

**TOWNSHIP OF UPPER DEERFIELD
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2017**

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PART I

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Township Committee
Township of Upper Deerfield
1325 Highway 77
Seabrook, New Jersey 08302

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Upper Deerfield, as of December 31, 2017 and 2016, 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, 2017, and the related notes to the financial statements, which collectively comprise the Township of Upper Deerfield'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 Township of Upper Deerfield 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 Township of Upper Deerfield as of December 31, 2017 and 2016, 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 balance sheets and account group as of December 31, 2017 and 2016, 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, 2017, 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 Township of Upper Deerfield'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.

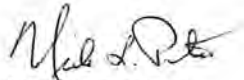
The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 is 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 May 21, 2018, on our consideration of the Township of Upper Deerfield'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 Township of Upper Deerfield's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

May 21, 2018

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Regular Fund			
Cash - Treasurer	A-4	\$ 4,047,142.76	\$ 4,120,561.86
Change Fund	A-5	520.00	520.00
		<u>4,047,662.76</u>	<u>4,121,081.86</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	550,091.08	419,827.71
Tax Title Liens Receivable	A-8	171,652.02	126,152.30
Property Acquired for Taxes - Assessed Valuation	A-9	544,000.00	956,700.00
Clean Up Charges Receivable		540.00	2,521.46
Revenue Accounts Receivable	A-10	5,608.44	3,826.94
Due from Federal and State Grant Fund	A	23,724.04	64,011.97
Due from Animal Control Trust Fund	B	2,511.17	2,508.83
Due from Uniform Fire Safety Penalty Fund	B	0.07	0.73
Due from Accumulated Absence Trust Fund	B	0.24	0.19
Due from Tax Sale Premium Fund	B	21.86	50.88
Due from Storm Recovery Trust Fund	B	8.33	0.59
Due from Donations - Senior Citizen Center	B	0.41	0.40
Due from Public Defender Trust Fund	B	1.75	2.33
Due from Recreation Trust Fund	B	6.04	4.57
Due from POAA Trust	B	2.39	2.24
Due from Payroll Agency Trust	B	7.64	1,500.23
Due from General Capital Fund	C	3,781.05	3,753.09
Due from Utility Operating Fund	D	13.60	
Prepaid Regional High School Tax	A-15	72,768.84	76,523.34
		<u>1,374,738.97</u>	<u>1,657,387.80</u>
Deferred Charges:			
Overexpenditure of Appropriation	A-3	1,000.00	
		<u>5,423,401.73</u>	<u>5,778,469.66</u>
Federal and State Grant Fund			
Grants Receivable	A-6	1,141,631.04	262,020.21
Due from Utility Operating Fund	D	39,958.10	
		<u>1,181,589.14</u>	<u>262,020.21</u>
		<u>\$ 6,604,990.87</u>	<u>\$ 6,040,489.87</u>

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 432,145.45	\$ 440,986.97
Encumbrances Payable	A-12	291,713.56	334,880.26
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-13	33,607.66	34,257.02
Prepaid Taxes		444,659.19	223,463.28
Tax Overpayments		2,870.50	7,206.95
Reserve for Tax Appeals Pending		323,737.68	323,737.68
Due State of New Jersey - Fees		14,435.00	15,806.00
Due Fairfield Township - UCC Fees		21,267.00	14,947.00
Due Millville City - UCC Fees			19,014.20
Due Escrow Trust Fund	B	2,696.31	2,454.70
Local School Tax Payable	A-14	1.00	1.50
Due County for Added & Omitted Taxes		27,249.34	17,438.35
		<u>1,594,382.69</u>	<u>1,434,193.91</u>
Reserve for Receivables		1,374,738.97	1,657,387.80
Fund Balance	A-1	2,454,280.07	2,686,887.95
		<u>5,423,401.73</u>	<u>5,778,469.66</u>
Federal and State Grant Fund			
Encumbrances Payable	A-12	74,655.81	10,589.38
Due Current Fund	A	23,724.04	64,011.97
Reserve for Grants - Appropriated	A-16	1,083,209.29	187,418.86
		<u>1,181,589.14</u>	<u>262,020.21</u>
		<u>\$ 6,604,990.87</u>	<u>\$ 6,040,489.87</u>

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2017	Year 2016
Fund Balance Utilized	A-2	\$ 1,797,247.83	\$ 1,690,967.25
Miscellaneous Revenue Anticipated	A-2	3,138,929.94	3,434,399.67
Receipts from Delinquent Taxes	A-2	423,987.10	519,205.42
Receipts from Current Taxes	A-2	17,656,704.69	17,335,456.83
Non-Budget Revenue	A-2	807,353.88	721,029.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	432,892.78	374,991.78
Encumbrances Payable Canceled	A-12	26,518.25	102,105.33
Interfund Loan Returned		44,212.36	112.07
Total Income		24,327,846.83	24,178,267.52
Expenditures			
Budget Appropriations:			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	973,970.00	993,192.00
Other Expenses	A-3	2,184,600.00	2,157,500.00
Deferred Charges and Statutory Expenditures	A-3	242,883.00	213,156.00
Appropriations Excluded from "CAPS":			
Operations:			
Salaries and Wages	A-3	547,500.00	468,665.00
Other Expenses	A-3	580,247.76	1,111,117.09
Capital Improvements	A-3	489,000.00	310,000.00
Deferred Charges	A-3	103,742.78	70,000.00
County Taxes	A-7	6,974,701.24	6,961,314.43
Due County for Added Taxes	A-7	27,249.34	17,438.35
Local District School Tax	A-7	7,332,035.00	7,218,302.00
Regional High School Tax	A-7	3,308,085.00	3,079,715.00
Prior Year Deductions Disallowed			2,750.00
Tax Appeals Refunded			25,712.57
Interfund Loan Advanced		192.76	140,717.83
Total Expenditures		22,764,206.88	22,769,580.27

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

	Ref.	<u>Year 2017</u>	<u>Year 2016</u>
Excess in Revenue		1,563,639.95	1,408,687.25
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A	1,000.00	
Statutory Excess to Fund Balance		1,564,639.95	1,408,687.25
Fund Balance			
Balance January 1	A	2,686,887.95	2,969,167.95
Decreased by:		4,251,527.90	4,377,855.20
Utilization as Anticipated Revenue	A-1	1,797,247.83	1,690,967.25
Balance December 31	A	<u>\$ 2,454,280.07</u>	<u>\$ 2,686,887.95</u>

