

BOROUGH OF ELMER

COUNTY OF SALEM

REPORT OF AUDIT

DECEMBER 31, 2019

BOROUGH OF ELMER
COUNTY OF SALEM
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BOROUGH OF ELMER

COUNTY OF SALEM

PART I

OFFICIALS IN OFFICE AND SURETY BONDS

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2019

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)
Bruce E. Foster (from February 13, 2019)	Councilman	(A)
Cynthia L. Nolan	Councilwoman	(A)
R. Matthew Richards (to January 31, 2019)	Councilman	(A)
Steven A. Schalick	Councilman	(A)
James W. Zee, III	Councilman	(A)
Sarah D. Walker	Borough Clerk, Officer for Municipal Improvement Searches and Registrar of Vital Statistics	\$ 18,500 (1)
James V. Davis	Tax Collector, Tax Search Officer, Collector - Water Department	\$ 225,000 (1)
Cynthia A. Strang	Chief Financial Officer/Treasurer, Chief Financial Officer-Water Dept.	\$ 74,000 (1)
Gregory Busa	Assessor	(A)
Robert M. Richards	Assistant Superintendent - Water Department	(A)
Christina Digneo	Animal Registrar	(A)
Brian J. Duffield	Solicitor	(A)
Consulting Engineer Services	Engineer	(A)

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

(1) Public Employee Dishonesty Bond

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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, 2019 and 2018, 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, statement of expenditures – regulatory basis, and statement of general fixed assets group of accounts - regulatory basis for the year ended December 31, 2019 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, 2019 and 2018, 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, 2019 and 2018, 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 group of accounts - regulatory basis, for the year ended December 31, 2019 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 additional 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 May 29, 2019, 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
May 29, 2020

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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, 2019, and the related notes to financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 29, 2020. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Elmer's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Elmer's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of 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**.

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
May 29, 2020

CURRENT FUND**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance December 31, 2019</u>	<u>Balance December 31, 2018</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 1,123,755	\$ 947,757
Cash - Collector	A-5	1,455	1,543
Change Fund		200	200
		<u>1,125,410</u>	<u>949,500</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	57,302	51,521
Tax Title Liens Receivable	A-7	23,576	20,057
Property Acquired for Taxes - Assessed Valuation	A-8	20,500	20,500
Revenue Accounts Receivable	A-10	6,475	8,687
Interfunds Receivable	A-11	2,179	3,256
Miscellaneous Accounts Receivable	A-21	45	19,929
		<u>110,077</u>	<u>123,950</u>
Total Regular Fund		<u>1,235,487</u>	<u>1,073,450</u>
Federal and State Grant Fund:			
Amount Due from Current Fund	A-11	39,733	44,836
State Grants Receivable	A-17	10,000	19,356
Total Grant Fund		<u>49,733</u>	<u>64,192</u>
Total Current Fund		<u>\$ 1,285,220</u>	<u>\$ 1,137,642</u>

CURRENT FUND**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE****REGULATORY BASIS**

		Balance December 31, 2019	Balance December 31, 2018
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
	<u>Ref.</u>		
Regular Fund			
Liabilities			
Appropriation Reserves	A-3,13	\$ 81,905	\$ 45,365
Tax Overpayments	A-5	1,607	
Amount Due to State of New Jersey for Senior Citizen and Veterans Tax Exemptions	A-9	3,658	2,549
Amount Due to Grant Fund	A-11	39,733	44,836
Amount Due to General Capital Fund	A-11		711
Prepaid Taxes	A-12	49,079	47,701
Encumbrances Payable	A-14	57,937	52,869
Local District School Taxes Payable	A-15	362,564	339,360
Amount Due County for Added Taxes	A-16	1,877	3,561
Amount Due to State of New Jersey	A-20	25	25
Reserve for Sale of Municipal Assets	A-22	10,365	9,610
Prepaid Housing fee	A-4	300	240
Total Liabilities		609,050	546,827
Reserve for Receivables and Other Assets	A	110,077	123,950
Fund Balance	A-1	516,360	402,673
Total Regular Fund		1,235,487	1,073,450
Federal and State Grant Fund			
Encumbrances Payable	A-14	747	9,972
Reserve for State Grants - Unappropriated	A-18	2,300	
Reserve for State Grants - Appropriated	A-19	46,686	54,220
Total Grant Fund		49,733	64,192
Total Current Fund		\$ 1,285,220	\$ 1,137,642

CURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCEREGULATORY BASIS

	Ref.	Year 2019	Year 2018
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 160,000	\$ 135,000
Miscellaneous Revenue Anticipated	A-2	245,572	324,322
Receipts from Delinquent Taxes	A-2	47,363	72,208
Receipts from Current Taxes	A-2	3,778,592	3,725,211
Non-Budget Revenue	A-2	53,359	73,141
Other Credits to Income			
Cancellation of Prior year Grants	A-11	93	
Interfunds Received Advanced	A-11	20,961	
Statutory Excess in Animal Control Fund	A-11		1,142
Unexpended Balance of Appropriation Reserves	A-13	44,267	52,777
Cancellation of Tax Sale Premiums	A-11	11,600	
Cancellation of Prior year Encumbrances	A-14	1,519	
Total Income		4,363,326	4,383,801
<u>Expenditures</u>			
Budget and Emergency Appropriations			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	272,359	269,806
Other Expenses	A-3	513,547	496,100
Deferred Charges and Statutory Expenditures	A-3	45,238	51,647
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	54,910	90,072
Capital Improvements	A-3	12,000	61,000
Deferred Charges	A-3	19,710	11,000
Transfer to Board of Education	A-3	9,035	7,941
Local District School Taxes	A-15	1,882,104	1,836,798
County Taxes	A-16	1,278,859	1,287,531
County Taxes - Added	A-16	1,877	3,561
Interfund and Other Advances			20,779
Total Expenditures		4,089,639	4,136,235
Excess in Revenue		273,687	247,566
Fund Balance, January 1	A	402,673	290,107
		676,360	537,673
Decreased by			
Utilization of Anticipated Revenue	A-2	160,000	135,000
Fund Balance, December 31	A	\$ 516,360	\$ 402,673

CURRENT FUND**STATEMENT OF REVENUES - REGULATORY BASIS**

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 160,000	\$ 160,000	\$
Miscellaneous Revenues:				
Fines and Costs - Municipal Court	A-10	58,000	77,537	19,537
Interest and Costs on Taxes	A-6	15,000	24,503	9,503
Interest on Investments	A-2(2)	2,300	3,845	1,545
Consolidated Municipal Property Tax Relief Act	A-10	9,620	9,620	
Energy Receipts Tax (P.L. 1987 Ch. 162 & 167)	A-10	116,933	116,933	
Uniform Fire Safety Act	A-10	4,200	5,974	1,774
Clean Communities Program	A-17	4,000	4,000	
Recycling Tonnage Grant	A-17	2,114	2,114	
Reserve for Body Armor Fund	A-17	1,046	1,046	
Total Miscellaneous Revenue	A-1	213,213	245,572	32,359
Receipts from Delinquent Taxes	A-2(2)	39,003	47,363	8,360
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	A-2	674,545	775,714	101,169
Budget Totals	A-3	\$ 1,086,761	1,228,649	\$ 141,888
Non-budget Revenue	A-1,10		53,359	
			\$ 1,282,008	

CURRENT FUND**STATEMENT OF REVENUES - REGULATORY BASIS**

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>		
Allocation of Current Tax Collections			
Revenue from Collections	A-6	\$	3,778,592
Allocated to			
County and School Taxes	A-15,16		3,162,840
			<hr/>
Balance for Support of Municipal Budget Appropriations			615,752
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		159,962
			<hr/>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u>775,714</u>
Receipts from Delinquent Taxes			
Delinquent Tax Collections	A-6,2	\$	47,363
Tax Title Lien Collections			
	A-1,2		<hr/>
		\$	<u>47,363</u>
<u>Analysis of Anticipated Interest Earned:</u>			
Revenue Accounts Receivable:			
Treasurer	A-10	\$	3,190
Interest Earned - Interfunds	A-11		655
	A-1, 2(1)		<hr/>
		\$	<u>3,845</u>

CURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Mayor and Council:					
Salaries and Wages	\$ 20,660	\$ 20,160	\$ 20,061	\$ 99	\$
Other Expenses	5,950	5,950	3,980	1,970	
Municipal Clerk:					
Salaries and Wages	16,200	16,200	15,944	256	
Other Expenses	10,500	10,500	9,636	864	
Elections:					
Other Expenses	5	5		5	
Financial Administration (Treasury):					
Salaries and Wages	18,450	18,150	18,000	150	
Other Expenses	9,500	9,200	7,615	1,585	
Audit Services:					
Other Expenses	13,457	13,457	13,457		
Revenue Administration (Tax Collection):					
Salaries and Wages	11,736	10,786	10,736	50	
Other Expenses	6,500	7,450	6,503	947	
Tax Assessment Administration:					
Salaries and Wages	9,386	9,386	9,386		
Other Expenses	3,700	3,700	2,217	1,483	
Legal Services and Costs:					
Other Expenses	16,000	16,000	14,155	1,845	
Engineering Services:					
Other Expenses	3,000	6,800	5,586	1,214	
Public Building and Grounds:					
Salaries and Wages	9,150	9,150	6,878	2,272	
Other Expenses	25,000	25,000	17,104	7,896	
Insurance:					
Liability	31,635	31,635	31,361	274	
Workers' Compensation Insurance	27,000	22,000	21,870	130	
Technology:					
Other Expenses	7,800	12,300	12,003	297	

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>					
<u>LAND USE ADMINISTRATION</u>					
Land Use Board:					
Salaries and Wages	\$ 4,871	\$ 4,871	\$ 4,871		
Other Expenses	3,700	3,700	2,178	1,522	
<u>PUBLIC SAFETY FUNCTION</u>					
Police Department:					
Salaries and Wages	162,000	158,500	152,310	6,190	
Other Expenses	30,000	30,500	30,391	109	
Fire:					
Other Expenses	36,250	36,250	35,222	1,028	
Emergency Management Services:					
Salaries and Wages	2,537	2,537	2,537		
Other Expenses	1,400	1,400	799	601	
First Aid Organization Contribution	17,000	13,200	12,150	1,050	
Housing Inspections					
Salaries and Wages	6,129	6,129	6,129		
Other Expenses	2,500	2,500	693	1,807	
Fire Code Inspector (Uniform Fire Code)					
Salaries and Wages	7,903	7,903	7,361	542	
Other Expenses	2,300	2,300	1,905	395	
<u>PUBLIC WORKS FUNCTION</u>					
Streets and Road Maintenance					
Other Expenses	21,000	21,000	15,774	5,226	
<u>SANITATION FUNCTION</u>					
Garbage and Trash Removal:					
Other Expenses	99,500	98,500	92,450	6,050	
Recycling:					
Other Expenses	36,000	36,000	30,461	5,539	

