

BOROUGH OF ELMER

COUNTY OF SALEM

REPORT OF AUDIT

DECEMBER 31, 2015

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COUNTY OF SALEM
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COUNTY OF SALEM
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BOROUGH OF ELMER

COUNTY OF SALEM

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2015

OFFICIALS IN OFFICE AND SURETY BONDS

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

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

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

(1) Public Employee Dishonesty Bond

NIGHTLINGER, COLAVITA & VOLPA

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March 7, 2016

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, 2015 and 2014, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2015 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 consideration of 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 polices 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, 2015 and 2014, 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, 2015 and 2014, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended, and the revenues – regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2015 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 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2016, on our consideration of the Borough of Elmer's, in the County of Salem, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Elmer's internal control over financial reporting.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

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March 7, 2016

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, 2015, and the related notes to financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated March 7, 2016. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Elmer's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

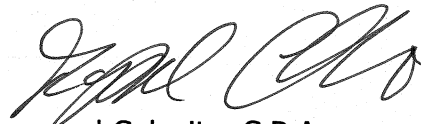
As part of obtaining reasonable assurance about whether the Borough of Elmer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

CURRENT FUND
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 769,805	\$ 744,576
Cash - Collector	A-5	1,385	1,392
Change Fund		200	200
		<u>771,390</u>	<u>746,168</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	70,495	37,473
Tax Title Liens Receivable	A-7	10,810	8,142
Property Acquired for Taxes - Assessed Valuation	A-8	20,500	20,500
Revenue Accounts Receivable	A-10	5,851	5,496
Interfunds Receivable	A-11	2,313	2,187
Miscellaneous Accounts Receivable	A-21	6,759	434
		<u>116,728</u>	<u>74,232</u>
Deferred Charges			
Emergency Authorizations (40A-4-48)	A-12		1,044
Total Regular Fund		<u>888,118</u>	<u>821,444</u>
Federal and State Grant Fund:			
State Grants Receivable	A-17	14,334	14,876
Amount Due from Current Fund	A-11	27,103	27,696
Total Grant Fund		<u>41,437</u>	<u>42,572</u>
Total Current Fund		<u>\$ 929,555</u>	<u>\$ 864,016</u>

CURRENT FUNDCOMPARATIVE BALANCE SHEET

		Balance December 31, 2015	Balance December 31, 2014
	<u>Ref.</u>		
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund			
Liabilities			
Appropriation Reserves	A-3,13	\$ 33,816	\$ 82,628
Amount Due to State of New Jersey for Senior Citizen and Veterans Tax Exemptions	A-9	3,549	2,799
Amount Due to Grant Fund	A-11	27,103	27,696
Amount Due to General Capital Fund	A-11	59,685	
Encumbrances Payable	A-14	43,990	43,833
Local District School Taxes Payable	A-15	224,267	208,438
Amount Due County for Added Taxes	A-16	11,469	2,241
County Tax Payable	A-16	27	27
Amount Due to State of New Jersey	A-20		25
Reserve to Pay Debt Service	A-22		44,446
Reserve for Sale of Municipal Assets	A-22	64,610	64,610
Prepaid Taxes	A-23	40,321	48,997
Total Liabilities		<u>508,837</u>	<u>525,740</u>
Reserve for Receivables and Other Assets	A	116,728	74,232
Fund Balance	A-1	262,553	221,472
Total Regular Fund		<u>888,118</u>	<u>821,444</u>
Federal and State Grant Fund			
Encumbrances Payable	A-14	6,575	1,589
Reserve for State Grants - Unappropriated	A-18	1,005	3,735
Reserve for State Grants - Appropriated	A-19	33,857	37,248
Total Grant Fund		<u>41,437</u>	<u>42,572</u>
Total Current Fund		<u>\$ 929,555</u>	<u>\$ 864,016</u>

CURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

	Ref.	Year 2015	Year 2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 138,000	\$ 121,000
Miscellaneous Revenue Anticipated	A-2	272,565	333,392
Receipts from Delinquent Taxes	A-2	41,027	95,825
Receipts from Current Taxes	A-2	2,889,361	2,896,487
Non-Budget Revenue	A-2	38,843	37,952
Other Credits to Income			
Cancellation of Prior year Reserves			2,978
Statutory Excess in Animal Control Fund	A-11	242	
Unexpended Balance of Appropriation Reserves	A-13	76,845	64,308
Cancellation of Prior year Encumbrances	A-14	1,494	594
Total Income		3,458,377	3,552,536
<u>Expenditures</u>			
Budget and Emergency Appropriations			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	271,124	257,065
Other Expenses	A-3	433,830	458,023
Deferred Charges and Statutory Expenditures	A-3	48,860	51,543
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	70,458	66,713
Emergency Appropriations			
Capital Improvements	A-3	1,000	10,000
Debt Service	A-3	87,828	164,717
Deferred Charges - Emergency Authorizations	A-3	1,044	
Transfer to Board of Education	A-3	8,312	8,440
Interfund Advanced	A-11	6,451	1,577
Local District School Taxes	A-15	1,337,150	1,310,569
County Taxes	A-16	1,001,770	1,034,125
County Taxes - Added	A-16	11,469	2,241
Total Expenditures		3,279,296	3,365,013
Excess in Revenue		179,081	187,523
Adjustments to Income before Fund Balance			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3		1,044
Statutory Excess to Fund Balance		179,081	188,567
Fund Balance, January 1	A	221,472	153,905
		400,553	342,472
Decreased by			
Utilization of Anticipated Revenue	A-2	138,000	121,000
Fund Balance, December 31	A	\$ 262,553	\$ 221,472

CURRENT FUND**STATEMENT OF REVENUES**

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 138,000	\$ 138,000	\$
Miscellaneous Revenues:				
Fines and Costs - Municipal Court	A-10	57,000	59,033	2,033
Interest and Costs on Taxes	A-10	20,000	14,753	(5,247)
Interest on Investments	A-10	2,500	3,066	566
Consolidated Municipal Property Tax Relief Act	A-10	19,121	19,121	
Energy Receipts Tax (P.L. 1987 Ch. 162 & 167)	A-10	107,432	107,432	
Uniform Fire Safety act	A-10	4,600	4,801	201
Clean Communities Program	A-17	4,000	4,000	
Comcast Franchise Renewal PEG Tech Grant	A-17	8,000	8,000	
Municipal Alliance on Alcoholism and Drug Abuse	A-17	4,178	4,178	
Reserve for Recycling Tonnage Grant	A-18	2,729	2,729	
Body Armor Fund	A-18	1,006	1,006	
Reserve for Debt Service	A-21	44,446	44,446	
Total Miscellaneous Revenue	A-1	275,012	272,565	(2,447)
Receipts from Delinquent Taxes	A-2(2)	28,000	41,027	13,027
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	A-2	601,328	658,856	57,528
Budget Totals	A-3	\$ 1,042,340	1,110,448	\$ 68,108
Non-budget Revenue	A-1,10		38,843	
			\$ 1,149,291	

CURRENT FUND
STATEMENT OF REVENUES

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>		
Allocation of Current Tax Collections			
Revenue from Collections	A-6	\$	2,889,361
Allocated to			
County and School Taxes	A-15,16		2,350,389
Balance for Support of Municipal Budget Appropriations			538,972
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		119,884
Amount for Support of Municipal Budget Appropriations	A-2	\$	658,856
Receipts from Delinquent Taxes			
Delinquent Tax Collections	A-6,2	\$	39,906
Tax Title Lien Collections	A-7		1,121
	A-1,2		41,027
<u>Analysis of Anticipated Interest Earned:</u>			
Revenue Accounts Receivable:			
Treasurer	A-10	\$	2,089
Interest Earned - Interfunds	A-11		977
	A-1, 2(1)		3,066

CURRENT FUND**STATEMENT OF EXPENDITURES**

	Budget	Budget After Modification	Paid or Charged	Reserved
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT				
Mayor and Council:				
Salaries and Wages	\$ 19,455	\$ 19,055	\$ 18,955	100
Other Expenses	5,200	6,600	6,131	469
Municipal Clerk:				
Salaries and Wages	18,846	18,646	18,221	425
Other Expenses	5,250	13,950	12,669	1,281
Elections:				
Other Expenses	5	5		5
Financial Administration (Treasury):				
Salaries and Wages	17,371	16,921	16,921	
Other Expenses	10,500	10,950	10,703	247
Audit Services:				
Other Expenses	10,000	10,000	10,000	
Revenue Administration (Tax Collection):				
Salaries and Wages	12,921	12,121	11,921	200
Other Expenses	4,500	4,500	4,421	79
Tax Assessment Administration:				
Salaries and Wages	11,921	11,921	11,921	
Other Expenses	3,000	2,400	2,163	237
Legal Services and Costs:				
Other Expenses	12,500	10,500	8,977	1,523
Engineering Services:				
Other Expenses	3,000	4,500	3,308	1,192
Public Building and Grounds:				
Salaries and Wages	9,874	9,674	9,154	520
Other Expenses	15,000	15,000	13,056	1,944
Insurance:				
Liability	25,476	23,876	23,766	110
Workers' Compensation Insurance	19,000	19,000	18,953	47
Technology:				
Other Expenses	10,000	8,900	7,391	1,509

