvements	105,886.21				53,858.50		50,000.00	250.66
Building Improvements	32,666.92				32,418.28			68,940.89
Improvements to Shepard Kollock Park	300,000.00				81,059.11		150,000.00	17,820.01
DPW Equipment (15 Year Life)	18,170.00				349.99			2,565.79
Fire, DPW and Police Equipment (5 Year Life)	5,706.61				3,143.82			6,435.00
Purchase of Dump Truck	6,435.00							
11-15 Various Improvements and Acquisition of Equipment:								
Road, Curbs and Sidewalk Improvements	(6,477.05)				245,135.55		180,725.79	4,661.81
Stormwater Drainage Improvements	(48,485.00)				12,289.45			43,745.55
Building Improvements	(500.00)				16,458.00			2,042.00
Improvements to Municipal Pool	(7,085.33)							2,914.87
DPW Equipment (15 Year Life)	(97,087.46)				3,128.53			2,785.99
Fire, DPW and Police Equipment (5 Year Life)	(80,845.68)				35,779.04			17,256.28
Police and EMS Communications Equipment	(6,880.00)				3,370.00		20,119.00	25,380.00
Various Public Improvements					259,163.61		349,680.00	80,516.39
13-07 Various Improvements and Acquisition of Equipment:								
Replacement of Roof at Borough Hall								
DPW Equipment (15 Year Life)	47,500.00				36,390.28		3,740.00	9,869.72
Fire, DPW, Recreation and Police Equipment (5 Year Life)	96,700.00				93,228.08			8,470.92
Communication and Signal Systems Equipment	280,000.00				179,336.56		37,133.45	56,528.99
Reserve for Encumbrances	58,000.00				36,201.84		3,850.00	20,848.16
Capital Improvement Fund	578,999.65		7,500.00			203,114.85		638,350.28
Capital Reserves	22,813.37							6,813.37
Interfunds Accounts Payable								84,694.89
Reserve for Federal, State and Other Aid Receivable	814.16			1,441.15				2,355.31
Fund Balance	75,818.45						84,694.89	80,305.11
Federal, State and Other Aid Receivable	(1,331,428.00)			506,506.00				75,816.45
Interfunds Accounts Receivable							165,000.00	(230,305.11)
							234,694.89	(234,694.89)
<b>Total</b>	<b>\$ 292,483.33</b>	<b>\$ 1,307,330.00</b>	<b>\$ 7,500.00</b>	<b>\$ 507,847.15</b>	<b>\$ 1,225,426.51</b>	<b>\$ 203,114.85</b>	<b>\$ 1,647,303.99</b>	<b>\$ 686,729.02</b>

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance December 31, 2012		
Decreased by:	C	\$ 15,228,624.09
2013 Budget Appropriation:		
Serial Bonds Paid	C-15	\$ 1,385,000.00
Loans Paid	C-16	117,566.09
Loans Receivable Canceled	C-5	<u>524,923.00</u>
		<u>2,027,489.09</u>
Balance December 31, 2013	C	<u>\$ 13,201,135.00</u>

BOROUGH OF CHATHAM

GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2012	2013 Authorizations	Loans Receivable Canceled	Balance Dec. 31, 2013	Bond Anticipation Notes	Analysis of Balance December 31, 2013	
							Expenditures	Unexpended Balance
06-10	Various Improvements and Acquisition of Equipment, Furnishings and Vehicles:							
	Road, Sidewalk and Parking Lot Improvements	\$ 690.00	\$ -	\$ -	\$ 690.00	\$ -	\$ -	\$ 690.00
09-10	Improvements to the Madison-Chatham Joint Meeting Facility	94,566.00			94,566.00		2,794.48	91,771.52
09-17	Sanitary Sewer Lining and Pipe Replacement	41,250.00		524,923.00	566,173.00		249,384.78	316,788.22
11-12	Various Improvements and Acquisition of Equipment: Road, Curbs and Sidewalk Improvements	320.00	(320.00)		-			
12-06	Various Improvements and Acquisition of Equipment: Road, Curbs and Sidewalk Improvements	447,000.00			447,000.00	447,000.00		
	Stormwater Drainage Improvements	104,500.00			104,500.00	104,500.00		
	Building Improvements	19,000.00			19,000.00	19,000.00		
	Improvements to Municipal Pool	10,000.00			10,000.00	10,000.00		
	DPW Equipment (15 Year Life)	73,000.00			73,000.00	73,000.00		
	Fire, DPW and Police Equipment (5 Year Life)	154,000.00			154,000.00	154,000.00		
	Police and EMS Communications Equipment	37,630.00			37,630.00	37,630.00		
13-07	Various Public Improvements		320.00		320.00			320.00
13-09	Various Improvements and Acquisition of Equipment: Replacement of Roof at Borough Hall							
	DPW Equipment (15 Year Life)		47,500.00		47,500.00	47,500.00		
	Fire, DPW, Recreation and Police Equipment (5 Year Life)		96,700.00		96,700.00	96,700.00		
	Communication and Signal Systems Equipment		260,000.00		260,000.00	260,000.00		
			58,000.00		58,000.00	58,000.00		
		\$ 981,956.00	\$ 462,200.00	\$ 524,923.00	\$ 1,969,079.00	\$ 1,307,330.00	\$ 252,179.26	\$ 409,569.74

C C-9 C-4 C

Improvement Authorizations - Unfunded  
 Less: Unexpended Proceeds of Notes Issued  
 Ordinance No. 12-06  
 Ordinance No. 13-09

\$ 98,786.10  
95,818.79  
 \$ 604,174.63  
194,604.89  
\$ 409,569.74

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION -  
CANCELED FEDERAL AND STATE AID RECEIVABLE

NOT APPLICABLE

SCHEDULE OF FEDERAL, STATE AND OTHER AID RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 1,331,429.00
Increased by :		
Awarded in 2013	C-14	<u>165,000.00</u>
		1,496,429.00
Decreased by :		
Received in 2013	C-2	506,506.00
Received in Current Fund in 2012 and 2013	C-8	347,194.89
Canceled in 2013	C-16	<u>524,923.00</u>
		<u>1,378,623.89</u>
Balance December 31, 2013	C	<u>\$ 117,805.11</u>

Analysis of Balance December 31, 2013

State Aid:

Appropriated:

Transportation Trust Funds (Ord. No. 11-12 (Washington))		\$ 37,500.00
----------------------------------------------------------	--	--------------

Unappropriated:

Transportation Trust Funds (Ord. No. 12-06 (Kings))	C-14	<u>80,305.11</u>
-----------------------------------------------------	------	------------------

\$ 117,805.11

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

	<u>Balance Dec. 31, 2012</u>	<u>Paid in 2013</u>	<u>Accrued in 2013</u>	<u>Received in 2013</u>	<u>Canceled in 2013</u>	<u>Balance Dec. 31, 2013</u>
Current Fund - NJDOT Grants	\$ -	\$ -	\$ 347,194.89	\$ -	\$ -	\$ 347,194.89
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,194.89</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,194.89</u>

Ref:

