

OLD TAUNTON COLONY CLUB

ANNUAL MEETING AGENDA MAY 1, 2016

- 7:00 p.m. Member sign-in and receive ballots – ballot box open
- Welcome President
- Announcement President: Based upon nominations to be made during the meeting, additional nominees beyond those whose names already appear on the ballot at the start of the meeting may become candidates. The nominations for Trustees process will immediately follow the Voting Overview segment. Voters wishing to wait and consider all of the candidates up for election will have the opportunity to hear candidate presentations at that time.
- Treasurer's Report (See attached for written report)
- Committee Reports
- Comments
- Voting Overview 1. Review printed ballot and procedure
- Nominations
From Floor 1. Accept nominations and seconds from floor
2. Motion to close nominations and second
- Candidates
Address (3 Minute
Limit) (Necessary if there have been nominations from the floor)
1. Nominees
2. Candidates on Ballot
- 10 Minute Break 1. Ballot counters chosen (if necessary)

2. Call to order – Ballot Box Closed

Announce Election
Results

Adjourn Meeting

Refreshments Served

Distribution of Beach Tags and Boat Stickers

Treasurer's Report **for the 2016 Annual Meeting - May 1, 2016**

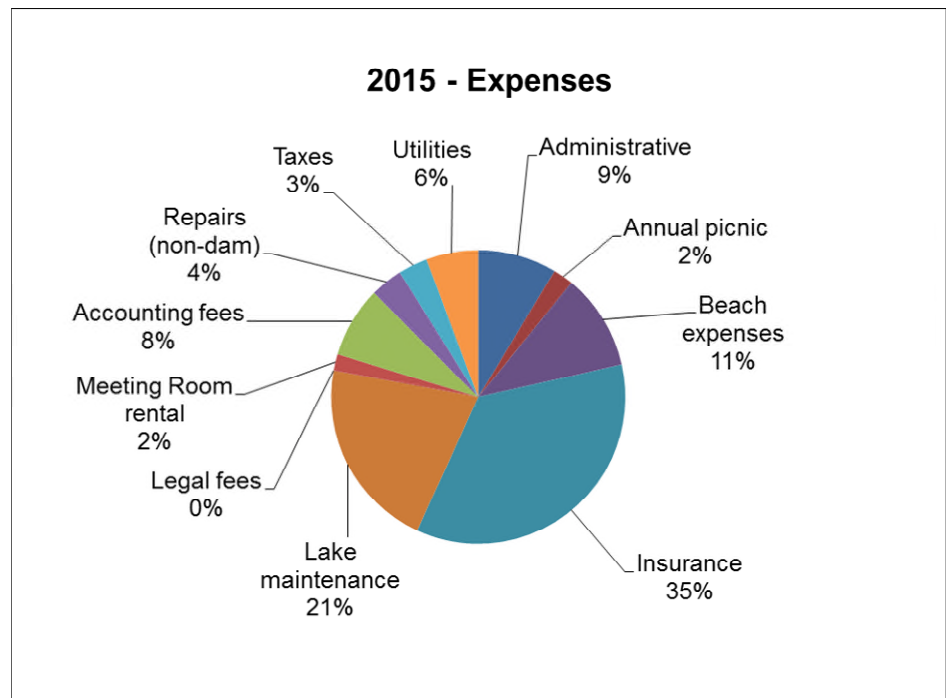
The OTCC finished 2015 with an operating surplus of \$7,000, down from last year's surplus of \$13,791. This was the result of primarily two factors. First, weed control expenses returned to more traditional levels in 2015; they were practically non-existent in 2014. Also, 2014 revenues were boosted by a net recovery of bad debt (unpaid past dues) of \$4336. The comparable amount in 2015 was \$125, since prior years' collection efforts have been successful in recovering all but a handful of hardcore past-due accounts.

Dues for 2015 are again unchanged from the last several years, at \$400. Of that, \$150 is placed in the reserve fund that was established ten years ago to build up a reserve to pay down the \$433,000, 20-year low-interest loan that will be financing the State-mandated upgrades to our dam on Breakneck Road. That reserve fund currently (4/25/16) stands at \$241,244, which is 63.75% of the amount we'll need to pay off the nominal principal amount of the loan. The major work on the dam was accomplished in 2015. As a result, bills for construction were received and submitted to the State, and the State advanced funds from the loan for payment of those bills. Construction is expected to be completed this year. Following completion, OTCC will be required to start paying down the loan.