CURRENT FUNDSTATEMENT OF EXPENDITURESOPERATIONS WITHIN "CAPS" (Continued)LAND USE ADMINISTRATION

Land Use Board:

Salaries and Wages
Other Expenses

\$	6,665	\$	6,665	\$	6,665	
	4,000		3,300		2,717	

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PUBLIC SAFETY FUNCTION

Police Department:

Salaries and Wages
Other Expenses

154,800	154,800	151,844	2,956
26,000	26,000	25,236	764

Fire:

Other Expenses

36,000 36,000 35,532 468

Emergency Management Services:

Salaries and Wages
Other Expenses

2,349	2,349	2,349	241
1,000	1,000	759	

First Aid Organization Contribution

12,065 12,065 12,065

Housing Inspections

Salaries and Wages
Other Expenses

3,151	3,151	3,151	175
150	350	175	

Fire Code Inspector (Uniform Fire Code)

Salaries and Wages
Other Expenses

7,540	7,540	7,519	21
2,800	2,800	1,005	1,795

PUBLIC WORKS FUNCTIONStreets and Road Maintenance
Other Expenses

18,000 21,000 19,948 1,052

SANITATION FUNCTION

Garbage and Trash Removal:

Other Expenses
Recycling:

Other Expenses

86,034 87,534 87,413 121

31,000 27,200 26,955 245

CURRENT FUNDSTATEMENT OF EXPENDITURESOPERATIONS WITHIN "CAPS" (Continued)HEALTH AND WELFARE FUNCTION

Board of Health:

Salaries and Wages

Other Expenses

Animal Control Services:

Salaries and Wages

Other Expenses

RECREATION AND EDUCATION FUNCTION

Other Expense

Celebration of Public Event Anniversary or Holiday

Other Expenses

Grantsman

Other Expenses

UNCLASSIFIED

Electric

Street Lighting

Telephone

Heating

Gasoline

Total Operations Within "CAPS"

	Budget	Budget After Modification	Paid or Charged	Reserved
\$	7,764 \$	7,564 \$	6,886 \$	678
	2,300	1,800	1,464	336
	717	717	717	
	4,000	4,000	3,806	194
	11,500	10,500	7,701	2,799
	3,300	4,800	3,708	1,092
	3,400	100		100
	19,000	22,400	20,817	1,583
	18,000	17,100	16,426	674
	9,500	11,200	10,363	837
	9,000	9,000	8,542	458
	11,000	5,500	5,320	180
\$	704,854 \$	704,954 \$	677,714 \$	27,240

CURRENT FUNDSTATEMENT OF EXPENDITURESOPERATIONS WITHIN "CAPS" (Continued)

	Budget	Budget After Modification	Paid or Charged	Reserved
Detail:				
Salaries and Wages	\$ 273,374	\$ 271,124	\$ 266,224	4,900
Other Expenses (Incl. Contingent)	431,480	433,830	411,490	22,340
DEFERRED CHARGES AND STATUTORY EXPENDITURES - <u>MUNICIPAL WITHIN "CAPS"</u>				
Deferred Charges:				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	25,710	25,710	25,710	103
Social Security System (O.A.S.I.)	21,000	20,400	20,297	63
Unemployment Compensation Insurance	1,700	1,700	1,637	317
Defined Contribution Retirement Program	550	1,050	733	
Total Deferred Charges and Statutory Expenditures - Municipal Within "Caps"	48,960	48,860	48,377	483
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 753,814	\$ 753,814	\$ 726,091	\$ 27,723

CURRENT FUND
STATEMENT OF EXPENDITURES

	Budget	Budget After Modification	Paid or Charged	Reserved
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>				
Recycling Tax Appropriation	\$ 2,000	\$ 2,000	\$ 1,923	\$ 77
Municipal Library (Aid to Library)	3,000	3,000	3,000	
<u>SHARED SERVICE AGREEMENTS</u>				
Joint Municipal Court	44,500	44,500	38,484	6,016
Public and Private Programs Offset by Revenues:				
Body Armor Fund	1,006	1,006	1,006	
Municipal Alliance Program	4,178	4,178	4,178	
State Share	1,045	1,045	1,045	
Local Share				
Clean Communities Program	4,000	4,000	4,000	
Other Expenses	8,000	8,000	8,000	
Comcast Tech Grant	2,729	2,729	2,729	
Recycling Tonnage Grant				
Total Public and Private Programs Offset By Revenues	20,958	20,958	20,958	
Total Operations Excluded from "CAPS":	70,458	70,458	64,365	6,093
Detail:				
Other Expenses	70,458	70,458	64,365	6,093
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>				
Capital Improvement Fund	1,000	1,000	1,000	
Total Capital Improvements - Excluded from "CAPS"	1,000	1,000	1,000	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>				
Payment of Bond Anticipation and Capital Notes	85,000	85,000	85,000	
Interest on Notes	2,828	2,828	2,828	
Total Municipal Debt Service Excluded From "CAPS"	87,828	87,828	87,828	
Deferred Charges - Municipal - Excluded from "CAPS"	1,044	1,044	1,044	
Emergency Authorizations	8,312	8,312	8,312	
Transferred to Board of Education for Use of Local Schools				

TRUST FUND
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
<u>ASSETS</u>			
<u>Animal Control Fund:</u>			
Cash - Chief Financial Officer	B-1	\$ 5,443	\$ 3,149
<u>Other Trust Funds:</u>			
Cash - Chief Financial Officer	B-1	128,650	63,107
		\$ 134,093	\$ 66,256
<u>LIABILITIES, RESERVES & FUND BALANCE</u>			
<u>Animal Control Fund:</u>			
Due to Current Fund	B-3	\$ 245	\$ 10
Reserve for Animal Control Fund			
Expenditures	B-4	3,973	2,029
Prepaid Licenses	B-5	1,225	1,110
		5,443	3,149
<u>Other Trust Funds:</u>			
Amount Due to Current Fund	B-6	2,068	2,087
Payroll Taxes Payable	B-7		2,307
Reserved for:			
Tax Title Lien Redemptions	B-8	3,000	18,472
Premiums Received at Tax Sale	B-9	8,600	23,100
Escrow Deposits	B-10	4,004	2,000
Performance Guarantee	B-10	6,445	6,425
William Haluszka Bequest	B-10	100,179	
Fire Safety Fees	B-10	1,225	1,575
Private Contractor's Escrow	B-10		100
Snow Removal Trust	B-10	3,129	7,041
		128,650	63,107
		\$ 134,093	\$ 66,256

GENERAL CAPITAL FUND**COMPARATIVE BALANCE SHEET**

	<u>Ref.</u>	<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
<u>ASSETS</u>			
Cash - Chief Financial Officer	C-2	\$ 253,337	\$ 338,367
Due from Current Fund	C-4	59,685	
Due from State of New Jersey - Transportation Trust Fund Authority Act	C-5	109,250	
Deferred Charges to Future Taxation Unfunded	C-6	182,408	248,908
		<u>\$ 604,680</u>	<u>\$ 587,275</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Improvement Fund	C-7	\$ 55,290	\$ 65,790
Improvement Authorizations			
Funded	C-8	73,118	66,000
Unfunded	C-8	163,180	150,160
Bond Anticipation Notes	C-9	172,500	288,500
Contracts Payable	C-11	121,000	
Encumbrances Payable	C-11	2,857	
Amount Due to Current Fund	C-4		90
Fund Balance	C-1	16,735	16,735
		<u>\$ 604,680</u>	<u>\$ 587,275</u>

There were bonds and notes authorized but not issued on December 31, 2015 of \$18,500 and none on December 31, 2014 (Exhibit C-10).

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

Balance, December 31, 2014 and 2015	<u>Ref.</u> C	\$ <u>16,735</u>
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WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

		December 31,	
		2015	2014
<u>ASSETS</u>	<u>Ref.</u>		
Operating Fund			
Cash - Treasurer	D-5	\$ 149,540	\$ 119,202
Cash - Collector	D-6	1,036	1,033
Change Fund		25	25
Due from Water Capital Fund	D-7	64	61
		<u>150,665</u>	<u>120,321</u>
Receivables with Full Reserves			
Water Utility Charges Receivable	D-9	7,608	5,947
Total Operating Fund		<u>158,273</u>	<u>126,268</u>
Capital Fund			
Cash - Treasurer	D-5:D-8	250,955	240,991
Fixed Capital	D-10	2,055,902	2,055,902
Fixed Capital Authorized and Uncompleted	D-16	500,000	
Total Capital Fund		<u>2,806,857</u>	<u>2,296,893</u>
Total Utility Fund		<u>\$ 2,965,130</u>	<u>\$ 2,423,161</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2015 of \$325,000 and none on December 31, 2014.