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated Budget 2017	Special NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,797,247.83		\$ 1,797,247.83	
Miscellaneous Revenues:					
Fines and Costs:					
Municipal Court	A-10	70,000.00		75,746.79	\$ 5,746.79
Emergency Medical Services Billings	A-10	273,535.00		371,866.44	98,331.44
Energy Receipts Tax	A-10	1,354,938.00		1,354,938.00	
Uniform Construction Code Fees	A-10	100,000.00		147,098.00	47,098.00
Cumberland Salem Regional Court	A-10	175,000.00		196,684.88	21,684.88
Deerfield Township - Uniform Construction Code	A-10	30,000.00		45,725.00	15,725.00
Fairfield Township - Uniform Construction Code	A-10	42,500.00		42,500.00	
Stow Creek Township - Uniform Construction Code	A-10	12,000.00		20,990.00	8,990.00
Millville City - Uniform Construction Code	A-10	125,500.00		206,783.60	81,283.60
Recycling Tonnage Grant	A-6	87,808.11	\$ 23,209.00	111,017.11	
N.J. Transportation Trust Fund Authority Act	A-6		207,000.00	207,000.00	
Clean Communities Program	A-6		16,479.65	16,479.65	
Municipal Alliance on Alcoholism and Drug Abuse	A-6	34,966.00		34,966.00	
Small Cities Grant - Rehabilitation	A-6	175,000.00	110,000.00	285,000.00	
Uniform Fire Safety Act	A-10	21,031.95		22,134.47	1,102.52
Total Miscellaneous Revenues		2,502,279.06	356,688.65	3,138,929.94	279,962.23
Receipts from Delinquent Taxes	A-2	420,000.00		423,987.10	3,987.10
Subtotal General Revenues		4,719,526.89	356,688.65	5,360,164.87	283,949.33
Amount to be Raised by Taxation	A-2	605,000.00		574,906.11	(30,093.89)
Budget Totals		5,324,526.89	356,688.65	5,935,070.98	253,855.44
Non-Budget Revenues	A-2			807,353.88	
		\$ 5,324,526.89	\$ 356,688.65	\$ 6,742,424.86	
Ref.		A-3	A-3		

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

Analysis of Realized Revenue	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-7	17,656,704.69
Allocated to:		
School and County Taxes		17,642,070.58
Balance for Support of Municipal Budget Appropriation		<u>14,634.11</u>
Increased by: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>560,272.00</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 574,906.11</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-7	\$ 404,399.82
Tax Title Liens	A-8	19,587.28
	A-2	<u>\$ 423,987.10</u>
Analysis of Non-Budget Revenue	Ref.	
Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Interest on Investments	A-10	\$ 31,144.70
Interest & Costs on Taxes	A-10	86,238.32
Fees & Permits	A-10	108,232.18
Cable TV Franchise Fees	A-10	45,800.19
Payments in Lieu of Taxes	A-10	400,674.54
Shared Service Construction Code	A-10	47,751.00
Tax Sale Premiums	A-10	9,800.00
Clean-Up Charges	A-10	2,570.46
Miscellaneous	A-10	9,642.49
Sale of Municipal Property	A-9	65,500.00
	A-2	<u>\$ 807,353.88</u>