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>					
<u>HEALTH AND WELFARE FUNCTION</u>					
Board of Health:					
Salaries and Wages	\$ 7,825	\$ 7,825	\$ 7,415	\$ 410	\$
Other Expenses	2,000	2,300	1,660	640	
Animal Control Services:					
Salaries and Wages	762	762	762		
Other Expenses	4,000	4,000	3,915	85	
<u>RECREATION AND EDUCATION FUNCTION</u>					
Other Expense	9,700	9,700	7,282	2,418	
Celebration of Public Event Anniversary or Holiday					
Other Expenses	4,500	4,500	2,886	1,614	
Grants man					
Other Expenses	100	1,900	1,800	100	
<u>UNCLASSIFIED</u>					
Electric	24,000	29,000	26,555	2,445	
Street Lighting	17,800	17,800	17,733	67	
Telephone	13,000	13,000	11,208	1,792	
Heating	12,000	12,000	8,334	3,666	
Gasoline	10,000	10,000	7,380	2,620	
Total Operations Within "CAPS"	\$ 784,406	\$ 785,906	\$ 718,653	\$ 67,253	\$

CURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>					
Detail:					
Salaries and Wages	\$ 277,609	\$ 272,359	\$ 262,390	\$ 9,969	\$
Other Expenses (Incl. Contingent)	506,797	513,547	456,263	57,284	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - <u>MUNICIPAL WITHIN "CAPS"</u>					
Deferred Charges:					
Prior Year Bill					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	20,088	20,088	20,088		
Social Security System (O.A.S.I.)	22,500	21,000	20,198	802	
Unemployment Compensation Insurance	2,000	2,000	1,545	455	
Defined Contribution Retirement Program	2,150	2,150	1,748	402	
Total Deferred Charges and Statutory Expenditures - Municipal Within "Caps"	46,738	45,238	43,579	1,659	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 831,144	\$ 831,144	\$ 762,232	\$ 68,912	\$

CURRENT FUND**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
OPERATIONS EXCLUDED FROM "CAPS"					
Recycling Tax Appropriation	\$ 2,250	\$ 2,250	\$ 1,966	\$ 284	\$
Municipal Library (Aid to Library)	4,500	4,500	4,500		
SHARED SERVICE AGREEMENTS					
Joint Municipal Court	41,000	41,000	28,291	12,709	
Public and Private Programs Offset by Revenues:					
Reserve for Body Armor Fund	1,046	1,046	1,046		
Clean Communities Program					
Other Expenses	4,000	4,000	4,000		
Recycling Tonnage Grant	2,114	2,114	2,114		
Total Public and Private Programs Offset By Revenues	7,160	7,160	7,160		
Total Operations Excluded from "CAPS":	54,910	54,910	41,917	12,993	
Detail:					
Other Expenses	54,910	54,910	41,917	12,993	
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	12,000	12,000	12,000		
Total Capital Improvements - Excluded from "CAPS"	12,000	12,000	12,000		
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Anticipation and Capital Notes					
Interest on Notes					
Total Municipal Debt Service Excluded From "CAPS"					
Deferred Charges - Municipal - Excluded from "CAPS"					
Ord 16-5 Replacement of Municipal Building Roof	17,500	17,500	17,500		
Ord 15-14 Reconstruction of State Street	2,210	2,210	2,210		
Total Deferred Charges - Municipal Excluded From Cap	19,710	19,710	19,710		
Transferred to Board of Education for Use of Local Sc	\$ 9,035	\$ 9,035	\$ 9,035	\$	\$

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations Excluded from "CAPS"	\$ 95,655	\$ 95,655	\$ 82,662	\$ 12,993	\$
Subtotal General Appropriations	926,799	926,799	844,894	81,905	
Reserve for Uncollected Taxes	159,962	159,962	159,962		
Total General Appropriations	<u>\$ 1,086,761</u>	<u>\$ 1,086,761</u>	<u>\$ 1,004,856</u>	<u>\$ 81,905</u>	<u>\$</u>
		A-2	A-1	A:A-1	
Adopted Budget	Ref. A-2	\$ 1,082,761			
Added by Chapter #159	A-2	4,000			
Reserve for Uncollected Taxes	A-2(2)		\$ 159,962		
Disbursed	A-4		780,739		
Encumbrances Payable	A-14		56,995		
Federal and State Grants	A-19		7,160		
		<u>\$ 1,086,761</u>	<u>\$ 1,004,856</u>		

TRUST FUND
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>Balance December 31, 2019</u>	<u>Balance December 31, 2018</u>
<u>ASSETS</u>			
<u>Animal Control Fund:</u>			
Cash - Chief Financial Officer	B-1	\$ 3,408	\$ 5,270
<u>Other Trust Funds:</u>			
Cash - Chief Financial Officer	B-1	189,599	153,198
		<u>\$ 193,007</u>	<u>\$ 158,468</u>
 <u>LIABILITIES, RESERVES & FUND BALANCE</u>			
<u>Animal Control Fund:</u>			
Due to Current Fund	B-3	\$ 1	\$ 1,143
Reserve for Animal Control Fund			
Expenditures	B-4	2,872	3,537
Prepaid Licenses	B-5	535	590
		<u>3,408</u>	<u>5,270</u>
<u>Other Trust Funds:</u>			
Amount Due to Current Fund	B-6	2,134	2,113
Payroll Taxes Payable	B-7		1,249
Accounts Payable	B-10		300
Reserved for:			
Tax Title Lien Redemptions	B-8	45,802	
Premiums Received at Tax Sale	B-9	15,500	28,000
Escrow Deposits	B-10	9,337	11,341
Performance Guarantee	B-10	6,522	6,502
William Haluszka Bequest	B-10	100,711	100,410
Fire Safety Fees	B-10	475	475
Snow Removal Trust	B-10	9,118	2,808
		<u>189,599</u>	<u>153,198</u>
		<u>\$ 193,007</u>	<u>\$ 158,468</u>

GENERAL CAPITAL FUND**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance December 31, 2019</u>	<u>Balance December 31, 2018</u>
<u>ASSETS</u>			
Cash - Chief Financial Officer	C-2	\$ 164,509	\$ 172,657
Due From Current Fund	C-4		711
Due from State of New Jersey - Transportation Trust Fund Authority Act	C-5	145,000	145,000
Deferred Charges to Future Taxation Unfunded	C-6	24,836	44,546
		<u>\$ 334,345</u>	<u>\$ 362,914</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Improvement Fund	C-7	\$ 43,077	\$ 31,077
Amount Due to Current Fund	C-4	44	
Non-Spending Reserve - Purchase of Police Vehicle Improvement Authorizations	C-4		755
Funded	C-8	126,918	263,831
Unfunded	C-8	24,836	39,841
Contracts Payable	C-9	130,112	19,006
Fund Balance	C-1	9,358	8,404
		<u>\$ 334,345</u>	<u>\$ 362,914</u>

There were bonds and notes authorized but not issued on December 31, 2018 of \$44,546 and \$24,836 on December 31, 2019 (Exhibit C-10).

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>		
Balance, December 31, 2018	C	\$	8,404
Increased by			
Cancellation of Ordinance 2018-08	C-8		<u>954</u>
Balance, December 31, 2019	C	\$	<u><u>9,358</u></u>

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

		December 31,	
		2019	2018
<u>ASSETS:</u>	<u>Ref.</u>		
Operating Fund:			
Cash - Treasurer	D-5	\$ 241,113	\$ 218,035
Cash - Collector	D-6	1,037	1,339
Change Fund		25	25
Due from Water Capital Fund	D-7	48	50
		<u>242,223</u>	<u>219,449</u>
Receivables with Full Reserves			
Water Utility Charges Receivable	D-9	8,945	9,590
Deferred Charges:			
Emergency Authorization Per NJSA 40A: 4-47	D-23		4,915
Total Operating Fund		<u>251,168</u>	<u>233,954</u>
Capital Fund:			
Cash - Treasurer	D-5:D-8	188,934	191,493
Due from Salem County Pollution Control Financing Authority	D-10	25,000	
Fixed Capital Authorized and Uncompleted	D-16	255,513	85,513
Fixed Capital	D-22	2,794,986	2,785,750
Total Capital Fund		<u>3,264,433</u>	<u>3,062,756</u>
Total Utility Fund		<u>\$ 3,515,601</u>	<u>\$ 3,296,710</u>

There were Bonds and Notes Authorized But Not Issued at December 31, 2019 of \$136,500 and None on December 31, 2018. (Exhibit D-19)

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

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

		December 31,	
		2019	2018
<u>Liabilities, Reserves and Fund Balance:</u>			
Operating Fund Liabilities:			
Appropriation Reserves	D-4:D-11 \$	34,158	\$ 13,582
Encumbrances Payable	D-12	38,924	28,868
Water Rent Overpayments	D-15	1,009	1,324
Total Liabilities		<u>74,091</u>	<u>43,774</u>
Reserve for Receivables	D	8,945	9,590
Fund Balance	D-1	168,132	180,590
Total Operating Fund		<u>251,168</u>	<u>233,954</u>
Capital Fund:			
Due to Water Operating Fund	D-7	48	50
Capital Improvement Fund	D-13	47,459	45,959
Reserve for Amortization	D-14	2,607,787	2,586,178
Reserve for Deferred Amortization	D-17	33,500	
Unexpended Improvement Authorizations	D-18	182,027	85,513
Contracts Payable	D-20	60,929	
NJ Environmental Infrastructure Loan Payable	D-21	272,712	285,085
Fund Balance	D-2	59,971	59,971
Total Capital Fund		<u>3,264,433</u>	<u>3,062,756</u>
		<u>\$ 3,515,601</u>	<u>\$ 3,296,710</u>

