

**BOROUGH OF ELMER**

**SALEM COUNTY**

**NEW JERSEY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**



# BOROUGH OF ELMER

## TABLE OF CONTENTS

	<b>Exhibit</b>	<b>Page</b>
<b>PART 1</b>		
Independent Auditor's Report		1-4
<b>CURRENT FUND</b>		
Comparative Balance Sheet - Regulatory Basis	A	5-7
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1	8-9
Statement of Revenues - Regulatory Basis	A-2	10-14
Statement of Expenditures - Regulatory Basis	A-3	15-21
<b>TRUST FUND</b>		
Comparative Balance Sheet - Regulatory Basis	B	22
<b>CAPITAL FUND</b>		
Comparative Balance Sheet - Regulatory Basis	C	23
Schedule of Fund Balance - Regulatory Basis	C-1	24
<b>WATER UTILITY FUND</b>		
Comparative Balance Sheet - Regulatory Basis	D	25-26
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	D-1	27
Statement of Capital Fund Balance - Regulatory Basis	D-2	28
Statement of Revenues - Regulatory Basis	D-3	29
Statement of Expenditures - Regulatory Basis	D-4	30-31
<b>GENERAL FIXED ASSET GROUP OF ACCOUNTS</b>		
Statement of General Fixed Assets - Regulatory Basis	G	32
<b>NOTES TO FINANCIAL STATEMENTS</b>		33-44

# BOROUGH OF ELMER

## TABLE OF CONTENTS

	<b>Exhibit</b>	<b>Page</b>
<b>SUPPLEMENTARY DATA</b>		
Independent Auditor's Report - Government Auditing Standards		45-46
Schedule of Expenditures of Federal and State Awards		47
Notes to Schedule of Federal and State Awards		48
Audit Findings and Responses		49
<b>CURRENT FUND</b>		
Schedule of Cash - Treasurer	A-4	50
Schedule of Cash - Collector	A-5	51
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	52-53
Schedule of Tax Title Liens	A-7	54
Schedule of Revenue Accounts Receivable	A-8	55
Schedule of Appropriation Reserves	A-9	56
Schedule of Local District School Tax	A-10	57
Schedule of Federal and State Grants Receivable	A-11	58
Schedule of Reserve for Federal and State Grants - Appropriated	A-12	59
Schedule of Reserve for Federal and State Grants - Unappropriated	A-13	60
<b>TRUST FUNDS</b>		
Schedule of Cash - Treasurer	B-1	61
Schedule of Reserve for Animal Control Fund Expenditures	B-2	62
Schedule of Subdivision Escrow	B-3	63
Reserve for Tax Title Lien Redemptions	B-4	63
Reserve for Tax Sale Premiums	B-5	64
Reserve for Performance Guarantee Trust	B-6	65
Reserve for Fire Safety Fees	B-7	65
Reserve for Private Contractor's Escrow	B-8	66

# BOROUGH OF ELMER

## TABLE OF CONTENTS

	<b>Exhibit</b>	<b>Page</b>
<b>CAPITAL FUNDS</b>		
Schedule of Cash - Treasurer	C-2	67
Analysis of Cash	C-3	68
Schedule of Amount Due from Current Fund	C-4	69
Statement of Deferred Charges to Future Taxation - Unfunded	C-5	70
Schedule of Capital Improvement Fund	C-6	71
Schedule of Improvement Authorizations	C-7	72
Schedule of Bond Anticipation Notes	C-8	73
<b>WATER UTILITY FUND</b>		
Schedule of Cash - Treasurer	D-5	74
Schedule of Cash - Collector	D-6	75
Schedule of Consumer Accounts Receivable	D-7	75
Schedule of Fixed Capital - Water	D-8	76
Schedule of Appropriation Reserves	D-9	77
Schedule of Capital Improvement Fund	D-10	78
Schedule of Reserve for Amortization - Water	D-11	79
<b>PART II</b>		
General Comments		80-82
Schedule of Financial Statement Findings		83
Status of Prior Recommendations		84
Recommendations		85

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**BOROUGH OF ELMER**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2012**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Borough Council  
Borough of Elmer, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Elmer, as of December 31, 2012 and 2011, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2012, 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 basis of accounting prescribed by 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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Elmer on the basis of the financial reporting provisions prescribed by 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 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 each fund of the Borough of Elmer as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended

December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Elmer's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013 on our consideration of the Borough of Elmer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That 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 and compliance.

*Robert E. Swartz*

Robert E. Swartz, CPA, RMA #319

*Ford Scott & Associates, LLC*

Ford Scott & Associates, LLC

February 28, 2013

**EXHIBIT A - CURRENT FUND**

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**CURRENT FUND  
COMPARATIVE BALANCE SHEET -  
REGULATORY BASIS  
BALANCE AS OF DECEMBER 31,**

ASSETS	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Regular Fund:			
Cash -			
Treasurer	A-4	\$692,323	671,061
Collector	A-5	22,749	1,683
Change Fund		<u>200</u>	<u>200</u>
		<u>715,272</u>	<u>672,944</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	101,304	88,779
Tax Title Lien Receivable	A-7	13,375	9,667
Revenue Accounts Receivable	A-8	<u>6,215</u>	<u>7,165</u>
		<u>120,894</u>	<u>105,611</u>
Deferred Charges:			
Special Emergency (40A:4-55)		0	1,300
Overexpenditure of Appropriations	A-3	<u>0</u>	<u>683</u>
	A	<u>0</u>	<u>1,983</u>
		<u>836,166</u>	<u>780,538</u>
Federal and State Grant Fund:			
State Grant Fund:			
Due from Current Fund	A	122,952	119,825
State Grants Receivable	A-11	<u>19,606</u>	<u>745,970</u>
		<u>142,558</u>	<u>865,795</u>
		<u>\$978,724</u>	<u>1,646,333</u>

**CURRENT FUND  
COMPARATIVE BALANCE SHEET -  
REGULATORY BASIS  
BALANCE AS OF DECEMBER 31,**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-9	\$93,928	81,931
Reserve for Encumbrances/Accounts Payable	A-3	30,652	16,274
Taxes Collected in Advance		38,429	39,938
Tax Overpayments		12	188
Due to State of New Jersey - Senior Citizens and Veterans		1,049	575
Due to Grant Fund	A	122,952	119,825
Due to County-Added and Omitted Taxes		12,773	1,310
Local District School Tax Payable	A-10	171,693	156,896
Reserve for Sale of Municipal Assets		63,610	71,110
Reserve for Codification of Ordinances		6,733	6,733
		<u>541,831</u>	<u>494,780</u>
Reserves for Receivables and Other Assets	A	120,894	105,611
Fund Balance	A-1	173,441	180,147
		<u>\$836,166</u>	<u>780,538</u>



**CURRENT FUND  
COMPARATIVE BALANCE SHEET -  
REGULATORY BASIS  
BALANCE AS OF DECEMBER 31,**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Federal and State Grant Fund:			
Encumbrances Payable	A-12	\$1,850	42,640
Due to General Capital	C	87,398	194,053
Reserve for State Grants			
Appropriated	A-12	50,070	626,018
Unappropriated	A-13	<u>3,240</u>	<u>3,084</u>
		<u>142,558</u>	<u>865,795</u>
		<u>\$978,724</u>	<u>1,646,333</u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Revenue and Other Income Realized			
Fund Balance Utilized	A-2	\$126,500	115,000
Miscellaneous Revenue Anticipated	A-2	284,506	279,817
Receipts from Delinquent Taxes	A-2	91,769	124,456
Receipts from Current Taxes	A-2	2,766,695	2,668,909
Non Budget Revenue	A-2	61,133	22,275
Other Credits to Income:			
Unexpended Balance of Approp Reserves	A-9	52,008	54,426
Total Income		<u>3,382,611</u>	<u>3,264,883</u>
Expenditures			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	249,139	237,511
Other Expenses	A-3	529,520	515,801
Deferred Charges and Statutory			
Expenditures	A-3	49,108	47,659
Capital Improvements	A-3	17,500	10,000
Municipal Debt Service	A-3	94,165	83,228
Transfer to Board of Education	A-3	8,307	7,987
Local District School Tax	A-10	1,257,718	1,233,057
County Tax		1,041,014	1,006,302
County Share of Added Taxes		12,773	1,310
Cancellation of Prior Year Revenue		3,573	250
Total Expenditures		<u>3,262,817</u>	<u>3,143,105</u>
Excess in Revenue		119,794	121,778

