

BOROUGH OF ELMER

COUNTY OF SALEM

REPORT OF AUDIT

DECEMBER 31, 2016

BOROUGH OF ELMER

COUNTY OF SALEM

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2016

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COUNTY OF SALEM
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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> |
|-----------------------|--|-----------------------|
| Joseph P. Stemberger | Mayor | (A) |
| Lewis M. Schneider | Council President | (A) |
| Lynda Davis | Councilwoman | (A) |
| Cynthia L. Nolan | Councilwoman | (A) |
| R. Matthew Richards | Councilman | (A) |
| Steven A. Schalick | Councilman | (A) |
| James W. Zee, III | Councilman | (A) |
| Sarah D. Walker | Acting Borough Clerk, Officer for Municipal Improvement Searches and Registrar of Vital Statistics | \$ 18,500 (1) |
| Joanne Eddy | Tax Collector, Tax Search Office, Collector - Water Department and Animal Registrar | \$ 150,000 (1) |
| Cynthia A. Strang | Chief Financial Officer/Treasurer, Chief Financial Officer-Water Dept. | \$ 74,000 (1) |
| Roy A. Duffield | Assessor | (A) |
| Robert M. Richards | Assistant Superintendent - Water Department | (A) |
| Brian J. Duffield | Solicitor | (A) |
| Fralinger Engineering | Engineer | (A) |

(A) Selective Insurance Company \$2,500 Blanket Bond

(1) Public Employee Dishonesty Bond

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April 28, 2017

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Elmer
County of Salem
Elmer, New Jersey 08318

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance – regulatory basis of the various funds of the Borough of Elmer, in the County of Salem, State of New Jersey, as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Elmer, in the County of Salem, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the various funds of the Borough of Elmer, in the County of Salem, State of New Jersey as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended, and the revenues – regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance programs are presented for purposes of additional analysis as required by the State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2017, on our consideration of the Borough of Elmer's, in the County of Salem, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Elmer's internal control over financial reporting.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

Raymond Colavita, C.P.A.
Registered Municipal Accountant

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April 28, 2017

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Elmer
County of Salem
Elmer, New Jersey 08318

Ladies and Gentlemen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Borough of Elmer, County of Salem, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated April 28, 2017. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Elmer's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of significant 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 combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 that might be significant deficiencies or material weaknesses. We did not identify any material deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. 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 Elmer'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** and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A.
Registered Municipal Accountant

CURRENT FUND
COMPARATIVE BALANCE SHEET

| | <u>Ref.</u> | <u>Balance December 31, 2016</u> | <u>Balance December 31, 2015</u> |
|---|-------------|--|--|
| <u>ASSETS</u> | | | |
| Regular Fund: | | | |
| Cash - Chief Financial Officer | A-4 | \$ 721,158 | \$ 769,805 |
| Cash - Collector | A-5 | 1,465 | 1,385 |
| Change Fund | | 200 | 200 |
| | | <u>722,823</u> | <u>771,390</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-6 | 79,332 | 70,495 |
| Tax Title Liens Receivable | A-7 | 13,662 | 10,810 |
| Property Acquired for Taxes - Assessed Valuation | A-8 | 20,500 | 20,500 |
| Revenue Accounts Receivable | A-10 | 5,529 | 5,851 |
| Interfunds Receivable | A-11 | 4,367 | 2,313 |
| Miscellaneous Accounts Receivable | A-21 | 1,417 | 6,759 |
| | | <u>124,807</u> | <u>116,728</u> |
| Total Regular Fund | | <u>847,630</u> | <u>888,118</u> |
| Federal and State Grant Fund: | | | |
| State Grants Receivable | A-17 | 13,668 | 14,334 |
| Amount Due from Current Fund | A-11 | 22,846 | 27,103 |
| Total Grant Fund | | <u>36,514</u> | <u>41,437</u> |
| Total Current Fund | | <u>\$ 884,144</u> | <u>\$ 929,555</u> |

CURRENT FUND
COMPARATIVE BALANCE SHEET

| | | Balance December 31, 2016 | Balance December 31, 2015 |
|---|-------------|---------------------------------|---------------------------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| | <u>Ref.</u> | | |
| Regular Fund | | | |
| Liabilities | | | |
| Appropriation Reserves | A-3,13 | \$ 43,149 | \$ 33,816 |
| Amount Due to State of New Jersey for Senior Citizen and Veterans Tax Exemptions | A-9 | 3,049 | 3,549 |
| Amount Due to Grant Fund | A-11 | 22,846 | 27,103 |
| Amount Due to General Capital Fund | A-11 | | 59,685 |
| Prepaid Taxes | A-12 | 40,963 | 40,321 |
| Encumbrances Payable | A-14 | 41,935 | 43,990 |
| Local District School Taxes Payable | A-15 | 240,412 | 224,267 |
| Amount Due County for Added Taxes | A-16 | 3,855 | 11,469 |
| County Tax Payable | A-16 | 27 | 27 |
| Amount Due to State of New Jersey | A-20 | 25 | |
| Reserve for Sale of Municipal Assets | A-22 | 64,610 | 64,610 |
| | | <hr/> | <hr/> |
| Total Liabilities | | 460,871 | 508,837 |
| Reserve for Receivables and Other Assets | A | 124,807 | 116,728 |
| Fund Balance | A-1 | 261,952 | 262,553 |
| | | <hr/> | <hr/> |
| Total Regular Fund | | 847,630 | 888,118 |
| Federal and State Grant Fund | | | |
| Encumbrances Payable | A-14 | 1,747 | 6,575 |
| Reserve for State Grants - Unappropriated | A-18 | 981 | 1,005 |
| Reserve for State Grants - Appropriated | A-19 | 33,786 | 33,857 |
| | | <hr/> | <hr/> |
| Total Grant Fund | | 36,514 | 41,437 |
| | | <hr/> | <hr/> |
| Total Current Fund | | \$ 884,144 | \$ 929,555 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

| | Ref. | Year 2016 | Year 2015 |
|--|------|-------------------|-------------------|
| <u>Revenue and Other Income Realized</u> | | | |
| Fund Balance Utilized | A-2 | \$ 142,900 | \$ 138,000 |
| Miscellaneous Revenue Anticipated | A-2 | 232,579 | 272,565 |
| Receipts from Delinquent Taxes | A-2 | 70,495 | 41,027 |
| Receipts from Current Taxes | A-2 | 3,084,689 | 2,889,361 |
| Non-Budget Revenue | A-2 | 49,144 | 38,843 |
| Other Credits to Income | | | |
| Cancellation of Prior year Grants | A-11 | 865 | |
| Statutory Excess in Animal Control Fund | A-11 | 2,118 | 242 |
| Unexpended Balance of Appropriation Reserves | A-13 | 28,775 | 76,845 |
| Interfunds Received/Advanced | A-11 | 3,288 | |
| Cancellation of Prior year Encumbrances | | | 1,494 |
| | | <u>3,614,853</u> | <u>3,458,377</u> |
| <u>Expenditures</u> | | | |
| Budget and Emergency Appropriations | | | |
| Appropriations Within "CAPS": | | | |
| Operations: | | | |
| Salaries and Wages | A-3 | 264,348 | 271,124 |
| Other Expenses | A-3 | 456,814 | 433,830 |
| Deferred Charges and Statutory Expenditures | A-3 | 46,562 | 48,860 |
| Appropriations Excluded from "CAPS": | | | |
| Operations: | | | |
| Other Expenses | A-3 | 65,956 | 70,458 |
| Emergency Appropriations | | | |
| Capital Improvements | A-3 | 1,000 | 1,000 |
| Debt Service | A-3 | 92,137 | 87,828 |
| Deferred Charges - Emergency Authorizations | | | 1,044 |
| Transfer to Board of Education | A-3 | 8,453 | 8,312 |
| Interfund Advanced | | | 6,451 |
| Local District School Taxes | A-15 | 1,363,918 | 1,337,150 |
| County Taxes | A-16 | 1,169,511 | 1,001,770 |
| County Taxes - Added | A-16 | 3,855 | 11,469 |
| | | <u>3,472,554</u> | <u>3,279,296</u> |
| Total Expenditures | | | |
| Excess in Revenue | | 142,299 | 179,081 |
| Fund Balance, January 1 | A | 262,553 | 221,472 |
| | | <u>404,852</u> | <u>400,553</u> |
| Decreased by | | | |
| Utilization of Anticipated Revenue | A-2 | 142,900 | 138,000 |
| Fund Balance, December 31 | A | \$ <u>261,952</u> | \$ <u>262,553</u> |

CURRENT FUND**STATEMENT OF REVENUES**

| | Ref. | Anticipated Budget | Realized | Excess or (Deficit) |
|---|--------|-----------------------|--------------|------------------------|
| Fund Balance Anticipated | A-1 | \$ 142,900 | \$ 142,900 | \$ |
| Miscellaneous Revenues: | | | | |
| Fines and Costs - Municipal Court | A-10 | 57,000 | 63,230 | 6,230 |
| Interest and Costs on Taxes | A-10 | 14,000 | 20,142 | 6,142 |
| Interest on Investments | A-10 | 2,500 | 3,230 | 730 |
| Consolidated Municipal Property Tax Relief Act | A-10 | 19,121 | 19,121 | |
| Energy Receipts Tax (P.L. 1987 Ch. 162 & 167) | A-10 | 107,432 | 107,432 | |
| Uniform Fire Safety act | A-10 | 4,800 | 5,013 | 213 |
| Clean Communities Program | A-17 | 4,000 | 4,000 | |
| Municipal Alliance on Alcoholism and Drug Abuse | A-17 | 4,178 | 4,178 | |
| Get Active Grant | A-17 | 3,000 | 3,000 | |
| Recycling Tonnage Grant | A-17 | 2,228 | 2,228 | |
| Body Armor Fund | A-18 | 1,005 | 1,005 | |
| Total Miscellaneous Revenue | A-1 | 219,264 | 232,579 | 13,315 |
| Receipts from Delinquent Taxes | A-2(2) | 55,555 | 70,495 | 14,940 |
| Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes | A-2 | 623,870 | 653,711 | 29,841 |
| Budget Totals | A-3 | \$ 1,041,589 | 1,099,685 | \$ 58,096 |
| Non-budget Revenue | A-1,10 | | 49,144 | |
| | | | \$ 1,148,829 | |

CURRENT FUND
STATEMENT OF REVENUES

| <u>Analysis of Realized Revenues</u> | <u>Ref.</u> | | |
|---|-------------|----|-----------|
| Allocation of Current Tax Collections | | | |
| Revenue from Collections | A-6 | \$ | 3,084,689 |
| Allocated to | | | |
| County and School Taxes | A-15,16 | | 2,537,284 |
| Balance for Support of Municipal Budget Appropriations | | | 547,405 |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | | 106,306 |
| Amount for Support of Municipal Budget Appropriations | A-2 | \$ | 653,711 |
| Receipts from Delinquent Taxes | | | |
| Delinquent Tax Collections | A-6,2 | \$ | 70,495 |
| Tax Title Lien Collections | A-7 | | |
| | A-1,2 | | 70,495 |
| <u>Analysis of Anticipated Interest Earned:</u> | | | |
| Revenue Accounts Receivable: | | | |
| Treasurer | A-10 | \$ | 2,343 |
| Interest Earned - Interfunds | A-11 | | 887 |
| | A-1, 2(1) | | 3,230 |

CURRENT FUND

STATEMENT OF EXPENDITURES

| | Budget | Budget After Modification | Paid or Charged | Reserved | Cancelled |
|--|-----------|---------------------------|-----------------|----------|-----------|
| <u>OPERATIONS WITHIN "CAPS"</u> | | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | | |
| Mayor and Council: | | | | | |
| Salaries and Wages | 19,055 \$ | 19,055 \$ | 18,955 \$ | 100 \$ | |
| Other Expenses | 5,700 | 5,700 | 4,632 | 1,068 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 12,100 | 13,100 | 12,587 | 513 | |
| Other Expenses | 13,950 | 11,450 | 9,798 | 1,652 | |
| Elections: | | | | | |
| Other Expenses | 5 | 5 | | 5 | |
| Financial Administration (Treasury): | | | | | |
| Salaries and Wages | 17,371 | 17,371 | 16,921 | 450 | |
| Other Expenses | 11,500 | 11,500 | 10,724 | 776 | |
| Audit Services: | | | | | |
| Other Expenses | 10,000 | 10,000 | 10,000 | | |
| Revenue Administration (Tax Collection): | | | | | |
| Salaries and Wages | 12,921 | 12,921 | 11,921 | 1,000 | |
| Other Expenses | 4,500 | 6,300 | 5,822 | 478 | |
| Tax Assessment Administration: | | | | | |
| Salaries and Wages | 11,921 | 11,921 | 11,921 | | |
| Other Expenses | 2,800 | 2,800 | 2,405 | 395 | |
| Legal Services and Costs: | | | | | |
| Other Expenses | 12,000 | 15,500 | 14,860 | 640 | |
| Engineering Services: | | | | | |
| Other Expenses | 4,500 | 3,500 | 1,573 | 1,927 | |
| Public Building and Grounds: | | | | | |
| Salaries and Wages | 9,874 | 8,874 | 7,284 | 1,590 | |
| Other Expenses | 15,000 | 18,000 | 17,151 | 849 | |
| Insurance: | | | | | |
| Liability | 27,644 | 27,144 | 27,038 | 106 | |
| Workers' Compensation Insurance | 20,300 | 20,300 | 20,262 | 38 | |
| Technology: | | | | | |
| Other Expenses | 10,000 | 3,200 | 2,242 | 958 | |

CURRENT FUND**STATEMENT OF EXPENDITURES**

| | Budget | Budget After Modification | Paid or Charged | Reserved | Cancelled |
|---|----------|------------------------------|--------------------|----------|-----------|
| OPERATIONS WITHIN "CAPS" (Continued) | | | | | |
| LAND USE ADMINISTRATION | | | | | |
| Land Use Board: | | | | | |
| Salaries and Wages | 4,657 \$ | 4,657 \$ | 4,657 \$ | | |
| Other Expenses | 3,700 | 3,700 | 2,149 | 1,551 | |
| | \$ | \$ | \$ | \$ | \$ |
| PUBLIC SAFETY FUNCTION | | | | | |
| Police Department: | | | | | |
| Salaries and Wages | 154,800 | 153,300 | 152,765 | 535 | |
| Other Expenses | 26,000 | 27,500 | 26,547 | 953 | |
| Fire: | | | | | |
| Other Expenses | 36,000 | 36,000 | 35,480 | 520 | |
| Emergency Management Services: | | | | | |
| Salaries and Wages | 2,349 | 2,349 | 2,332 | 17 | |
| Other Expenses | 1,000 | 1,000 | 720 | 280 | |
| First Aid Organization Contribution | 20,081 | 20,081 | 20,081 | | |
| Housing Inspections | | | | | |
| Salaries and Wages | 4,995 | 4,995 | 4,995 | | |
| Other Expenses | 200 | 1,000 | 614 | 386 | |
| Fire Code Inspector (Uniform Fire Code) | | | | | |
| Salaries and Wages | 7,540 | 7,540 | 7,518 | 22 | |
| Other Expenses | 2,800 | 2,800 | 1,641 | 1,159 | |
| PUBLIC WORKS FUNCTION | | | | | |
| Streets and Road Maintenance | | | | | |
| Other Expenses | 19,000 | 19,000 | 15,929 | 3,071 | |
| SANITATION FUNCTION | | | | | |
| Garbage and Trash Removal: | | | | | |
| Other Expenses | 88,534 | 88,534 | 87,667 | 867 | |
| Recycling: | | | | | |
| Other Expenses | 28,500 | 33,500 | 32,475 | 1,025 | |