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

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

		December 31,	
		2015	2014
<u>Liabilities, Reserves and Fund Balance</u>	Ref.		
Operating Fund Liabilities			
Appropriation Reserves	D-4:D-11	\$ 37,027	\$ 34,306
Encumbrances Payable	D-12	6,608	12,579
Water Rent Overpayments	D-15	1,324	1,055
Total Liabilities		<u>44,959</u>	<u>47,940</u>
Reserve for Receivables	D	7,608	5,947
Fund Balance	D-1	105,706	72,381
Total Operating Fund		<u>158,273</u>	<u>126,268</u>
Capital Fund			
Due to Water Operating Fund	D-7	64	61
Capital Improvement Fund	D-13	15,959	180,959
Reserve for Amortization	D-14	2,055,902	2,055,902
Reserve for Deferred Amortization	D-18	175,000	
Unexpended Improvement Authorizations	D-17	499,961	
Fund Balance	D-2	59,971	59,971
Total Capital Fund		<u>2,806,857</u>	<u>2,296,893</u>
		<u>\$ 2,965,130</u>	<u>\$ 2,423,161</u>

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

	Ref.	Year ended December 31,	
		2015	2014
Revenue and Other Income Realized:			
Fund Balance Utilized	D-1:D-3	\$ 52,100	\$ 56,000
Water Rents	D-3	231,287	238,705
Interest on Water Rents	D-3	2,944	3,197
Miscellaneous Revenue not Anticipated	D-3	1,151	1,198
Other Credits to Income			
Prior Year Encumbrances Cancelled	D-12	3,012	
Unexpended Balance of Appropriation Reserves	D-11	33,835	15,663
Total Revenue and Other Income		324,329	314,763
Expenditures:			
Budget Appropriations:			
Operations	D-4	198,904	197,734
Capital Improvements	D-4	30,000	30,000
Deferred Charges and Statutory Expenditures	D-4	10,000	9,666
Prior Year Revenue Adjustment			7,869
Total Expenditures		238,904	245,269
Excess in Revenue		85,425	69,494
Fund Balance, January 1	D	72,381	58,887
		157,806	128,381
Decreased by:			
Utilized by Operating Budget		52,100	56,000
Fund Balance, December 31	D	\$ 105,706	\$ 72,381

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, 2014 and 2015	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	\$ 52,100	\$ 52,100	\$
Water Rents	D-1,6	200,000	231,287	31,287
Miscellaneous - Interest on Water Rents	D-1,6	1,804	2,944	1,140
	D-4	<u>\$ 253,904</u>	<u>\$ 286,331</u>	<u>\$ 32,427</u>
Analysis of Realized Revenue:				
Non-budget Revenue				
Interest Earned on Bank Deposits	D-5		\$ 381	
Interest Earned on Collector's Account	D-6		36	
Interest Earned on Water Capital Fund	D-7		734	
Total Non-budget Revenue	D-1		<u>\$ 1,151</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	\$ 55,000	\$ 55,000	\$ 50,550	\$ 4,450	\$
Other Expenses	138,404	138,404	118,833	19,571	
Liability Insurance	5,500	5,500	5,374	126	
Total Operations	198,904	198,904	174,757	24,147	
Capital Improvements					
Capital Improvement Fund	10,000	10,000	10,000		
Capital Outlay	35,000	35,000	7,650	12,350	15,000
Total Capital Improvements	45,000	45,000	17,650	12,350	15,000
Deferred Charges and Statutory Expenditures					
Public Employees' Retirement System	5,200	5,200	5,200		
Contribution to Social Security System	4,300	4,300	3,867	433	
Unemployment Compensation Insurance	500	500	403	97	
Total Statutory Expenditures	10,000	10,000	9,470	530	
	\$ 253,904	\$ 253,904	\$ 201,877	\$ 37,027	\$ 15,000
Encumbrances Payable					
Cash Disbursed					
	D-3	D-1:D-3		D	
			\$ 6,608		
			195,269		
			\$ 201,877		

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

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS**DECEMBER 31, 2015 AND 2014**

	<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
<u>General Fixed Assets:</u>		
Land	\$ 127,922	\$ 83,845
Building and Improvements	729,546	713,296
Vehicles	633,700	633,700
Furnishings, Fixtures and Equipment	927,763	892,926
	<hr/>	<hr/>
Total General Fixed Assets	\$ <u>2,418,931</u>	\$ <u>2,323,767</u>
Investments in General Fixed Assets	\$ <u>2,418,931</u>	\$ <u>2,323,767</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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, 2015.

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, 2015
(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, 2015
(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, 2015
(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, 2015
(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, 2015
(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, 2015
(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 Not Yet Effective

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

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

F. 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, 2015
(CONTINUED)

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

F. **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 2015 and 2014 calendar years, Borough Council approved the following budget insertions:

	<u>2015</u>	<u>2014</u>
NJ Dept. of Transportation- Sidewalk Project	\$	
NJDEP Clean Communities	4,000	4,000
Street Lighting Donations		
Municipal Alliance Program		4,178
Salem County Safe Roadways Project	3,000	3,000

Under New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2015 and 2014 statutory budgets included a reserve for uncollected taxes in the amount of \$119,884 and \$118,959, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 and 2014 statutory budgets was \$138,000 and \$121,000, 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 2015 calendar year, except for \$8,700 to Municipal Clerk-Other Expenses and \$5,500 from Gasoline.

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 2015. No special emergency resolutions were adopted by Borough Council during 2015 and no balances remained from prior years special emergency appropriations.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

G. Investments

As of December 31, 2015, 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.

H. 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, 2015
(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, 2015, \$1,324,639 of the municipal's bank balance was exposed to custodial credit risk and is covered by GUDPA. The total bank balance was \$1,574,639.

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, 2015 and 2014.

	Balance as of <u>12/31/14</u>	<u>Additions</u>	Adjustments (Disposals)	Balance as of <u>12/31/15</u>
Land	\$ 83,845	44,077		\$ 127,922
Buildings & Improv.	713,296	16,250		729,546
Vehicles	633,700			633,700
Furniture, Fixtures and Equipment	892,926	42,659	(7,822)	927,763
	<u>\$ 2,323,767</u>	<u>\$ 102,986</u>	<u>\$ (7,822)</u>	<u>\$ 2,418,931</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

4. **Retirement Systems**

Description of Plans

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

Public Employees' Retirement System

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

4. **Retirement Systems** - Continued

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

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

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

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

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.92% through June 30, 2015 and 7.06% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 11.92% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2015, and 2014, were \$30,910 and \$26,743 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

4. **Retirement Systems** - Continued

The total payroll for the years ended December 31, 2015 and 2014 was \$316,774 and \$306,501. Payroll covered by PERS was \$259,257 and \$266,775 respectively.

Information regarding contributions made by the State of New Jersey on behalf of the Borough is not available. Contributions to the system for the year ended December 31, 2015 is as follows:

	<u>PERS</u>	<u>DCRP</u>
Employees	\$ 18,117	\$ 973
Borough	\$ 30,910	\$ 531
Total	<u>\$ 49,027</u>	<u>\$ 1,504</u>

GASB 68 - Accounting and Financial Reporting for Pensions

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

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

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

Components of Net Pension Liability - At December 31, 2015, the Borough's proportionate share of the PERS net pension liability was \$702,001. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The Borough's proportion measured as of June 30, 2014, was .00375%, which was an increase of .0002% from its proportion measured as of June 30, 2013.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

4. **Retirement Systems** - Continued

Pension Expense and Deferred Outflows/Inflows of Resources - The Borough's 2015 pension expense, with respect to GASB 68, was \$30,910. The Borough's 2015 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	22,075	
Net difference between projected and actual earnings on pension plan investments		41,835
Changes in proportion and differences between District contributions and proportionate share of contributions	32,320	
District contributions subsequent to the measurement date	30,910	
	<u>\$ 85,305</u>	<u>\$ 41,835</u>
Total	\$ 85,305	\$ 41,835

The \$30,910 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (i.e. for the year ending December 31, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS
2016	\$ (1,568)
2017	(1,568)
2018	(1,568)
2019	(1,568)
2020	(1,568)
Thereafter	20,398
Total	\$ 12,558

Additional Information - Collective Balances at June 30, 2013 and 2014 are as follows:

	Actuarial Valuation Date	
	6/30/2014	6/30/2013
Collective deferred outflows of resources	\$ 85,305	\$ 30,910
Collective deferred inflows of resources	41,835	
Collective net pension liability	702,001	678,335
District's Proportion	0.00375%	0.00355%

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

4. **Retirement Systems** - Continued

Actuarial Assumptions - The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Measurement Date	June 30, 2014
Actuarial Valuation Date	June 30, 2013
Interest Rate	7.90%
Salary Scale (Based on Age):	
2012-2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Inflation	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	80.00%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	100%	

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

4. **Retirement Systems** - Continued

Discount Rate - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, 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, 2014, 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 (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	1% Decrease (4.39%)	Current Discount (5.39%)	1% Increase (6.39%)
Borough's proportionate share of the net pension liability	\$ 883,142	\$ 702,001	\$ 549,890

5. **Long-Term Debt**

Summary of Statutory Debt Condition - Annual Debt Statement

As of December 31, 2015, the Borough of Elmer did not have any long term debt.

This summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .175%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ -	\$ -	\$ -
Water Utility Debt	325,000	325,000	-
General Debt	191,000	8,592	182,408
	\$ 516,000	\$ 333,592	\$ 182,408

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

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

Summary of Statutory Debt Condition - Annual Debt Statement

Equalized Valuation Basis:

2013	\$ 105,695,298
2014	99,417,037
2015	<u>106,891,430</u>
Average	\$ <u>104,001,255</u>

Net debt \$182,408/ Equalized Valuation Basis per N.J.S.A. 4A:2-2 as amended, \$104,001,255 = .175%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 3,640,044
Net Debt	<u>182,408</u>
Remaining Borrowing Power	\$ <u>3,457,636</u>

6. **Bond Anticipation Notes Payable**

	Beginning Balance	Additions	Reductions	Ending Balance
General Capital Notes	\$ <u>288,500</u>	\$ <u> </u>	\$ <u>116,000</u>	\$ <u>172,500</u>

	2015 Amount	Interest Rate	Maturity Date
General Capital Notes:			
First National Bank of Elmer	\$ <u>172,500</u>	0.92%	5/17/2016
Total General Capital	\$ <u>172,500</u>		

All bond anticipation notes are with the First National Bank of Elmer. During 2015, the Borough paid down \$85,000 through the current operating budget.