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred Charges to Budget of Succeeding Year		<u>0</u>	<u>683</u>
Statutory Excess to Fund Balance		119,794	122,461
Fund Balance January 1	A	<u>180,147</u>	<u>172,686</u>
		299,941	295,147
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>126,500</u>	<u>115,000</u>
Balance December 31	A	<u><u>\$173,441</u></u>	<u><u>180,147</u></u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref.	ANTICIPATED			EXCESS OR (DEFICIT)
		BUDGET	SPECIAL NJS 40A:4-87	REALIZED	
Fund Balance Anticipated	A-1	\$126,500		126,500	
Miscellaneous Revenues:					
Section A: Local Revenues					
Fines and Costs:					
Municipal Court	A-8	92,000		90,241	(1,759)
Interest and Costs on Taxes	A-5	21,000		20,131	(869)
Interest on Investments and Deposits	A-8	4,500		4,367	(133)
Total Section A		117,500	0	114,739	(2,761)
Section B: State Aid Without Offsetting Appropriations					
Energy Receipts Tax	A-8	101,984		101,984	0
Consolidated Municipal Property Tax Relief Act	A-8	24,569		24,569	0
Total Section B		126,553	0	126,553	0

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref.	ANTICIPATED			EXCESS OR (DEFICIT)
		BUDGET	SPECIAL NJS 40A:4-87	REALIZED	
Section F: Special Items of General Revenue					
Anticipated-State and Federal Revenues					
Offset with Appropriations-Public and Private					
Revenues offset with Appropriations					
Municipal Alliance on Alcoholism and Drug Abuse		4,178		4,178	
Recycling Tonnage		2,073		2,073	
Body Armor Grant		1,011		1,011	
Clean Communities			4,000	4,000	
FEMA Reimbursement-Hurricane Irene			20,134	20,134	
<b>Total Section F</b>	A-11	<u>7,262</u>	<u>24,134</u>	<u>31,396</u>	<u>0</u>
Section G: Special Items of General Revenue					
Anticipated with Prior Written Consent of Director					
of Local Government Services - Other Special					
Items					
Uniform Fire Safety Act		4,381		4,318	(63)
Sale of Municipal Assets		7,500		7,500	
<b>Total Section G</b>		<u>11,881</u>	<u>0</u>	<u>11,818</u>	<u>(63)</u>
<b>Total Miscellaneous Revenues</b>	A-1	<u>263,196</u>	<u>24,134</u>	<u>284,506</u>	<u>(2,824)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref.	ANTICIPATED BUDGET	SPECIAL NJS 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Receipts from Delinquent Taxes	A-1:A-2	94,000		91,769	(2,231)
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	A-2	538,500		553,688	15,188
Budget Totals		1,022,196	24,134	1,056,463	10,133
Non-Budget Revenues: Other Non-Budget Revenue	A-2			61,133	61,133
	Ref.	\$1,022,196 A-3	24,134 A-3	1,117,596	71,266

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	
Analysis of Realized Revenues		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1:A-6	\$2,766,695
Allocated to:		
School, County Taxes		<u>2,311,505</u>
Balance for Support of Municipal Budget Appropriations		455,190
Increased by:		
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>98,498</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>553,688</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-6	86,901
Tax Title Liens	A-7	<u>4,868</u>
	A-2	<u><u>\$91,769</u></u>

**CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	
Analysis of Non-Budget Revenue		
Miscellaneous Revenue not Anticipated:		
Revenue Accounts Receivable:		
Tax Searches	A-8	\$20
Tax Collector:		
Tax Sale Costs	A-5	2,555
Treasurer		
Fire Safety Fines & Permits		1,384
Housing & Zoning Permits		1,740
Senior Citizen & Veteran's Administrative Fee		414
Police Detail		4,870
Registrar Fees		18,061
Insurance Dividend		631
FEMA Reimbursement-June 2012 Storm		2,025
Cable Franchise Fee		4,519
Other Miscellaneous		<u>24,914</u>
	A-4	<u>58,558</u>
	A-1:A-2	<u><u>\$61,133</u></u>



**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS			EXPENDED		UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER- EXPENDED
<b>GENERAL GOVERNMENT:</b>							
Mayor and Council							
Salaries and Wages	\$16,725	16,725	16,725				
Other Expenses	6,250	6,150	3,023	570	2,557		
Municipal Clerk							
Salaries and Wages	17,851	17,851	15,996		1,855		
Other Expenses	4,750	4,750	4,094	250	406		
Elections							
Other Expenses	5	5			5		
Financial Administration							
Salaries and Wages	16,264	16,264	16,264				
Other Expenses	12,200	12,200	11,614	250	336		
Audit Services							
	9,300	9,300	9,300				
Assessment of Taxes							
Salaries and Wages	11,344	11,344	11,344				
Other Expenses	2,000	2,000	659		1,341		
Tax Collector							
Salaries and Wages	12,364	12,364	11,344		1,020		
Other Expenses	4,000	4,000	2,524		1,476		
Legal Services and Costs							
Other Expenses	21,000	21,000	14,702	203	6,095		
Engineering Services and Costs							
Other Expenses	4,000	4,000	2,427		1,573		
Public Buildings and Grounds							
Salaries and Wages	10,816	10,816	7,171		3,645		
Other Expenses	15,090	15,090	9,372	1,294	4,424		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS			EXPENDED			UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED	BALANCE	OVER-EXPENDED
Insurance								
Liability	23,250	23,250	23,250					
Worker's Compensation Insurance	20,673	20,673	19,828		845			
Health Insurance Opt-Out	8,360	8,360	8,360					
Municipal Land Use Law (N.J.S.A. 40:55D-1)								
Land Use Board								
Salaries and Wages	6,421	6,421	6,421					
Other Expenses	5,616	5,616	3,015	93	2,508			
Technology								
Other Expenses	12,000	12,000	11,479	57	464			
PUBLIC SAFETY:								
Fire								
Other Expenses								
Miscellaneous Other Expenses	36,000	36,000	24,297	10,823	880			
Police								
Salaries and Wages	136,183	136,183	127,867		8,316			
Other Expenses	26,000	26,000	18,933	299	6,768			
Emergency Management Service								
Salaries and Wages	2,349	2,349	2,348		1			
Other Expenses	1,000	1,000	720		280			
First Aid Organization - Contribution	6,500	6,500	6,500					
Housing Inspections								
Salaries and Wages	3,089	3,089	3,089					
Other Expenses	150	150	0		150			

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS			EXPENDED		UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER-EXPENDED
Fire Code Inspector							
Salaries and Wages	7,453	7,453	5,922		1,531		
Other Expenses	3,145	3,145	1,634		1,511		
<b>STREETS AND ROADS:</b>							
Road Repairs and Maintenance				8,000	6,507		
Other Expenses	18,627	18,627	4,120				
<b>SANITATION:</b>							
Garbage and Trash Removal				4,450	9,395		
Other Expenses - Contractual	94,034	94,034	80,189				
Recycling				2,008	1,371		
Other Expenses	34,000	34,000	30,621				
<b>HEALTH AND WELFARE:</b>							
Board of Health							
Salaries and Wages	7,587	7,587	6,316		1,271		
Other Expenses	2,100	2,100	1,493	258	349		
Animal Control Services							
Salaries and Wages	693	693	693				
Other Expenses	4,000	2,600	756	390	1,454		
<b>RECREATION AND EDUCATION:</b>							
Parks and Playgrounds				500	323		
Other Expenses	9,500	9,500	8,677				
Celebration of Public Event, Anniversary or Holiday							
Other Expenses	3,000	3,000	2,828		172		
Grantsman				600			
Other Expenses	500	600	600				