CURRENT FUND

STATEMENT OF EXPENDITURES

| | Budget | Budget After Modification | Paid or Charged | Reserved | Cancelled |
|--|---------------|---------------------------|-----------------|-----------|-----------|
| <u>OPERATIONS WITHIN "CAPS" (Continued)</u> | | | | | |
| <u>HEALTH AND WELFARE FUNCTION</u> | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | 7,548 \$ | 7,548 \$ | 6,896 \$ | 652 \$ | |
| Other Expenses | 2,000 | 2,000 | 1,782 | 218 | |
| Animal Control Services: | | | | | |
| Salaries and Wages | 717 | 717 | 717 | | |
| Other Expenses | 4,000 | 4,000 | 3,830 | 170 | |
| <u>RECREATION AND EDUCATION FUNCTION</u> | | | | | |
| Other Expense | 11,500 | 8,700 | 6,403 | 2,297 | |
| Celebration of Public Event Anniversary or Holiday | | | | | |
| Other Expenses | 4,500 | 4,500 | 2,549 | 1,951 | |
| Grantsman | | | | | |
| Other Expenses | 100 | 100 | | 100 | |
| <u>UNCLASSIFIED</u> | | | | | |
| Electric | 22,000 | 24,000 | 22,350 | 1,650 | |
| Street Lighting | 17,500 | 17,500 | 16,473 | 1,027 | |
| Telephone | 10,000 | 14,200 | 13,569 | 631 | |
| Heating | 9,000 | 7,300 | 6,679 | 621 | |
| Gasoline | 10,000 | 6,000 | 4,561 | 1,439 | |
| Total Operations Within "CAPS" | \$ 720,162 \$ | 721,162 \$ | 687,475 \$ | 33,687 \$ | |

CURRENT FUND

STATEMENT OF EXPENDITURES

OPERATIONS WITHIN "CAPS" (Continued)

| | Budget | Budget After Modification | Paid or Charged | Reserved | Cancelled |
|--|-------------------|---------------------------|-------------------|------------------|-----------|
| Detail: | | | | | |
| Salaries and Wages | \$ 265,848 | \$ 264,348 | \$ 259,469 | \$ 4,879 | \$ |
| Other Expenses (Incl. Contingent) | 454,314 | 456,814 | 428,006 | 28,808 | |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | | | | | |
| Deferred Charges: | | | | | |
| Prior Year Bill - Housing Inspection: Other Expenses | 306 | 306 | 306 | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Public Employees' Retirement System | 23,506 | 23,506 | 23,506 | | |
| Social Security System (O.A.S.I.) | 21,000 | 20,000 | 19,873 | 127 | |
| Unemployment Compensation Insurance | 1,700 | 1,700 | 1,512 | 188 | |
| Defined Contribution Retirement Program | 1,050 | 1,050 | 829 | 221 | |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "Caps" | 47,562 | 46,562 | 46,026 | 536 | |
| Total General Appropriations for Municipal Purposes Within "CAPS" | \$ 767,724 | \$ 767,724 | \$ 733,501 | \$ 34,223 | \$ |

CURRENT FUND
STATEMENT OF EXPENDITURES

| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</u> |
|---|---------------|----------------------------------|------------------------|-----------------|------------------|
| <u>OPERATIONS EXCLUDED FROM "CAPS"</u> | | | | | |
| Recycling Tax Appropriation | \$ 2,000 | \$ 2,000 | \$ 1,913 | \$ 87 | |
| Municipal Library (Aid to Library) | 4,000 | 4,000 | 4,000 | | |
| <u>SHARED SERVICE AGREEMENTS</u> | | | | | |
| Joint Municipal Court | 44,500 | 44,500 | 35,661 | 8,839 | |
| Public and Private Programs Offset by Revenues: | | | | | |
| Body Armor Fund | 1,005 | 1,005 | 1,005 | | |
| Get Active Grant - New Jersey Prevention Network | 3,000 | 3,000 | 3,000 | | |
| Municipal Alliance Program | | | | | |
| State Share | 4,178 | 4,178 | 4,178 | | |
| Local Share | 1,045 | 1,045 | 1,045 | | |
| Clean Communities Program | | | | | |
| Other Expenses | 4,000 | 4,000 | 4,000 | | |
| Comcast Tech Grant | | | | | |
| Recycling Tonnage Grant | 2,228 | 2,228 | 2,228 | | |
| Total Public and Private Programs Offset By Revenues | 15,456 | 15,456 | 15,456 | | |
| Total Operations Excluded from "CAPS": | 65,956 | 65,956 | 57,030 | 8,926 | |
| Detail: | | | | | |
| Other Expenses | 65,956 | 65,956 | 57,030 | 8,926 | |
| <u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u> | | | | | |
| Capital Improvement Fund | 1,000 | 1,000 | 1,000 | | |
| Total Capital Improvements - Excluded from "CAPS" | 1,000 | 1,000 | 1,000 | | |
| <u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u> | | | | | |
| Payment of Bond Anticipation and Capital Notes | 90,550 | 90,550 | 90,550 | | 13 |
| Interest on Notes | 1,600 | 1,600 | 1,587 | | |
| Total Municipal Debt Service Excluded From "CAPS" | 92,150 | 92,150 | 92,137 | | 13 |
| Deferred Charges - Municipal - Excluded from "CAPS" | | | | | |
| Emergency Authorizations | | | | | |
| Transferred to Board of Education for Use of Local Schools | 8,453 | 8,453 | 8,453 | | - |

CURRENT FUND

STATEMENT OF EXPENDITURES

| | Budget | Budget After Modification | Paid or Charged | Reserved | Cancelled |
|---|--------------|---------------------------|-----------------|-----------|-----------|
| Total General Appropriations Excluded from "CAPS" | \$ 167,559 | \$ 167,559 | \$ 158,620 | \$ 8,926 | 13 |
| Subtotal General Appropriations | 935,283 | 935,283 | 892,121 | 43,149 | 13 |
| Reserve for Uncollected Taxes | 106,306 | 106,306 | 106,306 | | |
| Total General Appropriations | \$ 1,041,589 | \$ 1,041,589 | \$ 998,427 | \$ 43,149 | 13 |
| | | A-2 | A-1 | A:A-1 | |
| Adopted Budget Chapter 159 | | \$ 1,034,589 | | | |
| Reserve for Uncollected Taxes Disbursed | | 7,000 | | | |
| Grant Matching Share | | | 106,306 | | |
| Encumbrances Payable | | | 834,730 | | |
| Federal and State Grants | | | 1,045 | | |
| | | | 41,935 | | |
| | | | 14,411 | | |
| | | | \$ 998,427 | | |
| | | \$ 1,041,589 | \$ 998,427 | | |

Ref.
A-2
A-2
A-2(2)
A-4
A-11,19
A-14
A-19

TRUST FUND
COMPARATIVE BALANCE SHEET

| | Ref. | Balance December 31, 2016 | Balance December 31, 2015 |
|--|------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| <u>Animal Control Fund:</u> | | | |
| Cash - Chief Financial Officer | B-1 | \$ 6,755 | \$ 5,443 |
| <u>Other Trust Funds:</u> | | | |
| Cash - Chief Financial Officer | B-1 | 169,503 | 128,650 |
| | | \$ 176,258 | \$ 134,093 |
| <u>LIABILITIES, RESERVES & FUND BALANCE</u> | | | |
| <u>Animal Control Fund:</u> | | | |
| Due to Current Fund | B-3 | \$ 2,121 | \$ 245 |
| Reserve for Animal Control Fund | | | |
| Expenditures | B-4 | 3,869 | 3,973 |
| Prepaid Licenses | B-5 | 765 | 1,225 |
| | | 6,755 | 5,443 |
| <u>Other Trust Funds:</u> | | | |
| Amount Due to Current Fund | B-6 | 2,201 | 2,068 |
| Payroll Taxes Payable | B-7 | 2,144 | |
| Reserved for: | | | |
| Tax Title Lien Redemptions | B-8 | 16,850 | 3,000 |
| Premiums Received at Tax Sale | B-9 | 28,400 | 8,600 |
| Escrow Deposits | B-10 | 6,900 | 4,004 |
| Performance Guarantee | B-10 | 6,464 | 6,445 |
| William Haluszka Bequest | B-10 | 100,480 | 100,179 |
| Fire Safety Fees | B-10 | 925 | 1,225 |
| Snow Removal Trust | B-10 | 5,139 | 3,129 |
| | | 169,503 | 128,650 |
| | | \$ 176,258 | \$ 134,093 |

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

| <u>ASSETS</u> | <u>Ref.</u> | <u>Balance December 31, 2016</u> | <u>Balance December 31, 2015</u> |
|---|-------------|--|--|
| Cash - Chief Financial Officer | C-2 | \$ 210,733 | \$ 253,337 |
| Due from Current Fund | C-4 | | 59,685 |
| Due from State of New Jersey - Transportation Trust Fund Authority Act | C-5 | 53,141 | 109,250 |
| Deferred Charges to Future Taxation Unfunded | C-6 | 120,358 | 182,408 |
| | | <u>\$ 384,232</u> | <u>\$ 604,680</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Capital Improvement Fund | C-7 | \$ 54,790 | \$ 55,290 |
| Improvement Authorizations | | | |
| Funded | C-8 | 79,590 | 73,118 |
| Unfunded | C-8 | 120,358 | 163,180 |
| Bond Anticipation Notes | C-9 | 73,358 | 172,500 |
| Contracts Payable | C-11 | 39,356 | 121,000 |
| Encumbrances Payable | C-11 | | 2,857 |
| Amount Due to Current Fund | C-4 | 45 | |
| Fund Balance | C-1 | 16,735 | 16,735 |
| | | <u>\$ 384,232</u> | <u>\$ 604,680</u> |

There were bonds and notes authorized but not issued on December 31, 2015 of \$18,500 and \$47,000 on December 31, 2016 (Exhibit C-10).

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

| | | |
|-------------------------------------|------------------|------------------|
| Balance, December 31, 2015 and 2016 | <u>Ref.</u> C | \$ <u>16,735</u> |
|-------------------------------------|------------------|------------------|

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

| | | December 31, | |
|--|--------------------|---------------------|---------------------|
| | | 2016 | 2015 |
| <u>ASSETS</u> | <u>Ref.</u> | | |
| Operating Fund | | | |
| Cash - Treasurer | D-5 | \$ 196,353 | \$ 149,540 |
| Cash - Collector | D-6 | 1,034 | 1,036 |
| Change Fund | | 25 | 25 |
| Due from Water Capital Fund | D-7 | 53 | 64 |
| | | <u>197,465</u> | <u>150,665</u> |
| Receivables with Full Reserves | | | |
| Water Utility Charges Receivable | D-9 | 6,594 | 7,608 |
| Total Operating Fund | | <u>204,059</u> | <u>158,273</u> |
| Capital Fund | | | |
| Cash - Treasurer | D-5:D-8 | 197,289 | 250,955 |
| Fixed Capital | D-10 | 2,055,902 | 2,055,902 |
| Fixed Capital Authorized and Uncompleted | D-16 | 500,000 | 500,000 |
| Total Capital Fund | | <u>2,753,191</u> | <u>2,806,857</u> |
| Total Utility Fund | | <u>\$ 2,957,250</u> | <u>\$ 2,965,130</u> |

There were Bonds and Notes Authorized But Not Issued of \$325,000 on December 31, 2015 and December 31, 2016.

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements.

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

| | | December 31, | |
|--|----------|---------------------|---------------------|
| | | 2016 | 2015 |
| <u>Liabilities, Reserves and Fund Balance</u> | Ref. | | |
| Operating Fund Liabilities | | | |
| Appropriation Reserves | D-4:D-11 | \$ 41,003 | \$ 37,027 |
| Encumbrances Payable | D-12 | 10,198 | 6,608 |
| Water Rent Overpayments | D-15 | 537 | 1,324 |
| Total Liabilities | | 51,738 | 44,959 |
| Reserve for Receivables | D | 6,594 | 7,608 |
| Fund Balance | D-1 | 145,727 | 105,706 |
| Total Operating Fund | | 204,059 | 158,273 |
| Capital Fund | | | |
| Due to Water Operating Fund | D-7 | 53 | 64 |
| Capital Improvement Fund | D-13 | 25,959 | 15,959 |
| Reserve for Amortization | D-14 | 2,055,902 | 2,055,902 |
| Reserve for Deferred Amortization | D-18 | 175,000 | 175,000 |
| Contracts Payable | D-20 | 78,700 | |
| Unexpended Improvement Authorizations | D-17 | 357,606 | 499,961 |
| Fund Balance | D-2 | 59,971 | 59,971 |
| Total Capital Fund | | 2,753,191 | 2,806,857 |
| | | \$ 2,957,250 | \$ 2,965,130 |

The Accompanying Notes to the Financial Statements are an Integral Part of These State

WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
STATUTORY BASIS

| | Ref. | <u>Year ended December 31,</u> | |
|--|---------|--------------------------------|--------------------------|
| | | <u>2016</u> | <u>2015</u> |
| Revenue and Other Income Realized: | | | |
| Fund Balance Utilized | D-1:D-3 | \$ 51,400 | \$ 52,100 |
| Water Rents | D-3 | 237,992 | 231,287 |
| Interest on Water Rents | D-3 | 2,843 | 2,944 |
| Miscellaneous Revenue not Anticipated | D-3 | 1,259 | 1,151 |
| Other Credits to Income | | | |
| Prior Year Encumbrances Cancelled | | | 3,012 |
| Unexpended Balance of Appropriation Reserves | D-11 | 37,027 | 33,835 |
| Total Revenue and Other Income | | <u>330,521</u> | <u>324,329</u> |
| Expenditures: | | | |
| Budget Appropriations: | | | |
| Operations | D-4 | 199,800 | 198,904 |
| Capital Improvements | D-4 | 30,000 | 30,000 |
| Deferred Charges and Statutory Expenditures | D-4 | 9,300 | 10,000 |
| Total Expenditures | | <u>239,100</u> | <u>238,904</u> |
| Excess in Revenue | | 91,421 | 85,425 |
| Fund Balance, January 1 | D | <u>105,706</u> | <u>72,381</u> |
| | | 197,127 | 157,806 |
| Decreased by: | | | |
| Utilized by Operating Budget | | 51,400 | 52,100 |
| Fund Balance, December 31 | D | <u>\$ 145,727</u> | <u>\$ 105,706</u> |

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements.