As of December 31, 2015, the carrying value of the above notes approximates the fair value of the notes.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2015, there was one deferred charges on the Current Fund balance sheet.

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Raised in</u> <u>2015</u> <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Current Fund			
Emergency Authorizations (40A:4-47)	\$ 1,044	\$ 1,044	\$ -

8. **Taxes Collected in Advance**

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

	<u>Balance</u> <u>December</u> <u>31, 2015</u>	<u>Balance</u> <u>December</u> <u>31, 2014</u>
Prepaid Taxes - Cash Liability	\$ 40,321	\$ 48,997

9. **Leases**

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

2016	\$ 1,980
	<u>\$ 1,980</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 \$9,794 as of December 31, 2015.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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, \$668,575 is the maximum amount permitted to be deferred as of December 31, 2015, under those regulations. The Borough, in prior years, elected to defer school taxes and the accumulation of such deferrals was \$583,011, which remains as of December 31, 2015.

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

		Local District School Tax Balance, December 31	
		2015	2014
Balance of Tax	\$	807,278	\$ 791,449
Deferred		583,011	583,011
Taxes Payable	\$	<u>224,267</u>	<u>208,438</u>

12. Contingent Liabilities

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

13. Joint Municipal Court

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

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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, 2015 and 2014, 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 Cash Collections</u>	<u>Percent of Collections</u>
2015	\$ 2,971,040	\$ 2,889,361	97.25%
2014	2,936,720	2,896,487	98.63%
2013	2,832,319	2,732,381	96.47%
2012	2,873,063	2,766,695	96.29%
2011	2,762,932	2,668,909	96.59%

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>
2015	\$ 20,500
2014	20,500
2013	18,100

19. Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ 2.79	\$ 2.77	\$ 2.66	\$ 2.70	2.62
Apportionment of Tax Rate:					
Municipal	0.59	0.55	0.53	0.51	0.49
County	0.93	0.98	0.92	0.99	0.96
Local School	1.27	1.24	1.21	1.20	1.17
Assessed Valuation	\$ 105,149,100	\$ 105,963,385	\$ 106,172,020	\$ 106,247,428	\$ 105,479,531

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

20. Interfund Balances

As of December 31, 2015, the following interfunds were included on the balance sheets of the various funds of the Borough of Elmer:

	Due to	Due From
Current Fund:		
Grant Fund	\$ 27,103	\$
Animal Control Fund		245
Trust Other Fund		2,068
General Capital	59,685	
Grant Fund:		
Current Fund		27,103
Animal Control Fund		
Current Fund	245	
Trust Other Funds:		
Current Fund	2,068	
General Capital:		
Current Fund		59,685
Water Operating Fund:		
Due from Water Capital	64	
Water Capital Fund:		
Due to Water Operating		64

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.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2015	\$ 10,810	\$ 70,495	81,305	2.74%
2014	8,142	37,473	45,615	1.55%
2013	6,672	96,433	103,105	3.64%
2012	13,375	101,304	114,679	3.99%
2011	9,667	88,779	98,446	3.56%

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

	Year 2015		Year 2014	
	Amount	%	Amount	%
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 138,000	3.99%	\$ 121,000	3.41%
Miscellaneous - From Other than Local Property Tax Levies	389,989	11.27%	439,224	12.36%
Collection of Delinquent Taxes and Tax Title Liens	41,027	1.19%	95,825	2.70%
Collection of Current Tax Levy	2,889,361	83.55%	2,896,487	81.53%
	<u>\$ 3,458,377</u>	<u>100.00%</u>	<u>\$ 3,552,536</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	\$ 922,456	28.13%	\$ 1,016,501	30.20%
County Taxes	1,013,239	30.90%	1,036,366	30.80%
Local School Taxes	1,337,150	40.77%	1,310,569	38.95%
Other	6,451	0.20%	1,577	0.05%
	<u>3,279,296</u>	<u>100.00%</u>	<u>3,365,013</u>	<u>100.00%</u>
Excess in Revenue	179,081		187,523	
Less: Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year			1,044	
	<u>179,081</u>		<u>188,567</u>	
Fund Balance, January 1	221,472		153,905	
	<u>400,553</u>		<u>342,472</u>	
Less:				
Utilization as Anticipated Revenue	138,000		121,000	
Fund Balance, December 31	<u>\$ 262,553</u>		<u>\$ 221,472</u>	

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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

	Year 2015		Year 2014	
	Amount	%	Amount	%
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 52,100	16.07%	\$ 56,000	17.79%
Water Rents	231,287	71.31%	238,705	75.83%
Miscellaneous Revenue	4,095	1.26%	4,395	1.40%
Other	36,847	11.36%	15,663	4.98%
	<u>\$ 324,329</u>	<u>100.00%</u>	<u>\$ 314,763</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Water Operating Fund	\$ 238,904	100.00%	\$ 237,400	96.79%
Other			7,869	3.21%
	<u>238,904</u>	<u>100.00%</u>	<u>245,269</u>	<u>100.00%</u>
Total Expenditures	<u>238,904</u>	<u>100.00%</u>	<u>245,269</u>	<u>100.00%</u>
Excess in Revenue	85,425		69,494	
Fund Balance, January 1	72,381		58,887	
	<u>157,806</u>		<u>128,381</u>	
Less:				
Utilization as Anticipated Revenue	52,100		56,000	
Fund Balance, December 31	<u>\$ 105,706</u>		<u>\$ 72,381</u>	

24. Grants and Contracts

During the 2015 calendar year, the Borough was awarded various grants, as shown in the Schedule of Appropriated Reserves.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(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
2015	\$ 262,553	\$ 142,900
2014	221,472	138,000
2013	153,905	121,000
2012	173,441	126,500

Water Operating Fund

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2015	\$ 105,706	\$ 51,400
	2014	72,381	52,100
	2013	58,887	56,000
	2012	56,552	55,604
	2011	79,166	45,000

26. **Subsequent Events**

There were no material events between December 31, 2015 and March 7, 2016 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, 2015

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, 2014	Receipts or Revenue Recognized	Disbursements	Balance December 31, 2015
					From	To				
FEMA Reimbursements- Hurricane Irene	N/A	N/A	N/A	20,134	1/1/2012	12/31/2012	\$ 5,301	\$	\$	5,301
Small Cities Reimbursements	14.219	14.219	14.219	13,445	1/1/2011	12/31/2011	10,808	8		10,800
2007 Small Cities	14.219	14.219	14.219				583			583
							\$ 16,692	\$ 8	\$	\$ 16,684

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

BOROUGH OF ELMER

COUNTY OF SALEM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

State Grantor / Program Title	Grant or State Project Number	Grant Award Amount	Grant Period		Balance December 31, 2014 Accounts Receivable	Revenue Recognized	Expended	Balance December 31, 2015 Accounts Receivable	Reserve
			From	To					
Department of Community Affairs									
Stormwater Grant	4850-800054-201	\$ 4,000	1/1/2008	12/31/2008	\$ 5,000	\$ 76	\$ 5,000	\$ 76	
Wastewater Management	N/A	5,000	1/1/2010	12/31/2010	5,000	5,000		5,000	5,000
Alcohol Education & Rehabilitation	N/A	50	1/1/2011	12/31/2011					
Recycling Tonnage Grant	4830-752-050580-50	4,327	1/1/2014	12/31/2014		6,135			2,425
Recycling Tonnage Grant	4830-752-050580-50	2,729	1/1/2015	12/31/2015		304	2,729		
Clean Communities Program	4900-765-042-4900-004	4,000	1/1/2013	12/31/2013		83	4,000		
Clean Communities Program	4900-765-042-4900-004	4,000	1/1/2015	12/31/2015		3,916	4,000		
Municipal Alliance	N/A	6,266	1/1/2014	12/31/2014	4,276		4,120		
Municipal Alliance	N/A	4,178	1/1/2015	12/31/2015		4,178	4,178	156	84
Comcast Franchise Renewal PEG Tech	N/A	8,000	1/1/2015	12/31/2015		8,000	8,000	4,178	3,351
Body Armor Fund	1020-718-066-1020-001	1,374	1/1/2013	12/31/2013			8,000	4,178	1,361
Body Armor Fund	1020-718-066-1020-001	1,006	1/1/2015	12/31/2015		1,006	1,006		914
Total					\$ 14,276	\$ 16,409	\$ 19,913	\$ 14,334	\$ 14,217