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS			EXPENDED		UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER-EXPENDED
Unclassified:							
Electric	17,500	17,500	16,350	742	408		
Telephone	8,000	8,500	8,404		96		
Gasoline	10,000	10,800	9,809		991		
Heating	13,540	13,540	6,003	421	7,116		
Street Lighting	18,000	18,000	13,601	34	4,365		
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>703,229</b>	<b>703,129</b>	<b>590,682</b>	<b>30,642</b>	<b>81,805</b>	<b>0</b>	<b>0</b>
Contingent	0	0			0		
<b>TOTAL OPERATIONS INCLUDING CONTINGENT - WITHIN "CAPS"</b>	<b>703,229</b>	<b>703,129</b>	<b>590,682</b>	<b>30,642</b>	<b>81,805</b>	<b>0</b>	<b>0</b>
Detail:							
Salaries and Wages	249,139	249,139	231,500	0	17,639	0	0
Other Expenses	454,090	453,990	359,182	30,642	64,166	0	0
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>							
Deferred Charges:							
Overexpenditure of Appropriation	683	683	683				
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System	25,125	25,125	25,125		649		
Social Security	20,000	20,000	19,351		35		
Unemployment Insurance	1,500	1,600	1,555	10	400		
Defined Contribution Retirement Program	400	400					
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>	<b>47,708</b>	<b>47,808</b>	<b>46,714</b>	<b>10</b>	<b>1,084</b>	<b>0</b>	<b>0</b>
Cash Deficit of Preceding Year		0					
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>750,937</b>	<b>750,937</b>	<b>637,396</b>	<b>30,652</b>	<b>82,889</b>	<b>0</b>	<b>0</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDED		UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	BALANCE CANCELLED	OVER-EXPENDED
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
Recycling Tax Appropriation	1,667	1,667			1,667	
Aid to Library	2,000	2,000	2,000			
Interlocal Service Agreements: Joint Municipal Court	39,000	39,000	30,128		8,872	
Recycling Tonnage Grant	2,073	2,073	2,073			
Body Armor Fund	1,011	1,011	1,011			
Municipal Drug Alliance Grant						
State Share	4,178	4,178	4,178			
Local Match	1,467	1,467	1,467			
Clean Communities	4,000	4,000	4,000			
FEMA Reimbursement - Hurricane Irene	20,134	20,134	20,134			
<b>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</b>	<b>75,530</b>	<b>75,530</b>	<b>64,991</b>	<b>0</b>	<b>10,539</b>	<b>0</b>
Detail:						
Salaries and Wages		0	0			0
Other Expenses (Including Contingent)	75,530	75,530	64,991	0	10,539	0
<b>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>						
Capital Improvement Fund	10,000	10,000	10,000			
Acquisition of Thermal Camera	7,500	7,500	7,000		500	
<b>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</b>	<b>17,500</b>	<b>17,500</b>	<b>17,000</b>	<b>0</b>	<b>500</b>	<b>0</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS		EXPENDED		UNEXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	OVER- BALANCE CANCELLED	EXPENDED
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>							
Payment of Bond Anticipation Notes and Capital Notes	83,758	83,758	83,758				93
Interest on Notes	10,500	10,500	10,407				
<b>TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>	<b>94,258</b>	<b>94,258</b>	<b>94,165</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>93</b>
<b>DEFERRED CHARGES</b>							
Special Emergency Authorization-5 years	1,300	1,300	1,300				
<b>TOTAL DEFERRED CHARGES</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(N) Transferred to Board of Education for Use of Local schools (N.J.S.A. 40:48-17.1 &amp; 17.3)</b>							
	8,307	8,307	8,307				
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</b>	<b>196,895</b>	<b>196,895</b>	<b>185,763</b>	<b>0</b>	<b>11,039</b>	<b>93</b>	<b>0</b>
<b>SUBTOTAL GENERAL APPROPRIATIONS</b>	<b>947,832</b>	<b>947,832</b>	<b>823,159</b>	<b>30,652</b>	<b>93,928</b>	<b>93</b>	<b>0</b>
Reserve for Uncollected Taxes	98,498	98,498	98,498				
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$1,046,330</b>	<b>1,046,330</b>	<b>921,657</b>	<b>30,652</b>	<b>93,928</b>	<b>93</b>	<b>0</b>
	A-2		A-1			A-A-1	
Budget Appropriations by 40A:4-87	A-3	1,022,196	24,134				
		<u>\$1,046,330</u>					

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Ref.</u>	<u>PAID OR CHARGED</u>
Federal and State Grants		\$32,863
Deferred Charges		1,983
Reserve for Uncollected Taxes		98,498
Disbursed	A-4	<u>788,313</u>
		<u><u>\$921,657</u></u>

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**EXHIBIT B - TRUST FUND**

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**TRUST FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS  
BALANCE AS OF DECEMBER 31,**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Animal Control Fund:			
Cash - Treasurer	B-1	\$982	1,369
		<u>982</u>	<u>1,369</u>
Other Funds			
Cash - Treasurer	B-1	27,109	52,070
		<u>27,109</u>	<u>52,070</u>
		<u>28,091</u>	<u>53,439</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Animal Control Fund			
Reserve for Dog Expenditures	B-2	97	339
Prepaid Licenses:			
Dogs		530	680
Cats		355	350
		<u>982</u>	<u>1,369</u>
Other Funds			
Due to State of New Jersey - Payroll Taxes		2,622	2,449
Reserve for Escrows	B-3	6,609	7,381
Reserve for Tax Title Lien Redemptions	B-4	1,041	30,183
Reserve for Tax Sale Premiums	B-5	8,783	4,133
Reserve for Performance Guarantee	B-6	6,379	6,349
Reserve for Fire Safety Fees	B-7	1,575	1,575
Reserve for Private Contractor's Escrow	B-8	100	0
		<u>27,109</u>	<u>52,070</u>
		<u>\$28,091</u>	<u>53,439</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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**EXHIBIT C - CAPITAL FUND**

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**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS  
BALANCE AS OF DECEMBER 31,**

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	C-2	\$315,285	346,809
Due from Grant Fund	A	87,398	194,053
Deferred Charges to Future Taxation - Unfunded	C-5	<u>534,900</u>	<u>618,658</u>
		<u>937,583</u>	<u>1,159,520</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bond Anticipation Notes	C-8	534,900	618,658
Accounts Payable		0	37,749
Reserve for Preliminary Expenses Elmer Train Station Relocation Project		850	389
Improvement Authorizations			
Funded	C-7	50,000	0
Unfunded	C-7	274,158	385,049
Capital Improvement Fund	C-6	44,940	24,940
Fund Balance	C-1	<u>32,735</u>	<u>82,735</u>
		<u>\$937,583</u>	<u>1,149,520</u>

There were Bonds and Notes authorized but not issued at December 31, 2012 and December 31, 2011 of \$0

**GENERAL CAPITAL FUND  
SCHEDULE OF FUND BALANCE  
REGULATORY BASIS**

	<u>Ref.</u>	
Balance December 31, 2011	C	\$82,735
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-7	<u>50,000</u>
Balance December 31, 2012	C	<u><u>\$32,735</u></u>



**EXHIBIT D - WATER UTILITY FUND**

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**WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS  
BALANCE AS OF DECEMBER 31,**

	Ref.	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	D-5	\$89,899	97,254
Cash - Collector	D-6	1,000	14,663
Cash - Change Fund		25	25
		<u>90,924</u>	<u>111,942</u>
Receivables and Other Assets with Full Reserves:			
Consumer Accounts Receivable	D-7	9,590	8,147
		<u>9,590</u>	<u>8,147</u>
Total of Operating Fund		<u>100,514</u>	<u>120,089</u>
Capital Fund:			
Cash	D-5	220,930	210,930
Fixed Capital - Water	D-8	2,055,902	2,055,902
Total of Capital Fund		<u>2,276,832</u>	<u>2,266,832</u>
		<u>\$2,377,346</u>	<u>2,386,921</u>

**WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET  
REGULATORY BASIS  
BALANCE AS OF DECEMBER 31,**

	Ref.	<u>2012</u>	<u>2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-9	\$24,718	28,603
Reserve for Encumbrances	D-4	9,654	4,173
		<u>34,372</u>	<u>32,776</u>
Reserve for Receivables	Res.	9,590	8,147
Fund Balance	D-1	56,552	79,166
		<u>100,514</u>	<u>120,089</u>
Capital Fund:			
Capital Improvement Fund	D-10	160,959	150,959
Reserves for:			
Amortization - Water	D-11	2,055,902	2,055,902
Fund Balance	D-2	59,971	59,971
		<u>2,276,832</u>	<u>2,266,832</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$2,377,346</u></u>	<u><u>2,386,921</u></u>

**WATER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	Ref.	<u>2012</u>	<u>2011</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated	D-3	\$45,000	45,952
Rents	D-3	203,140	202,862
Miscellaneous Revenue Anticipated	D-3	1,515	15,114
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-9	27,693	26,025
Total Income		<u>277,348</u>	<u>289,953</u>
<u>Expenditures</u>			
Operating	D-4	186,608	185,901
Capital Improvements	D-4	45,000	20,000
Deferred Charges and Statutory Expenditures	D-4	9,746	9,600
Cancellation of Prior Year Revenue		13,608	0
Total Expenditures		<u>254,962</u>	<u>215,501</u>
Excess in Revenue		<u>22,386</u>	<u>74,452</u>
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute deferred Charges to Budget of Succeeding Year		0	0
Statutory Excess to Fund Balance		<u>22,386</u>	<u>74,452</u>
Fund Balance January 1	D	79,166	50,666
		<u>101,552</u>	<u>125,118</u>
Decreased by:			
Utilization as Anticipated Revenue	D-1:D-3	45,000	45,952
Balance December 31	D	<u><u>\$56,552</u></u>	<u><u>79,166</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**WATER CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE  
REGULATORY BASIS**

	Ref.	
Balance December 31, 2011	D	\$59,971
No Activity During 2012		
Balance December 31, 2012	D	<u>\$59,971</u>

**WATER OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref	ANTIC. BUDGET	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	D-1	\$45,000	45,000	
Water Rents	D-1:D-3	189,254	203,140	13,886
Miscellaneous	D-1:D-3	7,100	1,515	(5,585)
		<u>\$241,354</u>	<u>249,655</u>	<u>8,301</u>

**ANALYSIS OF REALIZED REVENUES**

**Rents**

Consumer Accounts Receivable:

Collected	D-7	203,140
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<u>203,140</u>
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**Miscellaneous**