WATER UTILITY CAPITAL FUND
STATEMENT OF WATER CAPITAL FUND BALANCE - STATUTORY BASIS

| | <u>Ref.</u> | |
|-------------------------------------|-------------|------------------|
| Balance, December 31, 2015 and 2016 | D | \$ <u>59,971</u> |

EXHIBIT D-3

WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - STATUTORY BASIS

| | <u>Ref.</u> | <u>Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|-------------|-------------------|-------------------|--------------------------------|
| Operating Fund Balance Anticipated | D-1 | \$ 51,400 | \$ 51,400 | \$ |
| Water Rents | D-1,6 | 201,000 | 237,992 | 36,992 |
| Miscellaneous - Interest on Water Rents | D-1,6 | 1,700 | 2,843 | 1,143 |
| | D-4 | <u>\$ 254,100</u> | <u>\$ 292,235</u> | <u>\$ 38,135</u> |

Analysis of Realized Revenue:

Non-budget Revenue

| | | |
|--|-----|-----------------|
| Interest Earned on Bank Deposits | D-5 | \$ 501 |
| Interest Earned on Collector's Account | D-6 | 34 |
| Interest Earned on Water Capital Fund | D-7 | 724 |
| Total Non-budget Revenue | D-1 | <u>\$ 1,259</u> |

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements.

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

| | Appropriations | | Paid or Charged | Reserved | Cancelled |
|---|----------------|------------|--------------------|-----------|-----------|
| | Budget | Modified | | | |
| Operations | | | | | |
| Salaries and Wages | \$ 54,000 | \$ 54,000 | \$ 48,659 | \$ 5,341 | \$ |
| Other Expenses | 138,400 | 138,400 | 116,948 | 21,452 | |
| Liability Insurance | 7,400 | 7,400 | 7,335 | 65 | |
| Total Operations | 199,800 | 199,800 | 172,942 | 26,858 | |
| Capital Improvements | | | | | |
| Capital Improvement Fund | 10,000 | 10,000 | 10,000 | | |
| Capital Outlay | 35,000 | 35,000 | 6,543 | 13,457 | 15,000 |
| Total Capital Improvements | 45,000 | 45,000 | 16,543 | 13,457 | 15,000 |
| Deferred Charges and Statutory Expenditures | | | | | |
| Public Employees' Retirement System | 4,500 | 4,500 | 4,500 | | |
| Contribution to Social Security System | 4,300 | 4,300 | 3,723 | 577 | |
| Unemployment Compensation Insurance | 500 | 500 | 389 | 111 | |
| Total Statutory Expenditures | 9,300 | 9,300 | 8,612 | 688 | |
| | \$ 254,100 | \$ 254,100 | \$ 198,097 | \$ 41,003 | \$ 15,000 |
| | D-3 | D-1:D-3 | | D | |
| Encumbrances Payable | | | \$ 10,198 | | |
| Cash Disbursed | | | 187,899 | | |
| | | | \$ 198,097 | | |

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements.

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS**DECEMBER 31, 2016 AND 2015**

| | <u>Balance December 31, 2016</u> | <u>Balance December 31, 2015</u> |
|-------------------------------------|--|--|
| <u>General Fixed Assets:</u> | | |
| Land | \$ 127,922 | \$ 127,922 |
| Building and Improvements | 729,546 | 729,546 |
| Vehicles | 633,700 | 633,700 |
| Furnishings, Fixtures and Equipment | 935,414 | 927,763 |
| Total General Fixed Assets | <u>\$ 2,426,582</u> | <u>\$ 2,418,931</u> |
| Investments in General Fixed Assets | <u>\$ 2,426,582</u> | <u>\$ 2,418,931</u> |

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Borough of Elmer is governed by a Mayor and six Council Members, as defined by revised statutes 40:142-1 as amended by New Jersey Statutes Annotated 40A:63-1, with the Mayor serving a four-year term and the Council Members serving three-year terms.

Except as noted below, the financial statements of the Borough of Elmer include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Elmer, as required by **N.J.S.A. 40A:5-5**.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The financial statements do not contain any component units of the Borough of Elmer, as defined by Governmental Accounting Standard Board State No. 14, since none exist at December 31, 2016.

B. Description of Funds

The accounting policies of the Borough of Elmer conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Elmer accounts for its financial transactions through the following separate funds, which differs from the funds required by generally accepted accounting principles:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

B. **Description of Funds** - Continued

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

Water Operating and Capital Funds - account for the operations and acquisitions of capital facilities, other than those acquired in the Current Fund.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes. The activities of the public assistance office were transferred to Salem County in early 1999.

Account Group - In addition to the funds listed above, the Borough maintains one account group, which is as follows:

General Fixed Assets Account Group - All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. **Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant of these policies in New Jersey follow:

- A modified accrual basis of accounting is followed with minor exceptions. Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Over-expended appropriations and emergency appropriations are deferred to the succeeding year's operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such differences.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** – Continued

C. **Basis of Accounting** - Continued

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

Expenditures - are to be recorded on the "budgetary" basis of accounting. Generally expenditures are required to be recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are required to be reported as a cash liability in the financial statements as encumbrances payable. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts, which may be 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 accrued.

Property Tax Revenue - 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. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year. Delinquent taxes are considered fully collectable and, therefore, no allowance for uncollectable taxes is provided. Property taxes unpaid on the 11th day of the 11th month in the fiscal year following their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the entities that follow.

Levy of Taxes - 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

C. **Basis of Accounting** - Continued

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Elmer school district. Operations are charged for the full amount required to be raised from taxation to operate the school district for the period from January 1 to December 31. Elmer Borough raises school taxes on a fiscal year basis.

County Taxes - The municipality is responsible for levying, collecting and remitting County taxes for the County of Salem. Operations are charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. Taxes are payable on the 15th day of February, May, August and November. In addition, operations are charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15th of the following year.

Tax Appeals and Other Contingent Losses - Losses, which arise from tax appeals, and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

C. **Basis of Accounting** - Continued

General Fixed Assets - In accordance with Technical Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed asset accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available, in accordance with the State of New Jersey's Technical Accounting Directive 85-2.

Property acquired for taxes (foreclosed property) and by purchase are recorded in the Current Fund at the assessed valuation when such property is acquired or purchased and concurrently fully reserved.

No depreciation has been provided for in the financial statements.

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately. The Borough Hall was acquired from the school board.

Property and equipment purchased by the Water Utility Fund 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 represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Water Utility does not record depreciation on fixed assets.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

C. **Basis of Accounting** - Continued

Interest on Delinquent Taxes - It is the policy of the Borough 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 due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after 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 (10) day grace period.

Levy of Utility Charges - The Borough operates a water utility fund. Rates are determined by ordinance and changed as necessary. Water charges are based on flat fees, dependent on meter size, as well as usage. Charges are billed quarterly and are due on designated dates in February, May, August and November.

Interest on Delinquent Utility Charges - It is the policy of the Borough to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge five percent (5%) per annum on any charge becoming delinquent after due date.

Capitalization of Interest - It is the policy of the Borough of Elmer to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles or the statutory 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.

D. **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 Revenue 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

E. **Comparative Data**

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 each of the Statement of Revenues - Regulatory Basis and Statement of Expenditures - Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. **Recent Accounting Pronouncements**

GASB No. 82 - Pensions - an Amendment of GASB No. 67, No. 68 and No. 73: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

G. **Budgets and Budgetary Accounting**

The Borough of Elmer must adopt an annual budget in accordance with the **N.J.S.A. 40A: et al. N.J.S.A. 40A:4-5** requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for public hearing on the budget and must advertise the time and place in a newspaper published and circulated in the municipality at least 10 days prior to the hearing. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with **N.J.S.A. 40A:4-9**.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

G. **Budgets and Budgetary Accounting** - Continued

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2016 and 2015 calendar years, Borough Council approved the following budget insertions:

| | <u>2016</u> | <u>2015</u> |
|------------------------------------|-------------|-------------|
| NJDEP Clean Communities | \$ 4,000 | 4,000 |
| Get Active | 3,000 | |
| Salem County Safe Roadways Project | | 3,000 |

Under New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$106,306 and \$119,884, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 and 2015 statutory budgets was \$142,900 and \$138,000, respectively.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by Borough Council. There were no significant transfers approved during the 2016 calendar year, except for \$6,800 from Technology and \$5,000 to Recycling.

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. No emergency appropriations were adopted by resolution in 2016. No special emergency resolutions were adopted by Borough Council during 2016 and no balances remained from prior years special emergency appropriations.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

H. **Investments**

As of December 31, 2016, the Borough had no investments.

Interest Rate Risk - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - New Jersey Statutes 40A:5-15.1(a) limits Borough investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the Borough or the school districts of which the Borough is a part; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Borough places no limit on the amount the Borough may invest in any one issuer.

I. **Cash and Cash Equivalents**

New Jersey municipal units are required by **N.J.S.A. 40A:5-14** to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management fund. **N.J.S.A. 40A:5-15.1** provides a list of securities, which may be purchased by New Jersey municipal units.

The Borough Council designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

2. **Cash**

Custodial Credit Risk

The Governmental Unit Deposit Protection Act, P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30 and December 31, with the Commissioner of Banking.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

2. **Cash** - Continued

Custodial Credit Risk – Continued

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act and are classified as credit risk.

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or fund that may pass to the municipality relative to the happening of a future condition.

As of December 31, 2016, \$1,269,705 of the municipal's bank balance was exposed to custodial credit risk and is covered by GUDPA. The total bank balance was \$1,519,705.

3. **Fixed Assets**

The following schedules are a summarization of the changes in general fixed assets by category for the calendar year ended December 31, 2016 and 2015.

| | Balance as of <u>12/31/15</u> | <u>Additions</u> | <u>Adjustments</u> <u>(Disposals)</u> | Balance as of <u>12/31/16</u> |
|--------------------------------------|-------------------------------------|------------------|--|-------------------------------------|
| Land | \$ 127,922 | | | \$ 127,922 |
| Buildings & Improv. | 729,546 | | | 729,546 |
| Vehicles | 633,700 | | | 633,700 |
| Furniture, Fixtures and Equipment | 927,763 | \$ 21,094 | \$ 13,443 | 935,414 |
| | <u>\$ 2,418,931</u> | <u>\$ 21,094</u> | <u>\$ 13,443</u> | <u>\$ 2,426,582</u> |

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

4. Retirement Systems

Description of Plans

All required employees of the Borough are covered by either the Public Employees' Retirement System, which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division) or by the Defined Contribution Retirement Program (DCRP). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/financial-rprts-home.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, 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 N.J.S.A. 43:15C-1 et seq.

Funding Policy

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

4. Retirement Systems - Continued

| Tier | Definition |
|------|---|
| 1 | Members who are enrolled prior to July 1, 2007. |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008. |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010. |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011. |
| 5 | Members who were eligible to enroll on or after June 28, 2011. |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2016, and 2015, were \$28,006 and \$30,910 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

4. **Retirement Systems** - Continued

The total payroll for the years ended December 31, 2016 and 2015 was \$291,466 and \$316,774. Payroll covered by PERS was \$237,432 and \$259,257 respectively.

Information regarding contributions made by the State of New Jersey on behalf of the Borough is not available. Contributions to the system for the year ended December 31, 2016 is as follows:

| | <u>PERS</u> | <u>DCRP</u> |
|-----------|------------------|-----------------|
| Employees | \$ 18,020 | \$ 1,101 |
| Borough | 28,006 | 601 |
| Total | <u>\$ 46,026</u> | <u>\$ 1,702</u> |

GASB 68 - Accounting and Financial Reporting for Pensions

Effective June 30, 2014, state and local governments participating in government pension plans are required to reflect liabilities, deferred outflows/inflows of resources and expenditures related to pension activity. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions and improve information provided by state and local governmental employers about financial support for pensions that are provided by other state entities.

The Borough does not and is not required to follow generally accepted accounting principles (GAAP) and, as such, does not follow GASB requirements with respect to the recording of pension liabilities and deferred outflows/inflows of resources on its balance sheets.

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey. However, N.J.A.C. 5:30-6.1[c][2] requires the Borough to disclose GASB 68 information in the Notes to the Financial Statements.

Components of Net Pension Liability - At December 31, 2016, the Borough's proportionate share of the PERS net pension liability was \$1,155,400. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Borough's proportion measured as of June 30, 2015, was .0039%, which was an increase of .0006% from its proportion measured as of June 30, 2015.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

4. **Retirement Systems** - Continued

Pension Expense and Deferred Outflows/Inflows of Resources - The Borough's 2016 pension expense, with respect to GASB 68, was \$122,644. The Borough's 2016 deferred outflows of resources and deferred inflows of resources were from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 21,487 | \$ |
| Changes of assumptions | 239,337 | |
| Net difference between projected and actual earnings on pension plan investments | 44,056 | |
| Changes in proportion | 125,321 | 61,584 |
| District contributions subsequent to the measurement date | 28,006 | |
| Total | \$ 458,207 | \$ 61,584 |

The \$28,006 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (i.e. for the year ending December 31, 2016, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year | PERS |
|--------------|-------------------|
| 2017 | \$ 75,397 |
| 2018 | 75,397 |
| 2019 | 85,856 |
| 2020 | 90,262 |
| 2021 | 41,705 |
| Total | \$ 368,617 |

Additional Information - Collective Balances at June 30, 2014 and 2015 are as follows:

| | Actuarial Valuation Date | |
|---|--------------------------|------------|
| | 6/30/2016 | 6/30/2015 |
| Collective deferred outflows of resources | \$ 458,207 | \$ 153,263 |
| Collective deferred inflows of resources | 61,584 | 89,896 |
| Collective net pension liability | 1,155,400 | 731,250 |
| District's Proportion | 0.0039% | 0.0033% |

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

4. **Retirement Systems** - Continued

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

| | <u>PERS</u> |
|------------------------------|---------------|
| Measurement Date | June 30, 2016 |
| Actuarial Valuation Date | June 30, 2015 |
| Interest Rate | 7.65% |
| Salary Scale (Based on Age): | |
| 2012-2021 | 1.65% - 4.15% |
| Thereafter | 2.65% - 5.15% |
| Inflation | 3.08% |

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

4. **Retirement Systems** - Continued

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|--|
| Cash | 5.00% | 0.87% |
| US Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad US Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt ex US | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |
| Total | 100% | |

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

4. Retirement Systems - Continued

| | <u>1%</u> <u>Decrease</u> <u>(2.98%)</u> | <u>Current</u> <u>Discount</u> <u>(3.98%)</u> | <u>1%</u> <u>Increase</u> <u>(4.98%)</u> |
|---|--|---|--|
| Borough's proportionate share of the net pension liability | \$ 87,423 | \$ 71,344 | \$ 58,068 |

5. Long-Term Debt

Summary of Statutory Debt Condition - Annual Debt Statement

As of December 31, 2016, the Borough of Elmer did not have any long term debt.