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS						
General Administration						
Salaries and Wages	\$ 105,000.00	\$ 105,000.00	\$ 102,957.46		\$ 2,042.54	
Other Expenses	21,000.00	21,000.00	17,017.24	\$ 3,732.82	249.94	
Mayor and Township Committee						
Salaries and Wages	59,700.00	59,700.00	59,619.00		81.00	
Other Expenses	16,000.00	16,000.00	10,410.40	418.10	5,171.50	
Municipal Clerk						
Salaries and Wages	37,500.00	37,500.00	36,507.55		992.45	
Other Expenses	34,000.00	34,000.00	15,606.01	1,731.18	16,662.81	
Financial Administration						
Salaries and Wages	93,500.00	93,500.00	90,851.47		2,648.53	
Other Expenses	15,000.00	15,000.00	10,311.42	987.89	3,700.69	
Audit Services						
Other Expenses	20,000.00	20,000.00	3,000.00	17,000.00		
Revenue Administration						
Salaries and Wages	52,500.00	52,500.00	51,340.25		1,159.75	
Other Expenses	12,000.00	12,000.00	10,171.83	1,827.40	0.77	
Tax Assessment						
Other Expenses	56,000.00	56,000.00	40,691.89	925.70	14,382.41	
Legal Services and Costs						
Other Expenses	100,000.00	100,000.00	50,872.41	3,744.22	45,383.37	
Engineering Services and Costs						
Other Expenses	35,000.00	35,000.00	19,557.92		15,442.08	
Economic Development						
Salaries and Wages	500.00	500.00	350.00		150.00	
Other Expenses	35,000.00	35,000.00	16,831.55	56.95	18,111.50	
Historic Commission						
Salaries and Wages	700.00	700.00	700.00			
Other Expenses	13,000.00	13,000.00	11,867.56	173.66	958.78	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries and Wages	8,500.00	8,500.00	8,386.00		114.00	
Other Expenses	70,000.00	70,000.00	49,275.67	17,758.98	2,965.35	
Zoning Officer						
Salaries and Wages	32,000.00	32,000.00	23,011.36		8,988.64	
Other Expenses	6,000.00	6,000.00	957.45	317.19	4,725.36	
CODE ENFORCEMENT & ADMINISTRATION						
Housing Official						
Salaries and Wages	25,000.00	25,000.00	15,145.54		9,854.46	
INSURANCE						
Liability Insurance	52,000.00	52,000.00	47,163.02		4,836.98	
Workers' Compensation	108,000.00	108,000.00	104,448.98		3,551.02	
Employee Group Insurance	392,000.00	392,000.00	338,825.38	31,999.24	21,175.38	
Payments in Lieu of Benefits	30,000.00	30,000.00	26,163.20		3,836.80	
PUBLIC SAFETY FUNCTIONS						
Emergency Management						
Salaries and Wages	3,750.00	3,750.00	3,715.00		35.00	
Other Expenses	5,000.00	5,000.00	1,309.33	3,019.00	671.67	
Aid to Volunteer Fire Companies						
Other Expenses	112,000.00	112,000.00	94,801.08	12,742.89	4,456.03	
Utilities	45,000.00	45,000.00	25,455.71	3,200.00	16,344.29	
Ambulance						
Other Expenses	8,000.00	8,000.00	5,091.15		2,908.85	
Utilities	36,000.00	36,000.00	24,989.58	4,131.52	6,878.90	
First Aid Organization - Contribution	12,500.00	12,500.00	11,646.85		853.15	
Fire Safety Official						
Salaries and Wages	13,500.00	13,500.00	13,069.69		430.31	
Other Expenses	10,000.00	10,000.00	8,632.84	934.77	432.39	
Municipal Prosecutor						
Salaries and Wages	28,000.00	28,000.00	28,000.00			
Other Expenses	1,000.00	1,000.00			1,000.00	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC WORKS FUNCTIONS						
Streets and Roads						
Salaries and Wages	155,000.00	160,000.00	159,439.48		560.52	
Other Expenses	95,000.00	95,000.00	71,731.27	16,248.50	7,020.23	
Utilities	36,000.00	36,000.00	27,270.29	3,016.50	5,713.21	
Snow Removal						
Salaries and Wages	7,500.00	7,500.00	3,664.55		3,835.45	
Other Expenses	60,000.00	60,000.00	12,251.48	20,300.00	27,448.52	
Shade Tree Committee						
Other Expenses	8,000.00	8,000.00			8,000.00	
Solid Waste Convenience Center						
Salaries and Wages	42,500.00	42,500.00	41,841.21		658.79	
Other Expenses	125,000.00	118,500.00	80,493.25	15,682.76	22,323.99	
Utilities	5,000.00	5,000.00	2,015.81	940.58	2,043.61	
Buildings and Grounds						
Salaries and Wages	77,000.00	77,000.00	67,846.21		9,153.79	
Other Expenses	46,500.00	46,500.00	35,106.20	5,726.14	5,667.66	
Utilities	38,000.00	38,000.00	30,445.19	4,583.24	2,971.57	
HEALTH AND HUMAN SERVICES						
Board of Health						
Salaries and Wages	7,100.00	7,100.00	7,006.00		94.00	
Other Expenses	2,000.00	2,000.00	845.69	80.00	1,074.31	
Alliance for Substance Abuse						
Other Expenses	2,000.00	2,000.00	2,000.00			
Environmental Committee						
Salaries and Wages	1,000.00	1,000.00	840.00		160.00	
Other Expenses	3,000.00	3,000.00	667.82	173.07	2,159.11	
Animal Control						
Salaries and Wages	7,750.00	7,750.00	7,714.30		35.70	
Other Expenses	30,000.00	30,000.00	26,591.08	3,364.91	44.01	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PARK AND RECREATION FUNCTIONS						
Community Pride & Relations Committee						
Salaries and Wages	250.00	250.00			250.00	
Other Expenses	2,000.00	2,000.00			2,000.00	
Senior Center						
Salaries and Wages	24,000.00	24,000.00	21,484.02		2,515.98	
Other Expenses	18,000.00	18,000.00	6,458.43	1,453.51	10,088.06	
Utilities	15,000.00	15,000.00	9,397.38	1,737.59	3,865.03	
Maintenance of Parks						
Salaries and Wages	62,000.00	57,000.00	55,763.74		1,236.26	
Other Expenses	48,000.00	48,000.00	31,772.32	7,106.96	9,120.72	
Utilities	5,000.00	5,000.00	2,329.15	610.85	2,060.00	
Bostwick Lake Commission						
Other Expenses	4,500.00	4,500.00	4,500.00			
OTHER OPERATING FUNCTIONS						
Accumulated Leave Compensation	100.00	100.00			100.00	
UTILITY EXPENSES & BULK PURCHASES						
Street Lighting	145,000.00	145,000.00	127,138.27	11,396.51	6,465.22	
SOLID WASTE DISPOSAL COSTS						
Landfill Disposal Costs						
Other Expenses	165,000.00	165,000.00	127,964.60	36,237.15	798.25	
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	30,000.00	32,000.00	30,459.10		1,540.90	
Other Expenses	39,000.00	39,000.00	31,372.39	7,625.97	1.64	
Public Defender						
Other Expenses	14,500.00	14,500.00	13,675.00		825.00	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
UNIFORM CONSTRUCTION CODE						
Construction Code						
Salaries and Wages	81,500.00	81,500.00	71,816.59		9,683.41	
Other Expenses	40,000.00	40,000.00	22,428.82	6,011.86	11,559.32	
Electrical Sub-code						
Salaries and Wages	4,000.00	4,000.00	1,791.66		2,208.34	
Plumbing Sub-code						
Salaries and Wages	11,220.00	11,220.00	11,220.00			
Fire Sub-code						
Salaries and Wages	1,000.00	1,000.00	992.10		7.90	
Total Operations Within "CAPS"	<u>3,163,070.00</u>	<u>3,158,570.00</u>	<u>2,527,085.19</u>	<u>246,997.61</u>	<u>384,487.20</u>	
Detail:						
Salaries and Wages	971,970.00	973,970.00	915,532.28		58,437.72	
Other Expenses	<u>2,191,100.00</u>	<u>2,184,600.00</u>	<u>1,611,552.91</u>	<u>246,997.61</u>	<u>326,049.48</u>	
DEFERRED CHARGES & STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	146,883.00	146,883.00	146,883.00			
Social Security System	76,500.00	78,000.00	73,741.16		4,258.84	
Unemployment Compensation	10,000.00	10,000.00	8,484.44		1,515.56	
Defined Contribution Retirement Program	<u>7,000.00</u>	<u>8,000.00</u>	<u>7,456.81</u>		<u>543.19</u>	
Total Deferred Charges & Statutory Expenditures	<u>240,383.00</u>	<u>242,883.00</u>	<u>236,565.41</u>		<u>6,317.59</u>	
Total Appropriations Within "CAPS"	<u>3,403,453.00</u>	<u>3,401,453.00</u>	<u>2,763,650.60</u>	<u>246,997.61</u>	<u>390,804.79</u>	

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Overexpended
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS EXCLUDED FROM "CAPS"						
SHARED SERVICES AGREEMENTS						
Construction Code						
Salaries and Wages	195,000.00	195,000.00	167,947.89		27,052.11	
Other Expenses	15,000.00	15,000.00	9,380.63		5,619.37	
Cumberland Salem Regional Court						
Salaries and Wages	162,500.00	162,500.00	161,260.50		1,239.50	
Other Expenses	12,500.00	12,500.00	12,336.14		163.86	
Total Shared Service Agreements	<u>385,000.00</u>	<u>385,000.00</u>	<u>350,925.16</u>		<u>34,074.84</u>	
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES						
Ambulance						
Salaries and Wages	190,000.00	190,000.00	185,262.16		4,737.84	
Other Expenses	83,535.00	85,535.00	67,781.98	15,225.04	2,527.98	
Total Additional Appropriations Offset by Revenues	<u>273,535.00</u>	<u>275,535.00</u>	<u>253,044.14</u>	<u>15,225.04</u>	<u>7,265.82</u>	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Matching Funds for Grants	10,000.00					
Clean Communities Program		16,479.65	16,479.65			
Alliance for Substance Abuse Prevention Program	34,966.00	34,966.00	34,966.00			
Recycling Tonnage	87,808.11	111,017.11	111,017.11			
Small Cities Grant - Rehabilitation	183,750.00	303,750.00	304,750.00			\$ 1,000.00
Total Public and Private Programs	<u>316,524.11</u>	<u>466,212.76</u>	<u>467,212.76</u>			<u>1,000.00</u>
Total Operations Excluded from "CAPS"	<u>975,059.11</u>	<u>1,126,747.76</u>	<u>1,071,182.06</u>	<u>15,225.04</u>	<u>41,340.66</u>	<u>1,000.00</u>
Detail:						
Salaries and Wages	547,500.00	547,500.00	514,470.55		33,029.45	
Other Expenses	427,559.11	579,247.76	556,711.51	15,225.04	8,311.21	1,000.00