Interest Earned by Treasurer,

Collector and Other Miscellaneous

Fees and Costs	D-5	1,515
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	APPROPRIATIONS			EXPENDED		UNEXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	BALANCE CANCELLED	OVER- EXPENDED
<b>OPERATING</b>							
Salaries and Wages	\$50,162	50,162	49,462		700		
Other Expenses	129,928	129,928	117,674	9,654	2,600		
Liability Insurance	4,800	4,800	4,800		0		
Health Insurance Opt-Out	1,718	1,718	1,640		78		
	186,608	186,608	173,576	9,654	3,378	0	0
<b>CAPITAL IMPROVEMENTS</b>							
Capital Improvement Fund	10,000	10,000	10,000				
Capital Outlay	35,000	35,000	14,064		20,936		
	45,000	45,000	24,064	0	20,936	0	0
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>							
Statutory Expenditure:							
Contribution to:							
Public Employees' Retirement System	5,146	5,146	5,146				
Social Security System	4,100	4,100	3,784		316		
Unemployment Compensation Insurance	500	500	412		88		
	9,746	9,746	9,342	0	404	0	0
	\$241,354	241,354	206,982	9,654	24,718	0	0

Ref. D-3 D-3 D-1 D:D-1 D:D-1 D:D-1 D:D-8

Budget  
Emergency Authorizations

241,354  
0  
\$241,354

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS



**WATER OPERATING FUND  
STATEMENT OF EXPENDITURES (Cont'd)  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Ref.	<u>PAID OR CHARGED</u>
Disbursed	D-5	206,982
	D-4	<u>\$206,982</u>

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**EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP**

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**BOROUGH OF ELMER  
STATEMENT OF GENERAL FIXED ASSETS  
REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2012</u>	<u>2011</u>
General Fixed Assets:		
Land	\$83,845	83,845
Buildings and Improvements	713,296	713,296
Vehicles	658,858	620,420
Furniture, Fixtures and Equipment	<u>933,637</u>	<u>892,177</u>
	<u><u>2,389,636</u></u>	<u><u>2,309,738</u></u>
 Investment in General Fixed Assets	 <u><u>\$2,389,636</u></u>	 <u><u>2,309,738</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011**

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The financial statements of the Borough of Elmer include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Elmer, as required by N.J.S. 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 Borough has no component units.

#### **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 the respect to public funds. Under this method of accounting, the Borough of Elmer accounts for its financial transactions through the following separate funds:

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

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

General Capital Fund -- receipt and disbursement of funds for the acquisition of general 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.

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 policies in New Jersey follow.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

Revenues -- are recorded as 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 to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st 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.

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

General Fixed Assets -- The Borough has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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 valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition.

No depreciation has been provided for in the financial statements.



**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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 has not been accounted for separately.

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 utility does not record depreciation on fixed assets.

The following schedule is a summarization of the changes in general fixed assets by category for the calendar year ended December 31, 2012.

	Balance as of <u>12-31-11</u>	<u>Additions</u>	<u>Adjustments (Disposals)</u>	Balance as of <u>12-31-12</u>
Land	\$83,845			83,845
Bldgs & Improv.	713,296			713,296
Vehicles	620,420	1,150	37,288	658,858
Furniture, Fixtures and Equipment	892,177	54,364	(12,904)	933,637
	<u>\$2,309,738</u>	<u>55,514</u>	<u>24,384</u>	<u>2,389,636</u>

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. A ten (10) day grace period is permitted provided a resolution has been adopted by the Borough Council. NJSA 54:4-67 permits municipalities to charge interest on delinquent balances at a rate of 8% per annum on the first \$1,500 of delinquency and 18% per annum on any amount of taxes in excess of \$1,500. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5.

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.

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 the current operating budget.

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.

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2012 AND 2011**

Compensated Absences – Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. New Jersey Municipalities are permitted to accrue a compensated absences liability. The Borough has not begun to accumulate funds for accrued absences. See Note 13 for additional information on the Borough's compensated absences policy.

#### **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 Assets and Statement of Activities.

#### **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 November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Borough's financial reporting.

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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27".

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Borough's financial reporting.

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

**Note 2: BUDGETARY INFORMATION**

Under New Jersey State 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 2012 and 2011 statutory budgets included a reserve for uncollected taxes in the amount of \$98,498 and \$136,131, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2012 and 2011 statutory budget's was \$126,500 and \$115,000, 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 2012 calendar year. The following significant transfers were approved during the 2011 calendar year:

	<u>2012</u>	<u>2011</u>
Street Lighting		
Other Expenses		(\$2,000)
Electricity		
Other Expenses		3,335
Prior Year Reserves:		
Streets and Roads		
Other Expenses		3,440
Legal Services & Costs		
Other Expenses		(3,440)

NJSA 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 2012 and 2011 calendar years, Borough Council approved the following budget insertions:

	<u>2012</u>	<u>2011</u>
Salem County Safe Roadways Project	\$ 0	2,000
NJDEP Clean Communities	4,000	4,000
FEMA Reimbursement - Hurricane Irene	20,134	0

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose that 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

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011**

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 or special emergency resolutions were adopted by Borough Council during the 2012 or 2011 calendar years and no balances remained from prior special emergency appropriations.

### **Note 3: INVESTMENTS**

As of December 31, 2012, 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.

### **Note 4: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk – Deposits.** Custodial credit risk 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. As of December 31, 2012 and 2011, \$0 of the government's bank balance of \$1,345,566 and \$1,401,180 was exposed to custodial credit risk.

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**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 5: LONG TERM DEBT**

As of December 31, 2012, the Borough of Elmer did not have any long-term debt.

Summary of Municipal Debt

<u>Summary of Municipal Debt</u>	<u>Year 2012</u>	<u>Year 2011</u>	<u>Year 2010</u>
Issued:			
General – Bonds and Notes	\$ 534,900	618,658	367,900
Water Utility - Bonds and Notes	0	0	0
Total Issued	<u>534,900</u>	<u>618,658</u>	<u>367,900</u>
Authorized but not Issued:			
General – Bonds and Notes	0	0	0
Net Bonds & Notes Issued and Authorized But Not Issued	\$ <u>534,900</u>	<u>618,658</u>	<u>367,900</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$0	0	0
Water Utility Debt	0	0	0
General Debt	534,900	0	534,900
	<u>\$534,900</u>	<u>0</u>	<u>534,900</u>

Net Debt \$534,900 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$106,258,974 = 0.50%.

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

3 ½ % of Equalized Valuation Basis (Municipal)	\$3,719,064
Net Debt	<u>534,900</u>
Remaining Borrowing Power	<u>\$3,184,164</u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

None

The foregoing information is in agreement with the Annual Debt Statement filed by the Borough.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 6: NOTES PAYABLE**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes	\$618,658		83,758	534,900

The Borough has outstanding at December 31, 2012 the following bond anticipation notes:

<u>Project</u>	<u>2012 Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2011 Amount</u>
<b>General Capital:</b>				
Repaving of Center St. and Hitchner Ave.	\$40,000	1.69%	5/10/13	55,000
Replacement of Borough Hall HVAC	80,000	1.69%	5/10/13	100,000
Reconstruction of Center Street	5,500	1.64%	9/6/13	15,500
Reconstruction of Penn Street	72,500	1.69%	4/12/13	92,500
Purchase of four wheel drive Vehicle	24,900	1.69%	4/12/13	29,900
Construction of Sidewalks	275,000	1.69%	5/10/13	285,000
Purchase of 4 Wheel Drive Vehicle	37,000	1.69%	6/14/13	40,758
Total General Capital	<u>\$534,900</u>			<u>618,658</u>

All bond anticipation notes are with the First National Bank of Elmer. The Borough intends to renew these notes in 2013 with a pay down \$89,500 of the outstanding balance. During 2011, the Borough paid down \$83,758 through the current operating budget.

As of December 31, 2012, the carrying value of the above notes approximates the fair value of the notes.

**Note 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2012 and 2011 that were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 and 2012 were as follows:

		<u>2013</u>	<u>2012</u>
Current Fund	\$	125,000	126,500
Water Operating Fund		54,604	45,000

As of the date of this audit report, the Borough has not adopted their 2013 Local Municipal Budget and these amounts are subject to change. Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans Deductions, deferred charges, and cash deficit. The total amount of fund balance available to the Borough to appropriate in the 2013 budget is \$173,441 in the current fund and \$56,552 in the water operating fund.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 8: SCHOOL TAXES**

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	Local District Balance <u>12/31/12</u>	School Tax Balance <u>12/31/11</u>
Balance of Tax	\$585,704	570,907
Deferred	414,011	414,011
Tax Payable	<u>\$171,693</u>	<u>156,896</u>

**Note 9: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance <u>12/31/12</u>	Balance <u>12/31/11</u>
Prepaid Taxes	\$38,429	39,938
Cash Liability for Taxes Collected in Advance	<u>\$38,429</u>	<u>39,938</u>

**Note 10: PENSION FUNDS**

Description of Plans

Substantially all of the Borough's employees are covered by the Public Employees' Retirement System cost-sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pension and Benefits (Division). 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. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at

<http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 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 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 or other state or local jurisdiction.