C-7

C

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2012		2013 Authorizations		Disbursed	Encumbrances	Balance Dec. 31, 2013	
				Funded	Unfunded	Funded	Unfunded			Funded	Unfunded
03-06	Recreational Improvements	3/24/03	\$ 1,500,000.00	\$ 2,614.46	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,288.30	\$ -
04-11	Various Equipment and Improvements: Municipal Pool Improvements and Various Equipment (15 Year Life)	4/12/04	178,850.00	1,500.00			1,231.44			288.56	
	Sanitary Sewer Line Repair		40,000.00	10,111.64			10,000.00			111.64	
05-08	Various Equipment and Improvements: Various Department's Equipment & Improvements (15 Year Life)	4/25/05	158,000.00	1,441.38						1,441.38	
06-10	Various Improvements and Acquisition of Equipment, Furnishings and Vehicles: Road, Sidewalk and Parking Lot Improvements	4/10/06	1,075,500.00	14,235.58						14,235.58	680.00
06-22	Various Improvements and Acquisition of Equipment, Furnishings and Vehicles: Sanitary and Storm Sewer System Improvements	10/10/06	257,500.00								
	Fire Department Various Equipment		17,000.00	3,102.91				(1,232.10)		1,232.10	
07-25	Various Purchases and Improvements	6/11/07	774,908.00	30,665.31			2,724.03			378.68	
08-03	Improvements to Shepard Kollock and Memorial Parks	3/10/08	500,000.00	7,645.83			7,460.00		(1,113.53)	31,778.84	
08-05	Various Purchases of Equipment	3/24/08	80,000.00	3,108.85			2,525.94		71.15	185.83	
08-07	Various Improvements and Acquisition of Equipment, Furnishings and Vehicles: Various Department's Equipment	4/14/08	168,000.00	241.25						241.25	
	Road, Sidewalk and Parking Lot Improvements		2,074,000.00	5,878.53			5,180.16		488.35		
	Sanitary and Storm Sewer System Improvements		188,000.00	17,623.91							
	Communication and Signal Systems Equipment		20,000.00	4,889.06						17,623.91	
	GIS Equipment		51,000.00	37,729.30						888.08	
08-04	Various Purchases and Improvements	4/27/09	522,380.00	17,592.83			22,435.50		4,000.00	15,283.80	
09-06	Various Improvements and Acquisition of Equipment: Reconstruction of Washington Avenue	5/26/09	542,950.00	880.88			6,584.39		1,545.00	9,483.44	
	DPW Wood Chipper and Storage Rack		62,000.00	850.00						880.88	
	HVAC and Other Improvements at Borough Hall		160,300.00	12,631.50						850.00	
	Police Department SUV		40,000.00	2,492.17						1,888.50	
09-09	Recreation Equipment	6/9/09	8,800.00	200.00						2,492.17	
09-10	Improvements to the Madison-Chatham Joint Meeting Facility	7/13/09	1,138,500.00							200.00	
09-17	Sanitary Sewer Lining and Pipe Replacement	10/26/09	1,700,000.00	275,538.22							91,771.52
10-14;16	Various Improvements and Acquisition of Equipment: Road and Sidewalk Improvements and Community Garden	5/10/10	923,600.00	45,983.75							318,788.22
	Sanitary and Storm Sewer System Improvements		140,700.00	2,598.13			41,137.13				
	Building Improvements		111,800.00	670.38						4,846.62	
	Recreation Improvements		36,350.00	3,983.68			581.00			2,598.13	
	Information Technology Equipment		14,550.00	6,000.00						79.38	
	Police, DPW and Sewer Equipment (15 Year Life)		76,100.00	18,638.33						3,593.68	
	Fire and DPW Equipment (5 Year Life)		72,500.00	1,372.37						6,150.00	
10-24	Acquisition of New Communications Equipment	9/13/10	265,000.00	2,255.39			859.37		3,138.47	12,492.07	
11-12	Various Improvements and Acquisition of Equipment: Road, Curbs and Sidewalk Improvements	6/13/11	831,500.00	164,917.57			2,255.39			513.00	
	Stormwater Drainage Improvements		155,000.00	105,898.21			15,237.57				
	Building Improvements		162,500.00	32,668.92			53,858.50				2,028.71
	Improvements to Shepard Kollock Park		308,936.00	300,000.00			32,418.26				250.66
	DPW Equipment (15 Year Life)		84,300.00	18,170.00			81,059.11			68,940.89	
	Fire, DPW and Police Equipment (5 Year Life)		244,675.00	5,709.61			349.88			17,820.01	
							3,143.82			2,585.79	

**BOROUGH OF CHATHAM**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**  
**CONCLUDED**

Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2012		2013 Authorizations		Disbursed	Encumbrances	Balance Dec. 31, 2013		Ref.
				Funded	Unfunded	Funded	Deferred Charges			Funded	Unfunded	
11-15	Purchase of Dump Truck	9/26/11	6,435.00	-	-	-	-	-	-	6,435.00	-	
11-19	Acquisition of Computer Equipment for Telephone System	10/24/11	37,570.30	-	-	-	-	-	-	-	-	
11-20	Replacement of Control Panel on Fire Truck	10/24/11	13,000.00	-	-	-	-	-	-	-	-	
12-08	Various Improvements and Acquisition of Equipment: Road, Curbs and Sidewalk Improvements	4/23/12	820,000.00	-	-	-	-	-	-	-	-	
	Stormwater Drainage Improvements		110,000.00	-	440,522.95	-	-	245,135.55	190,725.78	-	4,661.61	
	Building Improvements		20,000.00	-	56,015.00	-	-	12,268.45	-	-	43,745.55	
	Improvements to Municipal Pool		10,525.00	-	16,500.00	-	-	16,458.00	-	-	2,042.00	
	DPW Equipment (15 Year Life)		77,000.00	-	2,914.67	-	-	-	-	-	2,914.67	
	Fire, DPW and Police Equipment (5 Year Life)		162,720.00	-	5,912.52	-	-	3,128.53	-	-	2,785.99	
	Police and EMS Communications Equipment		39,606.00	-	73,154.32	-	-	35,778.04	20,119.00	-	17,256.28	
13-07	Various Public Improvements	3/25/13	350,000.00	-	28,750.00	-	-	3,370.00	-	-	25,380.00	
13-08	Various Improvements and Acquisition of Equipment: Replacement of Roof at Borough Hall	3/25/13	50,000.00	-	-	349,680.00	320.00	259,163.81	-	90,516.39	320.00	
	DPW Equipment (15 Year Life)		101,700.00	-	-	2,500.00	47,500.00	36,390.28	3,740.00	-	9,869.72	
	Fire, DPW, Recreation and Police Equipment (5 Year Life)		273,000.00	-	-	5,000.00	96,700.00	83,228.08	-	-	6,470.92	
	Communication and Signal Systems Equipment		61,000.00	-	-	13,000.00	260,000.00	179,336.58	37,133.45	-	56,529.99	
						3,000.00	58,000.00	36,201.84	3,850.00	-	20,948.16	
						<b>\$ 1,167,733.72</b>	<b>\$ 482,200.00</b>	<b>\$ 1,225,428.51</b>	<b>\$ 262,465.58</b>	<b>\$ 321,187.98</b>	<b>\$ 604,174.63</b>	
						C	C	C	C-10	C	C	