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Overexpended
CAPITAL IMPROVEMENTS						
Purchase of Emergency & Fire Vehicles	27,000.00	27,000.00	27,000.00			
Improvements to Roads	250,000.00	250,000.00	220,509.09	29,490.91		
Purchase of Land - Open Space/Farmland Preservation	5,000.00	5,000.00	5,000.00			
New Jersey Transportation Trust Fund Authority Act		207,000.00	207,000.00			
Total Capital Improvements	<u>282,000.00</u>	<u>489,000.00</u>	<u>459,509.09</u>	<u>29,490.91</u>		
DEFERRED CHARGES						
Deferred Charges to Future Taxation Unfunded:						
Additions & Renovations to Ambulance Building	70,000.00	70,000.00	70,000.00			
Repair to Love Lane & Other Drainage	15,742.78	15,742.78	15,742.78			
Acquisition of Land	18,000.00	18,000.00	18,000.00			
Total Deferred Charges	<u>103,742.78</u>	<u>103,742.78</u>	<u>103,742.78</u>			
Total Appropriations Excluded from "CAPS"	<u>1,360,801.89</u>	<u>1,719,490.54</u>	<u>1,634,433.93</u>	<u>44,715.95</u>	<u>41,340.66</u>	<u>1,000.00</u>
Total General Appropriations for Municipal Purposes	4,764,254.89	5,120,943.54	4,398,084.53	291,713.56	432,145.45	1,000.00
Reserve for Uncollected Taxes	<u>560,272.00</u>	<u>560,272.00</u>	<u>560,272.00</u>			
Total General Appropriations	<u>\$ 5,324,526.89</u>	<u>\$ 5,681,215.54</u>	<u>\$ 4,958,356.53</u>	<u>\$ 291,713.56</u>	<u>\$ 432,145.45</u>	<u>\$ 1,000.00</u>
Ref.	A-2	A-3		A-12	A	A
Budget	Ref.					
Appropriations by 40A:4-87	A-3	\$ 5,324,526.89				
	A-2	356,688.65				
		<u>\$ 5,681,215.54</u>				
Reserve for Grants	Ref.					
Reserve for Uncollected Taxes	A-16	\$ 674,212.76				
Disbursed	A-2	560,272.00				
	A-4	3,723,871.77				
		<u>\$ 4,958,356.53</u>				

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Animal Control Trust Fund			
Cash	B-1	\$ 26,915.57	\$ 25,550.83
Escrow Trust Fund			
Cash	B-1	196,095.23	207,852.11
Due Current Fund	A	2,696.31	2,454.70
		<u>198,791.54</u>	<u>210,306.81</u>
Tax Sale Premium Fund			
Cash - Collector	B-2	61,121.86	166,532.78
Municipal Alliance Trust Fund			
Cash	B-1	2,843.44	3,645.81
Public Defender Trust Fund			
Cash	B-1	86.42	312.00
Accumulated Absence Trust Fund			
Cash	B-1	80,559.99	85,000.19
Recreation Trust Fund			
Cash	B-1	20,257.98	15,367.51
Storm Recovery Trust Fund			
Cash	B-1	197,007.47	196,999.73
Affordable Housing Trust Fund			
Cash	B-1	84,288.21	52,556.53
Landfill Closure Fund			
Cash	B-1	40,057.47	39,917.52
Uniform Fire Safety Penalty Monies			
Cash	B-1	245.09	2,445.73
Donations Senior Center			
Cash	B-1	1,384.42	1,359.41
Small Cities Revolving Loan Fund			
Cash	B-1	91,892.54	104,052.80

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

ASSETS (CONTINUED)	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
POAA Trust			
Cash	B-1	56.39	44.24
Payroll Agency Fund			
Cash	B-1	15,860.04	14,428.81
		<u>\$ 821,368.43</u>	<u>\$ 918,520.70</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund			
Due Current Fund	A	\$ 2,511.17	\$ 2,508.83
Due State of New Jersey			39.00
Reserve for Dog Fund Expenditures	B-3	24,404.40	23,003.00
		<u>26,915.57</u>	<u>25,550.83</u>
Escrow Trust Fund			
Reserve for Escrow Fees		198,791.54	210,306.81
Tax Sale Premium Fund			
Due Current Fund	A	21.86	50.88
Deposits for Redemption of Tax Sale Certificates			8,181.90
Reserve for Premiums		61,100.00	158,300.00
		<u>61,121.86</u>	<u>166,532.78</u>
Municipal Alliance Trust Fund			
Reserve for Municipal Alliance		2,843.44	3,645.81
Public Defender Trust Fund			
Due Current Fund	A	1.75	2.33
Reserve for Public Defender Fees		84.67	309.67
		<u>86.42</u>	<u>312.00</u>
Accumulated Absence Trust Fund			
Due Current Fund	A	0.24	0.19
Reserve for Accumulated Absences		80,559.75	85,000.00
		<u>80,559.99</u>	<u>85,000.19</u>