This 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 .12%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------------|-------------------|-------------------|-------------------|
| Local School District Debt | \$ - | \$ - | \$ - |
| Water Utility Debt | 325,000 | 325,000 | - |
| General Debt | 120,358 | | 120,358 |
| | <u>\$ 445,358</u> | <u>\$ 325,000</u> | <u>\$ 120,358</u> |

The foregoing information is in agreement with the Annual Debt Statement filed by the Borough, as amended. The deduction against Gross Debt represents cash on hand.

Summary of Statutory Debt Condition - Annual Debt Statement

Equalized Valuation Basis:

| | |
|---------|-----------------------|
| 2014 | \$ 99,417,037 |
| 2015 | 106,891,430 |
| 2016 | <u>107,565,262</u> |
| Average | \$ <u>104,624,576</u> |

Net debt \$120,358/ Equalized Valuation Basis per N.J.S.A. 4A:2-2 as amended, \$104,624,576 =.12%.

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

| | |
|---|---------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 3,661,860 |
| Net Debt | 120,358 |
| Remaining Borrowing Power | <u>\$ 3,541,502</u> |

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

6. Bond Anticipation Notes Payable

| | Beginning Balance | Additions | Reductions | Ending Balance |
|-----------------------|----------------------|-----------|------------|-------------------|
| General Capital Notes | \$ 172,500 | \$ | \$ 99,142 | \$ 73,358 |
| | \$ 172,500 | \$ | \$ 99,142 | \$ 73,358 |

| | 2015 Amount | Interest Rate | Maturity Date |
|-------------------------------|----------------|------------------|------------------|
| General Capital Notes: | | | |
| First National Bank of Elmer | \$ 73,358 | 1.09% | 5/17/2016 |
| Total General Capital | \$ 73,358 | | |

All bond anticipation notes are with the First National Bank of Elmer. During 2016, the Borough paid down \$90,550 through the current operating budget and redeemed another \$8,592.

As of December 31, 2016, the carrying value of the above notes approximates the fair value of the notes.

7. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, there were no deferred charges on the Current Fund balance sheet.

8. Taxes Collected in Advance

Taxes collected in advance, set forth as cash liabilities in the financial statements, are as follows:

| | Balance December 31, 2016 | Balance December 31, 2015 |
|--------------------------------|---------------------------------|---------------------------------|
| Prepaid Taxes - Cash Liability | \$ 40,963 | \$ 40,321 |
| | \$ 40,963 | \$ 40,321 |

9. Leases

The Borough has one copier lease agreement. The minimum lease payments are as follows:

| | |
|------|----------|
| 2016 | \$ 1,988 |
| 2017 | 1,325 |
| | \$ 3,313 |

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

10. Accrued Sick and Vacation Benefits

The Borough has permitted full-time employees to accrue vacation time based on their length of service with the Borough. No more than one week of vacation may be carried over from one calendar year to the next, and these days must be used by June 1 of that year. Full-time employees also earn five sick days per year, which may be carried over to the following calendar year up to a maximum of 15 accumulated sick days at any time. Employees will not be reimbursed for carried-over or unused sick time upon the conclusion of their employment. Based on this policy, the estimated current cost of such unpaid compensation would approximate \$8,812 as of December 31, 2016.

11. Local District School Tax

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. In the case of Elmer Borough, \$681,959 is the maximum amount permitted to be deferred as of December 31, 2016, under those regulations. The Borough, in prior years, elected to defer school taxes and the accumulation of such deferrals was \$583,011, which remains as of December 31, 2016.

Local District School Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

| | | Local District School Tax Balance, December 31 | |
|----------------|----|---|-------------------|
| | | 2016 | 2015 |
| Balance of Tax | \$ | 823,423 | \$ 807,278 |
| Deferred | | 583,011 | 583,011 |
| Taxes Payable | \$ | <u>240,412</u> | \$ <u>224,267</u> |

12. Contingent Liabilities

As per confirmation from the Borough's solicitor, no contingent liabilities of a material amount were noted.

13. Joint Municipal Court

The Borough is a member of the Mid-Salem County Municipal Court which includes the Borough of Woodstown, the Borough of Elmer, the Township of Mannington, the Township of Oldsman and the Township of Quinton. Woodstown serves as the lead agency for the joint municipal court. All fines and costs are distributed to the municipality in which the complaint, charge, event, acts or violation occurred. Each municipality includes a line item in their annual budget to cover their share of the courts administration expenses.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

14. Economic Dependency

The Borough of Elmer is not economically dependent on any one business or industry as a major source of tax revenue for the Borough.

15. Litigation

From time to time, the Borough is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Borough's management, the outcome of any present legal proceedings will not have an adverse material effect on the accompanying financial statements.

16. Risk Management

The Borough is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. During the years ended December 31, 2016 and 2015, the Borough did not incur claims in excess of this coverage and there was no reduction in the stated coverage.

17. Comparison of Tax Levies and Collections 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 probably increase in future tax levies.

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|-------------------------|-------------------------------|
| | | <u>Cash Collections</u> | <u>Percent of Collections</u> |
| 2016 | \$ 3,168,297 | \$ 3,084,689 | 97.36% |
| 2015 | 2,971,040 | 2,889,361 | 97.25% |
| 2014 | 2,936,720 | 2,896,487 | 98.63% |
| 2013 | 2,832,319 | 2,732,381 | 96.47% |
| 2012 | 2,873,063 | 2,766,695 | 96.30% |

18. Property Acquired by Tax Title Lien Liquidation

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2016 | \$ 20,500 |
| 2015 | 20,500 |
| 2014 | 20,500 |

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

19. Comparative Schedule of Tax Rate Information

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Tax Rate | \$ 2.989 | \$ 2.79 | \$ 2.77 | \$ 2.66 | 2.70 |
| Apportionment of Tax Rate: | | | | | |
| Municipal | 0.590 | 0.59 | 0.55 | 0.53 | 0.51 |
| County | 1.108 | 0.93 | 0.98 | 0.92 | 0.99 |
| Local School | 1.291 | 1.27 | 1.24 | 1.21 | 1.20 |
| Assessed Valuation | \$ 107,999,522 | \$ 105,963,385 | \$ 105,963,385 | \$ 106,172,020 | \$ 106,247,428 |

20. Interfund Balances

As of December 31, 2016, the following interfunds were included on the balance sheets of the various funds of the Borough of Elmer:

| | <u>Due to</u> | <u>Due From</u> |
|------------------------|---------------|-----------------|
| Current Fund: | | |
| Grant Fund | \$ 22,846 | \$ |
| Animal Control Fund | | 2,121 |
| Trust Other Fund | | 2,201 |
| General Capital | | 45 |
| Grant Fund: | | |
| Current Fund | | 22,846 |
| Animal Control Fund | | |
| Current Fund | 2,121 | |
| Trust Other Funds: | | |
| Current Fund | 2,201 | |
| General Capital: | | |
| Current Fund | 45 | |
| Water Operating Fund: | | |
| Due from Water Capital | 53 | |
| Water Capital Fund: | | |
| Due to Water Operating | | 53 |

21. 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 five years.

| <u>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> |
|-------------|--------------------------------------|---------------------------------------|-----------------------------|-----------------------------------|
| 2016 | \$ 13,662 | \$ 79,332 | \$ 92,994 | 2.94% |
| 2015 | 10,810 | 70,495 | 81,305 | 2.74% |
| 2014 | 8,142 | 37,473 | 45,615 | 1.55% |
| 2013 | 6,672 | 96,433 | 103,105 | 3.64% |
| 2012 | 13,375 | 101,304 | 114,679 | 3.99% |

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

22. Comparative Statement of Operations and Change in Fund Balance - Current Fund

| | Year 2016 | | Year 2015 | |
|--|---------------------|----------------|---------------------|----------------|
| | Amount | % | Amount | % |
| <u>Revenue and Other Income</u> | | | | |
| Fund Balances Utilized | \$ 142,900 | 3.95% | \$ 138,000 | 3.99% |
| Miscellaneous - From Other than Local Property Tax Levies | 316,769 | 8.77% | 389,989 | 11.27% |
| Collection of Delinquent Taxes and Tax Title Liens | 3,084,689 | 85.33% | 41,027 | 1.19% |
| Collection of Current Tax Levy | 70,495 | 1.95% | 2,889,361 | 83.55% |
| | \$ 3,614,853 | 100.00% | \$ 3,458,377 | 100.00% |
| <u>Expenditures</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | \$ 935,270 | 26.93% | \$ 922,456 | 28.13% |
| County Taxes | 1,173,366 | 33.79% | 1,013,239 | 30.90% |
| Local School Taxes | 1,363,918 | 39.28% | 1,337,150 | 40.77% |
| Other | | | 6,451 | 0.20% |
| | 3,472,554 | 100.00% | 3,279,296 | 100.00% |
| Excess in Revenue | 142,299 | | 179,081 | |
| Less: Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year | - | | - | |
| | 142,299 | | 179,081 | |
| Fund Balance, January 1 | 262,553 | | 221,472 | |
| | 404,852 | | 400,553 | |
| Less: | | | | |
| Utilization as Anticipated Revenue | 142,900 | | 138,000 | |
| Fund Balance, December 31 | \$ 261,952 | | \$ 262,553 | |

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

23. Comparative Statement of Operations and Change in Fund Balance – Water Fund

| | Year 2016 | | Year 2015 | |
|--|-------------------|----------------|-------------------|----------------|
| | Amount | % | Amount | % |
| <u>Revenue and Other Income</u> | | | | |
| Fund Balances Utilized | \$ 51,400 | 15.55% | \$ 52,100 | 16.06% |
| Water Rents | 237,992 | 72.01% | 231,287 | 71.31% |
| Miscellaneous Revenue | 4,102 | 1.24% | 4,095 | 1.27% |
| Other | 37,027 | 11.20% | 36,847 | 11.36% |
| | \$ 330,521 | 100.00% | \$ 324,329 | 100.00% |
| <u>Expenditures</u> | | | | |
| Budget Expenditures: | | | | |
| Water Operating Fund | \$ 239,100 | 100.00% | \$ 238,904 | 100.00% |
| Other | | | | |
| | 239,100 | 100.00% | 238,904 | 100.00% |
| Total Expenditures | 239,100 | 100.00% | 238,904 | 100.00% |
| Excess in Revenue | 91,421 | | 85,425 | |
| Fund Balance, January 1 | 105,706 | | 72,381 | |
| | 197,127 | | 157,806 | |
| Less: | | | | |
| Utilization as Anticipated Revenue | 51,400 | | 52,100 | |
| Fund Balance, December 31 | \$ 145,727 | | \$ 105,706 | |

24. Grants and Contracts

During the 2016 calendar year, the Borough was awarded various grants, as shown in the Schedule of Appropriated Reserves.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

25. Comparative Schedule of Fund Balances

Fund balances at December 31, that were appropriated and included as anticipated revenue in their own respective funds are as follows:

Current Fund

| <u>Year</u> | <u>Balance December 31</u> | <u>Utilized in Budget of Succeeding Year</u> |
|-------------|--------------------------------|--|
| 2016 | \$ 261,952 | \$ 143,200 |
| 2015 | 262,553 | 142,900 |
| 2014 | 221,472 | 138,000 |
| 2013 | 153,905 | 121,000 |

Water Operating Fund

| | <u>Year</u> | <u>Balance December 31</u> | <u>Utilized in Budget of Succeeding Year</u> |
|--------------|-------------|--------------------------------|--|
| Current Fund | 2016 | \$ 145,727 | \$ 51,400 |
| | 2015 | 105,706 | 51,400 |
| | 2014 | 72,381 | 52,100 |
| | 2013 | 58,887 | 56,000 |
| | 2012 | 56,552 | 55,604 |

26. Subsequent Events

There were no material events between December 31, 2016 and April 28, 2017 affecting the financial status of the Borough of Elmer.

End of Notes to Financial Statement

SUPPLEMENTARY DATA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BOROUGH OF ELMER

COUNTY OF SALEM

FOR THE YEAR ENDED DECEMBER 31, 2016

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Federal Grant Number | Grant Award Amount | Grant Period From To | Balance December 31, 2015 | | Receipts or Revenue Recognized | Balance December 31, 2016 | |
|--|---------------------|-------------------------------|----------------------|--------------------|----------------------|---------------------------|-----------|--------------------------------|---------------------------|-----------|
| | | | | | | Accounts Receivable | Reserve | | Accounts Receivable | Reserve |
| FEMA Reimbursements-Hurricane Irene | N/A | N/A | N/A | \$ 20,134 | 1/1/12 12/31/12 | \$ | \$ 5,301 | \$ | \$ 1,000 | \$ 4,301 |
| Small Cities Reimbursements | 14.219 | 14.219 | 14.219 | 13,445 | 1/1/11 12/31/11 | | 10,800 | | 8 | 10,792 |
| 2007 Small Cities | 14.219 | 14.219 | 14.219 | | | | 583 | | | 583 |
| | | | | | | \$ | \$ 16,684 | \$ | \$ 1,008 | \$ 15,676 |