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 578,999.65
Increased by :		
Improvement Authorization Charges	C-9	<u>262,465.58</u>
		841,465.23
Decreased by :		
Paid in 2013	C-2	<u>203,114.95</u>
Balance December 31, 2013	C	<u>\$ 638,350.28</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 22,813.37
Increased by :		
2013 Budget Appropriation	C-2	<u>7,500.00</u>
		30,313.37
Decreased by :		
Appropriated to Finance Improvement Authorizations	C-9	<u>23,500.00</u>
Balance December 31, 2013	C	<u>\$ 6,813.37</u>

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL RESERVES

Increased by :  
 Received in 2013

Balance December 31, 2013

<u>Ref.</u>	<u>Total</u>	<u>Unappropriated NJDOT Grants</u>
C-14	<u>84,694.89</u>	<u>84,694.89</u>
C	<u>\$ 84,694.89</u>	<u>\$ 84,694.89</u>

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Received</u> <u>in 2013</u>	<u>Paid</u> <u>in 2013</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Current Fund - Interest	\$ 914.16	\$ 1,441.15	\$ -	\$ 2,355.31
	<u>\$ 914.16</u>	<u>\$ 1,441.15</u>	<u>\$ -</u>	<u>\$ 2,355.31</u>
Ref.	C	C-2		C

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR FEDERAL, STATE AND OTHER AID RECEIVABLE

	<u>Ref.</u>	
Increased by :		
Awarded in 2013	C-7	\$ 165,000.00
Decreased by :		
Received in 2013	C-12	<u>84,694.89</u>
Balance December 31, 2013	C	<u>\$ 80,305.11</u>
<u>Analysis of Balance December 31, 2013</u>		
Transportation Trust Funds (Ord. No. 12-06 (Kings))		<u>\$ 80,305.11</u>

BOROUGH OF CHATHAM  
 GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS

Purpose	Date	Original Issue Amount	Annual Maturities of Bonds Outstanding Dec. 31, 2013	Interest Rate	Balance Dec. 31, 2012	Paid	Balance Dec. 31, 2013	Ref.
General Improvements	8/1/02	\$ 5,058,000.00	\$ 420,000.00	3.875%	\$ 2,098,000.00	\$ 420,000.00	\$ 1,678,000.00	
	8/1/15		420,000.00	4.000%				
	8/1/16		420,000.00	4.150%				
General Improvements	8/1/17		418,000.00	4.250%				
	12/15/14-17	8,170,000.00	625,000.00	3.750%	5,710,000.00	625,000.00	5,085,000.00	
	12/15/18-20		650,000.00	3.750%				
General Improvements	12/15/21		635,000.00	4.000%				
	8/15/14	5,819,000.00	340,000.00	1.000%	5,479,000.00	340,000.00	5,139,000.00	
	8/15/15		350,000.00	1.000%				
	8/15/16		360,000.00	1.000%				
	8/15/17		370,000.00	2.000%				
	8/15/18		570,000.00	2.000%				
	8/15/19		590,000.00	2.000%				
	8/15/20		610,000.00	2.250%				
	8/15/21		630,000.00	2.375%				
8/15/22		650,000.00	2.500%					
8/15/23		669,000.00	2.500%					
					<u>\$ 13,287,000.00</u>	<u>\$ 1,385,000.00</u>	<u>\$ 11,902,000.00</u>	

BOROUGH OF CHATHAM

GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY WASTEWATER TREATMENT  
FINANCING PROGRAM LOAN PAYABLE

	Ref.	Total	1993 Loan	(Ord. No. 09-17) 2010 Loan	(Ord. No. 09-10) 2010 Loan
Balance December 31, 2012	C	\$ 1,941,624.09	\$ 15,750.00	\$ 1,459,428.00	\$ 466,446.09
Decreased by :					
Paid in 2013	C-4	117,566.09	15,750.00	78,495.75	23,320.34
Canceled in 2013	C-7	<u>524,923.00</u>	-	<u>524,923.00</u>	-
Balance December 31, 2013	C	<u>\$ 1,299,135.00</u>	<u>\$ 0.00</u>	<u>\$ 856,009.25</u>	<u>\$ 443,125.75</u>

BOROUGH OF CHATHAM

GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue	Original Notes Amount Issued	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2012	Change		Balance Dec. 31, 2013	
								Increased	Decreased		
12-06	Various Improvements and Acquisition of Equipment: Road, Curbs and Sidewalk Improvements Stormwater Drainage Improvements Building Improvements DPW Equipment (15 Year Life) Fire, DPW and Police Equipment (5 Year Life) Police and EMS Communications Equipment	7/23/13	\$ 447,000.00	7/23/13	7/23/14	0.49%	\$ -	\$ 447,000.00	\$ -	\$ 447,000.00	
		7/23/13	104,500.00	7/23/13	7/23/14	0.49%	-	104,500.00	-	104,500.00	
		7/23/13	19,000.00	7/23/13	7/23/14	0.49%	-	19,000.00	-	19,000.00	
		7/23/13	10,000.00	7/23/13	7/23/14	0.49%	-	10,000.00	-	10,000.00	
		7/23/13	73,000.00	7/23/13	7/23/14	0.49%	-	73,000.00	-	73,000.00	
		7/23/13	154,000.00	7/23/13	7/23/14	0.49%	-	154,000.00	-	154,000.00	
		7/23/13	37,630.00	7/23/13	7/23/14	0.49%	-	37,630.00	-	37,630.00	
13-09	Various Improvements and Acquisition of Equipment: Replacement of Roof at Borough Hall DPW Equipment (15 Year Life) Fire, DPW, Recreation and Police Equipment (5 Year Life) Communication and Signal Systems Equipment	7/23/13	47,500.00	7/23/13	7/23/14	0.49%	-	47,500.00	-	47,500.00	
		7/23/13	96,700.00	7/23/13	7/23/14	0.49%	-	96,700.00	-	96,700.00	
		7/23/13	260,000.00	7/23/13	7/23/14	0.49%	-	260,000.00	-	260,000.00	
		7/23/13	58,000.00	7/23/13	7/23/14	0.49%	-	58,000.00	-	58,000.00	
								-	462,200.00	-	462,200.00
								-	1,307,330.00	-	1,307,330.00
								-	\$ 1,307,330.00	-	\$ 1,307,330.00

Ref.

C-2

C

BOROUGH OF CHATHAM

GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>Loans Receivable Canceled</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2013</u>
06-10	Various Improvements and Acquisition of Equipment, Furnishings and Vehicles:					
	Road, Sidewalk and Parking Lot Improvements	\$ 690.00	\$ -	\$ -	\$ -	\$ 690.00
09-10	Improvements to the Madison-Chatham Joint Meeting Facility	94,566.00				94,566.00
09-17	Sanitary Sewer Lining and Pipe Replacement	41,250.00		524,923.00		566,173.00
11-12	Various Improvements and Acquisition of Equipment:					
	Road, Curbs and Sidewalk Improvements	320.00	(320.00)			-
12-06	Various Improvements and Acquisition of Equipment:					
	Road, Curbs and Sidewalk Improvements	447,000.00			447,000.00	-
	Stormwater Drainage Improvements	104,500.00			104,500.00	-
	Building Improvements	19,000.00			19,000.00	-
	Improvements to Municipal Pool	10,000.00			10,000.00	-
	DPW Equipment (15 Year Life)	73,000.00			73,000.00	-
	Fire, DPW and Police Equipment (5 Year Life)	154,000.00			154,000.00	-
	Police and EMS Communications Equipment	37,630.00			37,630.00	-
13-07	Various Public Improvements		320.00			320.00
13-09	Various Improvements and Acquisition of Equipment:					
	Replacement of Roof at Borough Hall		47,500.00		47,500.00	-
	DPW Equipment (15 Year Life)		96,700.00		96,700.00	-
	Fire, DPW, Recreation and Police Equipment (5 Year Life)		260,000.00		260,000.00	-
	Communication and Signal Systems Equipment		58,000.00		58,000.00	-
		\$ 981,956.00	\$ 462,200.00	\$ 524,923.00	\$ 1,307,330.00	\$ 661,749.00