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

LIABILITIES AND RESERVES (CONTINUED)	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Recreation Trust Fund			
Due Current Fund	A	6.04	4.57
Reserve for Recreation		20,251.94	15,362.94
		<u>20,257.98</u>	<u>15,367.51</u>
Storm Recovery Trust Fund			
Due Current Fund	A	8.33	0.59
Reserve for Storm Recovery		196,999.14	196,999.14
		<u>197,007.47</u>	<u>196,999.73</u>
Affordable Housing Trust Fund			
Reserve for Affordable Housing		84,288.21	52,556.53
Landfill Closure Fund			
Reserve for Landfill Closure		40,057.47	39,917.52
Uniform Fire Safety Penalty Fund			
Due Current Fund	A	0.07	0.73
Reserve for Uniform Fire Safety		245.02	2,445.00
		<u>245.09</u>	<u>2,445.73</u>
Donations Senior Center			
Due Current Fund	A	0.41	0.40
Reserve for Donations		1,384.01	1,359.01
		<u>1,384.42</u>	<u>1,359.41</u>
Small Cities Revolving Loan Fund			
Reserve for Small Cities		91,892.54	104,052.80
POAA Trust			
Due Current Fund	A	2.39	2.24
Reserve for POAA Fees		54.00	42.00
		<u>56.39</u>	<u>44.24</u>
Payroll Agency Fund			
Due Current Fund	A	7.64	1,500.23
Reserve for Agencies		15,852.40	12,928.58
		<u>15,860.04</u>	<u>14,428.81</u>
		<u><u>\$ 821,368.43</u></u>	<u><u>\$ 918,520.70</u></u>

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance	Balance
		Dec. 31, 2017	Dec. 31, 2016
ASSETS			
Cash	C-2	\$ 525,647.79	\$ 487,218.38
Deferred Charges to Future Taxation Unfunded	C-5	897,250.00	1,306,250.00
		<u>\$ 1,422,897.79</u>	<u>\$ 1,793,468.38</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Encumbrances Payable	C-7	\$ 298,333.57	\$ 87,738.00
Improvement Authorizations:			
Funded	C-6	322,441.35	176,436.94
Unfunded	C-6	96,229.16	560,486.38
Capital Improvement Fund	C-4	203,180.77	203,180.77
Due Current Fund	A	3,781.05	3,753.09
Reserve for Sanitary Landfill Closure		295,980.50	295,980.50
Reserve for Expansion of Facilities for Township Parks		1,667.94	1,667.94
Reserve for Purchase of Land - Farmland Preservation		5,047.35	47.35
Reserve for Improvements to Convenience Center		13,125.00	13,125.00
Reserve for Improvements to Senior Center		10,000.00	10,000.00
Reserve for Improvements to Roads		6,739.98	226,739.98
Reserve for Improvements to Municipal Buildings and Facilities		42,875.00	42,875.00
Reserve for Purchase of Emergency and Fire Vehicles		6,232.00	2,783.31
Reserve for Purchase of Public Works Vehicle		39,940.00	118,080.00
Reserve for Aid to Volunteer Fire Companies		60,000.00	40,000.00
Fund Balance	C-1	17,324.12	10,574.12
		<u>\$ 1,422,897.79</u>	<u>\$ 1,793,468.38</u>

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2016	Ref. C	\$ 10,574.12
Increased by:		
Improvement Authorization Canceled	C-6	<u>6,750.00</u>
Balance December 31, 2017	C	<u><u>\$ 17,324.12</u></u>

WATER & SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Operating Fund			
Cash	D-5	\$ 774,968.71	\$ 752,973.20
Due from Utility Capital Fund	D	141.86	91.84
		<u>775,110.57</u>	<u>753,065.04</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable - Water	D-7	125,291.80	112,159.37
Consumer Accounts Receivable - Sewer	D-7	135,292.10	118,036.29
Connection Fees Receivable	D-8	59,352.72	47,827.75
Fire Suppression Lines Receivable	D-8	5,534.37	5,369.98
Water Liens	D-9	263.11	2,326.91
Sewer Liens	D-9	257.91	2,446.53
		<u>325,992.01</u>	<u>288,166.83</u>
Total Operating Fund		<u>1,101,102.58</u>	<u>1,041,231.87</u>
Capital Fund			
Cash	D-5	1,204,886.05	988,577.52
Fixed Capital	D-10	10,754,743.68	10,704,683.71
Fixed Capital Authorized and Uncompleted	D-11	155,000.00	250,000.00
Total Capital Fund		<u>12,114,629.73</u>	<u>11,943,261.23</u>
		<u>\$ 13,215,732.31</u>	<u>\$ 12,984,493.10</u>

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE BALANCE SHEET - WATER & SEWER UTILITY FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4:D-12	\$ 42,537.21	\$ 91,554.66
Encumbrances Payable	D-13	51,972.07	46,567.45
Water Rent Overpayments		1,094.18	1,279.18
Sewer Rent Overpayments		539.80	904.54
Accrued Interest on Loan		15,069.53	15,465.41
Due Current Fund	A	13.60	
Due Federal and State Grant Fund	A	39,958.10	
		<hr/>	<hr/>
		151,184.49	155,771.24
Reserve for Receivables		325,992.01	288,166.83
Fund Balance	D-1	623,926.08	597,293.80
		<hr/>	<hr/>
Total Operating Fund		1,101,102.58	1,041,231.87
Capital Fund			
Loan Payable	D-17	5,265,322.08	5,396,694.95
Improvement Authorizations:			
Funded	D-14	45,906.17	2,857.63
Unfunded			150,040.03
Encumbrances Payable	D-13	28,250.00	
Capital Improvement Fund	D-15	365,187.60	390,187.60
Due Utility Operating Fund	D	141.86	91.84
Reserve for:			
Water Tower Repairs		44,682.54	44,682.54
Love Lane Tower Improvements		135,012.00	135,012.00
Radionuclide Treatment		532,492.16	382,492.16
Generator and Trailer			30,000.00
Reserve for Amortization		5,489,421.60	5,307,988.76
Deferred Reserve for Amortization	D-16	155,000.00	50,000.00
Fund Balance	D-2	53,213.72	53,213.72
		<hr/>	<hr/>
Total Capital Fund		12,114,629.73	11,943,261.23
		<hr/>	<hr/>
		\$ 13,215,732.31	\$ 12,984,493.10

The accompanying notes to the financial statements are an integral part of this statement.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - WATER & SEWER UTILITY FUND - REGULATORY BASIS

Revenue and Other Income Realized	Ref.	Year 2017	Year 2016
Fund Balance Utilized	D-3	\$ 277,782.97	\$ 241,523.00
Sewer Rents	D-3	810,555.06	811,934.27
Water Rents	D-3	863,915.13	765,306.82
Fire Suppression Line Fees	D-3	57,897.61	56,643.86
Small Cities Facilities Grant	D-3	692,126.00	
Tower Rental	D-3	50,328.00	
Miscellaneous Revenue Not Anticipated	D-3	83,861.02	109,966.25
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	91,554.66	54,705.41
Encumbrances Payable Canceled	D-13	557.89	1,795.79
Total Income		2,928,578.34	2,041,875.40
Expenditures			
Operating	D-4	2,067,026.00	1,303,900.00
Capital Improvements	D-4	200,000.00	180,000.00
Debt Service	D-4	292,254.12	292,268.50
Deferred Charges and Statutory Expenditures	D-4	64,882.97	14,923.00
Total Expenditures		2,624,163.09	1,791,091.50
Statutory Excess to Fund Balance		304,415.25	250,783.90
Fund Balance			
Balance January 1	D	597,293.80	588,032.90
		901,709.05	838,816.80
Decreased by:			
Utilization as Anticipated Revenue	D-1	277,782.97	241,523.00
Balance December 31	D	\$ 623,926.08	\$ 597,293.80