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

BOROUGH OF ELMER

COUNTY OF SALEM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

| State Grantor / Program Title | Grant or State Project Number | Grant Award Amount | Grant Period | | Revenue Recognized | Matching Share | Received | Expenditures | Cancelled | Balance December 31, 2016 | |
|---------------------------------|-------------------------------|--------------------|--------------|----------|--------------------|------------------|------------------|-----------------|-----------------|---------------------------|------------------|
| | | | From | To | | | | | | Accounts Receivable | Reserve |
| Department of Community Affairs | | | | | | | | | | | |
| Stormwater Grant | 4850-800054-201 | \$ 4,000 | 1/1/08 | 12/31/08 | \$ 76 | \$ | \$ | \$ | \$ | 5,000 | 76 |
| Wastewater Management | N/A | 5,000 | 1/1/10 | 12/31/10 | 5,000 | | | | | 5,000 | 5,000 |
| Recycling Tonnage Grant | 4830-752-050580-50 | 2,729 | 1/1/15 | 12/31/15 | 2,425 | | 2,386 | | | | 39 |
| Recycling Tonnage Grant | 4830-752-050580-50 | 2,228 | 1/1/16 | 12/31/16 | | 2,228 | 2,228 | | | | 2,228 |
| Clean Communities Program | 4900-765-042-4900-004 | 4,000 | 1/1/15 | 12/31/15 | 84 | | 84 | | | | |
| Clean Communities Program | 4900-765-042-4900-004 | 4,000 | 1/1/16 | 12/31/16 | | 4,000 | 4,000 | 3,690 | | | |
| Municipal Alliance | N/A | 6,266 | 1/1/14 | 12/31/14 | 3,351 | | | | 3,013 | | 310 |
| Municipal Alliance | N/A | 4,178 | 1/1/15 | 12/31/15 | 1,361 | | | | 1,836 | | 494 |
| Municipal Alliance | N/A | 4,178 | 1/1/16 | 12/31/16 | 4,178 | 1,045 | 2,186 | 2,546 | | 156 | 1,361 |
| Get Active Grant | N/A | 3,000 | 1/1/16 | 12/31/16 | 3,000 | | 666 | | | 3,512 | 2,677 |
| Body Armor Fund | 1020-718-066-1020-001 | 1,374 | 1/1/13 | 12/31/13 | | | 3,000 | | | | 3,000 |
| Body Armor Fund | 1020-718-066-1020-001 | 1,006 | 1/1/15 | 12/31/15 | | | | | | | 914 |
| Body Armor Fund | 1020-718-066-1020-001 | 1,005 | 1/1/16 | 12/31/16 | | 1,005 | 1,005 | | | | 1,006 |
| Total | | | | | \$ 14,334 | \$ 14,411 | \$ 13,085 | \$ 8,706 | \$ 4,849 | \$ 13,668 | \$ 18,110 |

BOROUGH OF ELMER
COUNTY OF SALEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NONE

BOROUGH OF ELMER

SCHEDULE OF CASH AND INVESTMENTS PER N.J.S.A. 40A:5-5

FOR THE PERIOD DECEMBER 31, 2016 TO MARCH 31, 2017

| | <u>Current Fund</u> | <u>Animal Control Fund</u> | <u>Trust Other Fund</u> | <u>Payroll Fund</u> | <u>General Capital Fund</u> | <u>Water Operating Fund</u> | <u>Water Capital Fund</u> |
|--|---------------------|----------------------------|-------------------------|---------------------|-----------------------------|-----------------------------|---------------------------|
| Balance, December 31, 2016 | \$ 722,623 | \$ 6,755 | \$ 167,355 | \$ 2,148 | \$ 210,733 | \$ 197,387 | \$ 197,289 |
| Increased by: | | | | | | | |
| Cash Receipts Record | 853,368 | 4,143 | 134,404 | 79,092 | 155 | 60,126 | 136 |
| Decreased by: | | | | | | | |
| Cash Disbursements Record | 1,575,991 | 10,898 | 301,759 | 81,240 | 210,888 | 257,513 | 197,425 |
| Cash Disbursements Record | 885,370 | 2,425 | 143,966 | 80,903 | 1,802 | 47,968 | 24,815 |
| Balance, March 31, 2017 | \$ 690,621 | \$ 8,473 | \$ 157,793 | \$ 337 | \$ 209,086 | \$ 209,545 | \$ 172,610 |
| Balance on Deposit per Certification of: | | | | | | | |
| First National Bank of Elmer: | | | | | | | |
| Checking Account | \$ 698,669 | \$ 8,327 | \$ 158,144 | \$ 8,271 | \$ 209,086 | \$ 209,606 | \$ 172,610 |
| Deposits in Transit | | 180 | | | | | |
| Prudential Error | | | | 3,572 | | | |
| Less: Outstanding Checks | 8,048 | 34 | 351 | 11,506 | | 62 | |
| Balance, March 31, 2017 | \$ 690,621 | \$ 8,473 | \$ 157,793 | \$ 337 | \$ 209,086 | \$ 209,545 | \$ 172,610 |

CURRENT FUND**SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER**

| | <u>Ref.</u> | | |
|---|-------------|--------------|-------------------------------|
| Balance, December 31, 2015 | A | | \$ 769,805 |
| Increased by Receipts | | | |
| Collector | A-5 | \$ 3,160,071 | |
| Revenue Accounts Receivable | A-10 | 246,273 | |
| State's Share of Senior Citizens and Veterans Deductions Allowed | A-9 | 15,327 | |
| Interfunds Receivable | A-11 | 69,541 | |
| State Marriage License Fees | A-20 | 150 | |
| Miscellaneous Accounts Receivable | A-21 | 7,702 | |
| Total Receipts | | <hr/> | 3,499,064 |
| | | | <hr/> 4,268,869 |
| Decreased by Disbursements | | | |
| 2016 Appropriations | A-3 | 834,730 | |
| 2015 Appropriation Reserves | A-13 | 5,041 | |
| Encumbrances Payable | A-14 | 43,990 | |
| Local District School Taxes | A-15 | 1,347,773 | |
| County Taxes | A-16 | 1,180,980 | |
| Interfunds | A-11 | 132,712 | |
| State Marriage License Fees | A-20 | 125 | |
| Miscellaneous Accounts Receivable | A-21 | 2,360 | |
| Total Disbursements | | <hr/> | 3,547,711 |
| Balance, December 31, 2016 | A | | <hr/> \$ 721,158 <hr/> |

CURRENT FUND**SCHEDULE OF CASH - COLLECTOR**

| | <u>Ref.</u> | | |
|-------------------------------------|-------------|----|-------------------|
| Balance, December 31, 2015 | A | \$ | 1,385 |
| Increased by: | | | |
| Taxes Receivable | A-6 | \$ | 3,099,036 |
| Interest and Costs on Taxes | A-10 | | 20,142 |
| Tax Search | A-10 | | 10 |
| 2017 Taxes Prepaid | A-12 | | 40,963 |
| | | | <hr/> 3,160,151 |
| | | | <hr/> 3,161,536 |
| Decreased by: | | | |
| Payments to Chief Financial Officer | A-4 | | <hr/> 3,160,071 |
| Balance, December 31, 2016 | A | \$ | <hr/> <hr/> 1,465 |

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| Year | Balance December 31, 2015 | 2016 Levy | Collections by Cash | | State Share of Senior Citizens And Veterans Deductions | Cancellations | Transfer to Tax Title Lien | Balance December 31, 2016 |
|-------------|---------------------------------|--------------|---------------------|--------------|---|---------------|----------------------------------|---------------------------------|
| | | | 2015 | 2016 | | | | |
| 2015 | \$ 70,495 | \$ | \$ | 70,745 | (250) | \$ | \$ | |
| | 70,495 | | | 70,745 | (250) | | | |
| 2016 | | 3,168,297 | 40,321 | 3,028,291 | 16,077 | 1,424 | 2,852 | 79,332 |
| | \$ 70,495 | \$ 3,168,297 | \$ 40,321 | \$ 3,099,036 | \$ 15,827 | \$ 1,424 | \$ 2,852 | \$ 79,332 |
| <u>Ref.</u> | A | | A-23 | A-5 | A-9 | | A-7 | A |

Analysis of 2016 Property Tax Levy

| | | | | | | | |
|--|----|-----------|--|--|--|----|-----------|
| Tax Yield | | | | | | | |
| General Purpose Added Taxes | \$ | 3,157,897 | | | | | |
| | | 10,400 | | | | | |
| Tax Levy | \$ | 3,168,297 | | | | | |
| Local District School Tax (Abstract) County Taxes | | | | | | \$ | 1,363,918 |
| County Tax | | | | | | | |
| Amount Due County Added Taxes | \$ | 1,169,511 | | | | | |
| | | 3,855 | | | | | |
| Total County Taxes | | | | | | | 1,173,366 |
| Local Tax for Municipal Purposes | | 623,870 | | | | | |
| Add Additional Tax Levied | | 7,143 | | | | | 631,013 |
| | \$ | 3,168,297 | | | | | \$ |

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | <u>Ref.</u> | | |
|--------------------------------|-------------|----|---------------|
| Balance, December 31, 2015 | A | \$ | 10,810 |
| Increased by: | | | |
| Transfer from Taxes Receivable | A-6 | | 2,852 |
| | | | <hr/> |
| Balance, December 31, 2016 | A | \$ | <u>13,662</u> |

CURRENT FUND**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION**

| | <u>Ref.</u> | |
|-------------------------------------|-------------|------------------|
| Balance, December 31, 2015 and 2016 | A | \$ <u>20,500</u> |

CURRENT FUND**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY****PER CHAPTER 20, P.L. 1971****SENIOR CITIZEN AND VETERANS DEDUCTIONS**

| | <u>Ref.</u> | |
|----------------------------------|-------------|-----------------|
| Balance, December 31, 2015 | A | \$ 3,549 |
| Increased by: | | |
| Cash Received from the State | A-4 | <u>15,327</u> |
| | | 18,876 |
| Decreased by: | | |
| Deductions per Original Billing: | | |
| Senior Citizens | | \$ 6,750 |
| Veterans | | <u>9,500</u> |
| | | 16,250 |
| Less: Disallowed by Collector | | |
| 2015 | | (250) |
| 2016 | | <u>(173)</u> |
| | A-6 | 15,827 |
| Balance, December 31, 2016 | A | \$ <u>3,049</u> |

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

| Ref. | Balance December 31, 2015 | Accrued in 2016 | Collected by | | Balance December 31, 2016 |
|---|---------------------------------|--------------------|------------------|-------------------|---------------------------------|
| | | | Collector | Treasurer | |
| Anticipated Revenues: | | | | | |
| A-2 | \$ 4,181 | \$ 63,003 | \$ | \$ 63,230 | \$ 3,954 |
| A-2 | | 20,142 | 20,142 | | |
| A-2 (2) | | 2,343 | | 2,343 | |
| A-2 | | 19,121 | | 19,121 | |
| A-2 | | 107,432 | | 107,432 | |
| A-2 | | 5,013 | | 5,013 | |
| | 4,181 | 217,054 | 20,142 | 197,139 | 3,954 |
| Miscellaneous Revenue Not Anticipated: | | | | | |
| | 270 | | | 270 | |
| Non-Budget Licenses | | 2,145 | | 2,095 | 50 |
| Housing Fees | | 1,495 | | 1,470 | 25 |
| Fire Safety Permit Fees | | 420 | | 420 | |
| Police Vehicle Usage | | 105 | | 105 | |
| Police Reports | | 80 | | 80 | |
| Zoning Fees | | 22,308 | | 22,708 | 1,000 |
| Registrar Fees | 1,400 | 5,364 | | 5,364 | |
| Cable Television Franchise Fee | | 50 | | 50 | |
| Property Lists | | 307 | | 307 | |
| Senior Citizen Administration Fees | | 10 | | | |
| Tax Search | | | 10 | | |
| Homestead Benefit Mailing | | 83 | | 83 | |
| Land Use Applications | | 2,450 | | 2,450 | |
| Miscellaneous Refunds | | 113 | | 113 | |
| Miscellaneous | | 375 | | 375 | |
| Rental of Poll Places | | 50 | | 50 | |
| Insurance Refunds | | 541 | | 541 | |
| Vacant Property Registration | | 6,500 | | 6,000 | 500 |
| Fingerprinting | | 85 | | 85 | |
| Small cities Receipt | | 6,237 | | 6,237 | |
| Farm Ground Lesae | | 331 | | 331 | |
| | 1,670 | 49,049 | 10 | 49,134 | 1,575 |
| | \$ 5,851 | \$ 266,103 | \$ 20,152 | \$ 246,273 | \$ 5,529 |
| Ref. | A | | A-5 | A-4 | A |

CURRENT FUND**SCHEDULE OF INTERFUNDS**

| Ref. | Total | Grant Fund | Animal Control Fund | Trust Other Fund | General Capital Fund |
|------------------------------------|-------------|-------------|---------------------|------------------|----------------------|
| A | \$ (84,475) | \$ (27,103) | \$ 245 | \$ 2,068 | \$ (59,685) |
| Increased by | | | | | |
| A-2(2) | 887 | | 20 | 242 | 625 |
| Interest Earned | | | | | |
| Expenditures Paid by Current Fund: | | | | | |
| A-4,19 | 11,670 | 11,670 | | | |
| A-1 | 865 | 865 | | | |
| A-4 | 115,214 | | | | 115,214 |
| A-1 | 2,118 | | 2,118 | | |
| A-4,14 | 5,828 | 5,828 | | | |
| | 52,107 | (8,740) | 2,383 | 2,310 | 56,154 |
| Decreased by | | | | | |
| A-4,17 | 12,080 | 12,080 | | | |
| A-3 | 1,045 | 1,045 | | | |
| A-4,18 | 981 | 981 | | | |
| A-4 | 56,480 | | 262 | 109 | 56,109 |
| | 70,586 | 14,106 | 262 | 109 | 56,109 |
| A | \$ (18,479) | \$ (22,846) | \$ 2,121 | \$ 2,201 | \$ 45 |
| Balance, December 31, 2015 | | | | | |
| Interfund Payable | | | | | |
| A | \$ (22,846) | | | | |
| Interfund Receivable | | | | | |
| A | 4,367 | | | | |
| | \$ (18,479) | | | | |

CURRENT FUNDSCHEDULE OF PREPAID TAXES

| | <u>Ref.</u> | |
|----------------------------------|-------------|------------------|
| Balance, December 31, 2015 | A | \$ 40,321 |
| Increased by: | | |
| Receipt of 2017 Taxes | A-5 | 40,963 |
| | | <u>81,284</u> |
| Decreased by: | | |
| Applied to 2016 Taxes Receivable | A-6 | 40,321 |
| Balance, December 31, 2016 | A | <u>\$ 40,963</u> |

EXHIBIT A-13CURRENT FUNDSCHEDULE OF APPROPRIATION RESERVES - 2015

| | <u>Balance December 31, 2015</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|------------------------------|--|--|----------------------------|---------------------------|
| Salaries and Wages: | | | | |
| Police | \$ 2,956 | \$ 1,356 | \$ | \$ 1,356 |
| Other Expenses: | | | | |
| Municipal Clerk's Office | 1,281 | 1,281 | 14 | 1,267 |
| Revenue Administration (Tax) | 79 | 1,579 | 1,065 | 514 |
| Technology | 1,509 | 1,509 | 92 | 1,417 |
| Workers Insurance | 47 | 1,647 | 1,540 | 107 |
| Police | 764 | 764 | 625 | 139 |
| Fire Official | 1,795 | 1,795 | 525 | 1,270 |
| Board of Health | 336 | 336 | 68 | 268 |
| Recreation | 2,799 | 1,399 | | 1,399 |
| Telephone | 837 | 837 | 803 | 34 |
| Electric | 1,583 | 883 | | 883 |
| Social Security | 103 | 703 | 309 | 394 |
| Other Accounts No Changes | 19,727 | 19,727 | | 19,727 |
| | <u>\$ 33,816</u> | <u>\$ 33,816</u> | <u>\$ 5,041</u> | <u>\$ 28,775</u> |
| <u>Ref.</u> | A | | A-4 | A-1 |