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011**

### *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 and Chapter 103, P.L. 2008 (NJSA 43L15/c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

### *Funding Policy*

The contribution policy for the PERS is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and NJSA 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 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.4% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2012, 2011 and 2010 were \$30,271, \$24,559, and \$22,276 respectively, equal to the required contributions for each year.

### **NOTE 11: POST-RETIREMENT BENEFITS**

As indicated in Note 10 above, employees of the Borough of Elmer are members of the Public Employees' Retirement System (PERS) however, as of December 31, 2012 they were not members of the State Health Benefits Plan.

### **Note 12: 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 \$0 as of December 31, 2012 and 2011.

### **Note 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, Township of Mannington and the Township of Quinton. Woodstown serves as the lead agency for the joint municipal court. All fines and costs are distributed to the municipality in which the complaint, charge, event, acts or violation occurred. Each municipality includes a line item in their annual budget to cover their share of the courts administration expenses.



**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 14: ECONOMIC DEPENDENCY**

The Borough of Elmer is not economically dependent on any one business or industry within the Borough.

**Note 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.

**Note 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.

**Property and Liability Insurance** – the Borough maintains commercial insurance coverage for property, liability and surety bonds. During the years ended December 31, 2012 and 2011, the Borough did not incur claims in excess of this coverage and there was no reduction in the stated coverage.

**Note 17: GRANTS AND CONTRACTS**

During the 2009 calendar year, the Borough was awarded a grant for the Safe Routes to Schools program. A contract in the amount of \$123,753 has been awarded for this project. As of December 31, 2012, a balance of \$31,298 remained on this contract.

**Note 18: INTERFUND BALANCES**

As of December 31, 2012, the following interfunds were included on the balance sheets of the various funds of the Borough of Elmer.

	<u>Due From</u>	<u>Due To</u>
Current Fund: Grant Fund		122,952
Grant Fund: Current Fund General Capital	122,952	87,398
General Capital: Grant Fund	<u>87,398</u>	<u>210,350</u>
	<u>\$210,350</u>	<u>210,350</u>

The amount due to/from the grant fund is due to the fact that there is no separate grant bank account. The remaining interfunds are due to amounts that should have been transferred to the proper bank account.

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**Note 19: SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through February 28, 2013, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

## **SUPPLEMENTARY DATA**

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# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

The Honorable Mayor and  
Members of Borough Council  
Borough of Elmer, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated February 28, 2013, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies as item 2012-1

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from 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*.

### **Borough's Response to Finding**

The Borough's response to the finding identified in our audit is described in the accompany Schedule of Findings and Responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robert E. Swartz*

Robert E. Swartz, CPA RMA #319

*Ford Scott & Associates, LLC*

Ford Scott & Associates, LLC

February 28, 2013

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal or State Grantor/Pass - Through Grantor/Program Title	CFDA#/Pass-Through Grantor's #	Grant Period	Program or Award Amount	Balance at 1/1/2012	Receipts or Revenue Recognized	Disbursements/Expenditures	Cancelled	Encumbered	Balance at 12/31/2012	Total Cumulative State Expenditures
<b>FEDERAL</b>										
Department of Community Affairs										
Division of Housing and Community Resources										
Small Cities Community Development Block Grant	95-100-022-8020-078-F292-6110	1/1/07 - 12/31/07	22,969	4,110					4,110	
	14,219	1/1/09 - 12/31/09	23,333	10,753		10,530			223	
		1/1/11 - 12/31/11	13,445	13,445					13,445	
Small Cities Reimbursements										
Passed through:										
NJ Department of Transportation										
Safe Routes to Schools	20,205	1/1/09 - 12/31/09	300,000	151,597			151,597			
ARRA - NJ Department of Transportation										
Transportation Enhancement Program										
Elmer Train Station Relocation Project	20,500	1/1/10 - 12/31/11	395,000	395,000		395,000				
FEMA Reimbursement - Hurricane Irene	NA	1/1/12 - 12/31/12	20,134		20,134	12,051		1,850	6,233	
<b>Total Federal Assistance</b>				<u>574,905</u>	<u>20,134</u>	<u>22,581</u>	<u>546,597</u>	<u>1,850</u>	<u>24,011</u>	
<b>STATE</b>										
Passed through the State of New Jersey										
NJ Transportation Trust Fund										
Authority Act										
Local Aid Center of Place	6320-480-601385-61	1/1/05 - 12/31/05	135,000	6,741			6,741			128,259
Reconstruction of Elmer Street	6320-480-601385-61	1/1/09 - 12/31/08	100,000	15,235			15,235			84,765
Reconstruction of Garrison Road	6320-480-601385-61	1/1/09 - 12/31/09	130,000	4,893			4,893			125,107
Department of Environmental Protection										
Recycling Tonnage Grant	4830-752-050580-50	1/1/10 - 12/31/10	1,933	1,751					1,751	182
Recycling Tonnage Grant	4830-752-050580-50	1/1/11 - 12/31/11	2,363	2,363					2,363	0
Recycling Tonnage Grant	4830-752-050580-50	1/1/12 - 12/31/12	2,073		2,073				2,073	0
Clean Communities	4900-765-042-4900-004	1/1/11 - 12/31/11	4,000	312		312				4,000
Clean Communities	4900-765-042-4900-004	1/1/12 - 12/31/12	4,000		4,000	3,688			312	3,688
Stormwater Grant	4850-800054-201	1/1/08 - 12/31/08	5,000	1,437		1,069			368	3,563
Shared Service Agreement - Wastewater Management Plan		1/1/10 - 12/31/10	5,000	5,000					5,000	0
Division of Criminal Justice										
Body Armor Fund	1020-718-066-1020-001	1/1/11 - 12/31/11	973	908					908	65
Body Armor Fund	1020-718-066-1020-001	1/1/12 - 12/31/12	1,011		1,011				1,011	0
Alcohol Education Rehabilitation		1/1/11 - 12/31/11	50	50					50	0
<b>Total State Assistance</b>				<u>38,690</u>	<u>7,084</u>	<u>5,069</u>	<u>26,869</u>	<u>0</u>	<u>13,836</u>	
<b>Total All Assistance</b>				<u>\$613,595</u>	<u>27,218</u>	<u>27,650</u>	<u>573,466</u>	<u>1,850</u>	<u>37,847</u>	

SEE ACCOMPANYING AUDITOR'S REPORT

**NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2012**

**Note 1: BASIS OF PRESENTATION**

The accompanying schedule of federal and state awards includes the federal and state grant activity of the Borough of Elmer, New Jersey and is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a regulatory basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining the single audit threshold on major programs.

**Note 2: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statement. Receipts from federal and state grants are realized as revenue when anticipated in the Borough's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the Borough's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, as follows:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Expenditures per Schedule of Federal And State Awards	\$5,069	22,581	27,650
Add: Local Funding	5,845		5,845
Encumbrances		1,850	1,850
Expenditures reported in Basic Financial Stmtns	<u>\$10,914</u>	<u>24,431</u>	<u>35,345</u>



## *Audit Findings and Responses*

### **12-1. Criteria**

Entities must employ or contract with someone who has sufficient knowledge and experience to accurately prepare a complete set of financial statements, including related disclosures.

### **Condition**

The Borough currently does not employ or contract with an individual who has sufficient knowledge and experience to prepare a complete set of financial statements, including related disclosures.

### **Cause**

Based on the size of the Borough it is not cost effective for the Borough to employ an individual with the requisite training and experience to be able to prepare financial statements and related disclosures.

### **Effect**

The Borough does not have sufficient information to accurately monitor financial activity throughout the year.

### **Recommendation**

That someone in the Borough receive additional current training in financial statement preparation, including all required disclosures, or the Borough consider employing an outside consultant to prepare the financial statements.

### **Management Response**

Based on the size of the Borough it would not be cost effective to employ, or contract with, an individual who has sufficient knowledge and experience to prepare a complete set of financial statements, including related disclosures.