STATEMENT OF FUND BALANCE - WATER & SEWER CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2016	Ref. D	\$ 53,213.72
Balance December 31, 2017	D	<u>\$ 53,213.72</u>

STATEMENT OF REVENUES - WATER & SEWER UTILITY FUND - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-1	\$ 277,782.97	\$ 277,782.97	
Sewer Rents	D-3	800,000.00	810,555.06	\$ 10,555.06
Water Rents	D-3	760,000.00	863,915.13	103,915.13
Fire Suppression Line Fees	D-8	55,000.00	57,897.61	2,897.61
Small Cities Facilities Grant	A-6	692,126.00	692,126.00	
Tower Rental	D-3	40,000.00	50,328.00	10,328.00
Non-Budget Revenue	D-3		83,861.02	83,861.02
		<u>\$ 2,624,908.97</u>	<u>\$ 2,836,465.79</u>	<u>\$ 211,556.82</u>

Ref. D-4

Analysis of Realized Revenue

Rents:

Consumer Accounts Receivable:

	Ref.	Sewer	Water
Collected	D-7	\$ 805,450.39	\$ 859,554.81
Overpayments Applied	D-7	1,279.18	904.54
Utility Liens Receivable	D-9	3,825.49	3,455.78
	D-3	<u>\$ 810,555.06</u>	<u>\$ 863,915.13</u>

Analysis of Non-Budget Revenue

	Ref.	
Interest on Investments	D-5	\$ 10,715.51
Interest on Delinquent Accounts	D-5	6,334.76
Other Fees	D-5	18,983.00
Sewer Connection Fees	D-8	47,827.75
	D-3	<u>\$ 83,861.02</u>

STATEMENT OF EXPENDITURES - WATER & SEWER UTILITY FUND - REGULATORY BASIS

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Canceled
Operating:						
Salaries and Wages	\$ 182,000.00	\$ 182,000.00	\$ 171,460.38		\$ 10,539.62	
Other Expenses	468,687.40	518,687.40	452,834.66	\$ 51,972.07	13,880.67	
Sewerage Treatment Contract - Cumberland County Utility Authority	675,000.00	625,000.00	607,852.76		17,147.24	
Small Cities Facilities Grant	741,338.60	741,338.60	741,338.60			
Capital Improvements:						
Capital Improvement Fund	50,000.00	50,000.00	50,000.00			
Reserve for Radionuclide Treatment	150,000.00	150,000.00	150,000.00			
Debt Service:						
Payment of Bond Principal	131,500.00	131,500.00	131,372.87			\$ 127.13
Interest on Loans	161,500.00	161,500.00	160,881.25			618.75
Deferred Charges & Statutory Expenditures:						
Deferred Charges:						
Deferred Charges to Future Taxation - Unfunded:						
Ord #698 - Various Improvements to Water System	49,959.97	49,959.97	49,959.97			
Statutory Expenditures:						
Contribution to:						
Social Security System (OASI)	13,923.00	13,923.00	13,261.87		661.13	
Unemployment Compensation Insurance	1,000.00	1,000.00	691.45		308.55	
	<u>\$ 2,624,908.97</u>	<u>\$ 2,624,908.97</u>	<u>\$ 2,529,653.81</u>	<u>\$ 51,972.07</u>	<u>\$ 42,537.21</u>	<u>\$ 745.88</u>
Ref.	D-3	D-4		D-13	D	
Interest on Loans & Notes			\$ 160,881.25			
Due Federal and State Grant Fund	A-16		741,338.60			
Disbursed	D-5		1,627,433.96			
			<u>\$ 2,529,653.81</u>			

GENERAL FIXED ASSETS

STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2017	Balance Dec. 31, 2016
General Fixed Assets:		
Land, Buildings, and Improvements	\$ 9,306,893.39	\$ 7,840,293.39
Furniture, Fixtures, and Equipment	5,874,060.50	5,855,545.97
Vehicles	2,329,039.17	2,039,252.17
	<u>\$ 17,509,993.06</u>	<u>\$ 15,735,091.53</u>
Investment in General Fixed Assets	<u>\$ 17,509,993.06</u>	<u>\$ 15,735,091.53</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Upper Deerfield was incorporated in 1922 and is located in Cumberland County, New Jersey.

The Township is governed by an elected five member committee. The members appoint a chairman from amongst themselves to serve for a one year term. The Township is managed daily by the Township Administrator.

The financial statements of the Township of Upper Deerfield included every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Upper Deerfield, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of the taxes. The Township has no component units.

B. Description of Funds and Account Groups

The accounting policies of the Township of Upper Deerfield conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Upper Deerfield accounts for its transactions through the following separate funds and accounts as presented below. This presentation differs from the three fund, two account group presentation as required by GAAP.

Current Fund - Resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

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

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. In addition, the fund is used to track the status of debt authorized for capital projects.

Water and Sewer Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

General Fixed Assets - All fixed assets used in Governmental Fund type operations are accounted for in the general fixed asset account group, rather than in Governmental Funds.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Receipts from federal and state grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. Fund balance utilized to balance the budget is recorded as revenue and budgeted transfers from other funds are also recorded as revenue when anticipated in the budget. This method of revenue recognition differs from accounting principles generally accepted in the United States of America which recognizes revenue in the accounting period in which it is earned net of allowances for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

Property 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. Any taxes that have not been paid by the 11th day of the 11th month in the 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 et seq.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes (Continued) - 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.

The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from those taxes not paid. The minimum amount of the reserve is determined by the percentage of collections experienced in the preceding year, and is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. Under accounting principles generally accepted in the United States of America, a "Reserve for Uncollected Taxes" would not be an appropriation.

Interest on Delinquent Taxes - It is the policy of the Township to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Under accounting principles generally accepted in the United States of America, foreclosed property would be recorded at historical cost and no reserve would be provided.

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. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

Insurance - Cost of insurance for all funds are recorded as expenditures at the time of payment. Under accounting principles generally accepted in the United States of America, insurance costs chargeable to future periods would be recorded as prepayments on the balance sheet.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. Under accounting principles generally accepted in the United States of America, inventory would be recorded as an asset on the balance sheet.