CURRENT FUND**SCHEDULE OF ENCUMBRANCES PAYABLE**

| | <u>Ref.</u> | <u>Current Fund</u> | <u>Grant Fund</u> |
|----------------------------|-------------|-------------------------|-----------------------|
| Balance, December 31, 2015 | A | \$ 43,990 | \$ 6,575 |
| Increased by: | | | |
| 2016 Budget Encumbrances | A-3,19 | 41,935 | 1,000 |
| | | <u>85,925</u> | <u>7,575</u> |
| Decreased by: | | | |
| Payments | A-4,11 | 43,990 | 5,828 |
| | | <u>43,990</u> | <u>5,828</u> |
| Balance, December 31, 2016 | A | <u>\$ 41,935</u> | <u>\$ 1,747</u> |

CURRENT FUND**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

| | <u>Ref.</u> | | |
|--|-------------|--------------|--------------|
| Balance, December 31, 2015 | | | |
| School Tax Payable | A | \$ 224,267 | |
| School Tax Deferred | | 583,011 | |
| | | <hr/> | \$ 807,278 |
| Increased by | | | |
| Levy - School Year July 1, 2016 to June 30, 2017 | A-1,2,6 | | 1,363,918 |
| | | | <hr/> |
| | | | 2,171,196 |
| Decreased by | | | |
| Payments | A-4 | | 1,347,773 |
| | | | <hr/> |
| Balance, December 31, 2016 | | | |
| School Tax Payable | A | 240,412 | |
| School Tax Deferred | | 583,011 | |
| | | <hr/> | \$ 823,423 |
| | | | <hr/> <hr/> |
| <u>2016 Liability for Local District School Tax</u> | | | |
| Taxes Paid | | \$ 1,347,773 | |
| Taxes Payable December 31, 2016 | | 240,412 | |
| | | <hr/> | |
| | | | 1,588,185 |
| Less: Tax Payable December 31, 2015 | | 224,267 | |
| | | <hr/> | |
| Amount Charged to 2016 Operations | A-1 | | \$ 1,363,918 |
| | | | <hr/> <hr/> |

CURRENT FUND
SCHEDULE OF COUNTY TAXES

| | <u>Ref.</u> | | |
|---------------------------------------|-------------|---------------------|---------------------|
| Balance, December 31, 2015 | | | |
| County Taxes | A | \$ 27 | |
| Added County Taxes | A | 11,469 | |
| | | \$ 11,496 | \$ 11,496 |
| Increased by | | | |
| 2016 County Taxes: | | | |
| General County Taxes | | \$ 1,147,523 | |
| County Open Space | | 21,988 | |
| | | 1,169,511 | |
| Due County on Added and Omitted Taxes | A-1 | 3,855 | |
| | A-2,6 | | 1,173,366 |
| | | | 1,184,862 |
| Decreased by | | | |
| Payments | A-4 | | 1,180,980 |
| Balance, December 31, 2016 | | | |
| County Taxes | A | \$ 27 | |
| Added County Taxes | A | 3,855 | |
| | | \$ 3,882 | \$ 3,882 |

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

| <u>Grant Purpose</u> | <u>Balance December 31, 2015</u> | <u>2016 Revenue</u> | <u>Received</u> | <u>Cancellation</u> | <u>Balance December 31, 2016</u> |
|--|--|-------------------------|------------------|---------------------|--|
| State Grants: | | | | | |
| Stormwater Grant | \$ 5,000 | \$ | \$ | \$ | \$ 5,000 |
| Wastewater Management | 5,000 | | | | 5,000 |
| Recycling Tonnage Grant | | 2,228 | 2,228 | | |
| Clean Communities | | 4,000 | 4,000 | | |
| Get Active Grant - NJ Prevention Network | | 3,000 | 3,000 | | |
| Municipal Alliance on Alcoholism and Drug Abuse | 2014 156 | | | 156 | |
| | 2015 4,178 | | 2,186 | 1,836 | 156 |
| | 2016 | 4,178 | 666 | | 3,512 |
| Total Grants | \$ 14,334 | \$ 13,406 | \$ 12,080 | \$ 1,992 | \$ 13,668 |
| <u>Ref.</u> | A | A-2 | A-11 | A-19 | A |

FEDERAL AND STATE GRANT FUNDS
SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED

| <u>Grant Purpose</u> | <u>Balance December 31, 2015</u> | <u>Receipts</u> | <u>Anticipated in 2016 Budget</u> | <u>Balance December 31, 2016</u> |
|------------------------|--|-----------------|---|--|
| Body Armor Fund | \$ 1,005 | \$ 981 | \$ 1,005 | \$ 981 |
| | \$ 1,005 | \$ 981 | \$ 1,005 | \$ 981 |
| <u>Ref.</u> | A | A-11 | A-2 | A |

**FEDERAL, STATE AND OTHER GRANT FUND
SCHEDULE OF GRANTS - APPROPRIATED**

| Grant Purpose | Balance December 31, 2015 | Transferred from 2016 Budget | | Cancelled | Balance December 31, 2016 |
|--|---------------------------------|------------------------------------|------------------|-----------------|---------------------------------|
| | | Appropriation | Expended | | |
| Federal Grants: | | | | | |
| FEMA Reimbursements- Hurricane Irene | \$ 5,301 | \$ | 1,000 | \$ | 4,301 |
| Small Cities Reimbursements | 10,800 | | 8 | | 10,792 |
| 2007 Small Cities | 583 | | | | 583 |
| Total Federal Grants | 16,684 | | 1,008 | | 15,676 |
| State Awards: | | | | | |
| Stormwater Grant | 76 | | | | 76 |
| Wastewater Management | 5,000 | | | | 5,000 |
| Recycling Tonnage Grant | 2,425 | 2,228 | 2,386 | | 2,267 |
| Municipal Alliance Program | 3,351 | | | 2,857 | 494 |
| Municipal Alliance Program | 1,361 | | | | 1,361 |
| Municipal Alliance Program | | 5,223 | 2,546 | | 2,677 |
| Clean Communities Program | 84 | | 84 | | 310 |
| Clean Communities Program | | 4,000 | 3,690 | | 3,000 |
| Get Active Grant | | 3,000 | | | 2,925 |
| Body Armor Fund | 1,920 | 1,005 | | | |
| Total State Awards | 14,217 | 15,456 | 8,706 | 2,857 | 18,110 |
| Local Grants: | | | | | |
| Salem County Improvement Authority | | | | | |
| REA Grant | 2,384 | | 2,384 | | |
| Comcast Franchise Renewal PEG Tech Grant | 572 | | 572 | | |
| Total Local Grants | 2,956 | | 2,956 | | |
| Total All Grants | \$ 33,857 | \$ 15,456 | \$ 12,670 | \$ 2,857 | \$ 33,786 |
| | A | | | A-17 | A |
| Ref.: | | | | | |
| Grant Share | | \$ 14,411 | \$ | | |
| Paid by Current Fund | | | 11,670 | | |
| Matching Share | | 1,045 | | | |
| Encumbrances Payable | | | 1,000 | | |
| | | \$ 15,456 | \$ 12,670 | | |

CURRENT FUND**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

| | <u>Ref.</u> | <u>Marriage Licenses</u> |
|-------------------------------|-------------|------------------------------|
| Balance, December 31, 2015 | A | \$ |
| Increased by Receipts | A-4 | 150 |
| | | <u>150</u> |
| Decreased by Disbursements | A-4 | 125 |
| Balance, December 31, 2016 | A | \$ <u><u>25</u></u> |

EXHIBIT A-21

CURRENT FUND**SCHEDULE OF MISCELLANEOUS ACCOUNTS RECEIVABLE**

| | <u>Ref.</u> | | |
|--------------------------------|-------------|----|---------------------|
| Balance, December 31, 2015 | A | \$ | 6,759 |
| Increased by: Disbursements | A-4 | | 2,360 |
| | | | <u>9,119</u> |
| Decreased by: Receipts | A-4 | | 7,702 |
| Balance, December 31, 2016 | A | \$ | <u><u>1,417</u></u> |

CURRENT FUND
SCHEDULE OF OTHER RESERVES

| | <u>Ref.</u> | <u>Total</u> | <u>Reserve to Pay Debt Service</u> | <u>Sale of Municipal Assets</u> |
|-------------------------------------|-------------|--------------|--|---|
| Balance, December 31, 2015 and 2016 | A | \$ 64,610 | \$ | \$ 64,610 |

TRUST FUND**SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER**

| | <u>Ref.</u> | <u>Animal Control Fund</u> | <u>Other Trust Fund</u> |
|--|-------------|------------------------------------|---------------------------------|
| Balance, December 31, 2015 | B | \$ 5,443 | \$ 128,650 |
| Increased by Receipts | | | |
| Interest Earned | B-3 | 20 | |
| Dog License Fees | B-4 | 1,810 | |
| Cat License Fees | B-4 | 575 | |
| State Dog License Fees | B-2 | 435 | |
| Prepaid Licenses | B-5 | 765 | |
| Amount Due to Current Fund | B-6 | | 242 |
| Deposits for Payroll | B-7 | | 364,682 |
| Tax Title Lien Redemptions | B-8 | | 400,261 |
| Premiums Received at Tax Sale | B-9 | | 50,400 |
| Escrow Deposits | B-10 | | 9,500 |
| William Haluszka Bequest | B-10 | | 301 |
| Performance Guarantee | B-10 | | 19 |
| Snow Removal Trust | B-10 | | 2,010 |
| | | <u>9,048</u> | <u>956,065</u> |
| Decreased by Disbursements | | | |
| Expenditures Made Under R. S. 4:19-15.11 | B-4 | 1,596 | |
| State of New Jersey- Dog Licenses | B-2 | 435 | |
| Amount Due to Current Fund | B-3,6 | 262 | 109 |
| Payroll Expenditures | B-7 | | 362,538 |
| Tax Title Lien Redemptions | B-8 | | 386,411 |
| Premiums Received at Tax Sale | B-9 | | 30,600 |
| Escrow Deposits | B-10 | | 6,604 |
| Fire Safety Fees | B-10 | | 300 |
| | | <u>2,293</u> | <u>786,562</u> |
| Balance, December 31, 2016 | B | <u>\$ 6,755</u> | <u>\$ 169,503</u> |

TRUST FUND**SCHEDULE OF AMOUNT DUE FROM/TO STATE OF NEW JERSEY****ANIMAL CONTROL FUND**

| | <u>Ref.</u> | | |
|----------------------------------|-------------|----|-----|
| Balance, December 31, 2015 | B | \$ | - |
| Increased by: | | | |
| Collection of State License Fees | B-1 | | 435 |
| Decreased by: | | | |
| Payments | B-1 | | 435 |
| Balance, December 31, 2016 | B | \$ | - |

EXHIBIT B-3

TRUST FUND**SCHEDULE OF AMOUNT DUE TO CURRENT FUND****ANIMAL CONTROL FUND**

| | <u>Ref.</u> | | | |
|--------------------------------------|-------------|----|--------------|--------------|
| Balance December 31, 2015 | B | \$ | | 245 |
| Increased by: | | | | |
| Interest Earned | B-1 | \$ | 20 | |
| Statutory Excess Due to Current Fund | B-4 | | 2,118 | |
| | | | <u>2,138</u> | 2,138 |
| Decreased by: | | | | <u>2,383</u> |
| Payment to Current Fund | | | | 262 |
| Balance December 31, 2016 | B | \$ | | <u>2,121</u> |

TRUST FUNDS**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

| | <u>Ref.</u> | | |
|--------------------------------------|-------------|----|---------------------|
| Balance, December 31, 2015 | B | \$ | 3,973 |
| Increased by: | | | |
| Dog License Fees Collected | B-1 | \$ | 1,810 |
| Cat License Fees Collected | B-1 | | 575 |
| Prior Year Prepaid | B-5 | | 1,225 |
| | | | <u>3,610</u> |
| | | | 7,583 |
| Decreased by: | | | |
| Expenditures Under R. S. 4:19-5.11: | | | |
| Cash | B-1 | | 1,596 |
| Statutory Excess Due to Current Fund | B-3 | | 2,118 |
| | | | <u>3,714</u> |
| Balance, December 31, 2016 | B | \$ | <u><u>3,869</u></u> |

LICENSE FEES COLLECTED

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------------|
| 2014 | \$ 1,949 |
| 2015 | 1,920 |
| | <u>3,869</u> |
| | <u><u>\$ 3,869</u></u> |

SCHEDULE OF PREPAID LICENSES**TRUST OTHER FUND**

| | <u>Ref.</u> | | |
|---------------------------------|-------------|----|-------------------|
| Balance December 31, 2015 | B | \$ | 1,225 |
| Increased by: | | | |
| Receipt | B-1 | | 765 |
| | | | <u>1,990</u> |
| Decreased by: | | | |
| Applied to Licenses Fee Revenue | B-4 | | 1,225 |
| Balance December 31, 2016 | B | \$ | <u><u>765</u></u> |

TRUST FUND**SCHEDULE OF AMOUNT DUE TO/FROM CURRENT FUND****TRUST OTHER FUND**

| | <u>Ref.</u> | | |
|-------------------------------|-------------|----|---------------------|
| Balance December 31, 2015 | B | \$ | 2,068 |
| Increased by: | | | |
| Interest Earned - Trust Other | B-1 | | 242 |
| | | | <u>2,310</u> |
| Decreased by: | | | |
| Payment | B-1 | | 109 |
| Balance December 31, 2016 | B | \$ | <u><u>2,201</u></u> |

TRUST FUND
SCHEDULE OF PAYROLL TAXES PAYABLE

| | <u>Ref.</u> | |
|-------------------------------------|-------------|-----------------|
| Balance, December 31, 2015 | B | \$ - |
| Increased by: | | |
| Deposits | B-1 | 364,682 |
| | | <u>364,682</u> |
| Decreased by: | | |
| Payment | B-1 | 362,538 |
| | | <u>362,538</u> |
| Balance, December 31, 2016 | B | \$ <u>2,144</u> |
| <u>Analysis of Deposits Balance</u> | | |
| PERS | | \$ <u>2,144</u> |

TRUST FUND**SCHEDULE OF TAX TITLE LIEN REDEMPTIONS PAYABLE**

| | <u>Ref.</u> | |
|----------------------------|-------------|------------------|
| Balance, December 31, 2015 | B | \$ 3,000 |
| Increased by: | | |
| Receipt | B-1 | 400,261 |
| | | <u>403,261</u> |
| Decreased by: | | |
| Disbursements | B-1 | 386,411 |
| Balance, December 31, 2016 | B | <u>\$ 16,850</u> |