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2012	D	\$ <u>347,542.95</u>	\$ <u>45,571.22</u>
Increased by Receipts:			
Miscellaneous Revenue	D-3	13,423.35	
Water Collector	D-7	1,466,513.84	
Interfunds Accounts Payable	D-18	12,680.67	488.86
Utility Charges Overpayments	D-19	1,929.87	
Capital Improvement Fund	D-25	-	10,000.00
Bond Anticipation Notes	D-31	-	534,900.00
		<u>1,494,547.73</u>	<u>545,388.86</u>
		<u>1,842,090.68</u>	<u>590,960.08</u>
Decreased by Disbursements :			
Utilization by Current Budget	D-1	30,000.00	
2013 Budget Appropriations	D-4	1,103,167.80	
2012 Appropriation Reserves	D-16	8,888.82	
Reserve for Encumbrances	D-17	31,091.38	
Utility Charges Overpayments Refunded	D-19	37.30	
Accrued Interest on Bonds	D-20	90,544.76	
Improvement Authorizations	D-23		133,175.77
Reserve for Encumbrances	D-24	-	33,321.00
		<u>1,263,730.06</u>	<u>166,496.77</u>
Balance December 31, 2013	D	\$ <u>578,360.62</u>	\$ <u>424,463.31</u>

BOROUGH OF CHATHAM

WATER UTILITY FUND  
ANALYSIS OF WATER CAPITAL CASH

Improvement Authorizations: Ord. No.	Balance or (Deficit) Dec. 31, 2012	Receipts		Disbursements		Transfers From	Balance or (Deficit) Dec. 31, 2013
		Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Miscellaneous		
04-10	\$ (0.84)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.84)
07-06	(25.33)						(25.33)
08-06	20,600.00						20,600.00
08-08	709.42						709.42
08-05	2.78						2.78
08-07	15,033.69						15,033.69
10-13	4,893.78						4,893.78
11-13	63,419.10						63,419.10
12-07	16,721.54						16,721.54
13-08	(167,551.96)		244,600.00				77,048.04
Interfund Accounts Payable	84.82		290,300.00				290,384.82
Reserve for Encumbrances	33,321.00			488.86			33,809.86
Capital Improvement Fund	19,922.02	10,000.00					29,922.02
Fund Balance	18,441.20						18,441.20
	\$ 45,571.22	\$ 10,000.00	\$ 534,900.00	\$ 488.86	\$ 133,175.77	\$ 60,088.62	\$ 424,483.31

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
SCHEDULE OF CASH - WATER COLLECTOR

	<u>Ref.</u>		
Increased by Receipts:			
Consumers' Accounts Receivable	D-9	\$ 1,466,513.84	
Utility Charges Overpayments	D-19	<u>1,929.87</u>	
			<u>\$ 1,468,443.71</u>
Decreased by Disbursements :			
Amount Paid to Treasurer:			
Water Operating Fund	D-5		<u>\$ 1,468,443.71</u>

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

Water Operating Fund:  
 Open Sapce Trust  
 Water Capital Fund - Interest

	<u>Balance Dec. 31, 2012</u>	<u>Accrued in 2013</u>	<u>Balance Dec. 31, 2013</u>
	\$ 3,285.70	-	\$ 3,285.70
	<u>84.82</u>	<u>488.86</u>	<u>573.68</u>
	<u>3,370.52</u>	<u>488.86</u>	<u>3,859.38</u>
	<u>\$ 3,370.52</u>	<u>\$ 488.86</u>	<u>\$ 3,859.38</u>

Ref.

D

D-3

D

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
SCHEDULE OF WATER UTILITY CONSUMERS' ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 121,955.29
Increased by :		
2013 Charges		<u>1,440,619.78</u>
		1,562,575.07
Decreased by :		
Received in 2013	D-3,7	\$ 1,466,513.84
Utility Charges Overpayments Applied in 2013	D-3,19	<u>2,587.76</u>
		<u>1,469,101.60</u>
Balance December 31, 2013	D	<u>\$ 93,473.47</u>

D-10

SCHEDULE OF OTHER ACCOUNT RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	D	<u>\$ 2,300.00</u>
Balance December 31, 2013	D	<u>\$ 2,300.00</u>

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF DEFERRED CHARGES-OPERATING DEFICIT

**NOT APPLICABLE**

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2012	Transferred from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2013
Pumping System Land	\$ 32,969.57	\$ -	\$ 32,969.57
Springs and Wells	1,314,670.88		1,314,670.88
Pumping Station Structure	32,615.47		32,615.47
Electric Station Structure	62,901.82		62,901.82
Other Pumping Power Equipment	14,408.96		14,408.96
Miscellaneous Pumping Equipment	5,599.36		5,599.36
Storage Reservoirs, Tank and Standpipe	58,678.47		58,678.47
Distribution Mains and Accessories	2,847,425.93		2,847,425.93
Service Pipes and Stops	31,278.87		31,278.87
Meters, Meter Boxes and Valves	548,168.14		548,168.14
Fire Hydrants, Cisterns and Valves	197,291.87		197,291.87
General Equipment	48,663.85		48,663.85
Other Tangible Water Capital	830.00		830.00
Fence	7,671.42		7,671.42
Alarm System at Plant	1,506.62		1,506.62
Heating System	6,542.21		6,542.21
Office Machine	4,212.80		4,212.80
Automotive Equipment	3,595.31		3,595.31
Plant Automation	4,896.75		4,896.75
Water Chlorination Facilities	24,098.20		24,098.20
Replacement of Standpipe No. 1	90,455.00		90,455.00
Low Water Main and Stabilize Banks of Day's Brook	3,756.88		3,756.88
Pick-up Trucks	59,223.27		59,223.27
Utility Truck	14,300.14		14,300.14
Preparation of Water Master Plan	4,000.00		4,000.00
Hydraulic Pavement Breaker	7,308.60		7,308.60
Computer Equipment	27,817.44		27,817.44
Hydraulic Boring Tool	6,847.62		6,847.62
Leak Detection Equipment	3,467.02		3,467.02
Storage Building	7,993.86		7,993.86
Emergency Repairs to Well # 2	30,000.00		30,000.00
Purchase Valve Replacements	2,744.89		2,744.89
Water System Inter-Connection Upgrade	9,908.25		9,908.25
Improvement of Garage	8,425.00		8,425.00
Communication Systems Upgrade	3,000.00		3,000.00
Chlorination Equipment	21,581.90		21,581.90
Water Metering Upgrade	11,472.00		11,472.00
Tractor and Backhoe	19,333.12		19,333.12
Well Housing Improvements	22,599.03		22,599.03
Storage Tank Inspection	12,528.45		12,528.45
Improvements to Property-Paving	24,000.00		24,000.00
Electrical Improvements	6,500.00		6,500.00
Water Meters and Backhoe	89,000.00		89,000.00
Water Mains and Well #1 Rehabilitation	138,500.00		138,500.00
Improvement of Offices	74,756.50		74,756.50
Meter Reading Equipment	6,917.91		6,917.91
New Automotive Vehicle	28,325.33		28,325.33
Various Purchases	154,219.94	-	154,219.94
	<u>\$ 6,137,008.65</u>	<u>-</u>	<u>\$ 6,137,008.65</u>

Ref.