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>
Balance December 31, 2011		\$671,061
Increased by Receipts:		
Collector	A-5	2,838,345
Revenue Accounts Receivable	A-8	224,096
State of New Jersey Senior Citizens Senior Citizens and Veterans		21,138
Miscellaneous Revenue	A-2	58,558
Due From Grant Fund	A-11	<u>32,474</u>
		<u>3,174,611</u>
		3,845,672
Decreased by Disbursements:		
2012 Appropriations	A-3	788,313
2011 Appropriation Reserves	A-9	46,197
Due To Grant Funds - Reserves	A-12	33,495
State of NJ Marriage License Fees		99
County Taxes		1,042,324
Local District School Tax	A-10	<u>1,242,921</u>
		<u>3,153,349</u>
Balance December 31, 2012	A	<u><u>\$692,323</u></u>

**CURRENT FUND  
SCHEDULE OF CURRENT CASH - COLLECTOR**

	<u>Ref.</u>		
Balance December 31, 2011	A		\$1,683
Increased by Receipts:			
Prepaid Taxes - 2013		38,429	
Revenue Accounts Receivable	A-8	20	
Taxes Receivable	A-6	2,793,408	
Tax Title Liens	A-7	4,868	
Tax Sale Costs	A-2	2,555	
Interest and Costs on Taxes	A-2	<u>20,131</u>	
			<u>2,859,411</u>
			2,861,094
Payment to Treasurer	A-4		<u>2,838,345</u>
Balance December 31, 2012	A		<u><u>\$22,749</u></u>

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

YEAR	BALANCE DEC. 31, 2011	2012 LEVY	ADDED TAXES	DISALLOWED SENIOR CITIZEN	OVERPAYMENTS CREATED	COLLECTIONS BY CASH		OVERPAYMENTS APPLIED	CANCELLATIONS	TRANSFERRED TO TAX TITLE LIENS	BALANCE DEC. 31, 2012
						2011	2012				
2011	88,779					86,901	409			1,469	0
	88,779	0	0	0	0	86,901	409	0	409	1,469	0
2012		2,873,063				39,938	2,726,757	1,049	1,049	4,015	101,304
	<u>\$88,779</u>	<u>2,873,063</u>	0	0	0	<u>39,938</u>	<u>2,813,658</u>	0	<u>1,458</u>	<u>5,484</u>	<u>101,304</u>

Ref. A

A

Cash Collected	A-5	\$2,793,408
Senior Citizen & Veteran Allowances		<u>20,250</u>
		<u>\$2,813,658</u>

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

Analysis of 2012 Property Tax Levy

Tax Yield			
General Property Tax		\$2,837,470	
Added Taxes (54:4-63.1,63.12 et.seq.)		<u>35,593</u>	
			<u>2,873,063</u>
Tax Levy	<u>Ref.</u>		
Local District School Tax (Abstract)	A-10	1,257,718	
County Tax (Abstract)		1,041,014	
Due County for Added and Omitted Taxes (54:4-63.1,63.12 et. seq.)		<u>12,773</u>	
			2,311,505
Local Tax for Municipal Purposes	A-2	538,500	
Add: Additional Tax Levied		<u>23,058</u>	
Local Tax for Municipal Purposes Levied			<u>561,558</u>
			<u>\$2,873,063</u>

**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance December 31, 2011	A		\$9,667
Increased by:			
Tranfers from Taxes Receivable	A-6	5,484	
Interest and Cost Accrued by Sale of January 4, 2012		<u>3,092</u>	
			<u>8,576</u>
			18,243
Decreased by:			
Collections	A-5		<u>4,868</u>
Balance December 31, 2012	A		<u><u>\$13,375</u></u>

**CURRENT FUNIC  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

Ref.	BALANCE DEC. 31, 2011	ACCRUED IN 2012	COLLECTOR	COLLECTED BY TREASURER	BALANCE DEC. 31, 2012
A-2		20	20		
Tax Searches					
Municipal Court:					
Fines and Costs	7,165	89,291		90,241	6,215
Interest on Investments and Deposits		4,367		4,367	
Energy Receipts Tax		101,984		101,984	
Consolidated Municipal Property Tax Relief Act		24,569		24,569	
Uniform Fire Safety Act		4,318		4,318	
	<u>\$7,165</u>	<u>224,549</u>	<u>20</u>	<u>225,479</u>	<u>6,215</u>
Ref.	A	Res.	A-5	A-4	A

SEE ACCOMPANYING AUDITOR'S REPORT

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011**

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVER- EXPENDED
Mayor and Council					
Other Expenses	1,564	1,564	113	1,451	
Municipal Clerk					
Salaries and Wages	1,818	968		968	
Other Expenses	1,416	1,416	529	887	
Financial Administration					
Other Expenses	2,249	2,249	110	2,139	
Assessment of Taxes					
Other Expenses	2,493	2,493	18	2,475	
Tax Collector					
Other Expenses	293	745	743	2	
Legal Services and Costs					
Other Expenses	6,214	1,692		1,692	
Technology Expenses					
Other Expenses	553	770	499	271	
Public Buildings & Grounds					
Other Expenses	4,145	4,145	1,189	2,956	
Fire					
Other Expenses	3,642	3,642	2,161	1,481	
Police					
Salaries and Wages	5,638	5,028	5,020	8	
Other Expenses	3,411	8,217	8,197	20	
Emergency Management					
Other Expenses	265	265	152	113	
Fire Code Inspector					
Salaries and Wages	1,500	1,500	1,500		
Other Expenses	1,864	1,864	500	1,364	
Garbage and Trash Removal					
Other Expenses	12,558	12,558	6,878	5,680	
Recycling					
Other Expenses	3,406	3,406	2,479	927	
Board of Health					
Salaries and Wages	2,544	2,544	238	2,306	
Other Expenses	969	969	806	163	
Animal Control Services					
Other Expenses	2,075	2,075	860	1,215	
Parks and Playgrounds					
Other Expenses	4,400	4,400	90	4,310	
Celebration of Public Events					
Other Expenses	672	672	672		
Unclassified:					
Electric	1,216	1,216	1,134	82	
Telephone	1,082	1,082	819	263	
Gasoline	838	863	862	1	
Heating	540	952	540	412	
Street Lighting	2,646	2,646	1,462	1,184	
Aid to Library	28	28	28		
Interlocal Service Agreements:					
Joint Municipal Court	8,531	8,601	8,598	3	
Other Accounts - No Changes	19,635	19,635		19,635	
	<u>\$98,205</u>	<u>98,205</u>	<u>46,197</u>	<u>52,008</u>	<u>0</u>
	A	A	A-4	A-1	



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

	<u>Ref.</u>		
Balance December 31, 2011			
School Tax Payable	A	156,896	
School Tax Deferred		<u>414,011</u>	
			570,907
Increased By:			
Levy - School Year July 1, 2012 to June 30, 2013	A-1:A-6		<u>1,257,718</u>
			1,828,625
Decreased By:			
Payments	A-4		<u>1,242,921</u>
Balance December 31, 2012			
School Tax Payable	A	171,693	
School Tax Deferred	A	<u>414,011</u>	
			<u>585,704</u>
2012 Liability for Local School Tax:			
Tax Paid		1,242,921	
Tax Payable 12/31/2012		<u>171,693</u>	
			1,414,614
Less: Tax Payable 12/31/2011		<u>156,896</u>	
Amount Charged to 2012 Operations	A-1		<u><u>\$1,257,718</u></u>

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

<u>Purpose</u>	<u>Balance DEC. 31, 2011</u>	<u>Transferred from 2012 Budget Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance DEC. 31, 2012</u>
<b>STATE:</b>					
Department of Transportation					
Reconstruction of Garrison Road	8,444			8,444	
Reconstruction of Safe Routes to School	300,000			300,000	
Reconstruction of Elmer Street	21,998			21,998	
NJ Department of Environmental Protection					
Stormwater Grant	5,000				5,000
Wastewater Management	5,000				5,000
Clean Communities		4,000	4,000		
Alcohol Education Rehabilitation	50				50
Body Armor Fund		1,011	1,011		
Recycling Tonnage Grant		2,073	2,073		
<b>FEDERAL:</b>					
ARRA - NJ Department of Transportation					
Transportation Enhancement Program					
Elmer Train Station Relocation Project	395,000			395,000	
FEMA Reimbursement - Hurricane Irene		20,134	20,134		
<b>LOCAL:</b>					
Municipal Drug Alliance	10,478	4,178	5,100		9,556
	<u>\$745,970</u>	<u>31,396</u>	<u>32,318</u>	<u>725,442</u>	<u>19,606</u>
Ref.	A	A-2	A-4		A

**STATE AND FEDERAL GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVE FOR FEDERAL AND STATE GRANTS**

<u>Grant</u>	Balance DEC. 31, 2011	Transferred from		Encumbered	Cancel/ Adjusted	Balance DEC. 31, 2012
		2012 Budget Appropriations	Expended			
<b>STATE:</b>						
NJ Department of Environmental Protection						
Recycling Tonnage Grant	4,114	2,073				6,187
Stormwater Grant	1,437		1,069			368
Wastewater Management	5,000					5,000
Body Armor	908	1,011				1,919
New Jersey Transportation Trust Fund						
Local Aid Center of Place	6,741				6,741	
Reconstruction of Garrison Rd	4,893				4,893	
Reconstruction of Elmer Street	15,235				15,235	
Clean Communities	312	4,000	4,000			312
Alcohol Education Rehabilitation	50					50
<b>FEDERAL:</b>						
Small Cities Community Development Block Grant						
FEMA Reimbursements - Hurricane Irene		20,134	12,051	1,850		6,233
Small Cities Reimbursements	13,445					13,445
2005 Small Cities	30					30
2007 Small Cities	4,080					4,080
2009 Small Cities	10,753		10,530			223
ARRA - NJ Department of Transportation						
Transportation Enhancement Program	395,000				395,000	
Elmer Train Station Relocation Project	151,597				151,597	
Safe Routes to School						
<b>LOCAL:</b>						
Municipal Drug Alliance	8,876	5,645	5,845			8,676
Salem County Improvement Authority-REA Grant Program	3,547					3,547
	<u>\$626,018</u>	<u>32,863</u>	<u>33,495</u>	<u>1,850</u>	<u>573,466</u>	<u>50,070</u>
Ref.	A	A-3	A-4	A		A