BOROUGH OF ELMER

COUNTY OF SALEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NONE

BOROUGH OF ELMER

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

FOR THE PERIOD DECEMBER 31, 2015 TO MARCH 31, 2016

	<u>Current Fund</u>	<u>Animal Control Fund</u>	<u>Trust Other Fund</u>	<u>Payroll Fund</u>	<u>General Capital Fund</u>	<u>Water Operating Fund</u>	<u>Water Capital Fund</u>
Balance, December 31, 2015	\$ 771,188	\$ 5,443	\$ 128,646	4	\$ 253,337	\$ 150,576	\$ 250,955
Increased by:							
Cash Receipts Record	816,511	1,549	227,737	79,840	187	60,428	187
	<u>1,587,699</u>	<u>6,992</u>	<u>356,383</u>	<u>79,844</u>	<u>253,524</u>	<u>211,004</u>	<u>251,142</u>
Decreased by:							
Cash Disbursements Record	854,077	582	182,529	79,471	2,857	40,954	74
	<u>733,622</u>	<u>6,410</u>	<u>173,854</u>	<u>373</u>	<u>250,667</u>	<u>170,050</u>	<u>251,068</u>
Balance, March 31, 2016	\$ <u>747,320</u>	\$ <u>6,377</u>	\$ <u>173,854</u>	\$ <u>10,248</u>	\$ <u>250,667</u>	\$ <u>170,050</u>	\$ <u>251,068</u>
Balance on Deposit per Certification of: First National Bank of Elmer: Checking Account	\$ 747,320	\$ 6,377	\$ 173,854	\$ 10,248	\$ 250,667	\$ 170,050	\$ 251,068
Deposits in Transit		107					
Less: Outstanding Checks	13,698	74		9,875			
Balance, March 31, 2016	\$ <u>733,622</u>	\$ <u>6,410</u>	\$ <u>173,854</u>	\$ <u>373</u>	\$ <u>250,667</u>	\$ <u>170,050</u>	\$ <u>251,068</u>

CURRENT FUNDSCHEDULE OF CASH - CHIEF FINANCIAL OFFICER

	<u>Ref.</u>		
Balance, December 31, 2014	A		\$ 744,576
Increased by Receipts			
Collector	A-5	\$ 2,934,070	
Revenue Accounts Receivable	A-10	230,933	
State's Share of Senior Citizens and Veterans Deductions Allowed	A-9	17,250	
Interfunds Receivable	A-11	107,903	
State Marriage License Fees	A-20	150	
Miscellaneous Accounts Receivable	A-21	1,432	
Total Receipts		<hr/>	3,291,738
			<hr/>
			4,036,314
Decreased by Disbursements			
2015 Appropriations	A-3	822,693	
2014 Appropriation Reserves	A-13	5,783	
Encumbrances Payable	A-14	42,339	
Local District School Taxes	A-15	1,321,321	
County Taxes	A-16	1,004,011	
Interfunds	A-11	48,718	
State Marriage License Fees	A-20	175	
Miscellaneous Accounts Receivable	A-21	7,757	
Refund of Tax Overpayments	A-23	13,712	
Total Disbursements		<hr/>	3,266,509
			<hr/>
Balance, December 31, 2015	A		\$ <u>769,805</u>

CURRENT FUND**SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance, December 31, 2014	A	\$	1,392
Increased by:			
Taxes Receivable	A-6	\$	2,863,770
Tax Title Liens Receivable	A-7		1,121
Interest and Costs on Taxes	A-10		14,753
Interest on Bank Deposits	A-10		386
2016 Taxes Prepaid	A-23		54,033
			<hr/> 2,934,063
			<hr/> 2,935,455
Decreased by:			
Payments to Chief Financial Officer	A-4		<hr/> 2,934,070
Balance, December 31, 2015	A	\$	<hr/> <hr/> 1,385

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

Year	Balance December 31, 2014	Collections by Cash		State Share of Senior Citizens And Veterans Deductions	Cancellations	Transfer to Tax Title Lien	Balance December 31, 2015
		2014	2015				
2013	\$ 667	\$ 667	\$ 667	\$	\$	\$	\$
2014	37,473	2,829	39,489	(250)	1,063	1,063	
2015	37,473	3,496	40,156	(250)	1,063	1,063	
		2,971,040	2,823,614	16,750	8,516	2,668	70,495
	\$ 37,473	\$ 2,974,536	\$ 2,863,770	\$ 16,500	\$ 8,516	\$ 3,731	\$ 70,495
<u>Ref.</u>	A	A-23	A-5	A-9	A-7	A	A

Analysis of 2015 Property Tax Levy

Tax Yield							
General Purpose Added Taxes	\$	2,941,021					
		30,019					
Tax Levy	\$	2,971,040					
Local District School Tax (Abstract) County Taxes							
County Tax							
Amount Due County Added Taxes	\$	1,001,770					
		11,469					
Total County Taxes		1,013,239					
Local Tax for Municipal Purposes		601,328					
Add Additional Tax Levied		19,323					
		620,651					
	\$	2,971,040					

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance, December 31, 2014	A	\$	8,142
Increased by:			
Transfer from Taxes Receivable	A-6	\$	3,731
Interest and Cost per Tax Sale of January 7, 2015			58
			<u>3,789</u>
			11,931
Decreased by:			
Cash Collections	A-2,5		1,121
			<u>1,121</u>
Balance, December 31, 2015	A	\$	<u><u>10,810</u></u>

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

	<u>Ref.</u>	
Balance, December 31, 2014 and 2015	A	\$ <u>20,500</u>

EXHIBIT A-9

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, 2014	A	\$ 2,799
Increased by:		
Cash Received from the State	A-4	<u>17,250</u>
		20,049
Decreased by:		
Deductions per Original Billing:		
Senior Citizens		\$ 7,000
Veterans		<u>10,250</u>
		17,250
Less: Disallowed by Collector		
2014		(250)
2015		<u>(500)</u>
	A-6	16,500
Balance, December 31, 2015	A	\$ <u>3,549</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Ref.	Balance December 31, 2014	Accrued in 2015	Collected by		Balance December 31, 2015
			Collector	Treasurer	
Anticipated Revenues:					
A-2	\$ 4,166	\$ 59,048	\$	59,033	\$ 4,181
A-2		14,753	14,753		
A-2 (2)		2,089	386	1,703	
Consolidated Municipal Property Tax					
A-2		19,121		19,121	
A-2		107,432		107,432	
A-2		4,801		4,801	
	4,166	207,244	15,139	192,090	4,181
Total Anticipated Revenues					
Miscellaneous Revenue Not Anticipated:					
Non-Budget Licenses					
	150	1,700		1,580	270
	240			240	
	25	1,240		1,265	
		720		720	
		20		20	
		200		200	
	915	25,263		24,778	1,400
		4,681		4,681	
		10		10	
		345		345	
		117		117	
		100		100	
		150		150	
		18		18	
		50		50	
		672		672	
		3,657		3,657	
		240		240	
A-2	1,330	39,183		38,843	1,670
	\$ 5,496	246,427	15,139	230,933	5,851
Ref.	A		A-5	A-4	A

CURRENT FUND
SCHEDULE OF INTERFUNDS

Ref.	Total	Grant Fund	Animal Control Fund	Trust Other Fund	General Capital Fund
Balance, December 31, 2014	\$ (25,509) \$	(27,696) \$	10 \$	2,087 \$	90
Increased by					
Interest Earned	977		2		975
Expenditures Paid by Current Fund:					
Grant Appropriated Reserves Payment	16,129	16,129			
Statutory Excess in Animal Control Fund	31,000				31,000
Payment of Grant Encumbrances	242		242		
	1,589	1,589			
	24,428	(9,978)	254	2,087	32,065
Decreased by					
Grant Fund Receipts	16,120	16,120			
2015 Budget Appropriation	1,000				1,000
Unappropriated Grant Fund Receipts	1,005	1,005			
Receipts	90,778		9	19	90,750
	108,903	17,125	9	19	91,750
Balance, December 31, 2015	\$ (84,475) \$	(27,103) \$	245 \$	2,068 \$	(59,685)
Interfund Payable	\$ (86,788)				
Interfund Receivable	2,313				
	\$ (84,475)				

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	Balance Dec. 31, 2014	Raised in 2015 Budget	Balance Dec. 31, 2015
Emergency Authorizations (40A:4-47)	\$ 1,044	\$ 1,044	\$ -
Ref.	A	A-1,3	A

EXHIBIT A-13

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES - 2014

	Balance December 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:				
Revenue Administration (Tax)	\$ 1,000	\$ 100	\$	100
Public Buildings and Grounds	3,660	3,660	365	3,295
Police	6,935	4,935	1,539	3,396
Fire Official	1,500	1,500	1,499	1
Board of Health	924	924	234	690
Municipal Clerk's Office	1,779	1,779	80	1,699
Other Expenses:				
Municipal Clerk's Office	37	937	351	586
Financial Administration	5,209	5,209	212	4,997
Engineering Services and Costs	2,667	1,667	31	1,636
Revenue Administration (Tax)	880	880	635	245
Tax Assessor	688	688	19	669
Legal Services	12,300	12,300	58	12,242
Public Buildings and Grounds	424	424	74	350
Police	262	2,262	423	1,839
DCRP	1,060	1,060	9	1,051
Telephone	33	1,033		1,033
Social Security	854	854	254	600
Other Accounts No Changes	42,416	42,416		42,416
	\$ 82,628	\$ 82,628	\$ 5,783	\$ 76,845
Ref.	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, 2014	A	\$ 43,833	\$ 1,589
Increased by:			
2015 Budget Encumbrances	A-3,19	43,990	6,575
		<u>87,823</u>	<u>8,164</u>
Decreased by:			
Cancelled	A-1	1,494	
Payments	A-4,11	42,339	1,589
		<u>43,833</u>	<u>1,589</u>
Balance, December 31, 2015	A	<u>\$ 43,990</u>	<u>\$ 6,575</u>