D

D

BOROUGH OF CHATHAM

D-13

WATER UTILITY FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance Number	Ordinance Date	Amount	Balance	2013	Balance
				Dec. 31, 2012	Authorizations	Dec. 31, 2013
Various Purchases and Improvements	07-06	2/12/07	86,520.00	\$ 86,520.00	\$ -	\$ 86,520.00
Various Purchases and Improvements	08-06	3/24/08	72,000.00	72,000.00		72,000.00
Acquisition and Replacement of Equipment	08-08	4/14/08	61,800.00	61,800.00		61,800.00
Various Purchases and Improvements	09-05	4/27/09	54,475.00	54,475.00		54,475.00
Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	09-07	5/26/09	201,056.00	201,056.00		201,056.00
Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	10-13	5/10/10	236,100.00	236,100.00		236,100.00
Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	11-13	6/13/11	159,135.00	159,135.00		159,135.00
Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	12-07	4/23/12	257,500.00	257,500.00		257,500.00
Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	13-08	3/25/13	305,000.00	-	305,000.00	305,000.00
				<u>\$ 1,128,586.00</u>	<u>\$ 305,000.00</u>	<u>\$ 1,433,586.00</u>

Ref.

D

D-23

D

BOROUGH OF CHATHAM  
WATER UTILITY FUND  
SCHEDULE OF WASTEWATER TREATMENT TRUST LOANS RECEIVABLE

**NOT APPLICABLE**

SCHEDULE OF FEDERAL AND STATE AID RECEIVABLE

**NOT APPLICABLE**

BOROUGH OF CHATHAM

D-16

WATER UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2012

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:			
Salaries and Wages	\$ 1,536.47	\$ -	\$ 1,536.47
Other Expenses	119,123.03	8,888.82	110,234.21
Statutory Expenditures:			
Contribution to:			
Public Employees' Retirement System			-
Social Security System (O.A.S.I.)	1,775.47		1,775.47
Unemployment Compensation Insurance (N.J.S.A. 43:21 et seq.)	<u>658.50</u>	<u>-</u>	<u>658.50</u>
	<u>\$ 123,093.47</u>	<u>\$ 8,888.82</u>	<u>\$ 114,204.65</u>
Ref.	D	D-5	D-1

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 31,091.38
Increased by :		
Charges to 2013 Budget Appropriations	D-4	<u>31,376.52</u>
		62,467.90
Decreased by :		
Paid in 2013	D-5	<u>31,091.38</u>
Balance December 31, 2013	D	<u>\$ 31,376.52</u>

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance Dec. 31, 2012</u>	<u>Received in 2013</u>	<u>Balance Dec. 31, 2013</u>	
Water Operating Fund: Current Fund	\$ 17,499.12	\$ 12,680.67	\$ 30,179.79	
	<u>17,499.12</u>	<u>12,680.67</u>	<u>30,179.79</u>	
Water Capital Fund: Water Operating Fund	84.82	488.86	573.68	
	<u>84.82</u>	<u>488.86</u>	<u>573.68</u>	
	<u>\$ 17,583.94</u>	<u>\$ 13,169.53</u>	<u>\$ 30,753.47</u>	
Ref.	D	D-5		D

## BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF UTILITY CHARGES OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 2,587.76
Increased by :		
Received in 2013	D-5,7	<u>1,929.87</u>
		4,517.63
Decreased by :		
Refunded in 2013	D-5	\$ 37.30
Applied to Consumers' Accounts Receivable in 2013	D-9	<u>2,587.76</u>
		<u>2,625.06</u>
Balance December 31, 2013	D	<u>\$ 1,892.57</u>
<u>Analysis of Balance at December 31, 2013</u>		
Water Charge Overpayments		<u>\$ 1,892.57</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 25,718.25
Increased by :		
2013 Budget Appropriation	D-4	<u>87,747.89</u>
		113,466.14
Decreased by :		
Interest Paid in 2013	D-5	<u>90,544.76</u>
Balance December 31, 2013	D	<u>\$ 22,921.38</u>

D-21

BOROUGH OF CHATHAM  
WATER UTILITY FUND  
SCHEDULE OF ACCRUED INTEREST ON LOANS

**NOT APPLICABLE**

D-22

SCHEDULE OF ACCRUED INTEREST ON NOTES

**NOT APPLICABLE**

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Amount	Balance December 31, 2012		2013 Authorizations	Expended	Encumbrances	Balance December 31, 2013	
				Funded	Unfunded				Funded	Unfunded
07-06	Various Purchases and Improvements	2/12/07	\$ 86,520.00	\$ 20,600.00	\$ -	\$ -	\$ -	\$ -	\$ 20,600.00	\$ -
08-06	Various Purchases and Improvements	3/24/08	72,000.00	709.42	-	-	-	-	709.42	-
08-08	Acquisition and Replacement of Equipment	4/14/08	61,800.00	2.78	-	-	-	-	2.78	-
08-05	Various Purchases and Improvements	4/27/09	54,475.00	15,033.69	-	3,525.00	911.40	-	10,597.29	-
09-07	Various Public Improvements and the Acquisition of New									
10-13	Additional and Replacement Equipment	5/26/09	201,056.00	4,893.78	-	1,954.63	2,367.68	-	571.47	-
11-13	Various Public Improvements and the Acquisition of New	5/10/10	236,100.00	83,419.10	-	4,080.93	17,679.00	-	61,659.17	-
12-07	Additional and Replacement Equipment	6/13/11	159,135.00	16,721.54	980.00	4,972.17	8,931.24	-	2,818.13	980.00
13-08	Various Public Improvements and the Acquisition of New	4/23/12	257,500.00	-	77,048.04	35,668.40	10,070.00	-	-	31,309.64
	Additional and Replacement Equipment	3/25/13	305,000.00	-	-	82,974.64	5,429.30	-	-	216,596.06
				\$ 141,380.31	\$ 78,028.04	\$ 305,000.00	\$ 133,175.77	\$ 45,388.62	\$ 96,958.26	\$ 248,885.70

Ref. D D D D-5 D-13 D-24 D D

Water Capital Improvement Fund \$ 14,700.00  
Debt Authorized 280,300.00  
\$ 305,000.00

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 33,321.00
Increased by :		
Improvement Authorizations Charges	D-23	<u>45,388.62</u>
		78,709.62
Decreased by :		
Paid in 2013	D-5	<u>33,321.00</u>
Balance December 31, 2013	D	<u>\$ 45,388.62</u>