TRUST FUND**SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE**

| | <u>Ref.</u> | |
|----------------------------|-------------|------------------|
| Balance, December 31, 2015 | B | \$ 8,600 |
| Increased by: | | |
| Receipt | B-1 | 50,400 |
| | | <u>59,000</u> |
| Decreased by: | | |
| Disbursements | B-1 | 30,600 |
| Balance, December 31, 2016 | B | <u>\$ 28,400</u> |

Analysis of Balance:

| <u>Block</u> | <u>Lot</u> | <u>Date</u> | <u>Amount</u> |
|--------------|------------|-------------|------------------|
| 28 | 22 | 1/6/16 | \$ 3,600 |
| 27 | 37 | 1/6/16 | 3,800 |
| 26 | 17 | 1/6/16 | 6,700 |
| 24 | 21 | 1/6/16 | 100 |
| 23 | 16 | 1/6/16 | 100 |
| 17 | 16 | 1/6/16 | 100 |
| 15 | 17 | 1/6/16 | 11,600 |
| 15 | 7 | 1/6/16 | 1,400 |
| 15 | 15 | 1/9/13 | 1,000 |
| | | | <u>\$ 28,400</u> |

CURRENT FUNDSCHEDULE OF MISCELLANEOUS RESERVES

| Reserve | Balance December 31, 2015 | Receipts | Disbursements | Balance December 31, 2016 |
|-----------------------------|---------------------------------|------------------|-----------------|---------------------------------|
| Escrow Deposits | \$ 4,004 | \$ 9,500 | \$ 6,604 | \$ 6,900 |
| Performance Guarantee Trust | 6,445 | 19 | | 6,464 |
| William Haluszka Bequest | 100,179 | 301 | | 100,480 |
| Fire Safety Fees | 1,225 | | 300 | 925 |
| Snow Removal Trust | 3,129 | 2,010 | | 5,139 |
| Total Reserves | \$ 114,982 | \$ 11,830 | \$ 6,904 | \$ 119,908 |
| | <u>B</u> | <u>B-1</u> | <u>B-1</u> | <u>B</u> |
| | <u>Ref.</u> | | | |

GENERAL CAPITAL FUND**SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER**

| | <u>Ref.</u> | | |
|-----------------------------|-------------|----|----------------|
| Balance, December 31, 2015 | C,C-3 | \$ | 253,337 |
| Increased by Receipts | | | |
| Due from Current Fund | C-5 | \$ | 106,622 |
| Capital Improvement Fund | C-7 | | 1,000 |
| Interest Earned | C-4 | | 625 |
| | | | <u>108,247</u> |
| | | | 361,584 |
| Decreased by Disbursements: | | | |
| Improvement Authorizations | C-8 | | 26,994 |
| Contracts Payable | C-11 | | 123,857 |
| | | | <u>150,851</u> |
| Balance, December 31, 2016 | C,C-3 | \$ | <u>210,733</u> |

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

| | Balance December 31, 2015 | Receipts | | Disbursements | | | Transfers | | Balance December 31, 2016 |
|--|---------------------------------|-------------------------|---------------|------------------------------|---------------|------------|------------|------------|---------------------------------|
| | | Budget Appropriation | Miscellaneous | Improvement Authorization | Miscellaneous | To | From | | |
| Fund Balance | \$ 16,735 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | 16,735 |
| Capital Improvement Fund | 55,290 | 1,000 | | | | | 1,500 | | 54,790 |
| Amount Due Current Fund | (59,685) | | 107,247 | | | | | 56,109 | 45 |
| NJ Transportation Trust Fund Authority Act Receivable | (109,250) | | 56,109 | | | | | 56,109 | (53,141) |
| Contracts and Encumbrances Payable | 123,857 | | | | 123,857 | | | 39,356 | 39,356 |
| IMPROVEMENT AUTHORIZATIONS: | | | | | | | | | |
| GENERAL IMPROVEMENTS: | | | | | | | | | |
| <u>Ord. No.</u> | | | | | | | | | |
| 11-7 | 153,272 | | | 2,231 | | | | 8,592 | 142,449 |
| 12-9 | 5,923 | | | | | | | | 5,923 |
| 15-14 | 67,195 | | | 23,686 | | | | 39,356 | 4,153 |
| 16-5 | | | | 1,077 | | | 1,500 | | 423 |
| | \$ 253,337 | \$ 1,000 | \$ 163,356 | \$ 26,994 | \$ 123,857 | \$ 105,557 | \$ 105,557 | \$ 105,557 | \$ 210,733 |

Ref.

C-2

C-2,7

C-2

C-8

C-2

C-2

GENERAL CAPITAL FUND**SCHEDULE OF AMOUNT DUE TO/FROM CURRENT FUND**

| | <u>Ref.</u> | | |
|---|-------------|----|----------------|
| Balance, December 31, 2015 (Due from) | C | \$ | 59,685 |
| Increased by: | | | |
| Receipt of NJ Transportation Trust Fund Authority Act | C-5 | | 56,109 |
| | | | <u>115,794</u> |
| Decreased by: | | | |
| Payment of Bond Anticipation Note | C-9 | \$ | 8,592 |
| Receipt | C-2 | | 106,622 |
| Interest Earned | C-2 | | 625 |
| | | | <u>115,839</u> |
| Balance, December 31, 2016 (Due to) | C | \$ | <u>45</u> |

GENERAL CAPITAL FUND**SCHEDULE OF DUE FROM NEW JERSEY****TRANSPORTATION TRUST FUND AUTHORITY ACT**

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|---------------|
| Balance, December 31, 2015 | C | \$ | 109,250 |
| Decrease by: | | | |
| Receipt | C-4 | | 56,109 |
| Balance, December 31, 2016 | C | \$ | <u>53,141</u> |

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| Ord. Number | Improvement Description | Balance December 31, 2015 | Funded by Budget Appropriation | 2016 Authorization | Balance December 31, 2016 | Analysis of Balance December 31, 2016 | |
|-------------|--|---------------------------|--------------------------------|--------------------|---------------------------|---------------------------------------|-------------------------|
| | | | | | | Unexpended Improvement Authorization | Bond Anticipation Notes |
| 11-7 | Construction of Sidewalks | \$ 163,908 | \$ 90,550 | \$ | \$ 73,358 | \$ | \$ 73,358 |
| 15-14 | Reconstruction of State Street | 18,500 | | | 18,500 | 18,500 | |
| 16-5 | Replacement of Municipal Building Roof | | | 28,500 | 28,500 | 28,500 | |
| | | <u>\$ 182,408</u> | <u>\$ 90,550</u> | <u>\$ 28,500</u> | <u>\$ 120,358</u> | <u>\$ 47,000</u> | <u>\$ 73,358</u> |

Ref.

C

C-9

C-10

C

GENERAL CAPITAL FUND**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

| | <u>Ref.</u> | | |
|--|-------------|----|---------------|
| Balance, December 31, 2015 | C | \$ | 55,290 |
| Increased by: | | | |
| 2016 Budget Appropriation | C-2 | | 1,000 |
| | | | <hr/> |
| | | | 56,290 |
| Decrease by: | | | |
| Appropriated to Finance Ordinance 2016-5 | C-8 | | 1,500 |
| | | | <hr/> |
| Balance, December 31, 2016 | C | \$ | <u>54,790</u> |

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| Ord No. | Improvement Description | Ordinance Date | Ordinance Amount | Balance December 31, 2015 | | 2016 Authorizations | Paid or Charged | Balance December 31, 2016 | |
|---------|--|----------------|------------------|---------------------------|-------------------|---------------------|------------------|---------------------------|-------------------|
| | | | | Funded | Unfunded | | | Funded | Unfunded |
| 11-7 | Construction of Sidewalks | 4-13-11 | \$ 300,000 | \$ | 144,680 | \$ | 2,231 | \$ 69,091 | \$ 73,358 |
| 12-9 | Purchase of Anthony Property | 9-12-12 | 50,000 | 5,923 | | | | 5,923 | |
| 15-14 | Reconstruction of State Street | 9-9-15 | 230,000 | 67,195 | 18,500 | | 63,042 | 4,153 | 18,500 |
| 16-5 | Replacement of Municipal Building Roof | 4-13-16 | 30,000 | | | 30,000 | 1,077 | 423 | 28,500 |
| | | | | <u>\$ 73,118</u> | <u>\$ 163,180</u> | <u>\$ 30,000</u> | <u>\$ 66,350</u> | <u>\$ 79,590</u> | <u>\$ 120,358</u> |

General Improvements:

| Ref. | C | C | C |
|------------------------------------|---|------------------|------------------|
| Cash Disbursements | | | |
| Contracts and Encumbrances Payable | | \$ | \$ 26,994 |
| Bonds and Notes Authorized | | | 39,356 |
| But Not Issued | | 28,500 | |
| Capital Improvement Fund | | 1,500 | |
| | | <u>\$ 30,000</u> | <u>\$ 66,350</u> |

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

| Improvement Description | Ordinance Number | Date of Issue of Original Note | Date of Issue | Date of Maturity | Interest Rate | Balance December 31, 2015 | Increased | Decreased | Balance December 31, 2016 |
|-------------------------------|------------------|--------------------------------|--------------------|--------------------|----------------|---------------------------|-----------|------------|---------------------------|
| | | | | | | | | | |
| Construction of Sidewalks | 11-7 | 5-11-11 | 5-16-16 5-16-15 | 5-16-17 5-15-16 | 1.09% 0.92% | \$ 172,500 | \$ 73,358 | \$ 172,500 | \$ 73,358 |
| | | | | | | \$ 172,500 | \$ 73,358 | \$ 172,500 | \$ 73,358 |
| | | | | | | C | | | C |
| Paid by Budget Appropriation | | | | | | | \$ 90,550 | | |
| Reimbursement to Current Fund | | | | | | | 8,592 | | |
| Reissued | | | | | | | 73,358 | | |
| | | | | | | | \$ 73,358 | \$ 172,500 | \$ 172,500 |

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

| <u>Ordinance Number</u> | <u>Improvement Description</u> | <u>Balance December 31, 2015</u> | <u>Amount Authorized in 2016</u> | <u>Balance December 31, 2016</u> |
|-----------------------------|--|--|--|--|
| 2015-14 | Reconstruction of State Street | \$ 18,500 | \$ | \$ 18,500 |
| 2016-5 | Replacement of Municipal Building Roof | | 28,500 | 28,500 |
| | | <u>\$ 18,500</u> | <u>\$ 28,500</u> | <u>\$ 47,000</u> |
| <u>Ref.</u> | | C | C-8 | C |

GENERAL CAPITAL FUNDSCHEDULE OF CONTRACTS PAYABLE

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|---------------|
| Balance, December 31, 2015 | C | \$ | 123,857 |
| Increased by: | | | |
| 2016 Contracts | C-8 | | 39,356 |
| | | | <hr/> |
| | | | 163,213 |
| Decreased by: | | | |
| Payments | C-2 | | 123,857 |
| | | | <hr/> |
| Balance, December 31, 2016 | C | \$ | <u>39,356</u> |

WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

| | <u>Ref.</u> | <u>Operating</u> | <u>Capital</u> |
|--------------------------------|-------------|-------------------|-------------------|
| Balance, December 31, 2015 | D:D-6 | \$ 149,540 | \$ 250,955 |
| Increased by Receipts: | | | |
| Water Collector | D-6 | 240,084 | |
| Due from Water Capital Fund | D-7 | 735 | |
| Interest Earned | D-3 | 501 | 724 |
| 2016 Budget Appropriations | D-6 | | 10,000 |
| Total Receipts | | <u>241,320</u> | <u>10,724</u> |
| | | <u>390,860</u> | <u>261,679</u> |
| Decreased by Disbursements: | | | |
| 2016 Budget Appropriations | D-4 | 187,899 | |
| Due to Water Operating Account | D-7 | | 735 |
| Encumbrances Payable | D-12 | 6,608 | |
| Contracts Payable | D-20 | | 45,000 |
| Improvement Authorization | D-17 | | 18,655 |
| Total Disbursements | | <u>194,507</u> | <u>64,390</u> |
| Balance, December 31, 2016 | D-D:6 | <u>\$ 196,353</u> | <u>\$ 197,289</u> |

WATER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

| | <u>Ref.</u> | | |
|------------------------------------|-------------|----|---------------------|
| Balance, December 31, 2015 | D | \$ | 1,036 |
| Increased by Receipts: | | | |
| Water Consumer Account Collections | D-3,9 | \$ | 237,205 |
| Interest on Water Rents | D-3,9 | | 2,843 |
| Interest Earned on Bank Deposits | D-3 | | 34 |
| | | | <u>240,082</u> |
| | | | 241,118 |
| Decreased by: | | | |
| Payments to Treasurer | D-5 | | <u>240,084</u> |
| Balance, December 31, 2016 | D | \$ | <u><u>1,034</u></u> |

EXHIBIT D-7

SCHEDULE OF AMOUNT DUE TO/FROM WATER CAPITAL FUND

| | <u>Ref.</u> | | |
|----------------------------------|-------------|----|------------------|
| Balance, December 31, 2015 | D | \$ | 64 |
| Increased by: | | | |
| Interest Earned on Bank Deposits | D-3,5 | | 724 |
| | | | <u>788</u> |
| Decreased by: | | | |
| Receipt | D-5 | | <u>735</u> |
| Balance, December 31, 2016 | D | \$ | <u><u>53</u></u> |

WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER UTILITY CAPITAL CASH

| | Balance December 31, 2015 | Receipts | | Disbursements | | Balance December 31, 2016 |
|--|---------------------------------|--------------------------|---------------|---------------|------------------------------|---------------------------------|
| | | Budget Appropriations | Miscellaneous | Miscellaneous | Improvement Authorization | |
| Fund Balance | \$ 59,971 | \$ | \$ | \$ | \$ | \$ 59,971 |
| Water Capital Improvement Fund | 15,959 | 10,000 | | | | 25,959 |
| Water Capital Improvement Ord. 2015-15 | 174,961 | | | 18,655 | (123,700) | 32,606 |
| Water Capital Contracts Payable | | | 45,000 | | 123,700 | 78,700 |
| Due to Water Operating Fund | 64 | | 724 | 735 | | 53 |
| | \$ 250,955 | \$ 10,000 | \$ 724 | \$ 735 | \$ 18,655 | \$ 197,289 |
| <u>Ref.</u> | D:D-5 | D-13 | D-7 | D-7 | D-17 | D, D-5 |

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY CHARGES RECEIVABLE

| | <u>Ref.</u> | | |
|----------------------------|-------------|---------------|----------------------|
| Balance, December 31, 2015 | D | | \$ 7,608 |
| Increased by: | | | |
| Water Rents Levied | | | 236,978 |
| | | | <hr/> 244,586 |
| Decreased by: | | | |
| Collections | D-6 | \$ 237,205 | |
| Overpayments Applied | D-15 | 787 | |
| | | <hr/> 237,992 | |
| Balance, December 31, 2016 | D | | <hr/> <hr/> \$ 6,594 |

**WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL**

| Description: | Balance December 31, 2015 | Additions | Balance December 31, 2016 |
|--|---------------------------------|-----------|---------------------------------|
| Springs and Wells | \$ 297,096 | \$ | 297,096 |
| Distribution Mains and Accessories | 49,678 | | 49,678 |
| Pumping Station and Structures | 7,251 | | 7,251 |
| Fire Hydrants | 33,324 | | 33,324 |
| Water Tower and Standpipes | 672,538 | | 672,538 |
| Water Service Installation | 23,527 | | 23,527 |
| Electric Pumping Equipment | 18,235 | | 18,235 |
| Maintenance Equipment | 6,260 | | 6,260 |
| Miscellaneous Equipment | 1,827 | | 1,827 |
| New Meters | 41,434 | | 41,434 |
| Installation of New Service - N. Main Street | 3,468 | | 3,468 |
| Rehabilitation of Well #6 | 92,685 | | 92,685 |
| Water System Improvements | 588,015 | | 588,015 |
| Purchase of Water Meters | 145,564 | | 145,564 |
| Repairs to Water Wells | 50,000 | | 50,000 |
| Installation of New Tablet Chlorination Feed System | 25,000 | | 25,000 |
| | \$ 2,055,902 | \$ | 2,055,902 |

Ref.