The remaining \$250 of your annual dues payment funds the club's operations and provides for monitoring and maintaining the quality of the lake, upkeep of the beach and other common areas, underwriting of the annual picnic and other member events, and payment of taxes, insurance premiums, accounting and legal fees, and other administrative costs. The chart below illustrates the breakdown of expenses for 2015.

Frank April, CPA, of Marlton, has conducted the annual independent audit of the OTCC's financials for the 2015 calendar year. A copy of his report is attached.

Respectfully submitted,
Jerry Klein, Treasurer



OLD TAUNTON COLONY CLUB, INC.

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Old Taunton Colony Club Inc

I have audited the accompanying financial statements of Old Taunton Colony Club Inc, which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Old Taunton Colony Club Inc as of December 31, 2015, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Francis J April CPA LLC

Francis J April CPA LLC

Marlton, New Jersey

February 26, 2016

OLD TAUNTON COLONY CLUB, INC.

BALANCE SHEET

DECEMBER 31,

	<u>2015</u>		
ASSETS	Operating Fund	Reserve Fund	Total
<u>Current Assets</u>			
Cash and Cash Equivalents	40,074	228,674	268,748
Assessments Receivable, Net	-	-	-
Receivable - Loan Proceeds NJDEP	-	150,318	150,318
Land, Lakes, Open Areas	15,400	-	15,400
Interfund Balance	1,007	(1,007)	-
<u>TOTAL ASSETS</u>	<u>56,481</u>	<u>377,985</u>	<u>434,466</u>
LIABILITIES AND FUND BALANCES			
<u>Current Liabilities</u>			
Accrued Expenses	2,537	150,612	153,149
Prepaid Assessments	150	-	150
Loan - NJDEP	-	339,048	339,048
TOTAL LIABILITIES	<u>2,687</u>	<u>489,660</u>	<u>492,347</u>
<u>Fund Balances</u>			
Operating Fund	53,794	-	53,794
Reserve Fund (Deficit)	-	(111,675)	(111,675)
TOTAL FUND BALANCES	<u>53,794</u>	<u>(111,675)</u>	<u>(57,881)</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>56,481</u>	 <u>377,985</u>	 <u>434,466</u>

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
STATEMENT OF REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31,

REVENUES	2015		
	Operating Fund	Reserve Fund	Total
Owner Assessments	37,000	22,650	59,650
Interest Income	25	420	445
Miscellaneous	500	-	500
TOTAL REVENUES	37,525	23,070	60,595
EXPENSES			
Administration Expenses	2,664	-	2,664
Annual Picnic and Community Events	682	-	682
Bad Debt Expense (Recovery)	(125)	-	(125)
Beach Expenses	3,219	-	3,219
Insurance	10,848	-	10,848
Lake Expenses	6,463	-	6,463
Legal	-	-	-
Meeting Room Rental	550	-	550
Outside Accounting	2,375	-	2,375
Repairs	1,092	293,753	294,845
Taxes - Real Estate	990	-	990
Telephone - Beach	451	-	451
Utilities - Beach	1,308	-	1,308
TOTAL EXPENSES	30,517	293,753	324,270
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	7,008	(270,683)	(263,675)

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.
 STATEMENT OF CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2015

	Operating Fund	Reserve Fund	Totals
Balance - January 1, 2015	46,786	159,008	205,794
Excess (Deficit) of Revenues Over Expenses	7,008	(270,683)	(263,675)
Balance (Deficit) - December 31, 2015	53,794	(111,675)	(57,881)

See accompanying notes to financial statements.

OLD TAUNTON COLONY CLUB, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31,

	<u>2015</u>		
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess (Deficit) of Revenues Over Expenses	7,008	(270,683)	(263,675)
Adjustments to Reconcile Excess (Deficit) of Revenues Over Expenses to Net Cash Provided By (Used In) Operating Activities			
<u>(Increase) Decrease In:</u>			
Assessments Receivable	600	-	600
Interfund Balance	(2,043)	2,043	-
<u>Increase (Decrease) In:</u>			
Accrued Expenses	(67)	150,612	150,545
Prepaid Assessments	150	-	150
Net Cash Provided By (Used In) Operating Activities	<u>5,648</u>	<u>(118,028)</u>	<u>(112,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Loan - NJDEP	<u>-</u>	<u>139,356</u>	<u>139,356</u>
Net Cash Provided By Financing Activities	<u>-</u>	<u>139,356</u>	<u>139,356</u>
Net Increase (Decrease) In Cash and Cash Equivalents	5,648	21,328	26,976
Cash and Cash Equivalents - Beginning of Year	<u>34,426</u>	<u>207,346</u>	<u>241,772</u>
Cash and Cash Equivalents - End of Year	<u>40,074</u>	<u>228,674</u>	<u>268,748</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid For Income Taxes	-	-	-
Cash Paid For Interest Expense	-	-	-