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

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

	Ref.	Year ended December 31,	
		2019	2018
Revenue and Other Income Realized:			
Fund Balance Utilized	D-1:D-3	\$ 72,000	\$ 57,200
Water Rents	D-3	253,359	239,593
Interest on Water Rents	D-3	3,794	3,909
Miscellaneous Revenue not Anticipated	D-3	3,732	2,591
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-11	5,581	21,404
Total Revenue and Other Income		<u>338,466</u>	<u>324,697</u>
Expenditures:			
Budget Appropriations:			
Operations	D-4	212,951	202,250
Capital Improvements	D-4	35,000	55,000
Debt Service	D-4	16,458	
Deferred Charges and Statutory Expenditures	D-4	14,515	10,315
Total Expenditures		<u>278,924</u>	<u>267,565</u>
Excess in Revenue		59,542	57,132
Adjustments to Income Before Fund Balance:			
Expenditures Included above which are by Statute			
Deferred Charges to Budget of Succeeding Year			4,915
Statutory Excess to Fund Balance		59,542	62,047
Fund Balance, January 1	D	180,590	175,743
		<u>240,132</u>	<u>237,790</u>
Decreased by:			
Utilized by Operating Budget	D-2	72,000	57,200
Fund Balance, December 31	D	<u>\$ 168,132</u>	<u>\$ 180,590</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, 2019 and 2019	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	\$ 72,000	\$ 72,000	\$ -
Water Rents	D-1,9	224,424	253,359	28,935
Miscellaneous - Interest and Penalties on Water Rents	D-1,9	2,500	3,794	1,294
	D-4	<u>\$ 298,924</u>	<u>\$ 329,153</u>	<u>\$ 30,229</u>
 Analysis of Realized Revenue:				
Non-budget Revenue				
Interest Earned on Bank Deposits	D-5		\$ 584	
Interest Earned on Collector's Account	D-6		37	
Interest Earned on Water Capital Fund	D-7		578	
Miscellaneous			2,533	
Total Non-budget Revenue	D-1		<u>\$ 3,732</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	\$ 52,000	\$ 52,000	\$ 46,698	\$ 5,302	\$
Other Expenses	153,001	153,001	140,609	12,392	
Liability Insurance	7,950	7,950	7,804	146	
Total Operations	212,951	212,951	195,111	17,840	
Capital Improvements:					
Capital Improvement Fund	10,000	10,000	10,000		
Capital Outlay	45,000	45,000	9,237	15,763	20,000
Total Capital Improvements	55,000	55,000	19,237	15,763	20,000
Debt Service:					
Payment of Loan Principal	12,373	12,373	12,373		
Interest on Bonds	4,085	4,085	4,085		
	16,458	16,458	16,458		
Deferred Charges and Statutory Expenditures:					
Emergency Authorizations	4,915	4,915	4,915		
Public Employees' Retirement System	5,100	5,100	5,100		
Contribution to Social Security System	4,000	4,000	3,575	425	
Unemployment Compensation Insurance	500	500	370	130	
Total Statutory Expenditures	14,515	14,515	13,960	555	
	\$ 298,924	\$ 298,924	\$ 244,766	\$ 34,158	\$ 20,000
Ref.	D-3	D-3	D-1	D: D-1	
Original Budget		\$ 298,924			
Cash Disbursed	D-5		\$ 200,927		
Encumbrances Payable	D-12		38,924		
Deferred Charges	D-23		4,915		
		\$ 298,924	\$ 244,766		

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

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS**DECEMBER 31, 2018 AND 2019**

	Balance December 31, 2019	Balance December 31, 2018
<u>General Fixed Assets:</u>		
Land	\$ 716,900	\$ 127,922
Building and Improvements	1,166,400	743,431
Vehicles	641,741	641,741
Furnishings, Fixtures and Equipment	965,807	969,985
	<u> </u>	<u> </u>
Total General Fixed Assets	\$ 3,490,848	\$ 2,483,079
	<u> </u>	<u> </u>
Investments in General Fixed Assets	\$ 3,490,848	\$ 2,483,079
	<u> </u>	<u> </u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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, 2019.

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, 2019
(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, 2019
(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, 2019
(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, 2019
(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, 2019
(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, 2019
(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, 2019
(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 2019 and 2018 calendar years, Borough Council approved the following budget insertions:

	<u>2019</u>	<u>2018</u>
NJDEP Clean Communities	\$ 4,000	\$ 4,000

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 2019 and 2018 statutory budgets included a reserve for uncollected taxes in the amount of \$159,962 and \$160,456, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2019 and 2018 statutory budgets was \$160,000 and \$135,000, 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 2019 calendar year, except for \$3,800 to Engineering Services, \$4,500 to Technology, \$4,000 from Workers Compensation, \$3,500 from Police Salaries and Wages, \$3,800 from First Aid Organization Contributions and \$5,000 to Electricity.

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 2019. No special emergency resolutions were adopted by Borough Council during 2019 and no balances remained from prior years special emergency appropriations.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

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

H. Investments

As of December 31, 2019, 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, 2019
(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, 2019, \$1,682,310 of the municipal's bank balance was exposed to custodial credit risk and is covered by GUDPA. The total bank balance was \$1,932,310.

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, 2019 and 2018.

	Balance as of 12/31/18	Additions	Adjustments (Disposals)	Balance as of 12/31/19
Land	\$ 127,922		\$ 588,978	\$ 716,900
Buildings & Improv.	743,431		422,969	1,166,400
Vehicles	641,741			641,741
Furniture, Fixtures and Equipment	969,985	22,095	(26,273)	965,807
	<u>\$ 2,483,079</u>	<u>\$ 22,095</u>	<u>\$ 985,674</u>	<u>\$ 3,490,848</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. Pension Plans

Description of Plans – Eligible employees of the Township can be covered by Public Employees' Retirement System (PERS), Police and Firemen's Retirement System (PFRS), or Defined Contribution Retirement Program (DCRP). PERS and PFRS are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System

The PERS is a cost-sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. 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.

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 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The following represents the membership tiers for PERS:

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. **Pension Plans** - Continued

Public Employees' Retirement System - Continued

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2018 was 7.5% of base salary. The Township employee's contributions for the year ended December 31, 2019 were \$10,419. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2018 is 13.37% of covered payroll. The Township is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the Township and equal to the required contributions for 2018. The Township's contributions to PERS for the years ended December 31, 2019, and 2018 were \$25,188 and \$31,497 respectively.

The total payroll for the year ended December 31, 2019 was \$313,025. Payroll covered by PERS was \$138,924.

Components of Net Pension Liability - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$498,593. The net pension liability was measured as of June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018 was .002532% which was a decrease of .000868% from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources - The Township's 2018 PERS pension expense, with respect to GASB 68, was \$(14,723). The Township's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,508	\$ 2,571
Changes of assumptions	82,160	159,424
Net difference between projected and actual earnings on pension plan investments		4,677
Changes in proportion	67,540	258,801
Total	<u>\$ 159,208</u>	<u>\$ 425,473</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. **Pension Plans** - Continued

Public Employees' Retirement System - Continued

Pension Expense and Deferred Outflows/Inflows of Resources – (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods pension expense as follows:

Year		PERS
2019	\$	(51,530)
2020		(47,124)
2021		(95,682)
2022		(67,532)
2023		(4,397)
Thereafter		
Total	\$	(266,265)

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. **Pension Plans** - Continued

Public Employees' Retirement System - Continued

Actuarial Assumptions – (Continued)

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, 2017 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, 2018 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Client Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
Total	100.00%	

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. **Pension Plans** - Continued

Public Employees' Retirement System - Continued

Discount Rate - The discount rate, as of June 30, 2018, used to measure the total pension liability was 5.66% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 50% 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 2046 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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, 2018, 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount (5.66%)	1% Increase (6.66%)
Township's Proportionate Share of the Net Pension Liability	\$ 626,924	\$ 498,593	\$ 390,932

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. **Pension Plans** - Continued

Public Employees' Retirement System - Continued

Required Supplementary Pension Information – The following schedules align with GASB 68 10-year information requirements for PERS. Information is currently only available for the past six years for the Public Employees Retirement System.

Schedule of the Townships' Proportionate Share of the Net Pension Liability (PERS)
(Last Six Years)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.002532%	0.003400%	0.003901%
Township's Proportionate Share of the Net Pension Liability	\$498,593	\$791,456	\$1,155,400
Township's Covered-Employee Payroll	\$ 146,631	\$ 184,128	\$ 291,466
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	340.03%	429.84%	396.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.003258%	0.003749%	0.003549%
Township's Proportionate Share of the Net Pension Liability	\$731,250	\$702,001	\$678,335
Township's Covered-Employee Payroll	\$ 259,257	\$ 266,775	\$ 252,142
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	282.06%	263.14%	269.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. **Pension Plans** - Continued

Public Employees' Retirement System - Continued

Required Supplementary Pension Information (Continued)

Schedule of the Township's Contributions (PERS)
(Last Six Years)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 25,188	\$ 31,497	\$ 34,657
Township's Contribution in Relation to the Contractually Required Contribution	(25,188)	(31,497)	(34,657)
Township's Contribution Deficiency (Excess)	\$	\$	\$
Township's Covered-Employee Payroll	146,631	184,128	291,466
Township's Contributions as a Percentage of Covered-Employee Payroll	17.18%	17.10%	11.89%
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 28,006	\$ 30,910	\$ 26,743
Township's Contribution in Relation to the Contractually Required Contribution	(28,006)	(30,910)	(26,743)
Township's Contribution Deficiency (Excess)	\$	\$	\$
Township's Covered-Employee Payroll	259,257	266,775	252,142
Township's Contributions as a Percentage of Covered-Employee Payroll	10.80%	11.59%	10.61%

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. **Pension Plans** - Continued

Police and Firemen's Retirement System

The State of New Jersey Division of Pensions and Benefits administers the Police and Firemen's Retirement System of New Jersey (Plan), a governmental cost sharing multiple-employer defined benefit pension plan that provides pensions for all individuals who become full-time policemen and firemen and who at the time of enrollment are no older than age 35.