D

D

WATER UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES

| | <u>Balance December 31, 2015</u> | <u>Balance After Transfers</u> | <u>Paid or Charged</u> | <u>Balance Lapsed</u> |
|-------------------------------------|--|--|----------------------------|---------------------------|
| Operations | | | | |
| Salaries and Wages | \$ 4,450 | \$ 4,450 | \$ | \$ 4,450 |
| Other Expenses | 19,571 | 19,571 | | 19,571 |
| Liability Insurance | 126 | 126 | | 126 |
| Capital Improvements: | | | | |
| Capital Outlay | 12,350 | 12,350 | | 12,350 |
| Statutory Expenditures | | | | |
| Social Security System | 433 | 433 | | 433 |
| Unemployment Compensation Insurance | 97 | 97 | | 97 |
| | <u>\$ 37,027</u> | <u>\$ 37,027</u> | <u>\$</u> | <u>\$ 37,027</u> |
| Ref. | D | | | D-1 |

WATER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|--------------------|
| Balance, December 31, 2015 | D | \$ | 6,608 |
| Increased by: | | | |
| Current Encumbrances | D-4 | | 10,198 |
| | | | <hr/> 16,806 |
| Decreased by: | | | |
| Payments | D-5 | | 6,608 |
| | | | <hr/> 10,198 |
| Balance, December 31, 2016 | D | \$ | <hr/> <hr/> 10,198 |

WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>Ref.</u> | | |
|----------------------------|-------------|----|--------------------|
| Balance, December 31, 2015 | D | \$ | 15,959 |
| Increased by: | | | |
| 2016 Budget Appropriation | D-7 | | 10,000 |
| Balance, December 31, 2016 | D | \$ | <hr/> <hr/> 25,959 |

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

| | <u>Ref.</u> | |
|-------------------------------------|-------------|---------------------|
| Balance, December 31, 2015 and 2016 | D | \$ <u>2,055,902</u> |

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER RENT OVERPAYMENTS

| | <u>Ref.</u> | |
|----------------------------|-------------|------------|
| Balance, December 31, 2015 | D | \$ 1,324 |
| Decreased by: | | |
| Overpayments Applied | D-9 | <u>787</u> |
| Balance, December 31, 2016 | D | <u>537</u> |

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>Number</u> | <u>Ordinance Improvement Description</u> | <u>Balance December 31, 2015</u> | <u>Transfer from Improvement Authorization</u> | <u>Balance December 31, 2016</u> |
|---------------|--|--|--|--|
| 2015-15 | Water Tower Improvements | \$ 500,000.00 | \$ | \$ 500,000.00 |
| | Ref. | D | D-17 | D |

**WATER CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATION**

| Ord. No. | Improvement Description | Ordinance Date | Amount | Balance December 31, 2015 | | 2016 Authorization | Expended | Balance December 31, 2016 | | Ref. |
|----------|-------------------------|----------------|------------|---------------------------|------------|--------------------|------------|---------------------------|------------|-------------------|
| | | | | Funded | Unfunded | | | Funded | Unfunded | |
| 2015-15 | Water Tower Improvement | 1/14/15 | \$ 500,000 | \$ 174,961 | \$ 325,000 | \$ | \$ 142,355 | \$ 32,606 | \$ 325,000 | |
| | | | \$ | \$ 174,961 | \$ 325,000 | \$ | \$ 142,355 | \$ 32,606 | \$ 325,000 | |
| | Contracts Payable | | | | | | | | | D |
| | Payerments | | | | | | | | | D-5 |
| | | | | | | | | | | \$ 123,700 |
| | | | | | | | | | | 18,655 |
| | | | | | | | | | | <u>\$ 142,355</u> |

WATER CAPITAL FUND
SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

| | <u>Ref.</u> | |
|-------------------------------------|-------------|-------------------|
| Balance, December 31, 2015 and 2016 | D | \$ <u>175,000</u> |

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

| <u>Ord No.</u> | <u>Improvement Description</u> | <u>Balance December 31, 2015</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance December 31, 2016</u> |
|--------------------|--------------------------------|--|------------------|------------------|--|
| 15-15 | Water Tower Improvements | \$ 325,000 | \$ | \$ | \$ 325,000 |
| | Ref | <u>D</u> | | | <u>D</u> |

WATER CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

| | <u>Ref.</u> | |
|-------------------------------------|-------------|------------------|
| Balance, December 31, 2015 | D | \$ |
| Increased by: | | |
| Improvement Authorization Contracts | D-17 | 123,700 |
| Decreased by: | | |
| Payment | | <u>45,000</u> |
| Balance, December 31, 2016 | D | <u>\$ 78,700</u> |

BOROUGH OF ELMER

COUNTY OF SALEM

PART II

INTERNAL CONTROL COMMENTS

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500, except by contract or agreement.

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

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

Reconstruction of State Street

N.J.S. 40A:11-5 provides for exceptions to the above-mentioned statutory bidding requirements for various stipulated areas of expenditures. Included in these areas of exception are all professional services, which include but are not limited to solicitors, engineers, land surveyors and accountants. However, in lieu of recording formal bidding procedures for these categories of expenditures, in awarding contracts to fill these positions, certain other statutory requirements must be adhered to by the governing body. These requirements include the following stipulation (**N.J.S. 40A:11-5 (1) (a) (i)**):

"The governing body shall, in each instance, state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in the official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file..."

Our examination indicated that the Borough complied with the requirements when soliciting professional services.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER
N.J.S. 40A:11-4 (Continued)**

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of statutory requirements "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously adopted under the provisions of N.J.S. 40A:11-6.

**AWARD OF PURCHASES, CONTRACTS OR AGREEMENTS BY QUOTATIONS
PER N.J.S. 40A:11-6.1**

Prior to the award of any purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practicable, on any purchase, contract or agreement, the estimated cost or price of which is \$2,625, and the award thereof shall be made, in accordance with Section 3 (C.40A:11-3) or Section 4 (C.40A:11-4), as the case may be, of the Local Public Contracts Law, on the basis of the lowest responsible quotation received, which quotation is most advantageous to the contracting unit, price and other factors considered; provided, however, that if the contracting agent deems it impractical to solicit competitive quotations in the case of extraordinary, unspecifiable services, or, in the case of such or any other purchase, contract or agreement awarded hereunder, having sought such quotation received, the contracting agent shall file a statement of explanation of the reason or reasons therefore, which shall be placed on file with said purchase, contract or agreement.

Our examination indicated that, for individual payments, contracts or agreements, made "for the performance of any work or the furnishing or hiring of any materials or supplies" in excess of or \$2,625, solicitation for quotations was done for the appropriate purchases in accordance with the provisions of N.J.S. 40A:11-6.1b.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Governing Body on January 1, 2016 adopted the following resolutions authorizing interest to be charged on delinquent taxes and water charges:

WHEREAS, the Borough of Elmer is able to set policies and procedures for the office of the Tax and Water Collector that allows for the best fiscal interest of the municipality,

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (Cont'd)

NOW, THEREFORE BE IT RESOLVED, that the Tax Collector, is hereby authorized and directed to the following:

TAXES

- a) Interest on taxes shall be 8% on the first \$1,500 of the delinquency and 18% on all subsequent delinquency until the account is paid in full all accounts have a 10 day grace period during each quarter when taxes are due
- b) A year end penalty of 6% for taxpayers with a delinquency in excess of \$10,000 who fail to pay the delinquency before the end of the year
- c) A tax sale of all delinquent accounts for the 2015 Municipal Taxes will be held no later than January 31, 2016.
- d) A tax sale of all delinquent accounts for the 2016 Municipal Taxes will be held no later than January 31, 2017.
- e) Delinquent tax accounts in the amount of +/- \$5.00 may, at the discretion of the tax collector be cancelled prior to the tax sale.
- f) Charges for Certificates of Redemption shall be \$25.00 per certificate.
- g) Charges for Replacements of Loss Tax Sale Certificates shall be \$100.00.
- h) All Tax Sale Liens shall be redeemed through certified funds only (cash, money order or certified check).
- i) All payments made to clear accounts for tax sale must be made through certified funds only (cash, money, certified check)
- j) Borough Charges for property clean-up, trash removal, and other similar charges shall be charged an interest rate of 18%, 30 days after the billing date.

WATER

- a) A late fee penalty on water shall be 5% on the 11th day following the due date on the bill. All accounts have a 10-day grace period during each quarter when the bills are due.
- b) A tax sale of all delinquent accounts for the 2015 Municipal Taxes will be held no later than January 31, 2016.
- c) A tax sale of all delinquent accounts for the 2016 Municipal Taxes will be held no later than January 31, 2017
- d) All payments made to clear accounts for tax sale must be made through certified funds only (cash, money order, or certified check).
- e) Delinquent water accounts in the amount of +/- \$5.00 may, at the discretion of the tax collector be cancelled prior to the tax sale.
- f) Final water reads shall be given a charge of \$20.00 per read.

DELINQUENT TAXES AND TAX TITLE LIENS

The tax collection percentage increased from 97.25% in 2015 to 97.36% in 2016 and no properties were noted in Bankruptcy during the year under audit.

The last tax sale was held on January 6, 2016, and was complete and inspection of Tax Sale Certificates revealed that all were on file.

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

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|------------------------|
| 2016 | 2 |
| 2015 | 2 |
| 2014 | 2 |

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

There were no foreclosures completed during 2016.

VERIFICATION OF DELINQUENT 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 and generally accepted auditing standards, including the mailing of verification notices as follows:

| <u>Type</u> | <u>Number Mailed</u> |
|------------------------|----------------------|
| Payments of 2017 Taxes | 40 |
| Payments of 2016 Taxes | 40 |
| Delinquent Taxes | 10 |
| Tax Title Liens | 2 |
| Water Assessments | 40 |

The result of the test, which was made as of November 30, 2016 and December 31, 2016, did not reveal any irregularities based upon inspection and evaluation of the test results.

GENERAL COMMENTS

MUNICIPAL COURT

The municipal court activities of the Borough of Elmer are maintained through the Mid Salem County Court which includes the Borough of Woodstown, the Borough of Elmer, the Township of Mannington and the Township of Quinton. Therefore, no court report is prepared or submitted by the Borough of Elmer.

ASSIGNMENT OF DUTIES

Due to the limited number of Borough employees, there is no segregation of duties in the maintenance of accounting records, cash receipts, cash disbursements, preparation of bank reconciliations, and the review, approval, and distribution of payroll checks. The Borough Council, however, does not believe that the potential benefit of hiring additional employees would outweigh the cost of doing so at this time.

PAYMENT OF CLAIMS

During the course of the audit, it was noted that payments of claims contained the required supporting detail, required signatures and minute approval.

INTERFUND BALANCES

The results of our audit determined that interfunds appeared appropriate and that they were to be cleared during the subsequent year, where practical.

ANIMAL CONTROL FUND

The Borough issued 221 dog licenses during the year versus 214 in 2015. The animal control records for Dog and Cat licenses appeared properly maintained, during the year under audit and reconciled to detailed records.

PAYROLL FUND

The examination of the payroll fund determined that the detailed computation of various deductions and other credits were properly made and withholdings were always disbursed to the proper agencies on a timely basis.

GENERAL AND WATER CAPITAL FUNDS

There exist three remaining General Capital Project Ordinances that are currently being reviewed for expenditure or other proper disposition and no open Water Capital Projects. Funding of the open ordinances was determined to be within the applicable statutory requirements.

TAX OFFICE

The tax office maintains a computerized tax accounting system, which appeared to provide proper reports and balances. This included analysis of prior year balances, which have been cleared from the records.

TAX TITLE LIEN REDEMPTION and PREMIUM ACCOUNTS

The Borough maintains separate Tax Title Lien Redemption and Tax Sale Premium accounts, which were properly maintained during the year, including transfers to the Current Fund.

STATE OF NEW JERSEY - TECHNICAL ACCOUNTING DIRECTIVES

The Division has mandated that specific accounting procedures be adopted and operative pertaining to: use of the general ledger, general fixed asset ledger and an encumbrance purchase order system.

The general ledger record was properly maintained during the year and a selective encumbrance purchase order system appeared operative in the year under audit. Encumbrances payable were provided, tested, as part of the audit and reported as of December 31, 2016.

GRANT FUND RESERVE BALANCES

The grant fund contains numerous accounts receivables and reserve balances that are being reviewed for proper disposition by the Finance Officer.

ESCROW FUNDS AND OTHER TRUST FUNDS

The Borough maintains trust funds for Escrow Accounts, Performance Guarantees, Fire Safety Fees and Snow Removal. An in-house computer is currently being used to maintain the accounting records as well as provide related internal controls for planning and zoning board escrow funds. A trial balance of open escrow accounts was processed as of December 31, 2016.

Schedule of Comments and Recommendations
For the Year Ended December 31, 2016

Schedule of Financial Statement Comments

This section identifies the instances of noncompliance that are required to be reported in accordance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with governmental auditing standards, our procedures included a review of the prior year findings and resulted in the following conclusion:

There were no prior year recommendations.

RECOMMENDATIONS

None

APPRECIATION

We wish to express our appreciation for the assistance and courtesies rendered to us by the officials during the course of the audit.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A.
Registered Municipal Accountant