SEE ACCOMPANYING AUDITOR'S REPORT

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

	Balance DEC. 31, 2011	Transferred to 2012 Budget Appropriations	Received	Balance DEC. 31, 2012
<u>Grant</u> Body Armor Fund	\$1,011	1,011	1,025	1,025
Recycling Tonnage Grant	2,073	2,073	2,215	2,215
	\$3,084	3,084	3,240	3,240
	A			A

**TRUST FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2011	B	\$1,369	52,070
Increased By:			
Dog License Fees	B-2	1,516	
Cat License Fees	B-2	670	
Late Fees	B-2	100	
State Dog License Fees		449	
Prepaid Dog and Cat Licenses		885	
Interest Earned	B-2; B-5	11	169
Payroll Trust			366,547
TTL Redemptions	B-4		133,501
Tax Sale Premiums	B-5		43,100
Escrow Fees	B-3		8,750
Private Contractor's Escrow Fees	B-8		18,060
		<u>3,631</u>	<u>570,127</u>
		5,000	622,197
Decreased By:			
Expenditures under NJS 4:19-15.22	B-2	3,569	
State of New Jersey-Dog Licenses		449	
Escrow Fees	B-3		9,522
Tax Title Lien Redemptions	B-4		162,643
Premiums Returned	B-5		38,500
Due to Current Fund	B-4; 5; 8		4,959
Private Contractor's-Police Salaries	B-8		13,090
Payroll Trust			366,374
		<u>4,018</u>	<u>595,088</u>
Balance December 31, 2012	B	<u>\$982</u>	<u>27,109</u>

**Analysis of Other Cash**

Subdivision Escrow	6,609
Payroll Trust	2,622
Performance Guarantee	6,379
Fire Safety Fees	1,575
Tax Title Lien Redemption	1,041
Tax Sale Premiums	8,783
Private Contractor's Escrow	100
	<u>\$27,109</u>

SEE ACCOMPANYING AUDITOR'S REPORT

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$339
Increased by:		
Dog License Fees Collected		2,196
Cat License Fees Collected		1,020
Late Fees		100
Interest Earned		11
	B-1	3,327
		3,666
Decreased by:		
Expenditures under NJSA 4:19-15.11	B-1	3,569
Balance December 31, 2012	B	\$97

License Fees Collected	<u>Year</u>	<u>Amount</u>
	2011	3,811
	2010	2,547
		\$6,358

B-3

**TRUST FUND  
SCHEDULE OF SUBDIVISION ESCROW**

	<u>Ref.</u>	
Balance December 31, 2011	B	\$7,381
Increased by:		
Escrows Received	B-1	8,750
		16,131
Decreased by:		
Escrows Returned	B-1	9,522
Balance December 31, 2012	B	\$6,609

B-4

**TRUST FUND  
RESERVE FOR TAX TITLE LIEN REDEMPTION**

	<u>Ref.</u>	
Balance December 31, 2011	B	\$30,183
Increased by:		
Third Party Lien Holders		133,501
Interest earned		56
	B-1	133,557
		163,740
Decreased by:		
Interest Paid to Current Fund		56
Redemption of Tax Title Liens		162,643
	B-1	162,699
Balance December 31, 2012	B	\$1,041

**TRUST FUND  
RESERVE FOR TAX SALE PREMIUMS**

Balance December 31, 2011	<u>Ref.</u> B		\$4,133
Increased by:			
Premiums Received at Tax Sale		43,100	
Interest Earned		<u>83</u>	
	B-1		<u>43,183</u>
			47,316
Decreased by:			
Premiums Returned		38,500	
Interest paid to current fund		<u>33</u>	
	B-1		<u>38,533</u>
Balance December 31, 2012	C		<u><u>\$8,783</u></u>



**TRUST FUND  
RESERVE FOR PERFORMANCE GUARANTEE TRUST**

Balance December 31, 2011	<u>Ref.</u> B		\$6,349
Increased by:			
Interest Earned	B-1	30	30
Balance December 31, 2012	B		\$6,379

**TRUST FUND  
RESERVE FOR FIRE SAFETY FEES**

Balance December 31, 2011	<u>Ref.</u> B		\$1,575
No Activity During 2012			
Balance December 31, 2012	B		\$1,575

**TRUST FUND  
RESERVE FOR PRIVATE CONTRACTOR'S ESCROW**

	<u>Ref.</u>	
Balance December 31, 2011	B	\$0
Increased by:		
Fees by Contractors for Street Openings	B-1	18,060
		18,060
Decreased by:		
Police Salaries and Wages		13,090
Borough of Elmer Current Fund		4,870
		17,960
Balance December 31, 2012	B	\$100

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>		
Balance December 31, 2011	C		\$346,809
Increased by:			
Budget Appropriation -			
Capital Improvement Fund	C-6	10,000	
Due to Current Fund	C-4	<u>1,383</u>	
			<u>11,383</u>
			358,192
Decreased by:			
Due from Current Fund	C-4	1,383	
Encumbrances Payable		37,288	
Improvement Authorizations	C-7	<u>4,236</u>	
			<u>42,907</u>
Balance December 31, 2012	C		<u><u>\$315,285</u></u>

GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	BALANCE DEC. 31, 2011	RECEIPTS		DISBURSEMENTS			TRANSFERS		BALANCE DEC. 31, 2012
		MISC.	BOND ANTIC. NOTES	IMPROVEMENT AUTHORIZATIONS	MISC.	FROM	TO		
Fund Balance	82,735						50,000		32,735
Capital Improvement Fund	34,940	10,000							44,940
Due to Current Fund	0	1,383			1,383				0
Due to Grant Fund	(194,053)								(194,053)
Accounts Payable	37,749				37,288		461		0
Reserve for Preliminary Expense	389							461	850
<u>Improvement Authorizations</u>									
06-4 Repaving of Center St & Hitchner Avenue	80,496								80,496
07-6 Reconstruction of Penn Street	450								450
09-13 Safe Routes									
09-05 Reconstruction of Garrison Road	300,000			3,700					296,300
11-7 Construction of Sidewalks									
11-8 Purchase of 4 Wheel Drive Vehicle for Police Department	4,103			536					3,567
12-9 Purchase of Anthony Property							50,000		50,000
	\$346,809	11,383	0	4,236	38,671		50,461	50,461	315,285

Ref. C C-2 C-2 C-2 C-2 C-2 C

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

	<u>Ref.</u>		
Balance December 31, 2011	C:A		\$0
Increased by:			
Interest Earned on Investments	C-2	<u>1,383</u>	1,383
Decreased by:			
Remitted to Current Fund	C-2	<u>1,383</u>	<u>1,383</u>
Balance December 31, 2012	C:A		<u><u>\$0</u></u>

**GENERAL CAPITAL FUND  
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance #	Improvement Description	Balance DEC. 31, 2011	2012 Authorization	Reappropriated	Paid by Budget Appropriation	Balance DEC. 31, 2012	Analysis of Balance - December 31, 2012	
							Financed by Bond Anticipation Notes	Unexpended Improvement Authorizations
04-5	Reconstruction of Center Street	3,700			3,700	0	0	0
06-4	Repaving of Center Street and Hitchner Avenue	55,000			15,000	40,000	40,000	
06-5	Replacement of Borough Hall HVAC	100,000			20,000	80,000	80,000	
07-6	Repaving of Penn Street	45,540			10,000	35,540	35,540	
07-7	Purchase of Four Wheel Drive Police Vehicle	29,900			5,000	24,900	24,900	
09-5	Reconstruction of Garrison Road	46,960			10,000	36,960	36,960	
09-13	Improving Pedestrian Routes to Elmer Elementary School	11,800			6,300	5,500	5,500	
11-7	Construction of Sidewalks	285,000			10,000	275,000	275,000	
11-8	Purchase of 4 Wheel Drive Vehicle for Police Department	40,758			3,758	37,000	37,000	
		\$618,658	0	0	83,758	534,900	534,900	0
Ref.		C	C-7		C-8	C	C	C-8

SEE ACCOMPANYING AUDITOR'S REPORT

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

	<u>Ref.</u>	
Balance December 31, 2011	C	\$34,940
Increased by:		
2012 Budget Appropriation	A-3:C-2	<u>10,000</u>
Balance December 31, 2012	C	<u><u>\$44,940</u></u>

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. #	IMPROVEMENT DESCRIPTION	ORD. DATE	AMOUNT	DEC. 31, 2011		2011 AUTHORIZATIONS		PAID OR CHARGED	ADJUSTMENT TO PRIOR YEAR EXPENDITURES	DEC. 31, 2012	
				FUNDED	UNFUNDED	CAPITAL SURPLUS	DEFERRED CHARGES TO FUTURE TAXATION			FUNDED	UNFUNDED
07-6	Reconstruction of Penn Street	2/14/07	150,000		80,496						80,496
09-13	Improving Pedestrian Routes to Elmer Elementary School	9/9/09	37,300		450						450
11-07	Construction of Sidewalks	4/13/11	300,000		300,000			3,700	106,655		189,645
11-08	Purchase of 4 Wheel Drive Vehicle for Police Department	5/11/11	42,903		4,103			536			3,567
12-9	Purchase of Anthony Property	9/12/12	50,000			50,000				50,000	
				\$0	385,049	50,000	0	4,236	106,655	50,000	274,158
Ref.				C	C	C-1	C-5		(1)	C	C
						Cash	C-2	4,236			
						Contracts Payable		<u>0</u>			
								<u>4,236</u>			

(1) - In 2009, the Borough was awarded funding through the New Jersey Department of Transportation Safe Routes to Schools Program. In addition, Borough Council adopted a capital ordinance in 2011 to also fund this project. The Borough was subsequently notified the grant was terminated. Expenditures charged to the grant in 2011 have been reclassified to the capital project in 2012.