See accompanying notes to financial statements

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

Old Taunton Colony Club is a New Jersey not-for-profit organization incorporated in 1939 in compliance with the requirements of Title 15, Chapter 1 of the revised statutes of New Jersey. The Club's members include all the residential unit owners of Taunton Lake, Burlington County, New Jersey. Taunton Lake is defined as all that area encompassed by the Taunton Lake sides of Breakneck Road, Hinchman Road, Centennial Dam, Centennial Avenue and Hopewell Road and in addition, all real estate formerly the property of the Taunton Lakes Company and the house and property owned by the Larsen family that was granted use of Taunton Lake in their deed. The purpose of the Club is to provide for the maintenance, preservation and enhancement of the common facilities. At December 31, 2015 there are 149 members in the Club.

NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 26, 2016, the date that the financial statements were available to be issued.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Association maintains its books and records on the accrual basis of accounting. The accompanying financial statements have been prepared on that basis, in which revenue and gains are recognized when earned and expenses and losses are recognized when incurred.

Fund Accounting

The Club's governing documents provide certain guidelines for governing its financial activities. To ensure observance of the limitations and restrictions on the use of financial resources, the Club maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose.

Operating Fund

This fund and its related cash accounts are used to account for financial resources available for the general operation of the Club.

Reserve Fund

This fund and its related cash accounts will be used to accumulate financial resources designated for future repairs and replacements and upgrades to the Club's dam, as required by NJ DEP.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Member Assessments

Members are subject to annual assessments of \$400 in 2015 to provide for the Club's operating expenses. Assessments receivable at the balance sheet date represent fees due from members. Any assessments received in advance at the balance sheet date are deferred until due and recorded as advance assessments on the balance sheet.

Statement of Cash Flow

The Club considers all certificate of deposits to be cash equivalents. At December 31, 2015 cash consists of amounts held in checking accounts and certificate of deposits at local banks.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Income Taxes

Homeowners associations may be taxed either as associations or as regular corporations. For the year ended December 31, 2015 the Association was taxed as an association. Under that election, the Association is taxed on its non-exempt function income, such as interest income, at a rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable. For the year ended December 31, 2015, there was no income tax expense. The Association is considered a tax exempt entity for New Jersey corporate taxes.

NOTE 4 Concentrations of Credit Risks

The Club does not utilize any specialized vendors, materials or equipment in the normal course of operations that would not be available from other sources at reasonably the same market price as the Association is currently paying.

OLD TAUNTON COLONY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 Concentrations of Credit Risks (Continued)

The Club has, in the normal course of its business, non-collateralized assessments due from members. If members fail to make payment to the Club, the amount of loss incurred would be charged to operations in the year of write-off. Management has determined that the full collection of assessments is not realizable and therefore assessments receivable have been recorded net of uncollectible amounts at December 31, 2015 of \$9,175.

NOTE 5 Loan - NJDEP

The Club has entered into a loan with the State of NJ DEP for restoration work on the Taunton Lake Dam. Total loan commitment is for \$433,440, payable over 20 years bearing interest at 2% per annum on the unpaid principal balance from the date of the initial loan disbursement by the state to the Club until payment of the entire principal balance. Interest accrued against each interim drawdown of the loan, from the date of the first drawdown to a date three months following the last project drawdown, must be paid to the state three months after the final drawdown.

During the year ended December 31, 2015 the Club took three drawdowns from the loan totaling \$289,674 and incurred dam related expenses of \$293,753 charged to the reserve fund.

At December 31, 2015 the Club has been advanced \$339,048 from the state.

OTCC DAM COMMITTEE 2016 ANNUAL REPORT

The members of the Dam Committee and Board of Trustees have continued their work to maintain our dam in a manner that complies with N.J. State standards for dam safety, including providing visual inspections, clearing of spillways, and vegetation maintenance. The upgrades to the dam are required to meet the standards of New Jersey Department of Environmental Protection (NJDEP).

Current Dam Improvement Project Status

The majority of the dam improvement project was completed by December of 2015, some remaining work will continue into the spring and early summer of 2016.

Action taken during the last 12 months

March- May-Issued project for bidding.

May-Reviewed the four bids that were received

June- Review and finalize project schedule with Contractor, Award Bid, Contractor Mobilization and Coordinate with Medford Township. OTCC received four bids, the contract was awarded to R.D. Zeuli Inc. for a base bid amount of \$324,012.50.