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

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who are enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

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

Contributions - The contribution requirements of plan members are determined by state statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 10% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Payroll covered by PFRS was \$43,953 for the year ended December 31, 2019.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

4. **Pension Plans** - Continued

Defined Contribution Retirement Program (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

Contributions – The Township’s employer contribution rate is set at 3% of eligible base salary. The Township’s employer contributions to the DCRP for the year were \$2,435. The Township’s employee contributions are paid at the member contribution rate set at 5.5% of applicable salary. The Township’s employee contributions for the year were \$1,328.

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

5. **Long-Term Debt**

Summary of Statutory Debt Condition - Annual Debt Statement

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 .02%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	\$ -	\$ -
Water Utility Debt	409,212	409,212	
General Debt	24,836		24,836
	<u>\$ 434,048</u>	<u>\$ 409,212</u>	<u>\$ 24,836</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.

Equalized Valuation Basis:

2018	\$ 108,435,982
2019	105,663,029
2020	<u>114,642,919</u>
Average	\$ <u>109,580,643</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

5. **Long-Term Debt** - Continued

Summary of Statutory Debt Condition - Annual Debt Statement

Net debt \$24,836/Equalized Valuation Basis per N.J.S.A. 4A:2-2 as amended, \$109,580,643
=.02%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	3,835,323
Net Debt		<u>24,836</u>
Remaining Borrowing Power	\$	<u>3,810,487</u>

In 2017, an Environmental Infrastructure Trust Loan Agreement was approved in the amount of \$580,000. During 2018, the loan principal amount was reduced from \$580,000 to \$290,000. One loan payment was made during 2018 and the combined balance of principal, interest and fees, as of December 31, 2018 is as follows:

Schedule of Annual Debt Service for Principal, Interest and Loan Fees for the N.J. Environmental Infrastructure Trust Loan Agreement

Calendar Year	Principal	Interest	Loan Fee	Total
2020	\$ 12,372.87	\$ 4,010.00	\$ 435.00	\$ 16,817.87
2021	12,372.87	3,926.00	435.00	16,733.87
2022	12,372.87	3,833.50	435.00	16,641.37
2023	12,372.87	3,736.50	435.00	16,544.37
2024	12,372.87	3,634.00	435.00	16,441.87
2025	12,372.87	3,526.00	435.00	16,333.87
2026	12,372.87	3,413.00	435.00	16,220.87
2027	12,372.87	3,296.00	435.00	16,103.87
2028	17,372.87	3,175.00	435.00	20,982.87
2029	17,372.87	2,891.00	435.00	20,698.87
2030	17,372.87	2,598.00	435.00	20,405.87
2031	17,372.87	2,301.00	435.00	20,108.87
2032	17,372.87	1,991.00	435.00	19,798.87
2033	17,372.87	1,674.00	435.00	19,481.87
2034	17,372.87	1,350.00	435.00	19,157.87
2035	17,372.87	1,019.00	435.00	18,826.87
2036	17,372.87	683.00	435.00	18,490.87
2037	17,373.09	343.00	435.00	18,151.09
	<u>\$ 272,711.88</u>	<u>\$ 47,400.00</u>	<u>\$ 7,830.00</u>	<u>\$ 327,941.88</u>

The foregoing debt information is in agreement with the annual debt statement filed by the

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

Chief Financial Officer.

6. **Bond Anticipation Notes Payable - None**

7. **Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, 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, 2019	Balance December 31, 2018
Prepaid Taxes - Cash Liability	\$ 49,079	\$ 47,701

9. **Leases**

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

2020	\$ 1,609
2021	1,072
	<u>\$ 2,681</u>

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 \$6,034 as of December 31, 2019.

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, \$941,052 was the maximum amount permitted to be deferred as of December 31, 2019, under those regulations, with \$583,011 representing the amount deferred,

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

based on the Borough's, prior years elections to defer school taxes.

11. Local District School Tax - Continued

As of July 31, 2017, the Elmer Board of Education ceased to exist, as a result of the merger/consolidation with the Pittsgrove Township Board of Education. As Pittsgrove Township raises school tax on the calendar year method, the basis for charging Elmer Borough's school tax in 2019 should be pursued for change from the deferred method to the calendar year method. Accordingly, the amount of Elmer Borough's previously deferred school tax will be eliminated, once the change in the method of raising school tax is approved by the New Jersey Department of Education. This change has not been approved as of the audit date.

In addition, the Elmer Borough school tax charged to operations in 2018 represents the original fiscal year school tax for the 2018/2019 school budget. There will also be an additional charge to Elmer Borough in the amount of \$366,062, which is planned to be raised in the 2018/2019 school budget in 2019 and thereafter. While this amount was related to the 2018/2019 merged budget, revision of the school tax calculation was not approved and therefore, none of this amount was charged to operations of the Borough of Elmer, as of December 31, 2018. This may translate to a significant school tax increase in 2019.

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:

	<u>Local District School Tax</u>	
	<u>Balance, December 31</u>	
	<u>2019</u>	<u>2018</u>
Balance of Tax	\$ 945,575	\$ 922,371
Deferred	583,011	583,011
Taxes Payable	<u>\$ 362,564</u>	<u>\$ 339,360</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 court administration expenses.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(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. There exists one claim, which is being handled by the insurance carrier.

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, 2019 and 2018, 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>
2019	\$ 3,841,588	\$ 3,778,592	98.36%
2018	3,789,641	3,725,211	98.30%
2017	3,307,137	3,232,144	97.73%
2016	3,168,297	3,084,689	97.36%

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>
2019	\$ 20,500
2018	20,500
2017	20,500

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

19. Comparative Schedule of Tax Rate Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	\$ 3.634	\$ 3.581	\$ 3.123	\$ 2.99	\$ 2.79
Apportionment of Tax Rate:					
Municipal	0.638	0.619	0.600	0.59	0.59
County	1.213	1.221	1.189	1.108	0.93
Local School	1.783	1.741	1.334	1.291	1.27
Assessed Valuation	\$ 105,546,800	\$ 105,546,800	\$ 105,779,300	\$ 107,999,522	\$ 105,963,385

20. Interfund Balances

As of December 31, 2019, 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	\$ 39,733	\$
Animal Control Fund		1
Trust Other Fund		2,134
General Capital		44
Grant Fund:		
Current Fund		39,733
Animal Control Fund		
Current Fund	1	
Trust Other Funds:		
Current Fund	2,134	
General Capital:		
Current Fund	44	
Water Operating Fund:		
Due from Water Capital		48
Water Capital Fund:		
Due to Water Operating	48	

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>
2019	\$ 23,576	\$ 57,302	80,878	2.11%
2018	20,057	51,521	71,578	1.89%
2017	16,641	73,559	90,200	2.85%
2016	13,662	79,332	92,994	2.94%

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

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

	<u>Year 2019</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 160,000	3.67%	\$ 135,000	3.08%
Miscellaneous - From Other than Local Property Tax Levies	377,371	8.65%	451,382	10.30%
Collection of Delinquent Taxes and Tax Title Liens	47,363	1.09%	72,208	1.65%
Collection of Current Tax Levy	3,778,592	86.59%	3,725,211	84.97%
	<hr/>		<hr/>	
Total Income	\$ 4,363,326	100.00%	\$ 4,383,801	100.00%
	<hr/>		<hr/>	
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	\$ 926,799	22.66%	\$ 987,566	23.88%
County Taxes	1,280,736	31.32%	1,291,092	31.21%
Local School Taxes	1,882,104	46.02%	1,836,798	44.41%
Other			20,779	0.50%
	<hr/>		<hr/>	
Total Expenditures	4,089,639	100.00%	4,136,235	100.00%
	<hr/>		<hr/>	
Excess in Revenue	273,687		247,566	
Fund Balance, January 1	402,673		290,107	
	<hr/>		<hr/>	
	676,360		537,673	
Less:				
Utilization as Anticipated Revenue	160,000		135,000	
	<hr/>		<hr/>	
Fund Balance, December 31	\$ 516,360		\$ 402,673	
	<hr/>		<hr/>	

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(CONTINUED)

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

	<u>Year 2019</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 72,000	21.27%	\$ 57,200	17.35%
Water Rents	253,359	74.86%	239,593	72.70%
Miscellaneous Revenue	7,526	2.22%	6,500	1.97%
Other	5,581	1.65%	26,319	7.98%
	<hr/>		<hr/>	
Total Income	\$ 338,466	100.00%	\$ 329,612	100.00%
	<hr/>		<hr/>	
<u>Expenditures</u>				
Budget Expenditures:				
Water Operating Fund	\$ 278,924	100.00%	\$ 267,565	100.00%
	<hr/>		<hr/>	
Total Expenditures	278,924	100.00%	267,565	100.00%
	<hr/>		<hr/>	
Excess in Revenue	59,542		62,047	
Fund Balance, January 1	180,590		175,743	
	<hr/>		<hr/>	
	240,132		237,790	
Less:				
Utilization as Anticipated Revenue	72,000		57,200	
	<hr/>		<hr/>	
Fund Balance, December 31	\$ 168,132		\$ 180,590	
	<hr/>		<hr/>	

24. Grants and Contracts

During the 2019 calendar year, the Borough was awarded various grants, as shown in the Schedule of Appropriated Reserves.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(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

Year	Balance December 31	Utilized in Budget of Succeeding Year
2019	\$ 516,360	\$ 178,260
2018	402,673	135,000
2017	290,107	145,700
2016	261,952	142,900

Water Operating Fund

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2019	\$ 163,133	\$ 72,000
	2018	180,590	57,200
	2017	175,743	53,200
	2016	145,727	51,400

26. **Subsequent Events**

There were no material events between December 31, 2019 and May 29, 2020 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, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Grant Number	Grant Award Amount	Grant Period		Balance December 31, 2018		Receipts or Revenue Recognized	Disbursements	Balance December 31, 2019	
					From	To	Accounts Receivable	Reserve			Accounts Receivable	Reserve
FEMA Reimbursements- Hurricane Irene	N/A	N/A	N/A	\$ 20,134	1/1/12	12/31/12	\$	\$ 1,901	\$	\$	\$	\$ 1,901
Small Cities Reimbursements	14.219	14.219	14.219	13,445	1/1/11	12/31/11		10,792		77		10,715
2007 Small Cities	14.219	14.219	14.219		1/1/07	Closing		559				559
							\$	\$ 13,252	\$	\$ 77	\$	\$ 13,175

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS**BOROUGH OF ELMER****COUNTY OF SALEM****FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