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

	<u>Ref.</u>		
Balance, December 31, 2014			
School Tax Payable	A	\$ 208,438	
School Tax Deferred		583,011	
		<hr/>	\$ 791,449
Increased by			
Levy - School Year July 1, 2015 to June 30, 2016	A-1,2,6		1,337,150
			<hr/>
			2,128,599
Decreased by			
Payments	A-4		1,321,321
			<hr/>
Balance, December 31, 2015			
School Tax Payable	A	224,267	
School Tax Deferred		583,011	
		<hr/>	\$ 807,278
			<hr/> <hr/>
 <u>2015 Liability for Local District School Tax</u>			
Taxes Paid		\$ 1,321,321	
Taxes Payable December 31, 2015		224,267	
		<hr/>	
			1,545,588
Less: Tax Payable December 31, 2014		208,438	
		<hr/>	
Amount Charged to 2015 Operations	A-1		\$ 1,337,150
			<hr/> <hr/>

CURRENT FUND
SCHEDULE OF COUNTY TAXES

	<u>Ref.</u>		
Balance, December 31, 2014			
County Taxes	A	\$ 27	
Added County Taxes	A	2,241	
		<hr/>	
			\$ 2,268
Increased by			
2015 County Taxes:			
General County Taxes		\$ 981,672	
County Open Space		20,098	
		<hr/>	
	A-1	1,001,770	
Due County on Added and Omitted Taxes	A-1	11,469	
		<hr/>	
	A-2,6		1,013,239
			<hr/>
			1,015,507
Decreased by			
Payments	A-4		1,004,011
			<hr/>
Balance, December 31, 2015			
County Taxes	A	\$ 27	
Added County Taxes	A	11,469	
		<hr/>	
			\$ 11,496
			<hr/> <hr/>

FEDERAL AND STATE GRANT FUND**SCHEDULE OF GRANTS RECEIVABLE**

<u>Grant Purpose</u>		Balance December 31, 2014	2015 Revenue	Received	Cancellation	Balance December 31, 2015
State Grants:						
Stormwater Grant		\$ 5,000	\$	\$	\$	5,000
Wastewater Management Clean Communities		5,000	4,000	4,000		5,000
Municipal Alliance on Alcoholism and Drug Abuse	2014	4,276		4,120		156
	2015		4,178			4,178
Total State Grants		14,276	8,178	8,120		14,334
Local Grants:						
Comcast Franchise Renewal PEG Tech Salem County Safe Roadways		600	8,000	8,000	600	
Total Local Grants		600	8,000	8,000	600	
Total Grants		\$ 14,876	\$ 16,178	\$ 16,120	\$ 600	\$ 14,334
<u>Ref.</u>		A	A-2	A-11	A-19	A

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

<u>Grant Purpose</u>		Balance December 31, 2014	Receipts	Anticipated in 2015 Budget	Balance December 31, 2015
Body Armor Fund		\$ 1,006	\$ 1,005	\$ 1,006	\$ 1,005
Recycling Tonnage Grant		2,729		2,729	
		\$ 3,735	\$ 1,005	\$ 3,735	\$ 1,005
<u>Ref.</u>		A	A-11	A-2	A

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

Grant Purpose	Balance December 31, 2014	Transferred from 2015 Budget Appropriation	Expended	Cancelled	Balance December 31, 2015
Federal Grants:					
FEMA Reimbursements- Hurricane Irene Small Cities Reimbursements 2007 Small Cities	\$ 5,301 10,808 583	\$	\$ 8	\$	5,301 10,800 583
Total Federal Grants	16,692		8		16,684
State Awards:					
Stormwater Grant	76				76
Wastewater Management	5,000				5,000
Recycling Tonnage Grant	6,135	2,729	6,439		2,425
Municipal Alliance Program	3,351				3,351
Municipal Alliance Program	83	4,178	2,817		1,361
Clean Communities Program	1,764	4,000	3,999		84
Body Armor Fund		1,006	850		1,920
Total State Awards	16,409	11,913	14,105		14,217
Local Grants:					
Salem County Improvement Authority REA Grant	3,547		1,163		2,384
Comcast Franchise Renewal PEG Tech Grant Salem County Safe Roadways	600	8,000	7,428	600	572
Total Local Grants	4,147	8,000	8,591	600	2,956
Total All Grants	\$ 37,248	\$ 19,913	\$ 22,704	\$ 600	\$ 33,857
	A			A-17	A
Grant Share		\$ 19,913	6,575		
Encumbrances Payable			16,129		
Paid by Current Fund		\$ 19,913	22,704		

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

	<u>Ref.</u>	<u>Marriage Licenses</u>
Balance, December 31, 2014	A	\$ 25
Increased by Receipts	A-4	150
		<u>175</u>
Decreased by Disbursements	A-4	175
Balance, December 31, 2015	A	<u>\$ -</u>

EXHIBIT A-21**CURRENT FUND****SCHEDULE OF MISCELLANEOUS ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	
Balance, December 31, 2014	A	\$ 434
Increased by: Disbursements	A-4	7,757
		<u>8,191</u>
Decreased by: Receipts	A-4	1,432
Balance, December 31, 2015	A	<u>\$ 6,759</u>

CURRENT FUND**SCHEDULE OF OTHER RESERVES**

	<u>Ref.</u>	<u>Total</u>	<u>Reserve to Pay Debt Service</u>	<u>Sale of Municipal Assets</u>
Balance, December 31, 2014	A	\$ 109,056	\$ 44,446	\$ 64,610
Decreased by				
Anticipated as Revenue in 2015 Budget	A-2	44,446	44,446	
		<u>44,446</u>	<u>44,446</u>	
Balance, December 31, 2015	A	<u>\$ 64,610</u>	<u>\$</u>	<u>\$ 64,610</u>

CURRENT FUND**SCHEDULE OF PREPAID TAXES**

	<u>Ref.</u>		
Balance, December 31, 2014	A	\$	48,997
Increased by:			
Receipt of 2016 Taxes	A-5		54,033
			<u>103,030</u>
Decreased by:			
Applied to 2015 Taxes Receivable	A-6	\$	48,997
Refund	A-4		13,712
			<u>62,709</u>
Balance, December 31, 2015	A	\$	<u><u>40,321</u></u>

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

	Ref.	Animal Control Fund	Other Trust Fund
Balance, December 31, 2014	B	\$ 3,149	\$ 63,107
Increased by Receipts			
Interest Earned	B-3	13	
Dog License Fees	B-4	1,920	
Cat License Fees	B-4	900	
State Dog License Fees	B-2	445	
Prepaid Licenses	B-5	1,225	
Amount Due to Current Fund	B-6		92
Deposits for Payroll	B-7		377,640
Tax Title Lien Redemptions	B-8		94,958
Premiums Received at Tax Sale	B-9		11,600
Escrow Deposits	B-10		4,770
William Haluszka Bequest	B-10		100,179
Performance Guarantee	B-10		20
Snow Removal Trust	B-10		2,009
		<u>7,652</u>	<u>654,375</u>
Decreased by Disbursements			
Expenditures Made Under R. S. 4:19-15.11	B-4	1,744	
State of New Jersey- Dog Licenses	B-2	445	
Amount Due to Current Fund	B-3,6	20	111
Payroll Expenditures	B-7		379,947
Tax Title Lien Redemptions	B-8		110,430
Premiums Received at Tax Sale	B-9		26,100
Escrow Deposits	B-10		2,766
Private Contractor's Escrow	B-10		100
Fire Safety Fees	B-10		350
Snow Removal Trust	B-10		5,921
		<u>2,209</u>	<u>525,725</u>
Balance, December 31, 2015	B	\$ <u>5,443</u>	\$ <u>128,650</u>

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

	<u>Ref.</u>		
Balance, December 31, 2014	B	\$	
Increased by:			
Collection of State License Fees	B-1	\$	445
			<u>445</u>
Decreased by:			445
Payments	B-1		<u>445</u>
Balance, December 31, 2015	B	\$	<u><u>-</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	10
Increased by:			
Interest Earned	B-1		13
Statutory Excess Due to Current Fund			242
			<u>265</u>
Decreased by:			
Payment to Current Fund			<u>20</u>
Balance December 31, 2015	B	\$	<u><u>245</u></u>

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

	<u>Ref.</u>		
Balance, December 31, 2014	B	\$	2,029
Increased by:			
Dog License Fees Collected	B-1	\$	1,920
Cat License Fees Collected	B-1		900
Prior Year Prepaid	B-5		1,110
			<u>3,930</u>
			<u>5,959</u>
Decreased by:			
Expenditures Under R. S. 4:19-5.11:			
Cash	B-1	1,744	
Statutory Excess Due to Current Fund	B-1	242	
			<u>1,986</u>
Balance, December 31, 2015	B	\$	<u><u>3,973</u></u>

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2013	\$ 2,024
2014	1,949
	<u>3,973</u>
	<u><u>\$ 3,973</u></u>