BOROUGH OF CHATHAM  
 WATER UTILITY FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2012	D	\$ 19,922.02
Increased by:		
2013 Budget Appropriation	D-5	<u>10,000.00</u>
		29,922.02
Decreased by:		
Appropriated to Finance Improvement Authorization	D-28	<u>14,700.00</u>
Balance December 31, 2013	D	<u>\$ 15,222.02</u>

SCHEDULE OF CAPITAL RESERVES

**NOT APPLICABLE**

BOROUGH OF CHATHAM  
WATER UTILITY FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.	
Balance December 31, 2012	D	\$ 4,129,652.48
Increased by :		
Serial Bonds Paid by Operating Budget	D-29	<u>225,000.00</u>
Balance December 31, 2013	D	<u>\$ 4,354,652.48</u>

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance Dec. 31, 2012	2013 Authorizations	Balance Dec. 31, 2013
07-06	Various Purchases and Improvements	2/12/07	\$ 86,520.00	\$ 86,520.00	\$ -	\$ 86,520.00
08-06	Various Purchases and Improvements	3/24/08	72,000.00	72,000.00		72,000.00
08-08	Acquisition & Replacement of Equipment	4/14/08	618,000.00	2,950.00		2,950.00
09-05	Various Purchases and Improvements	4/27/09	54,475.00	54,475.00		54,475.00
09-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	5/26/09	201,056.00	10,056.00		10,056.00
10-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	5/10/10	236,100.00	11,800.00		11,800.00
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	6/13/11	159,135.00	7,635.00		7,635.00
12-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	4/23/12	257,500.00	12,900.00		12,900.00
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	4/23/12	305,000.00	-	14,700.00	14,700.00
				\$ 258,336.00	\$ 14,700.00	\$ 273,036.00

Ref.

D

D-25

D

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Original Issue		Annual Maturity of Bonds Outstanding Dec. 31, 2013		Interest Rate	Balance	
	Date	Amount	Date	Amount		Dec. 31, 2012	Dec. 31, 2013
Water Bonds	3/1/95	\$ 1,287,000.00	3/1/14	\$ 85,000.00	5.80%	\$ 247,000.00	\$ 80,000.00
			3/1/15	82,000.00	5.80%		\$ 167,000.00
Water Bonds	8/1/02	1,274,000.00	8/1/14	65,000.00	3.875%	754,000.00	65,000.00
			8/1/15	70,000.00	4.000%		
			8/1/16	70,000.00	4.150%		
			8/1/17	75,000.00	4.250%		
			8/1/18	75,000.00	4.375%		
			8/1/19-20	80,000.00	4.500%		
			8/1/21	85,000.00	4.625%		
			8/1/22	89,000.00	4.750%		
Water Bonds	12/15/06	945,000.00	12/15/14	35,000.00	3.750%	765,000.00	30,000.00
			12/15/15	45,000.00	3.750%		
			12/15/16-20	60,000.00	3.750%		
			12/15/21-25	60,000.00	4.000%		
			12/15/26	55,000.00	4.000%		
Water Bonds	8/15/11	916,000.00	8/15/14-15	50,000.00	1.000%	866,000.00	50,000.00
			8/15/16	85,000.00	1.000%		
			8/15/17	85,000.00	2.000%		
			8/15/18-19	90,000.00	2.000%		
			8/15/20	90,000.00	2.250%		
			8/15/21	90,000.00	2.375%		
			8/15/22	90,000.00	2.500%		
8/15/23	96,000.00	2.500%					
						\$ 2,632,000.00	\$ 225,000.00
						\$ 2,407,000.00	

Ref. D D-27 D

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF NEW JERSEY WASTEWATER TREATMENT  
FINANCING PROGRAM LOAN PAYABLE

**NOT APPLICABLE**

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Note Amount of Issue</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance Dec. 31, 2013</u>
12-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	7/23/13	\$ 244,600.00	7/23/13	7/23/14	0.49%	\$ 244,600.00	\$ 244,600.00
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	7/23/13	290,300.00	7/23/13	7/23/14	0.49%	290,300.00	290,300.00
							<u>\$ 534,900.00</u>	<u>\$ 534,900.00</u>

Ref.

D-5

D

BOROUGH OF CHATHAM

WATER UTILITY FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2012</u>	<u>2013 Authorizations</u>	<u>BANs Issued</u>	<u>Balance Dec. 31, 2013</u>
04-10	Various Improvements: Replacement of Water Main (Main St.) Automotive Vehicle	\$ 0.84 25.33	-	-	\$ 0.84 25.33
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	980.00			980.00
12-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	244,600.00		244,600.00	-
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	-	290,300.00	290,300.00	-
		<u>\$ 245,606.17</u>	<u>\$ 290,300.00</u>	<u>\$ 534,900.00</u>	<u>\$ 1,006.17</u>

BOROUGH OF CHATHAM  
 SOLID WASTE UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>		<u>Operating</u>
Balance December 31, 2012	E		\$ 206,606.36
Increased by Receipts:			
Miscellaneous Revenue	E-2	\$ 2,916.18	
Solid Waste Collector	E-5	493,485.47	
Interfunds Accounts Payable	E-12	<u>479,017.84</u>	
			<u>975,419.49</u>
			1,182,025.85
Decreased by Disbursements :			
2013 Budget Appropriations	E-3	446,820.32	
2012 Appropriation Reserves	E-10	2,045.00	
2012 Reserve for Encumbrances	E-11	<u>30,429.99</u>	
			<u>917,906.53</u>
Balance December 31, 2013	E		<u>\$ 264,119.32</u>

BOROUGH OF CHATHAM  
 SOLID WASTE UTILITY FUND  
SCHEDULE OF CASH - SOLID WASTE COLLECTOR

	<u>Ref.</u>		
<b>Increased by Receipts :</b>			
Consumers' Accounts Receivable	E-7	\$ 491,977.35	
Utility Charges Overpayments	E-13	<u>1,508.12</u>	
			<u>\$ 493,485.47</u>
<b>Decreased by Disbursements :</b>			
Amount Paid to Treasurer:			
Solid Waste Operating Fund	E-4		<u>\$ 493,485.47</u>

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS RECEIVABLE

**NOT APPLICABLE**

BOROUGH OF CHATHAM  
 SOLID WASTE UTILITY FUND  
SCHEDULE OF SOLID WASTE UTILITY CONSUMERS' ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 11,608.28
Increased by :		
2013 Charges		<u>489,235.75</u>
		500,844.03
Decreased by :		
Received in 2013	E-2,5	\$ 491,977.35
Utility Charges Overpayments Applied in 2013	E-2,13	<u>580.45</u>
		<u>492,557.80</u>
Balance December 31, 2013	E	<u>\$ 8,286.23</u>

SCHEDULE OF SOLID WASTE LIENS RECEIVABLE

**NOT APPLICABLE**

BOROUGH OF CHATHAM

SOLID WASTE UTILITY FUND  
SCHEDULE OF DEFERRED CHARGES-OPERATING DEFICIT

**NOT APPLICABLE**

BOROUGH OF CHATHAM

E-10

SOLID WASTE UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2012

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Lapsed</u>
Operating:				
Salaries and Wages	\$13,502.48	\$ -	\$ -	\$13,502.48
Other Expenses	25,286.29		2,045.00	23,241.29
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	<u>759.80</u>	<u>-</u>	<u>-</u>	<u>759.80</u>
	<u>\$39,548.57</u>	<u>\$ -</u>	<u>\$ 2,045.00</u>	<u>\$37,503.57</u>
Ref.	E		E-4	E-1