Proprietary Fund - Cash Flows Statement - In accordance with the reporting requirements of the Division of Local Government Services, the utility fund's financial statements do not include a statement of cash flows.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed asset accounting and reporting system.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems are not capitalized.

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Township capitalizes fixed assets with an original cost in excess of \$1,000.00.

No depreciation has been provided for in the financial statements.

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

Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately.

Property and equipment purchased by the Water and Sewer Utility Fund are recorded in the respective capital account at cost and are adjusted for dispositions and abandonment. Contributions in aid of construction are not capitalized. The balances in Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represent charges to operations for the costs of acquisition of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

General Long-Term Debt - General Long-Term Debt is accounted for in the General Capital and Utility Capital Fund. Accounting principles generally accepted in the United States of America require General Long-Term Debt to be accounted for in the General Long-Term Debt Account Group.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory 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.

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

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 Township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Not Yet Effective

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement is effective for periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 83, "Certain Asset Retirement Obligations." This statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). The Statement is effective for period's beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 85, "Omnibus 2017." The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. This Statement is effective for periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement is effective for periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on the financial statements.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement is effective for periods beginning after December 15, 2019. Management does not expect this Statement will have an impact on the financial statements.

NOTE 2: BUDGETARY INFORMATION

The Township must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. This protects the Township from taxes not paid currently. Once approved, the Township may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Township can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87.

The Township amended the Current Fund budget during the year by the insertion of Special Items of Revenue in the amount of \$356,688.65 for various grants as detailed on Exhibit A-2.

NOTE 3: CASH

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 able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The municipality's policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2017 and 2016, the carrying amounts of the Township's deposits were \$7,371,837.43 and \$7,265,916.96, respectively. As of December 31, 2017 and 2016, \$0 of the municipality's bank balance of \$7,645,863.98 and \$7,281,899.87, respectively, was exposed to Custodial Credit Risk.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 4: INVESTMENTS

As of December 31, 2017, the Township held no investments.

Interest Rate Risk - The Township 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, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Township or Bonds or other obligations of the Township school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, 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 Township places no limit on the amount the Township may invest in any one issuer.

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31 were as follows:

	Year	Balance December 31	Budget of Succeeding Year
Current	2017	\$ 2,454,280.07	\$ 1,391,901.35
	2016	2,686,887.95	1,797,247.83
	2015	2,969,167.95	1,690,967.25
	2014	3,066,687.88	1,731,346.00
	2013	3,596,319.51	1,819,014.99
Utility	2017	623,926.08	189,000.00
	2016	597,293.80	277,782.97
	2015	588,032.90	241,523.00
	2014	640,207.92	361,370.00
	2013	576,695.18	320,472.50

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

At December 31, 2017, there was a deferred charge of an Overexpenditure of Appropriations in the amount of 1,000.00 shown on the Current Fund balance sheet. This amount has been raised in the 2018 adopted budget.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Animal Control Trust	\$ 2,511.17	
Uniform Fire Safety Penalty Fund	0.07	
Accumulated Absence Trust Fund	0.24	
Tax Sale Premium Fund	21.86	
Public Defender Trust Fund	0.75	
Storm Recovery Trust Fund	8.33	
Donations - Senior Citizen Center	0.41	
Recreation Trust Fund	6.04	
General Capital Fund	3,781.05	
POAA Trust	2.39	
Payroll Agency Trust	7.64	
Escrow Trust Fund		\$ 2,696.31
Federal & State Grant Fund	24,724.04	
Utility Operating Fund	13.60	
Federal and State Grant Fund		
Current Fund		23,724.04
Utility Operating Fund	39,958.10	
Animal Control Trust Fund		
Current Fund		2,511.17
Escrow Trust Fund		
Current Fund	2,696.31	
Tax Sale Premium Fund		
Current Fund		21.86
Public Defender Trust Fund		
Current Fund		1.75
Accumulated Absence Trust Fund		
Current Fund		0.24
Recreation Trust Fund		
Current Fund		6.04
Storm Recovery Trust Fund		
Current Fund		8.33
Uniform Fire Safety Penalty Fund		
Current Fund		0.07
Donations - Senior Citizen Center		
Current Fund		0.41
POAA Trust		
Current Fund		2.39
Payroll Agency Fund		
Current Fund		7.64
General Capital Fund		
Current Fund		3,781.05

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due From	Due To
Utility Operating Fund		
Utility Capital Fund	141.86	
Current Fund		13.60
Federal and State Grant Fund		39,958.10
Utility Capital Fund		
Utility Operating Fund		141.86
	\$ 72,874.86	\$ 72,874.86

NOTE 8: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017:

	Dec. 31, 2016	Additions	Deletions	Dec. 31, 2017
Land	\$ 222,500.00	\$ 1,466,600.00		\$ 1,689,100.00
Buildings & Improvements	7,617,793.39			7,617,793.39
Furniture, Fixtures & Equipment	5,855,545.97	19,188.51	\$ 673.98	5,874,060.50
Vehicles	2,039,252.17	289,787.00		2,329,039.17
	\$ 15,735,091.53	\$ 1,775,575.51	\$ 673.98	\$ 17,509,993.06

NOTE 9: LONG-TERM DEBT

During the calendar year 2017, the following changes occurred in the municipal debt of the Township:

	Balance Dec. 31, 2016	Issued/ Authorized	Retired/ Reductions	Balance Dec. 31, 2017	Due Within One Year
Issued:					
Utility Fund:					
Loans	\$ 5,396,694.95		\$ 131,372.87	\$ 5,265,322.08	\$ 135,819.53
Net Debt Issued	5,396,694.95		131,372.87	5,265,322.08	135,819.53
Authorized But Not Issued:					
Current Fund:					
Bonds and Notes	1,306,250.00	\$ 154,000.00	563,000.00	897,250.00	
Utility Fund:					
Bonds and Notes	200,000.00		200,000.00		
Total Authorized But Not Issued	1,506,250.00	154,000.00	763,000.00	897,250.00	
Total Debt Issued and Authorized But Not Issued	\$ 6,902,944.95	\$ 154,000.00	\$ 894,372.87	\$ 6,162,572.08	\$ 135,819.53

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 9: LONG-TERM DEBT (CONTINUED)

Permanently funded debt as of December 31, 2017, consisted of the following:

\$2,378,100.00 Farmers Home Administration Loan dated May 10, 1994, payable in semi-annual installments through May 10, 2034. Interest is paid semi-annually at a rate of 4.5% per annum. The balance remaining at December 31, 2017, was \$1,484,177.27.