SCHEDULE OF PREPAID LICENSES**TRUST OTHER FUND**

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	1,110
Increased by:			
Receipt	B-1		1,225
			<u>2,335</u>
Decreased by:			
Applied to Licenses Fee Revenue	B-4		1,110
Balance December 31, 2015	B	\$	<u><u>1,225</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	2,087
Increased by:			
Interest Earned - Trust Other	B-1		92
			<u>2,179</u>
Decreased by:			
Payment	B-1		111
Balance December 31, 2015	B	\$	<u><u>2,068</u></u>

TRUST FUND
SCHEDULE OF PAYROLL TAXES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2014	B	\$ 2,307
Increased by:		
Deposits	B-1	<u>377,640</u>
		379,947
Decreased by:		
Payment	B-1	<u>379,947</u>
Balance, December 31, 2015	B	<u><u>\$ -</u></u>

TRUST FUNDSCHEDULE OF TAX TITLE LIEN REDEMPTIONS PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2014	B	\$	18,472
Increased by:			
Receipt	B-1		94,958
			<u>113,430</u>
Decreased by:			
Disbursements	B-1		110,430
Balance, December 31, 2015	B	\$	<u><u>3,000</u></u>

TRUST FUNDSCHEDULE OF PREMIUMS RECEIVED AT TAX SALE

	<u>Ref.</u>		
Balance, December 31, 2014	B	\$	23,100
Increased by:			
Receipt	B-1		11,600
			<u>34,700</u>
Decreased by:			
Disbursements	B-1		26,100
Balance, December 31, 2015	B	\$	<u><u>8,600</u></u>

Analysis of Balance:

<u>Block</u>	<u>Lot</u>	<u>Date</u>	<u>Amount</u>	
6	12	1/7/15	\$ 2,500	
11	16	1/7/15	400	
15	7	1/7/15	1,400	
24	3	1/7/15	100	
30	14	1/7/15	100	
27	36	1/7/15	100	
3	19	1/8/14	100	
15	6	1/8/14	2,200	
24	3	1/8/14	200	
27	36	1/8/14	500	
15	15	1/9/13	1,000	
			<u>8,600</u>	\$ <u><u>8,600</u></u>

CURRENT FUNDSCHEDULE OF MISCELLANEOUS RESERVES

<u>Reserve</u>	<u>Ref.</u>	<u>Balance December 31, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 2015</u>
Escrow Deposits		\$ 2,000	\$ 4,770	\$ 2,766	\$ 4,004
Performance Guarantee Trust		6,425	20		6,445
William Haluszka Bequest			100,179		100,179
Fire Safety Fees		1,575		350	1,225
Private Contractor's Escrow		100		100	
Snow Removal Trust		7,041	2,009	5,921	3,129
Total Reserves		\$ 17,141	\$ 106,978	\$ 9,137	\$ 114,982
	<u>Ref.</u>	<u>A</u>	<u>B-1</u>	<u>B-1</u>	<u>A</u>

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

	<u>Ref.</u>		
Balance, December 31, 2014	C,C-3	\$	338,367
Increased by Receipts			
Due from Current Fund	C-5	\$	31,000
Interest Earned	C-4		975
			<u>31,975</u>
			370,342
Decreased by Disbursements:			
Bond Anticipation Notes	C-9		31,000
Improvement Authorizations	C-8		86,005
			<u>117,005</u>
Balance, December 31, 2015	C,C-3	\$	<u><u>253,337</u></u>

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance December 31, 2014	Receipts		Disbursements			Transfers		Balance December 31, 2015
		Budget Appropriation	Miscellaneous	Improvement Authorization	Miscellaneous	To	From		
Fund Balance	\$ 16,735	\$	\$	\$	\$			\$	16,735
Capital Improvement Fund	65,790					1,000	11,500		55,290
Amount Due Current Fund	90		31,975				91,750		(59,685)
NJ Transportation Trust Fund Authority Act Receivable								109,250	(109,250)
Contracts and Encumbrances Payable					123,857				123,857
IMPROVEMENT AUTHORIZATIONS:									
<u>GENERAL IMPROVEMENTS:</u>									
<u>Ord. No.</u>									
11-7	189,752			5,480	31,000				153,272
12-9	50,000			44,077					5,923
14-18	16,000			16,000					
15-14				20,448		211,500	123,857		67,195
	\$ 338,367	\$	\$ 31,975	\$ 86,005	\$ 31,000	\$ 336,357	\$ 336,357	\$	253,337

Ref. 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, 2014 (Due to)	C		\$ 90
Increased by:			
Payment of Bond Anticipation Note	C-9	\$ 31,000	
Interest Earned	C-2	975	
		<hr/>	31,975
			<hr/>
			32,065
Decreased by:			
Receipt of NJ Transportation Trust Fund Authority Act	C-5	90,750	
2015 Budget Appropriation - Capital Improvement Fund	C-7	1,000	
		<hr/>	91,750
			<hr/>
Balance, December 31, 2015 (Due from)	C		<u>\$ 59,685</u>

GENERAL CAPITAL FUND

SCHEDULE OF DUE FROM NEW JERSEY

TRANSPORTATION TRUST FUND AUTHORITY ACT

	<u>Ref.</u>		
Balance, December 31, 2014	C		\$
Increased by:			
2015 Award - Ordinance 2015-14	C-8		200,000
Decrease by:			
Receipt	C-4		90,750
			<hr/>
Balance, December 31, 2015	C		<u>\$ 109,250</u>

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. Number	Improvement Description	Balance December 31, 2014	Funded by Budget Appropriation	2015 Authorization	Balance December 31, 2015	Analysis of Balance December 31, 2015		
						Unexpended Improvement Authorization	Expenditures	Bond Anticipation Notes
General Improvements:								
09-5	Replacement of Borough Hall HVAC	\$ 27,000	\$ 27,000	\$	\$	\$		
07-7	Purchase of 4 Wheel Drive Police Vehicle	17,000	17,000					
11-8	Purchase of 4 Wheel Drive Police Vehicle	29,908	29,908					
11-7	Construction of Sidewalks	175,000	11,092	18,500	163,908			163,908
15-14	Reconstruction of State Street				18,500	18,500		
		<u>\$ 248,908</u>	<u>\$ 85,000</u>	<u>\$ 18,500</u>	<u>\$ 182,408</u>	<u>\$ 18,500</u>	<u>\$</u>	<u>\$ 163,908</u>

Ref. C

Notes Paid by Budget Appropriation C-9 \$ 85,000
 C-10 C \$ 85,000

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance, December 31, 2014	C	\$	65,790
Increased by:			
2015 Budget Appropriation	C-2		1,000
			<hr/> 66,790
Decrease by:			
Appropriated to Finance Ordinance 2015-14	C-8		11,500
			<hr/> 11,500
Balance, December 31, 2015	C	\$	<hr/> <hr/> 55,290

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord No.	Improvement Description	Ordinance Date	Ordinance Amount	Balance December 31, 2014		2015 Authorizations	Paid or Charged	Balance December 31, 2015	
				Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>									
11-7	Construction of Sidewalks	4-13-11	300,000 \$	\$ 150,160	\$	5,480 \$	\$	144,680	
12-9	Purchase of Anthony Property	9-12-12	50,000	50,000		44,077	5,923		
14-18	Renovation to Municipal Parking Lot	6-20-14	16,000	16,000		16,000			
15-14	Reconstruction of State Street	9-9-15	230,000		230,000	144,305	67,195	18,500	
			\$ 66,000	\$ 150,160	\$ 230,000	\$ 209,862	\$ 73,118	\$ 163,180	
		<u>Ref.</u>	C	C	C	C	C	C	C
	Cash Disbursements	C-2,3			\$	\$ 86,005			
	Contracts and Encumbrances Payable	C-11				123,857			
	NJ Transportation Trust	C-5			200,000				
	Bonds and Notes Authorized								
	But Not Issued	C-10			18,500				
	Capital Improvement Fund	C-7			11,500				
					\$ 230,000	\$ 209,862			

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

Improvement Description	Ordinance Number	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2014	Increased	Decreased	Balance December 31, 2015
Replacement of Borough Hall HVAC	06-5	5-15-06	5-16-14	5-15-15	0.98%	\$ 27,000	\$	\$ 27,000	\$
Purchase of 4 Wheel Drive Police Vehicle	07-7	4-14-07	4-15-14	4-14-15	0.98%	17,000		17,000	
Construction of Sidewalks	11-7	5-11-11	5-16-14 5-16-15	5-15-15 5-15-16	0.98% 0.92%	214,592	172,500	214,592	172,500
Purchase of 4 Wheel Drive Police Vehicle	11-8	6-15-11	5-16-14	6-16-15	0.98%	29,908		29,908	
						<u>\$ 288,500</u>	<u>\$ 172,500</u>	<u>\$ 288,500</u>	<u>\$ 172,500</u>
						C			C
Paid by Budget Appropriation Reimbursement to Current Fund Reissued						\$	\$ 85,000	\$ 31,000	\$ 172,500
						\$	<u>\$ 172,500</u>	<u>\$ 288,500</u>	<u>\$ 288,500</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, 2014</u>	<u>Amount Authorized in 2015</u>	<u>Balance December 31, 2015</u>
2015-14	Reconstruction of State Street	\$		\$ 18,500.00	\$ 18,500.00
		\$		\$ 18,500.00	\$ 18,500.00
		<u>Ref.</u>	C	C-8	C