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 30,429.99
Increased by :		
Charges 2013 Budget Appropriations	E-3	<u>11,784.00</u>
		42,213.99
Decreased by :		
Paid in 2013	E-4	<u>30,429.99</u>
Balance December 31, 2013	E	<u>\$ 11,784.00</u>

BOROUGH OF CHATHAM

SOLID WASTE UTILITY FUND  
SCHEDULE OF INTERFUND ACCOUNTS PAYABLE

	<u>Balance Dec. 31, 2012</u>	<u>Received in 2013</u>	<u>Paid in 2013</u>	<u>Realized as Revenue in 2013</u>	<u>Balance Dec. 31, 2013</u>
	\$ 368.69	\$ 461,471.05	\$ 438,611.22	-	\$ 23,228.52
	<u>28,996.97</u>	<u>17,546.79</u>	<u>-</u>	<u>28,996.97</u>	<u>17,546.79</u>
	<u>\$ 29,365.66</u>	<u>\$ 479,017.84</u>	<u>\$ 438,611.22</u>	<u>\$ 28,996.97</u>	<u>\$ 40,775.31</u>

Solid Waste Operating Fund:  
 Current Fund:  
     Payroll and Bills  
     Federal and State Grants Fund  
     Recycling Tonnage Grant

Ref.           E           E-4           E-4           E-2           E

## BOROUGH OF CHATHAM

SOLID WASTE UTILITY FUND  
SCHEDULE OF UTILITY CHARGES OVERPAYMENTS

	<u>Ref.</u>	
Balance December 31, 2012	E	\$ 580.45
Increased by :		
Received in 2013	E-5	<u>1,508.12</u>
		2,088.57
Decreased by :		
Applied to Consumers' Accounts Receivable in 2013	E-7	<u>580.45</u>
Balance December 31, 2013	E	<u>\$ 1,508.12</u>

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2012	E	<u>\$ 18,000.00</u>
Balance December 31, 2013	E	<u>\$ 18,000.00</u>

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	Ref.	
Balance December 31, 2012	E	<u>\$ 18,000.00</u>
Balance December 31, 2013	E	<u>\$ 18,000.00</u>

BOROUGH OF CHATHAM  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>P.A.T.F. #1</u>	<u>P.A.T.F. #2</u>	<u>Total</u>
Balance December 31, 2012	E	\$ 7,546.86	\$ 17,867.01	\$ 25,413.87
Increased by Receipts:				
Donations	F-2	<u>3,200.00</u>	-	<u>3,200.00</u>
		10,746.86	17,867.01	28,613.87
Decreased by Disbursements :				
Public Assistance Expenditures	F-2	<u>954.00</u>	-	<u>954.00</u>
Balance December 31, 2013	E	<u>\$ 9,792.86</u>	<u>\$ 17,867.01</u>	<u>\$ 27,659.87</u>

BOROUGH OF CHATHAM  
 PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

	<u>Ref.</u>	<u>P.A.T.F. #1</u>	<u>P.A.T.F. #2</u>	<u>Total</u>
Balance December 31, 2012	F	\$ 7,546.86	\$ 17,867.01	\$ 25,413.87
Increased by:				
Donations	F-1	<u>3,200.00</u>	<u>-</u>	<u>3,200.00</u>
		10,746.86	17,867.01	28,613.87
Decreased by:				
Public Assistance Expenditures	F-1	<u>954.00</u>	<u>-</u>	<u>954.00</u>
Balance December 31, 2013	F	<u>\$ 9,792.86</u>	<u>\$ 17,867.01</u>	<u>\$ 27,659.87</u>

BOROUGH OF CHATHAM  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE REVENUES - 2013

	<u>P.A.T.F. #1</u>	<u>Total</u>
Donations	\$ 3,200.00	\$ 3,200.00
Total Revenues (PATF)	<u>3,200.00</u>	<u>3,200.00</u>
Total Receipts	<u>\$ 3,200.00</u>	<u>\$ 3,200.00</u>

BOROUGH OF CHATHAM  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES - 2013

	<u>P.A.T.F. #1</u>	<u>Total</u>
Assistance Ineligible for State Aid	\$ 954.00	\$ 954.00
Total Expenditures (P.A.T.F.)	<u>954.00</u>	<u>954.00</u>
 Total Disbursements (P.A.T.F.)	 <u>\$ 954.00</u>	 <u>\$ 954.00</u>

BOROUGH OF CHATHAM

PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF AMOUNT DUE TO CURRENT FUND

**NOT APPLICABLE**

**REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS**

# *T. M. Vrabel & Associates, LLC*

## *Accountants and Auditors*

---

*Timothy M. Vrabel, RMA, PSA*  
*Chris C. Hwang, CPA*

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Borough of Chatham  
County of Morris, New Jersey

We have audited the financial statements of the Borough of Chatham as of and for the years ended December 31, 2013 and December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated April 3, 2014. In our report our opinion was qualified because the Borough of Chatham prepares its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Internal Control Over Financial Reporting**

Management of the Borough of Chatham is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Chatham's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Chatham's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Chatham's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

*350 Main Road, Suite 104*  
*Montville, NJ 07045*  
*973-953-7769 Fax: 973-625-8733*  
*Email: tmvrabel@optonline.net*

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Chatham'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.

#### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Chatham'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 of Chatham's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Timothy M. Vrabel  
Registered Municipal Accountant  
License No. CR000339



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

Montville, New Jersey  
April 3, 2014

BOROUGH OF CHATHAM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Funding Department	Federal Program	CFDA No.	Federal Grant (Award) Number	Grant Award Amount	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2013	Amount of Expenditures		Unexpended Balance Dec. 31, 2013
					From	To	Prior Year	Current Year		Prior Year	Current Year (1)	
EPA	New Jersey Environmental Infrastructure Trust Financing Program (Ord. No. 09-17)	66.458		\$ 850,371.00	2010		\$ 472,263.56	\$ 378,107.44	\$ -	\$ 850,371.00	\$ -	\$ -
Homeland Security	FEMA	97.042		166,306.46	2011	2012	74,321.88	91,984.56	-	166,306.46	-	-
Justice	Bulletproof Vest Program			6,306.64			5,567.70	-	738.94	2,720.79	2,895.00	590.85
							\$ 552,153.14	\$ 470,092.02	\$ 738.94	\$ 1,019,398.25	\$ 2,995.00	\$ 590.85

(1) Represents total expenditures (grant activity) subject to audit.