State Grantor / Program Title	Grant or State Project Number	Grant Award Amount	Grant Period		Balance December 31, 2018		Revenue			Balance December 31, 2019		
			From	To	Accounts Receivable	Reserve	Recognized	Cancelled	Received	Expenditures	Accounts Receivable	Reserve
Department of Community Affairs												
Stormwater Grant	4850-800054-201	\$ 4,000	1/1/08	12/31/08	\$ 5,000	\$ 76	\$	\$	\$	\$	\$ 5,000	\$ 76
Wastewater Management	N/A	5,000	1/1/10	12/31/10	5,000	5,000					5,000	5,000
Recycling Tonnage Grant	4830-752-050580-50	2,618	1/1/19	12/31/19			2,114		2,114	2,114		
Clean Communities Program	4900-765-042-4900-004	4,000	1/1/18	12/31/18		410				410		
Clean Communities Program	4900-765-042-4900-004	4,000	1/1/19	12/31/19			4,000		4,000	3,299		701
Municipal Alliance	N/A	4,178	1/1/18	12/31/18	4,178	4,272		4,272				
Municipal Alliance	N/A	4,178	1/1/19	12/31/19		5,222		4,177				1,045
Get Active Grant	N/A	3,000	1/1/16	12/31/15		3,000						3,000
Body Armor Fund	1020-718-066-1020-001	1,006	1/1/15	12/31/15		210						210
Body Armor Fund	1020-718-066-1020-001	1,005	1/1/16	12/31/16		1,005						1,005
Body Armor Fund	1020-718-066-1020-001	981	1/1/17	12/31/17		1,963						1,963
Body Armor Fund	1020-718-066-1020-001	1,046	1/1/19	12/31/19			1,046		1,046			1,046
Total					\$ 14,178	\$ 21,158	\$ 7,160	\$ 8,449	\$ 7,160	\$ 5,823	\$ 10,000	\$ 14,046

BOROUGH OF ELMER
COUNTY OF SALEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NONE

#

SCHEDULE 4

BOROUGH OF ELMER
SCHEDULE OF CASH AND INVESTMENTS PER N.J.S.A. 40A:5-5
FOR THE PERIOD DECEMBER 31, 2019 TO MARCH 31, 2020

	<u>Current</u> <u>Fund</u>	<u>Animal</u> <u>Control</u> <u>Fund</u>	<u>Trust</u> <u>Other</u> <u>Fund</u>	<u>Payroll</u> <u>Fund</u>	<u>General</u> <u>Capital</u> <u>Fund</u>	<u>Water</u> <u>Operating</u> <u>Fund</u>	<u>Water</u> <u>Capital</u> <u>Fund</u>
Balance, December 31, 2019	\$ 1,125,410	\$ 3,408	\$ 189,596	\$ 3	\$ 164,509	\$ 242,175	\$ 188,934
Increased by:							
Cash Receipts Record	1,190,360	1,689	199,828	134,726	88,664	94,788	25,204
	<u>2,315,770</u>	<u>5,097</u>	<u>389,424</u>	<u>134,729</u>	<u>253,173</u>	<u>336,963</u>	<u>214,138</u>
Decreased by:							
Cash Disbursements Record	1,213,675	721	220,106	125,713	5,418	98,208	7,105
Balance, April 30, 2020	<u>\$ 1,102,095</u>	<u>\$ 4,376</u>	<u>\$ 169,318</u>	<u>\$ 9,016</u>	<u>\$ 247,755</u>	<u>\$ 238,755</u>	<u>\$ 207,033</u>
Balance on Deposit per Certification of: First National Bank of Elmer: Checking Account	\$ 1,102,350	\$ 4,467	\$ 169,318	\$ 13,239	\$ 247,755	\$ 246,722	\$ 207,033
Deposits in Transit	200					25	
Less: Outstanding Checks	<u>455</u>	<u>91</u>		<u>4,223</u>		<u>7,992</u>	
Balance, April 30, 2020	<u>\$ 1,102,095</u>	<u>\$ 4,376</u>	<u>\$ 169,318</u>	<u>\$ 9,016</u>	<u>\$ 247,755</u>	<u>\$ 238,755</u>	<u>\$ 207,033</u>

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

	<u>Ref.</u>		
Balance, December 31, 2018	A	\$	947,757
Increased by Receipts			
Collector	A-5	\$	3,841,690
State's Share of Senior Citizens and Veterans Deductions Allowed	A-9		13,000
Revenue Accounts Receivable	A-10		266,563
Interfunds Receivable	A-11		25,871
State Marriage License Fees	A-20		150
Miscellaneous Accounts Receivable	A-21		20,565
Prepaid Housing Fees	A		60
Total Receipts			<u>4,167,899</u>
			<u>5,115,656</u>
Decreased by Disbursements			
2019 Appropriations	A-3		780,739
2018 Appropriation Reserves	A-13		1,098
Interfunds	A-11		17,505
Encumbrances Payable	A-14		50,408
Local District School Taxes	A-15		1,858,900
County Taxes	A-16		1,282,420
State Marriage License Fees	A-20		150
Miscellaneous Accounts Receivable	A-21		681
Total Disbursements			<u>3,991,901</u>
Balance, December 31, 2019	A	\$	<u><u>1,123,755</u></u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

	<u>Ref.</u>		
Balance, December 31, 2018	A	\$	1,543
Increased by:			
Taxes Receivable	A-6	\$	3,766,363
Interest and Costs on Taxes	A-2		24,503
Revenue Accounts Receivable	A-10		50
2020 Taxes Prepaid	A-12		49,079
Tax Overpayments	A		1,607
			<hr style="width: 100%; border: 0.5px solid black;"/>
			3,841,602
			<hr style="width: 100%; border: 0.5px solid black;"/>
			3,843,145
Decreased by:			
Payments to Chief Financial Officer	A-4		3,841,690
			<hr style="width: 100%; border: 0.5px solid black;"/>
Balance, December 31, 2019	A	\$	<u><u>1,455</u></u>

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

Year	Balance December 31, 2018	2019 Levy	Collections by Cash		State Share of Senior Citizens And Veterans Deductions	Cancellations	Transfer to Tax Title Lien	Balance December 31, 2019
			2018	2019				
2018	\$ 51,521	\$	\$	\$ 48,613	\$ (1,250)	\$ (198)	\$	\$ 4,356
	51,521			48,613	(1,250)	(198)		4,356
2019		3,841,588	47,701	3,717,750	13,141	6,583	3,467	52,946
	\$ 51,521	\$ 3,841,588	\$ 47,701	\$ 3,766,363	\$ 11,891	\$ 6,385	\$ 3,467	\$ 57,302
Ref.	A		A-12	A-5	A-9		A-7	A

Analysis of 2019 Property Tax LevyRef.

Tax Yield								
General Purpose					\$ 3,836,167			
Added Taxes					5,421			
							\$ 3,841,588	
Tax Levy								
Local District School Tax (Abstract)				A-15				
County Taxes								
County Tax					\$ 1,278,859			
Amount Due County Added Taxes					1,877			
Total County Taxes				A-16			\$ 1,280,736	
Local Tax for Municipal Purposes				A-2		674,545		
Add Additional Tax Levied						1,886,307		
							2,560,852	
							\$ 3,841,588	

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance, December 31, 2018	A	\$	20,057
Increased by:			
Transfer from Taxes Receivable	A-6	\$	3,467
Adjustment			52
			<u>3,519</u>
Balance, December 31, 2019	A	\$	<u><u>23,576</u></u>

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

	<u>Ref.</u>	
Balance, December 31, 2018 and 2019	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, 2018	A	\$ 2,549
Increased by:		
Cash Received from the State	A-4	<u>13,000</u>
		15,549
Decreased by:		
Deductions per Original Billing:		
Senior Citizens		\$ 6,250
Veterans		<u>7,750</u>
		14,000
Less: Disallowed by Collector		
2018		(1,250)
2019		<u>(859)</u>
	A-6	11,891
Balance, December 31, 2019	A	\$ <u>3,658</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Ref.	Balance December 31, 2018	Accrued in 2019	Collected by		Balance December 31, 2019
			Collector	Treasurer	
Anticipated Revenues:					
A-2	\$ 5,513	\$ 77,374	\$	\$ 77,537	\$ 5,350
A-2 (2)		3,190		3,190	
		9,620		9,620	
A-2		116,933		116,933	
A-2		5,974		5,974	
	<u>5,513</u>	<u>213,091</u>		<u>213,254</u>	<u>5,350</u>
Miscellaneous Revenue Not Anticipated:					
		25		25	
		3,055		3,055	
	226	1,391		1,617	-
	2,103	1,732		3,363	472
		115		115	
		650		650	
	845	21,053		21,245	653
		4,986		4,986	
		260		260	
		50	50		
		125		125	
		400		400	
		3,060		3,060	
		50		50	
		1		1	
		2,083		2,083	
		60		60	
		1,078		1,078	
		10,500		10,500	
		305		305	
		331		331	
A-2	<u>3,174</u>	<u>51,310</u>	<u>50</u>	<u>53,309</u>	<u>1,125</u>
	<u>\$ 8,687</u>	<u>\$ 264,401</u>	<u>\$ 50</u>	<u>\$ 266,563</u>	<u>\$ 6,475</u>
<u>Ref.</u>	<u>A</u>		<u>A-5</u>	<u>A-4</u>	<u>A</u>

CURRENT FUND
SCHEDULE OF INTERFUNDS

	Ref.	Total	Grant Fund	Animal Control Fund	Trust Other Fund	General Capital Fund
Balance, December 31, 2018	A	\$ (42,291)	\$ (44,836)	\$ 1,143	\$ 2,113	\$ (711)
Increased by						
Interest Earned	A-2(2)	655			134	521
Payment	A-4	2,035			2,035	
Expenditures Paid by Current Fund:						
Grant Appropriated Reserves	A-4,19	6,245	6,245			
Grant Encumbrances Payable	A-4,14	9,225	9,225			
Cancellation of Non-spending Reserves	A-22	755				755
Cancellation of Grants	A-1	93	93			
Cancellation of Tax sale Premiums	A-1	11,600			11,600	
		<u>(11,683)</u>	<u>(29,273)</u>	<u>1,143</u>	<u>15,882</u>	<u>565</u>
Decreased by						
Grant Fund Receipts	A-4,17	8,160	8,160			
Grant Unappropriated Reserves Receipts	A-4,18	2,300	2,300			
Receipt	A-4	15,411		1,142	13,748	521
		<u>25,871</u>	<u>10,460</u>	<u>1,142</u>	<u>13,748</u>	<u>521</u>
Balance, December 31, 2019	A	\$ <u>(37,554)</u>	\$ <u>(39,733)</u>	\$ <u>1</u>	\$ <u>2,134</u>	\$ <u>44</u>
Interfund Payable	A	\$ (39,733)				
Interfund Receivable	A	2,179				
		<u>\$ (37,554)</u>				