GENERAL CAPITAL FUND**SCHEDULE OF CONTRACTS PAYABLE**

	<u>Ref.</u>	
Balance, December 31, 2014	C	\$
Increased by:		
2015 Contracts	C-8	123,857
Balance, December 31, 2015	C	\$ <u>123,857</u>
Analysis of Balance:		
Contracts Payable		\$ 121,000
Encumbrances Payable		2,857
		\$ <u>123,857</u>

WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2014	D:D-6	\$ 119,202	\$ 240,991
Increased by Receipts:			
Water Collector	D-6	234,533	
Due from Water Capital Fund	D-7	731	
Interest Earned	D-3	381	734
2015 Budget Appropriations	D-6		10,000
Total Receipts		<u>235,645</u>	<u>10,734</u>
		354,847	251,725
Decreased by Disbursements:			
2015 Budget Appropriations	D-4	195,269	
2014 Appropriation Reserves	D-11	471	
Due to Water Operating Account	D-7		731
Encumbrances Payable	D-12	9,567	
Improvement Authorization	D-17		39
Total Disbursements		<u>205,307</u>	<u>770</u>
Balance, December 31, 2015	D-D:6	\$ <u>149,540</u>	\$ <u>250,955</u>

WATER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

	<u>Ref.</u>		
Balance, December 31, 2014	D	\$	1,033
Increased by Receipts:			
Water Consumer Account Collections	D-3,9	\$	231,287
Interest on Water Rents	D-3,9		2,944
Interest Earned on Bank Deposits	D-3		36
Water Rent Overpayments	D-15		269
			<u>234,536</u>
			235,569
Decreased by:			
Payments to Treasurer	D-5		<u>234,533</u>
Balance, December 31, 2015	D	\$	<u><u>1,036</u></u>

EXHIBIT D-7

SCHEDULE OF AMOUNT DUE TO/FROM WATER CAPITAL FUND

	<u>Ref.</u>		
Balance, December 31, 2014	D	\$	61
Increased by:			
Interest Earned on Bank Deposits	D-3,5		734
			<u>795</u>
Decreased by:			
Receipt	D-5		<u>731</u>
Balance, December 31, 2015	D	\$	<u><u>64</u></u>

WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER UTILITY CAPITAL CASH

	Balance December 31, 2014	Receipts		Disbursements		Balance December 31, 2015
		Budget Appropriations	Miscellaneous	Miscellaneous	Improvement Authorization	
Fund Balance	\$ 59,971	\$	\$	\$	\$	\$ 59,971
Water Capital Improvement Fund	180,959	10,000			(175,000)	15,959
Water Capital Improvement Ord. 2015-15					39	174,961
Due to Water Operating Fund	61		734	731		64
	\$ 240,991	\$ 10,000	\$ 734	\$ 731	\$ 39	\$ 250,955
<u>Ref.</u>	D:D-5	D-13	D-7	D-7	D-17	D, D-5

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY CHARGES RECEIVABLE

	<u>Ref.</u>		
Balance, December 31, 2014	D		\$ 5,947
Increased by:			
Water Rents Levied			235,989
			<hr/> 241,936
Decreased by:			
Collections	D-6	\$ 234,231	
Cancellation		97	
		<hr/> 234,328	234,328
Balance, December 31, 2015	D		<hr/> <hr/> \$ 7,608

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Description:	Balance December 31, 2014	Additions	Balance December 31, 2015
Springs and Wells	\$ 297,096	\$	297,096
Distribution Mains and Accessories	49,678		49,678
Pumping Station and Structures	7,251		7,251
Fire Hydrants	33,324		33,324
Water Tower and Standpipes	672,538		672,538
Water Service Installation	23,527		23,527
Electric Pumping Equipment	18,235		18,235
Maintenance Equipment	6,260		6,260
Miscellaneous Equipment	1,827		1,827
New Meters	41,434		41,434
Installation of New Service - N. Main Street	3,468		3,468
Rehabilitation of Well #6	92,685		92,685
Water System Improvements	588,015		588,015
Purchase of Water Meters	145,564		145,564
Repairs to Water Wells	50,000		50,000
Installation of New Tablet Chlorination Feed System	25,000		25,000
	<u>\$ 2,055,902</u>	<u>\$</u>	<u>2,055,902</u>

Ref.

D

D

WATER UTILITY OPERATING FUND
SCHEDULE OF 2014 APPROPRIATION RESERVES

	Balance December 31, 2014	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations				
Salaries and Wages	\$ 1,284	\$ 1,284	\$	\$ 1,284
Other Expenses	23,293	23,293	471	22,822
Health Insurance Opt-Out	899	899		899
Liability Insurance	50	50		50
Capital Improvements:				
Capital Outlay	7,954	7,954		7,954
Statutory Expenditures				
Public Employees Retirement System	520	520		520
Social Security System	212	212		212
Unemployment Compensation Insurance	94	94		94
	<u>\$ 34,306</u>	<u>\$ 34,306</u>	<u>\$ 471</u>	<u>\$ 33,835</u>
Ref.	D		D-5	D-1

WATER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2014	D	\$	12,579
Increased by:			
Current Encumbrances	D-4		6,608
			<hr/> 19,187
Decreased by:			
Payments	D-5	\$	9,567
Cancellations	D-1		3,012
			<hr/> 12,579
Balance, December 31, 2015	D	\$	<hr/> <hr/> 6,608

WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance, December 31, 2014	D	\$	180,959
Increased by:			
2015 Budget Appropriation	D-7		10,000
			<hr/> 190,959
Decreased by:			
Appropriated to Finance Ordinance No. 2015-15	D-17		175,000
Balance, December 31, 2015	D	\$	<hr/> <hr/> 15,959

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance, December 31, 2014 and 2015	D	\$ <u>2,055,902</u>

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER RENT OVERPAYMENTS

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$ 1,055
Increased by:		
2015 Overpayments	D-6	<u>269</u>
Balance, December 31, 2015	D	<u>1,324</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Number</u>	<u>Ordinance Improvement Description</u>	<u>Balance December 31, 2014</u>	<u>Transfer from Improvement Authorization</u>	<u>Balance December 31, 2015</u>
2015-15	Water Tower Improvements	\$	\$ 500,000.00	\$ 500,000.00

Ref.

D-17

D

**WATER CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATION**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance December 31, 2014		2015 Authorization	Expended	Balance December 31, 2015	
				Funded	Unfunded			Funded	Unfunded
2015-15	Water Tower Improvement	1/14/15	\$ 500,000	\$	\$	\$ 500,000	\$ 39	\$	\$ 499,961
			\$	\$	\$	\$ 500,000	\$ 39	\$	\$ 499,961
		Ref.				D-16	D-5		D
	Appropriation of Capital Improvement Fund				\$ 175,000				
	Bonds and Notes Authorized but not Issued				325,000				
					\$ 500,000				

WATER CAPITAL FUND
SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

	<u>Ref.</u>	
Balance, December 31, 2014	D	\$
Increased by:		
Improvement Authorization Funded	D-17	<u>175,000</u>
Balance, December 31, 2015	D	<u>\$ 175,000</u>

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

<u>Ord No.</u>	<u>Improvement Description</u>	<u>Balance December 31, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2015</u>
15-15	Water Tower Improvements	\$	\$ 325,000	\$	\$ 325,000
			Ref	D-17	D

BOROUGH OF ELMER

COUNTY OF SALEM

PART II

INTERNAL CONTROL COMMENTS

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

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 of \$17,500, 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 no bids were required to be requested by public advertising in 2015. There was one prior year bid for the Construction of Pedestrian Sidewalks, of which the project was completed during 2015 and no exception was noted.

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 a newspaper authorized by law to publish its legal advertisements, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file..."

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

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

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

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

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

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

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

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The Governing Body on January 1, 2015 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 2014 Municipal Taxes will be held no later than January 31, 2015.
- d) A tax sale of all delinquent accounts for the 2015 Municipal Taxes will be held no later than January 31, 2016.
- 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 2014 Municipal Taxes will be held no later than January 31, 2015.
- c) A tax sale of all delinquent accounts for the 2015 Municipal Taxes will be held no later than January 31, 2016
- 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 decreased from 98.63% in 2014 to 97.25% in 2015 and no properties were noted in Bankruptcy during the year under audit.

The last tax sale was held on January 7, 2015, 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>
2015	2
2014	2
2013	3

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 2015.

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 2016 Taxes	34
Payments of 2015 Taxes	30
Delinquent Taxes	10
Tax Title Liens	1
Water Assessments	34

The result of the test, which was made as of November 30, 2015 and December 31, 2015, 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 214 dog licenses during the year versus 201 in 2014. The animal control records for Dog and Cat licenses appeared properly maintained, during the year under audit and reconciled to detailed records.

PAYROLL FUND

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

GENERAL AND WATER CAPITAL FUNDS

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

TAX OFFICE

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

TAX TITLE LIEN REDEMPTION and PREMIUM ACCOUNTS

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

STATE OF NEW JERSEY - TECHNICAL ACCOUNTING DIRECTIVES

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

The general ledger record was properly maintained during the year and a selective encumbrance purchase order system appeared operative in the year under audit. Encumbrances payable were provided, tested, as part of the audit and reported as of December 31, 2015.

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, 2015.

Schedule of Comments and Recommendations
For the Year Ended December 31, 2015

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:

All prior year recommendations were implemented during the year under audit.

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