BOROUGH OF CHATHAM

Schedule B

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013

State Program	State Account Number	Grant Award Amount	Total		Amount of Receipts		Accounts Receivable Dec. 31, 2013	Amount of Expenditures		Unexpended Balance Dec. 31, 2013
			From	To	Prior Year	Current Year		Prior Year	Current Year (1)	
Department of Environmental Protection: New Jersey Environmental Infrastructure Trust Financing Program (Ord. No. 09-17)		\$ 283,456.00	2010		\$ 155,057.44	\$ 128,398.56	-	\$ 283,456.00	\$ -	\$ -
Department of Transportation: N.J. Transportation Trust Fund: Washington (Ord. No. 11-12) Kings (Ord. No. 12-06)	11-480-078-6320-W46 12-480-078-6320-W46	150,000.00 315,000.00				234,694.89	150,000.00 80,305.11	150,000.00 150,000.00	165,000.00	-
Recycling Tonnage Grant	4900-752-178610-60	46,543.76			28,996.97	17,546.79	-	150,000.00	28,996.97	17,546.79
Drunk Driving Enforcement Fund	1110-448-031020-60	9,388.28			9,388.28		-	150,000.00	743.13	8,645.15
Clean Communities Grant	4900-765-178910-60	16,485.71			1,732.50	14,753.21	-	150,000.00	1,732.50	14,753.21
Alcohol Education and Rehabilitation Fund	9735-760-060000-60	2,282.09			2,018.22	263.87	-	150,000.00	2,282.09	2,282.09
Body Armor Replacement Fund		7,769.94			5,099.80	2,669.14	-	150,000.00	775.85	5,993.09
Sustainable Jersey Grant		12,000.00			12,000.00		-	150,000.00		12,000.00
NJCFC - Highlands Grant		5,950.74			5,950.74		-	150,000.00		5,950.74
Office of Environmental Services Grant		2,500.00			2,500.00		-	150,000.00		2,495.63
Municipal Stormwater Regulation Program		8,468.00			8,468.00		-	150,000.00		558.87
Cool Cities Program Grant		3,662.25			1,774.49		-	150,000.00		1,774.49
Improvement District Challenge Grant		10,000.00		12/31/2005	10,000.00		1,887.76	150,000.00		1,887.76
NJ Energy Efficiency Conservation Block Grant		20,000.00			20,000.00		-	150,000.00		20,000.00
ANJEC Smart Growth Planning Grant		7,500.00			7,500.00		-	150,000.00		7,500.00
Environmental Grant		500.00			500.00		-	150,000.00		500.00
					250,986.44	418,326.46	232,192.87	603,805.02	197,248.45	100,452.30

(1) Represents total expenditures (grant activity) subject to audit.

(2) 44,722.80 cancelled in 2008

BOROUGH OF CHATHAM

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2013

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Chatham . The municipality is defined in Note I:B. to the Borough's financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting as described in Notes I:D. to the Borough of Chatham's financial statements.

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Borough of Chatham's financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 4: 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.

**BOROUGH OF CHATHAM**

**PART II**

---

**GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2013**

## GENERAL COMMENTS

### CONTRACTS AND AGREEMENTS REQUIRING ADVERTISEMENT FOR BIDS

Effective April 17, 2000 N.J.S.A. 40A:11-1 et seq. (Local Public Contracts Law) was revised by P.L. 1999, c.440 (originally known as Assembly bill No. 3519). The Division of Local Government Services in the Department of Community Affairs, after consultation with the Commissioner of Education, shall prescribe rules and procedures to implement the requirements of the law.

Effective April 17, 2000 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) was \$17,500.00. Effective July 1, 2005 the threshold was raised to \$21,000.00. Effective July 1, 2010 the threshold was raised to \$26,000.00.

It is pointed out that the governing body of the Borough has the responsibility of determining whether commitments and expenditures are in compliance with the statutes and, where question arises as to whether any contract or agreement might result in violation of these statutes the Borough Attorney's opinion should be sought before commitment is made.

Inasmuch as the system of records is not required to provide and therefore did not provide for an accumulation of payments by categories for the performance of any work or the furnishing or hiring or 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 disclosed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the provision or performance of any goods or services," in excess of the statutory limit where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 40A:11-4.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for Legal Services, Auditor, Engineering Services, Laboratory Services, Bond Attorneys, Tax Attorney, Employee Issues Attorney, Municipal Prosecutor, Public Defender and Environmental Services.

The minutes indicate that bids were requested by public advertising for the following items:

Road Improvement, Sidewalk and Curb Programs and Borough Hall Main Roof

The system of records is not required to provide and therefore did not provide for an accumulation of purchases for which the municipality used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. My examination did reveal however, that the following purchases were made through the use of State contracts: Bulk Salt, Uniforms and Work Clothing, Computer and Highflow Cold Planner Skd

An Ordinance adopted July 8, 1991, authorized the Borough to enter into a cooperative purchasing program with the County of Morris Cooperative Pricing Council. The following purchases were made through the Council:

Traffic Light Maintenance, Asphalt and Milling, Microsurfacing Program and Dumb Truck

COLLECTION OF INTEREST AND PENALTIES ON DELINQUENT TAXES, ASSESSMENTS AND DELINQUENT WATER, SEWER AND SOLID WASTE CHARGES.

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

The governing body on January 7, 2013, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED by the Mayor and Council of the Borough of Chatham that the rate of interest on delinquent taxes and installments of assessments for local improvements shall be eight percent 8% per annum on the first \$1,500.00 and eighteen per cent (18%) per annum on any amount on the first excess of \$1,500.00, an additional six (6%) percent per annum for those properties whose delinquency of taxes equals or exceeds \$10,000.00, except that the Tax Collector is hereby authorized to waive the collection of interest for a period not exceeding ten calendar days after the due date for current taxes in each quarter, i.e., February first, May first, August first and November first.

As authorized by various ordinances, interest on delinquent water, sewer and solid waste charges shall be charged the same as the foregoing tax and assessment resolution.

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

DELINQUENT TAXES AND TAX TITLE LIENS

The delinquent taxes at December 31, 2013 include taxes for 1989, 1987, 1986, 1985 and 1976 which are for bankrupt properties.

The last tax sale was held December 19, 2013 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2013	1
2012	1
2011	1
2010	1
2009	3
2008	2
2007	1
2006	1
2005	1
2004	1

VERIFICATION OF TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2014 Taxes	25
Payments of 2013 Taxes	25
Delinquent Taxes	25
Payments of Water Utility Charges	25
Delinquent Water Utility Charges	25
Payment of Solid Waste Utility Charges	25
Delinquent Solid Waste Utility Charges	10
Delinquent Sewer User Charges	25

The result of the test, which was made as of December 31, 2013, is not yet fully known, however the items that were returned were checked and in agreement with the Borough's records and for items not returned either a second request was made or the open items were traced to subsequent collection. If any irregularities are discovered as a result of our second request a separate report will be issued.

## OTHER COMMENTS

### TECHNICAL ACCOUNTING DIRECTIVES

The Division of Local Government Services has established three systems which are required by all local units. They are as follows:

1. Encumbrance accounting system (N.J.A.C. 5:30-5.2)
2. Fixed asset accounting and reporting system (N.J.A.C. 5:30-5.6)
3. General Ledger accounting and record system (N.J.A.C. 5:30-5.7)

The Borough of Chatham has complied by implementing all three directives.

RECOMMENDATIONS

None

Status of prior years' Audit Findings/Recommendations:

Not Applicable

\*\*\*\*\*

Should any questions arise as to our comments, or should you desire assistance, please do not hesitate to call us.

APPRECIATION

We wish to express our appreciation of the assistance and courtesies rendered by the Borough Officials during the course of the audit.



Timothy M. Vrabel  
Registered Municipal Accountant  
License No. CR000339



Chris C. W. Hwang  
Certified Public Accountant  
License No. CC033704

April 3, 2014