CURRENT FUND
SCHEDULE OF PREPAID TAXES

	Ref.		
Balance, December 31, 2018	A	\$	47,701
Increased by:			
Receipt of 2020 Taxes	A-5		49,079
			96,780
Decreased by:			
Applied to 2019 Taxes Receivable	A-6		47,701
Balance, December 31, 2019	A	\$	49,079

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2018

	Balance December 31, 2018	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:				
Police	\$ 1,347	\$ 347		\$ 347
Other Expenses:				
Financial Administration	1,974	1,124		1,124
Engineering	2,354	2,354	230	2,124
Other Insurance	475	475	30	445
Land Use Board	1,427	427		427
Public Buildings and Grounds	361	3,211		3,211
Road Repairs and Maintenance	1,135	6,135		6,135
Garbage and Trash	6,087	2,087		2,087
Police	103	1,103	275	828
Recreation	681	681	563	118
Electric	2,153	1,153		1,153
Heating	1,680	680		680
Other Accounts No Changes	25,588	25,588		25,588
	\$ 45,365	\$ 45,365	\$ 1,098	\$ 44,267
<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, 2018	A	\$ 52,869	\$ 9,972
Increased by:			
2019 Budget Encumbrances	A-3	56,995	
		<u>109,864</u>	<u>9,972</u>
Decreased by:			
Payments	A-4,11	50,408	9,225
Cancelled	A-1	1,519	
		<u>51,927</u>	<u>9,225</u>
Balance, December 31, 2019	A	\$ <u>57,937</u>	\$ <u>747</u>
Analysis of Balance:			
2018 Encumbrances		\$	\$ 747
2019 Encumbrances		57,937	
		<u>\$ 57,937</u>	<u>\$ 747</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>Ref.</u>		
Balance, December 31, 2018			
School Tax Payable	A	\$ 339,360	
School Tax Deferred		583,011	
		<u> </u>	\$ 922,371
Increased by			
Levy - School Year, July 1, 2019- June 30, 2020	A-1,2,6		1,882,104
			<u> </u>
			2,804,475
Decreased by			
Payments	A-4		1,858,900
			<u> </u>
Balance, December 31, 2019			
School Tax Payable	A	362,564	
School Tax Deferred		583,011	
		<u> </u>	\$ 945,575
			<u> </u>

2019 Liability for Local District School Tax

Taxes Paid		\$ 1,858,900	
Taxes Payable December 31, 2019		362,564	
		<u> </u>	
		2,221,464	
Less: Tax Payable December 31, 2018		339,360	
		<u> </u>	
Amount Charged to 2019 Operations	A-1		\$ 1,882,104
			<u> </u>

Note - As of July 31, 2018, the Elmer Board of Education ceased operations through the merger/consolidation with the Pittsgrove Township Board of Education. Accordingly, as of the calendar year 2018, the above method of charging the Borough of Elmer's school tax should be requested for approval to change from the Deferred method to the Calendar year method to be in line with the continuing District of Pittsgrove Board of Education.

CURRENT FUND
SCHEDULE OF COUNTY TAXES

	<u>Ref.</u>		
Balance, December 31, 2018			
County Taxes	A	\$	
Added County Taxes	A		3,561
			<u>3,561</u>
			\$ 3,561
Increased by:			
2019 County Taxes:			
General County Taxes		\$	1,257,298
County Open Space			21,561
			<u>1,278,859</u>
A-1			1,278,859
Due County on Added and Omitted Taxes	A-1		1,877
			<u>1,280,736</u>
	A-1,2,6		1,280,736
			<u>1,284,297</u>
Decreased by:			
Payments	A-4		1,282,420
			<u>1,282,420</u>
Added County Taxes	A	\$	1,877
			<u>1,877</u>
Balance, December 31, 2019			<u><u>\$ 1,877</u></u>

FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

<u>Grant Purpose</u>		<u>Balance December 31, 2018</u>	<u>2019 Revenue</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance December 31, 2019</u>
State Grants:						
Stormwater Grant		\$ 5,000				\$ 5,000
Wastewater Management		5,000				5,000
Recycling Tonnage Grant			2,114	2,114		
Clean Communities	2019		4,000	4,000		
Body Armor Fund			1,046	1,046		
Municipal Alliance on Alcoholism and Drug Abuse:	2018	4,178			4,178	
	2017	4,178			4,178	
Total State Grants		<u>18,356</u>	<u>7,160</u>	<u>7,160</u>	<u>8,356</u>	<u>10,000</u>
Local Grants:						
Salem County Cultural and Heritage Commission - 2019 Arts Grant: Veterans Memorial Park Monument		1,000		1,000		
Total Local Grants		<u>1,000</u>		<u>1,000</u>		
Total Grants		<u>\$ 19,356</u>	<u>\$ 7,160</u>	<u>\$ 8,160</u>	<u>\$ 8,356</u>	<u>\$ 10,000</u>
<u>Ref.</u>		A	A-2	A-11	A-11	A

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

<u>Grant Purpose</u>		<u>Balance December 31, 2018</u>	<u>Receipts</u>	<u>Anticipated in 2019 Budget</u>	<u>Balance December 31, 2019</u>
Recycling Tonnage Grant		\$	\$ 2,300	\$	\$ 2,300
		\$	\$ 2,300	\$	\$ 2,300
<u>Ref.</u>		A	A-11		A

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

<u>Grant Purpose</u>	<u>Balance December 31, 2018</u>	<u>Transferred from 2019 Budget Appropriation</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance December 31, 2019</u>
Federal Grants:					
FEMA Reimbursements- Hurricane Irene	\$ 1,901	\$	\$	\$	\$ 1,901
Small Cities Reimbursements	10,792		77		10,715
2007 Small Cities	559				559
Total Federal Grants	13,252		77		13,175
State Awards:					
Stormwater Grant	76				76
Wastewater Management	5,000				5,000
Recycling Tonnage Grant	2019	2,114	2,114		
Municipal Alliance Program	2017	4,272		4,272	
Municipal Alliance Program	2018	5,222		4,177	1,045
Clean Communities Program	2018	410	410		
Clean Communities Program	2019	4,000	3,299		701
Get Active Grant	2015	3,000			3,000
Body Armor Fund	2019	1,046			1,046
Body Armor Fund	2017	1,963			1,963
Body Armor Fund	2016	1,005			1,005
Body Armor Fund	2015	210			210
Total State Awards	21,158	7,160	5,823	8,449	14,046
Local Grants:					
Salem Health and Wellness Fund of the Community Foundation of New Jersey: Elmer Walking Trail	19,810		345		19,465
	19,810		345		19,465
Total All Grants	\$ 54,220	\$ 7,160	\$ 6,245	\$ 8,449	\$ 46,686
<u>Ref.</u>	<u>A</u>			<u>A-11</u>	<u>A</u>
Grant Share	A-3	\$ 7,160	\$		
Paid by Current Fund	A-11		6,245		
		\$ 7,160	\$ 6,245		

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

	<u>Ref.</u>	<u>Marriage Licenses</u>
Balance, December 31, 2018	A	\$ 25
Increased by Receipts	A-4	150
		<u>175</u>
Decreased by Disbursements	A-4	150
Balance, December 31, 2019	A	<u>\$ 25</u>

EXHIBIT A-21

CURRENT FUND**SCHEDULE OF MISCELLANEOUS ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	
Balance, December 31, 2018	A	\$ 19,929
Increased by: Disbursements	A-4	681
		<u>20,610</u>
Decreased by: Receipts	A-4	20,565
Balance, December 31, 2019	A	<u>\$ 45</u>

CURRENT FUND**SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS**

	<u>Ref.</u>	<u>Sale of Municipal Assets</u>
Balance, December 31, 2018	A	\$ 9,610
Decreased By:		
Cancellation of Non-spending Capital Reserve	A-11	755
Balance, December 31, 2019	A	<u>\$ 10,365</u>

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

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2018	B	\$ 5,270	\$ 153,198
Increased by Receipts			
Interest Earned	B-3	14	134
Dog License Fees	B-4	1,900	
Cat License Fees	B-4	520	
Prepaid Licenses	B-5	535	
Amount Due to Current Fund	B-6		2,035
Deposits for Payroll	B-7		365,453
Tax Title Lien Redemptions	B-8		262,543
Escrow Deposits	B-10		5,000
William Haluszka Bequest	B-10		301
Performance Guarantee	B-10		20
Snow Removal Trust	B-10		6,310
		<u>8,239</u>	<u>794,994</u>
Decreased by Disbursements			
Expenditures Made Under R. S. 4:19-1!	B-4	3,319	
State of New Jersey- Dog Licenses	B-2	356	
Amount Due to Current Fund	B-3,6	1,156	13,748
Payroll Expenditures	B-7		366,702
Tax Title Lien Redemptions	B-8		216,741
Premiums Received at Tax Sale	B-9		900
Accounts Payable	B		300
Escrow Deposits	B-10		7,004
		<u>4,831</u>	<u>605,395</u>
Balance, December 31, 2019	B	<u>\$ 3,408</u>	<u>\$ 189,599</u>

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

	<u>Ref.</u>		
Balance, December 31, 2018	B	\$	-
Increased by:			
Collection of State License Fees	B-4		356
Decreased by:			
Payments	B-1		356
Balance, December 31, 2019	B	\$	-

TRUST FUND**SCHEDULE OF AMOUNT DUE TO/(FROM) CURRENT FUND****ANIMAL CONTROL FUND**

	<u>Ref.</u>		
Balance, December 31, 2018	B	\$	1,143
Increased by:			
Interest Earned	B-1		14
			<u>1,157</u>
Decreased by:			
Payment to Current Fund			1,156
Balance, December 31, 2019	B	\$	<u>1</u>