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

Ord #	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DEC. 31, 2011	INCREASED	DECREASED	BALANCE DEC. 31, 2012
04-5	Reconstruction of Center Street	9/16/04	9/7/12	9/6/13	1.64%	15,500		10,000	5,500
06-4	Repaving of Center Street and Hitchner Avenue	5/15/06	5/11/12	5/10/13	1.69%	55,000		15,000	40,000
06-5	Replacement of Borough Hall HVAC	5/15/06	5/11/12	5/10/13	1.69%	100,000		20,000	80,000
07-6	Reconstruction of Penn Street	4/14/07	4/13/12	4/12/13	1.69%	92,500		20,000	72,500
07-7	Purchase of 4 Wheel Drive Police Vehicle	4/14/07	4/13/12	4/12/13	1.69%	29,900		5,000	24,900
11-7	Construction of Sidewalks	5/11/11	5/11/12	5/10/13	1.69%	285,000		10,000	275,000
11-8	Purchase of 4 Wheel Drive Vehicle for Police Department	6/15/11	6/15/12	6/14/13	1.69%	40,758		3,758	37,000
						\$618,658	0	83,758	534,900

Ref. C C-2 C-5 C

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**WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER**

	Ref.	<u>OPERATING</u>	<u>CAPITAL</u>
Balance December 31, 2011	D	\$97,254	210,930
Increased By Receipts:			
Collector	D-6	203,195	
Due from Water Operating- Capital Improvement Fund			10,000
Miscellaneous Revenue	D-3	1,515	947
		<u>204,710</u>	<u>10,947</u>
		301,964	221,877
Decreased by Disbursements:			
2012 Appropriations	D-4	206,982	
2011 Appropriation Reserves	D-9	5,083	
Interest Paid to Operating Fund			947
		<u>212,065</u>	<u>947</u>
Balance December 31, 2012	D	<u><u>\$89,899</u></u>	<u><u>220,930</u></u>

D-6

**WATER OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR**

	Ref.		
Balance December 31, 2011	D		\$14,663
Increased by Receipts:			
Consumer Accounts Receivable	D-3:D-7	<u>203,140</u>	203,140
			<u>217,803</u>
Decreased by Disbursements:			
Adjustment to Beginning Balance		13,608	
Payment to Treasurer	D-5	<u>203,195</u>	216,803
Balance December 31, 2012	D		<u><u>\$1,000</u></u>

D-7

**WATER OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

	Ref.		
Balance December 31, 2011	D		\$8,147
Increased by:			
Utility Rents Levied	Res.		<u>204,583</u>
			212,730
Decreased by:			
Collections	D-6	<u>203,140</u>	203,140
Balance December 31, 2012	D		<u><u>\$9,590</u></u>

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

ACCOUNT	BALANCE DEC. 31, 2011	ADDITIONS		BALANCE DEC. 31, 2012
		BY BUDGET CAPITAL OUTLAY	BY ORDINANCE	
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	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 Chlorinator				
Feed System	25,000			25,000
	\$2,055,902	0	0	2,055,902

Ref. D

SEE ACCOMPANYING AUDITOR'S REPORT

D

**WATER OPERATING FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES**

	BALANCE DEC. 31, 2011	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED	OVER- EXPENDED
Operating:					
Other Expenses	21,947	21,947	5,083	16,864	
Other Accounts - No Changes	10,829	10,829		10,829	
	<u>\$32,776</u>	<u>32,776</u>	<u>5,083</u>	<u>27,693</u>	<u>0</u>

Ref.	D	D	D-5	D-1	D-1
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D-10

**WATER CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	Ref.		
Balance December 31, 2011	D		\$150,959
Increased by:			
Received from Water Operating Fund	D-4	<u>10,000</u>	<u>10,000</u>
Balance December 31, 2012	D		<u><u>\$160,959</u></u>

D-11

**WATER CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION -WATER**

	Ref.		
Balance December 31, 2011	D		\$2,055,902
No Activity			
Balance December 31, 2012	D		<u><u>\$2,055,902</u></u>

**BOROUGH OF ELMER**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**

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## **GENERAL COMMENTS**

### **Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4**

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as 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 \$17,500, except by contract or agreement".

The Governing Body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that no bids were requested by public advertising during the 2012 calendar year.

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work 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.

My examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$17,500 "for the performance of any work or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

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

The Governing Body on January 2, 2012 adopted the following resolutions authorizing interest to be charged on delinquent taxes and water charges:

**Tax Collections:**

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

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

- a) Interest on taxes shall be eight (8) percent per annum on the first \$1,500 and eighteen (18) percent per annum on all subsequent delinquency until the account is paid in full. All accounts have a ten (10) day grace period after each due date, and if not paid, the interest shall accrue from the due date.
- b) A year end penalty of six percent (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 year 2012 municipal taxes will be held in January 2013.
- d) Delinquent 2011 and 2012 accounts in the amount of +/- \$5 may, at the discretion of the tax collector be canceled prior to tax sale.

**Water Collections:**

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

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

- e) A penalty of 5% will be assessed on all delinquent balances. All accounts have a ten (10) day grace period after each due date, and if not paid, the penalty shall accrue from the due date.
- f) A tax sale of all delinquent accounts for the year 2012 water charges will be held in January 2013.
- g) Delinquent accounts in the amount of +/- \$5 may, at the discretion of the water collector be canceled prior to tax sale.
- h) Final water reads shall be given a charge of \$20.00 per read.

**Delinquent Taxes and Tax Title Liens**

The last tax sale was held on January 4, 2012 and was complete. There are no properties in bankruptcy.

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

<u>Year</u>	<u>Number of Liens</u>
2012	6
2011	6
2010	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

### Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2013 Taxes	5
Payment of 2012 Taxes	5
Delinquent Taxes	3
Payment of Current Water Charges	3

As of the date of this audit report, all verifications have not been returned. No problems were noted with the verifications that have been returned related to property taxes and utility charges.

### 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 probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percent of Collections</u>
2012	\$2,873,063	2,766,695	96.29%
2011	2,762,932	2,668,909	96.59%
2010	2,716,721	2,590,611	95.35%
2009	2,619,451	2,504,769	95.62%
2008	2,577,309	2,516,590	97.64%

### Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	2.70	2.62	\$2.56	2.47	2.43
Apportionment of Tax Rate:					
Municipal	0.51	0.49	0.49	0.47	0.43
County	0.99	0.96	0.97	0.92	0.92
Local School	1.20	1.17	1.10	1.08	1.08
Assessed Valuation	106,247,428	105,479,531	106,114,084	105,312,184	105,653,144

## Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage Of Tax <u>Levy</u>
2012	\$13,375	101,304	114,679	3.99%
2011	9,667	88,779	98,446	3.56%
2010	272	124,087	124,359	4.58%
2009	680	113,262	113,942	4.35%
2008	0	60,360	60,360	2.34%

*Schedule of Financial Statement Findings*

**NONE**

## *Status of Prior Recommendations*

### **11-1. Condition**

The Borough currently does not employ or contract with an individual who has sufficient knowledge and experience to prepare a complete set of financial statements, including related disclosures.

### **Current Status**

This finding was not corrected in 2012.

### **Corrective Action to be Taken**

Based on the size of the Borough it would not be cost effective to employ, or contract with, an individual who has sufficient knowledge and experience to prepare a complete set of financial statements, including related disclosures.

## RECOMMENDATIONS

\* 1. That someone in the Borough receive additional current training in financial statement preparation, including all required disclosures, or the Borough consider employing an outside consultant to prepare the financial statements.

\* similar recommendation made in prior years

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,

*Robert E. Swartz, CPA*

Robert E. Swartz, CPA  
Registered Municipal Accountant  
No. 319

*Ford Scott & Associates, LLC*

Ford Scott & Associates, LLC  
Certified Public Accountants