July- Contracts, bonding, surety in place

August-Contractor Mobilization, Coordinate with Medford Township

September- Start of Work

December 3- Substantial Completion of OTCC Work, Start of Medford Twp. work (paving, guide rails, etc.)

December 21- Breakneck Road reopened to Traffic

Proposed work for Spring 2016

Completion of spillway repairs, and additional work including replacement of spillway gate valve (should only require minimal lowering of lake)

Completion of "punchlist" items as necessary to obtain NJDEP approval

Project close out and as-built survey

Dam Loan Agreement

The Board has taken advantage of a State program to provide low interest loans to dam owners for the purpose of making improvements to their dams. The loan amount is for \$433,400.00. This amount is intended to cover "soft costs" including survey, geotechnical, engineering and legal services as well as "hard costs" for construction. Based on the estimated 17.5 year repayment schedule the total amount to be repaid (including principal and interest) is \$526,488.00. This amount may be adjusted based on date of the final draw down on the loan. The Board currently appropriates \$150.00 of each member's annual dues payment to dam reconstruction fund which will be used to repay the loan.

A full accounting of project cost will be completed once all costs are finalized.

Members of the Dam Committee are: Steve Lennon, Paul Lucas, and Phil Myers.

Respectfully submitted,

Steve Lennon
Chair, Dam Committee

Aquatic Weed Report

2016 Annual Meeting

Our primary nuisance aquatic weed is bladderwort, a carnivorous plant that needs sunlight and nutrients from the water to remain vigorous. People can help keep the nutrients in the water under control by not fertilizing, or minimally fertilizing turf grass and by properly maintaining septic systems.

In 2015 bladderwort remained under good control during spring and early summer. But, as usual, growth took off in mid-July through September. Two partial treatments of herbicide failed to make an impact. (A partial treatment is one that targets heavy growth areas).

During the 2016 season we will treat the lake earlier, before the usual growth spurt to see if we get a better result.

In March, 2016 a new aquatic weed suddenly made an appearance as both a floating and rooted plant. This new plant, Water Starwort, is a lighter, brighter green than bladderwort. It is the weed that some residents noticed drying out on the mud during the lake's drawdown. Its introduction to our lake could be a result of it coming from upstream, boats launched that were recently in other bodies of water, or by being transported by waterfowl that move from lake to lake.

Our weed treatment company asserts that it will respond to the herbicides that we currently use.

For the Committee,

Paul Lucas

INSURANCE COMMITTEE REPORT - May 2016

The OTCC is covered by “A+” rated insurance companies with several types of insurance. The amount of coverage and the premiums for 2015 to 2016 are listed below. We continue to be able to get an endorsement for our Special Events (picnic & bon fire) coverage added to our Commercial Liability policy at no cost. This eliminates the need for a stand alone policy for Special Events and saves over \$500.

We are not expecting any significant increase in cost of the 2016 – 2017 insurance policies. Exact figures are not yet available.

There were no claims made against these policies in the past year.

2015 to 2016

	<u>Premium</u>	<u>Limits of coverage</u>
Commercial Liability	\$7,640.00	\$1,000,000/\$2,000,000
Umbrella liability	\$1,575.00	\$1,000,000
Directors and Officers	\$1,633.69	\$1,000,000
Special Event (picnic)	No Charge	\$1,000,000

Total for 2015-2016: \$10,848.69

Respectfully submitted,

Bill Walsh, Chair
Insurance Committee

Lakefront and Dock Committee Report

2016 Annual Meeting

Our committee oversees the lakefront properties to ensure that our deed restrictions, bylaws, and other rules are being followed in order to maintain the natural character of our unique and attractive vista.

We are also charged with the task of upholding the Club rules regarding non-lake front trees, fences, and related features that keep our community naturally attractive.

The committee and the Board are increasingly frustrated by the number of members who are violating their deed restrictions by removing trees that are over four inches in diameter without approval. The rule has been stated in the Taunton Times over and over, as a reminder. **Again, no tree, dead or alive, over 4 inches may be cut without approval.** Some, also, inexplicably think that “notice” is the same thing as “approval”. “Approval” is what is required. It is recommended that members visit our website, www.tauntonlake.org then go to Rules and Regulations and follow down until you see “Tree Removal and Replacement Rules”. Please become familiar with the Tree Rule. Violating a deed restriction always involves negative consequences and forces our volunteers to do unpleasant work on behalf of the overwhelming majority of the members who want our rules followed and enforced.

For the Committee,

Paul Lucas