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

	<u>Ref.</u>		
Balance, December 31, 2018	B	\$	3,537
Increased by:			
Dog License Fees Collected	B-1	\$	1,900
Cat License Fees Collected	B-1		520
Prepaid Dog Licenses	B-5		450
Prepaid Cat Licenses	B-5		140
			<u>3,010</u>
			6,547
Decreased by:			
Expenditures Under R. S. 4:19-5.11:			
Cash	B-1	3,319	
Due to NJ dept of Health	B-2	356	
			<u>3,675</u>
Balance, December 31, 2019	B	\$	<u><u>2,872</u></u>

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2017 \$	1,727
2018	2,430
	<u>4,157</u>
\$	<u><u>4,157</u></u>

SCHEDULE OF PREPAID LICENSES**ANIMAL CONTROL FUND**

	<u>Ref.</u>		
Balance December 31, 2018	B	\$	590
Increased by Receipt:			
Dog Licenses		\$	385
Cat Licenses			150
Receipt	B-1		535
			<u>1,125</u>
Decreased by:			
2019 Dog Licenses			450
2019 Cat Licenses			140
Applied to Licenses Fee Revenue	B-4		590
Balance, December 31, 2019	B	\$	<u><u>535</u></u>

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

	<u>Ref.</u>		
Balance, December 31, 2018	B	\$	2,113
Increased by:			
Receipt	B-1	\$	2,035
Interest Earned - Trust Other	B-1		134
Forfeiture of Tax Sale Premiums	B-9		11,600
			<u>13,769</u>
			15,882
Decreased by:			
Payment	B-1		13,748
Balance, December 31, 2019	B	\$	<u><u>2,134</u></u>

TRUST FUND
SCHEDULE OF PAYROLL TAXES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2018	B	\$ 1,249
Increased by:		
Deposits	B-1	<u>365,453</u>
		366,702
Decreased by:		
Payment	B-1	<u>366,702</u>
Balance, December 31, 2019	B	<u>\$ -</u>

TRUST FUND
SCHEDULE OF TAX TITLE LIEN REDEMPTIONS PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2018	B	\$ -
Increased by:		
Receipt	B-1	262,543
		262,543
Decreased by:		
Disbursements	B-1	216,741
Balance, December 31, 2019	B	\$ <u>45,802</u>

TRUST FUND
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE

	<u>Ref.</u>	
Balance, December 31, 2018	B	\$ 28,000
Increased by:		
Receipt		28,000
Decreased by:		
Cancellation to Current Fund	B-6	\$ 11,600
Disbursements	B-1	900
		12,500
Balance, December 31, 2019	B	\$ <u>15,500</u>

Analysis of Balance:

<u>Block</u>	<u>Lot</u>	<u>Date</u>	<u>Amount</u>
24	21	1/6/16	\$ 100
6	14	3/28/18	2,900
18	13	3/28/18	3,900
24	1	3/28/18	1,300
25	21	3/28/18	1,500
30	10	3/28/18	3,900
30	18	3/28/18	1,900
			\$ <u>15,500</u>

S-3-19

EXHIBIT B-10

CURRENT FUND**SCHEDULE OF MISCELLANEOUS RESERVES**

Reserve	Balance December 31, 2018	Receipts	Disbursements	Balance December 31, 2019
Escrow Deposits	\$ 11,341	\$ 5,000	\$ 7,004	\$ 9,337
Performance Guarantee Trust	6,502	20		6,522
William Haluszka Bequest	100,410	301		100,711
Fire Safety Fees	475			475
Snow Removal Trust	2,808	6,310		9,118
Total Reserves	\$ 121,536	\$ 11,631	\$ 7,004	\$ 126,163
<u>Ref.</u>	B	B-1	B-1	B

GENERAL CAPITAL FUND
SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER

	<u>Ref.</u>		
Balance, December 31, 2018	C,C-3	\$	172,657
Increased by Receipts			
Interest Earned	C-4	\$	521
Deferred Charges - 2019 Budget	C-6		19,710
Capital Improvement Fund	C-7		12,000
			<u>32,231</u>
			204,888
Decreased by Disbursements:			
Due from Current Fund	C-4		521
Improvement Authorizations	C-8		32,586
Contracts Payable	C-9		7,272
			<u>40,379</u>
Balance, December 31, 2019	C,C-3	\$	<u>164,509</u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance December 31, 2018	Receipts		Disbursements			Balance December 31, 2019	
		Budget Appropriation	Miscellaneous	Improvement Authorization	Miscellaneous	Transfers		
						To		From
Fund Balance	\$ 8,404	\$	\$	\$	\$	\$ 954	\$ 9,358	
Capital Improvement Fund	31,077	12,000					43,077	
Amount Due Current Fund	(711)		521		521	755	44	
NJ Transportation Trust Fund Authority Act Receivable	(145,000)						(145,000)	
Contracts and Encumbrances Payable	19,006				7,272	118,378	130,112	
Reserve for Police Vehicle	755						755	
IMPROVEMENT AUTHORIZATIONS:								
GENERAL IMPROVEMENTS:								
<u>Ord. No.</u>								
11-7 Construction of Sidewalks	134,121			14,291			119,830	
15-14 Reconstruction of State Street	(2,210)	2,210						
16-5 Replacement of Municipal Building Roof	(2,495)	17,500		15,005				
18-05 Reconstruction of State Street - Phase 3	125,466					118,378	7,088	
18-08 Lighting Renovations	4,244			3,290		954		
	<u>\$ 172,657</u>	<u>\$ 31,710</u>	<u>\$ 521</u>	<u>\$ 32,586</u>	<u>\$ 7,793</u>	<u>\$ 120,087</u>	<u>\$ 164,509</u>	
<u>Ref.</u>	C-2	C-2	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, 2018 (Due To)	C	\$	711
Increased by:			
Interest Earned	C-2		521
			<u>1,232</u>
Decreased by:			
Payment	C-2	\$	521
Cancellation of Non-spending Reserve	C		755
			<u>1,276</u>
Balance, December 31, 2019 (Due From)	C	\$	<u><u>44</u></u>

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

	<u>Ref.</u>		
Balance, December 31, 2018 and 2019	C	\$	<u><u>145,000</u></u>

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

Ord. Number	Improvement Description	Balance December 31, 2018	Funded by Budget Appropriation	2019 Authorization	Balance December 31, 2019	Analysis of Balance December 31, 2019		Bond Anticipation Notes
						Unexpended Improvement Authorization	Expenditures	
General Improvements:								
15-14	Reconstruction of State Street	\$ 8,646	\$ 2,210	\$	\$ 6,436	\$ 6,436	\$	\$
16-5	Replacement of Municipal Building Roof	17,500	17,500					
18-5	Reconstruction of State Street - Phase 3	18,400			18,400	18,400		
		<u>\$ 44,546</u>	<u>\$ 19,710</u>		<u>\$ 24,836</u>	<u>24,836</u>	<u>\$</u>	<u>\$</u>
<u>Ref.</u>		C	C-2, 10		C			

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance, December 31, 2018	C	\$	31,077
Increased by:			
2019 Budget Appropriation	C-2	\$	12,000
			<u>12,000</u>
			<u>43,077</u>
Decrease by:			
Appropriated to Finance Capital Ordinances			-
Balance, December 31, 2019	C	\$	<u><u>43,077</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord No.	Improvement Description	Ordinance Date	Amount	Balance December 31, 2018		2019 Authorizations	Cancelled	Paid or Charged	Balance December 31, 2019	
				Funded	Unfunded				Funded	Unfunded
<u>General Improvements:</u>										
11-7	Construction of Sidewalks	4-13-11	\$ 300,000	\$ 134,121	\$	\$	\$	14,291	\$ 119,830	\$
15-14	Reconstruction of State Street	9-9-15	230,000		6,436					6,436
16-5	Replacement of Municipal Building Roof	4-13-16	30,000		15,005			15,005		
17-11	Reconstruction of Union Street and Hitchner Avenue	8-9-17	147,000							
18-05	Reconstruction of State Street - Phase 3	5-9-18	172,000	125,466	18,400			118,378	7,088	18,400
18-08	Lighting Renovations	6-13-18	4,400	4,244			954	3,290		
				<u>\$ 263,831</u>	<u>\$ 39,841</u>	<u>\$</u>	<u>\$ 954</u>	<u>\$ 150,964</u>	<u>\$ 126,918</u>	<u>\$ 24,836</u>
		<u>Ref.</u>		<u>C</u>	<u>C</u>				<u>C</u>	<u>C</u>
	Cash Disbursements	C-2,3				\$	\$	\$ 32,586		
	Contracts and Encumbrances Payable	C-9						118,378		
	Capital Fund Balance	C-1					954			
						<u>\$</u>	<u>\$ 954</u>	<u>\$ 150,964</u>		

GENERAL CAPITAL FUND**SCHEDULE OF CONTRACTS PAYABLE**

	<u>Ref.</u>	
Balance, December 31, 2018	C	\$ 19,006
Increased by:		
2019 Contracts	C-8	118,378
		<hr/>
		137,384
Decreased by:		
Payments	C-2	7,272
		<hr/>
Balance, December 31, 2019	C	\$ <u>130,112</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2018</u>	<u>Amount Authorized in 2019</u>	<u>Cancellation</u>	<u>Raised in 2019 Budget</u>	<u>Balance December 31, 2019</u>
2015-14	Reconstruction of State Street	\$ 8,646	\$	\$	\$ 2,210	\$ 6,436
2016-5	Replacement of Municipal Building Roof	17,500			17,500	
2018-5	Reconstruction of State Street - Phase 3	18,400				18,400
		<u>\$ 44,546</u>	<u>\$</u>	<u>\$</u>	<u>\$ 19,710</u>	<u>\$ 24,836</u>
<u>Ref.</u>		C			C-6	C

WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2018	D:D-6	\$ 218,035	\$ 191,493
Increased by Receipts:			
Water Collector	D-6	257,177	
Due from Water Capital Fund	D-8	580	
Interest Earned	D-3,8	584	578
Miscellaneous	D-9	2,533	
2019 Budget Appropriations - Capital Improvement Fund	D-13		10,000
Total Receipts		<u>260,874</u>	<u>10,578</u>
		478,909	202,071
Decreased by Disbursements:			
2019 Budget Appropriations	D-4	200,927	
Due to Water Operating Account	D-8		580
2018 Appropriation Reserves	D-11	8,001	
Encumbrances Payable	D-12	28,868	
Improvement Authorization	D-18		1,386
Contracts Payable	D-20		11,171
Environmental Infrastructure Loan	D-21	12,373	
Total Disbursements		<u>237,796</u>	<u>13,137</u>
Balance, December 31, 2019	D-D:6	\$ <u>241,113</u>	\$ <u>188,934</u>

WATER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

	<u>Ref.</u>		
Balance, December 31, 2018	D		1,339
Increased by Receipts:			
Interest Earned on Bank Deposits	D-3	37	
Water Consumer Account Collections	D-9	\$ 252,035	
Interest and Penalties on Water Rents	D-9	3,794	
Water Rent Overpayments	D-16	1,009	
		<hr/>	256,875
			<hr/>
			258,214
Decreased by:			
Payments to Treasurer	D-5		257,177
			<hr/>
Balance, December 31, 2019	D	\$	<u><u>1,037</u></u>

EXHIBIT D-7

SCHEDULE OF AMOUNT DUE TO/FROM WATER CAPITAL FUND

	<u>Ref.</u>		
Balance, December 31, 2018	D	\$	50
Increased by:			
Interest Earned on Bank Deposits	D-3,5		578
			<hr/>
			628
Decreased by:			
Receipt	D-5		580
			<hr/>
Balance, December 31, 2019	D	\$	<u><u>48</u></u>

WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER UTILITY CAPITAL CASH

	December 31, 2018	Receipts		Disbursements		Transfers		Balance December 31, 2019
		Budget Appropriations	Miscellaneous	Miscellaneous	Improvement Authorization	To	From	
Capital Fund Balance	\$ 59,971	\$	\$	\$	\$	\$		\$ 59,971
Due from Salem County Pollution Control Financing Authority							25,000	(25,000)
Water Capital Improvement Fund	45,959	10,000					8,500	47,459
Water Capital Improvement Ord. 2015-15	85,513							85,513
Water Capital Improvement Ord. 2019-5					1,386	33,500	72,100	(39,986)
Water Capital Contracts Payable				11,171		72,100		60,929
Due to Water Operating Fund	50		578	580				48
	<u>\$ 191,493</u>	<u>\$ 10,000</u>	<u>\$ 578</u>	<u>\$ 11,751</u>	<u>\$ 1,386</u>	<u>\$ 105,600</u>	<u>105,600</u>	<u>\$ 188,934</u>
<u>Ref.</u>	D:D-5	D-13	D-5	D-5	D-18			D, D-5

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY CHARGES RECEIVABLE

	<u>Ref.</u>		
Balance, December 31, 2018	D		\$ 9,590
Increased by:			
Water Rents Levied			257,342
			<hr/> 266,932
Decreased by:			
Collections	D-6	\$ 255,829	
2019 Overpayments	D-15	1,324	
Miscellaneous		834	
	D-3		<hr/> 257,987
Balance, December 31, 2019	D		\$ <hr/> <hr/> 8,945

WATER UTILITY OPERATING FUND
SCHEDULE OF DUE FROM SALEM COUNTY POLLUTION FINANCING AUTHORITY

	<u>Ref.</u>		
Balance, December 31, 2018	D		\$
Increased by:			
Grant Allocation	D-18		25,000
Balance, December 31, 2019	D		\$ <hr/> <hr/> 25,000

WATER UTILITY OPERATING FUND
SCHEDULE OF 2018 APPROPRIATION RESERVES

	<u>Balance December 31, 2018</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operations				
Salaries and Wages	\$ 321	\$ 321	\$	\$ 321
Other Expenses	4,146	4,146	3	4,143
Liability Insurance	100	100		100
Capital Improvements:				
Capital Outlay	8,315	8,315	7,998	317
Statutory Expenditures				
Social Security System	516	516		516
Unemployment Compensation Insurance	184	184		184
	<u>\$ 13,582</u>	<u>\$ 13,582</u>	<u>\$ 8,001</u>	<u>\$ 5,581</u>
Ref.	D		D-5	D-1

WATER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2018	D	\$	28,868
Increased by:			
Current Encumbrances	D-4		38,924
			<hr/> 67,792
Decreased by:			
Payments	D-5		28,868
Balance, December 31, 2019	D	\$	<hr/> <hr/> 38,924

WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance, December 31, 2018	D	\$	45,959
Increased by:			
2019 Budget Appropriation	D-5,8		10,000
			<hr/> 10,000
Decreased by:			
Appropriated to Finance Improvement Authorizations	D-17,18		8,500
			<hr/> 8,500
Balance, December 31, 2019	D	\$	<hr/> <hr/> 47,459

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>		
Balance, December 31, 2018	D	\$	2,586,178
Increased by:			
Loan Principal Payment	D-21	\$	12,373
Capital Outlay by 2019 Operating Budget	D-22		9,236
			<u>21,609</u>
Balance, December 31, 2019			<u><u>2,607,787</u></u>

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER RENT OVERPAYMENTS

	<u>Ref.</u>		
Balance, December 31, 2018	D	\$	1,324
Increased by:			
Receipt	D-6		1,009
			<u>2,333</u>
Decreased by:			
2019 Overpayments Applied	D-9		1,324
Balance, December 31, 2019	D	\$	<u><u>1,009</u></u>

5-3-19

EXHIBIT D-16

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ord. Number</u>	<u>Ordinance Improvement Description</u>	<u>Balance December 31, 2018</u>	<u>Increased by 2019 Authorizations</u>	<u>Costs Transferred to Fixed Capital</u>	<u>Balance December 31, 2019</u>
	General Improvements:				
2019-5	Environmental Remediation (56 State St)	\$ 85,513	\$ 170,000	\$	\$ 255,513
	Ref.	D	D-18		D

EXHIBIT D-17

WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. Number</u>	<u>Ordinance Improvement Description</u>	<u>Balance December 31, 2018</u>	<u>Increased by 2019 Authorizations</u>	<u>Costs Transferred to Fixed Capital</u>	<u>Balance December 31, 2019</u>
	General Improvements:				
2019-5	Environmental Remediation (56 State St)	\$	\$ 33,500	\$	\$ 33,500
	Ref.	D	D-17	D-10	D
	Capital Improvement Fund		\$ 8,500		
	Salem County Pollution Control Award		25,000		
			<u>\$ 33,500</u>		

**WATER CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATION**

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2018		2019 Authorizations	Paid Or Charged	Balance December 31, 2019	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
2015-15	Water Tower Improvement	1/14/15	\$ 500,000	\$	\$ 85,513	\$	\$	\$	\$ 85,513
2019-5	Environmental Remediation	6/12/19	25,000			170,000	73,486		96,514
				\$	\$ 85,513	\$ 170,000	\$ 73,486	\$	\$ 182,027
		<u>Ref.</u>		D	D	D-16			D
	Encumbrance Payable		D-20			\$	\$ 72,100		
	Payments		D-5,8				1,386		
	Salem County Pollution Control Award		D-10			25,000			
	Capital Improvement Fund		D-13			8,500			
	Bonds and Notes Authorized but not Issued		D-19			136,500			
						\$ 170,000	\$ 73,486		

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

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2018		2019 Authorizations	Raised by Budget Appropriation	Cancelled	Balance December 31, 2019
		Date	Amount	Funded	Unfunded				
2019-5	Environmental Remediation	6/12/19	\$ 25,000	\$	\$	\$ 136,500	\$	\$	\$ 136,500
				\$	\$	\$ 136,500	\$	\$	\$ 136,500
		<u>Ref.</u>		D	D	D-18			D

WATER CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2018	D	\$ -
Increased by:		
Encumbrances Payable	D-18	72,100
		<u>72,100</u>
Decreased by:		
Payment	D-5	11,171
Balance, December 31, 2019	D	<u>\$ 60,929</u>

WATER CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
LOAN PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2018		\$ 285,085
Decreased by:		
Payment	D-5,14	12,373
Balance, December 31, 2019	D	<u>\$ 272,712</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>Description:</u>	Balance December 31, 2018	Additions	Balance December 31, 2019
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	45,129	5,930	51,059
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	831	2,658
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
Scadata System	9,279		9,279
Well Pump Motor	6,697		6,697
WQAA	32,580	2,475	35,055
Water Tank Improvements	669,487		669,487
	<u>\$ 2,785,750</u>	<u>\$ 9,236</u>	<u>\$ 2,794,986</u>
	Ref. D		D
Added by 2019 Budgeted Capital Outlay	D-14	<u>\$ 9,236</u>	
		<u>\$ 9,236</u>	

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY EMERGENCY AUTHORIZATIONS

	<u>#</u>	<u>Ref.</u>	
Balance, December 31, 2018		D	\$ 4,915
Decreased by:			
Raised by Budget Appropriation		D-4	<u>4,915</u>
Balance, December 31, 2019		D	<u>\$ -</u>

BOROUGH OF ELMER

COUNTY OF SALEM

PART II

INTERNAL CONTROL COMMENTS

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

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 items:

Environmental Remediation Project

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 2, 2019 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 2018 Municipal Taxes will be held no later than January 31, 2019.
- d) A tax sale of all delinquent accounts for the 2019 Municipal Taxes will be held no later than January 31, 2020.
- 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 2018 Municipal Taxes will be held no later than January 31, 2019.
- c) A tax sale of all delinquent accounts for the 2019 Municipal Taxes will be held no later than January 31, 2020.
- 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 98.3% in 2018 to 98.4% in 2019 and no properties were noted in Bankruptcy during the year under audit.

The last tax sale was held on January 24, 2019 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>
2019	2
2018	2
2017	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 2019.

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 2020 Taxes	12
Payments of 2019 Taxes	12
Delinquent Taxes	2
Tax Title Liens	2
Water Assessments	13

The result of the test, which was made as of November 30, 2019 and December 31, 2019, 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 reconciliation's, 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 197 dog licenses during the year versus 211 in 2018. 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 five remaining General Capital Project Ordinances that are currently being reviewed for expenditure or other proper disposition and one 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, 2019.

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, 2019.

Schedule of Comments and Recommendations
For the Year Ended December 31, 2019

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