\$2,299,000.00 United States Department of Agriculture Rural Development Loan dated May 1, 2011, payable in semi-annual installments through May 1, 2051. Interest is paid semi-annually at a rate of 2.75% per annum. The balance remaining at December 31, 2017, was \$2,073,559.55.

\$1,887,000.00 United States Department of Agriculture Rural Development Loan dated May 28, 2012, payable in semi-annual installments through May 28, 2052. Interest is paid semi-annually at a rate of 2% per annum. The balance remaining at December 31, 2017, was \$1,707,575.26.

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

Year Ended December 31,	Interest	Principal	Total
Farmers Home Administration Loan			
2018	\$ 66,090.88	\$ 62,661.12	\$ 128,752.00
2019	63,239.41	65,512.59	128,752.00
2020	60,258.18	68,493.82	128,752.00
2021	57,141.28	71,610.72	128,752.00
2022	53,882.55	74,869.45	128,752.00
2023-2027	215,098.71	428,661.29	643,760.00
2028-2032	108,274.85	535,485.15	643,760.00
2033-2034	7,832.30	176,883.13	184,715.43
	<u>\$ 631,818.16</u>	<u>\$ 1,484,177.27</u>	<u>\$ 2,115,995.43</u>

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 9: LONG-TERM DEBT (CONTINUED)

Year Ended December 31,	Interest	Principal	Total
USDA Loans			
2018	\$ 90,739.59	\$ 73,158.41	\$ 163,898.00
2019	88,977.90	74,920.10	163,898.00
2020	87,172.73	76,725.27	163,898.00
2021	85,322.98	78,575.02	163,898.00
2022	83,427.54	80,470.46	163,898.00
2023-2027	387,024.30	432,465.70	819,490.00
2028-2032	332,083.97	487,406.03	819,490.00
2033-2037	269,977.04	549,512.96	819,490.00
2038-2042	200,269.27	619,743.82	820,013.09
2043-2047	120,303.40	699,186.60	819,490.00
2048-2052	32,413.98	608,980.44	641,394.42
	<u>\$ 1,777,712.70</u>	<u>\$ 3,781,144.81</u>	<u>\$ 5,558,857.51</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 .148%.

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 4,620,967.27	\$ 4,620,967.27	
Utility Debt	5,265,322.08	5,265,322.08	
General Debt	897,250.00		\$ 897,250.00
	<u>\$ 10,783,539.35</u>	<u>\$ 9,886,289.35</u>	<u>\$ 897,250.00</u>

Net Debt \$897,250.00/Equalized Valuation Basis per NJSA 40A:2-2 as amended \$606,322,746.67 = .148%.

Borrowing Power Under NJSA 40:A2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 21,221,296.13
Net Debt	897,250.00
Remaining Borrowing Power	<u>\$ 20,324,046.13</u>

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 9: LONG-TERM DEBT (CONTINUED)

Calculation of “Self-Liquidating Purpose” Water & Sewer Utility Per NJSA 40:2-45

Cash Receipts from Fees, Rents or Other Charges		\$ 2,144,339.79
Deductions:		
Operating and Maintenance Costs	\$ 1,340,610.40	
Debt Service	292,254.12	
		1,632,864.52
Excess in Revenue		\$ 511,475.27

NOTE 10: PENSION FUNDS

Description of Plans - All eligible employees of the Township are covered by the Public Employees' Retirement System, (PERS) a 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 PERS. The report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 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 generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy 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. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township's contributions to PERS for the years ending December 31, 2017, 2016, and 2015, were \$146,883.00, \$117,156.00, and \$117,844.00, respectively, equal to the required contributions for each year.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 10: PENSION FUNDS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Township established a Defined Contribution Retirement Program as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% and employer contributions of 3% of employees annual base salary. The Township's contributions to DCRP for the years ending December 31, 2017, 2016, and 2015, were \$7,456.81, \$5,418.15, and \$3,750.74, respectively, equal to the required contributions for each year.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of that system.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011, (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PERS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 10: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued) - repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program (DCRP).

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006, report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available

NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

New Jersey municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, NJAC 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 & GASB 71 information in the Notes to the Financial Statements. The following disclosures meet the requirements of GASB 68 & GASB 71 for the PERS retirement system.

Public Employee's Retirement System - At December 31, 2017, the Township's proportionate share of net pension liability was \$3,850,865. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Township's allocation percentage was 0.0165426516% compared to 0.0165336967% at June 30, 2016.

For the year ended December 31, 2017, the Township's pension expense would have been \$577,879 if New Jersey municipalities followed GAAP accounting principles. The Township's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions		\$ 297,180
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 31,711	
Changes in Proportion and Differences Between the Township's Contributions and Proportionate Share of Contributions	247,343	
Difference Between Expected and Actual Experience	55,795	
	\$ 334,849	\$ 297,180

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

If GAAP accounting principles were followed, the other amounts reported as deferred outflows of resources and deferred inflows of resources would have been recognized in pension expense as follows:

Year Ended December 31,	Amount
2018	\$ 87,669
2019	127,541
2020	76,000
2021	(136,000)
2022	(117,541)
	\$ 37,669

Additional information – Collective balances at June 30, 2016 and 2017, are as follows:

	June 30, 2016	June 30, 2017
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 5,396,431,901
Collective Deferred Inflows of Resources		4,672,602,040
Collective Net Pension Liability	29,617,131,759	23,278,401,588
Township's Proportion	0.0165336967%	0.0165426516%

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 11: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Contributions - The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The Township's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

The total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 12: ACCUMULATED ABSENCE BENEFITS

Township employees are granted vacation benefits in varying amounts depending on their length of service with the Township. Employees are granted sick leave on the basis of one and one quarter working day for each full month of employment. The Township permits employees to accrue unused sick time. All sick leave terminates as of the date of separation, except for qualified retirement. Upon retirement the employee will be paid for one half of the unused leave at the employee's final rate of pay up to a maximum of \$7,500.00.

The Township allows employees to carry only four vacation days to the following year.

The Township has adopted an ordinance in regards to accumulated absence benefits.

The total value of compensated absences owed to employees as of December 31, 2017, was \$87,837.35. The Township has appropriated \$100.00 in the 2018 budget to fund a reserve for accumulated absences. As of December 31, 2017, the fund has a reserve balance of \$80,559.75.

NOTE 13: POST-RETIREMENT BENEFITS

Plan Description - The Township of Upper Deerfield contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2004 the Township of Upper Deerfield authorized participation in the SHBP's post-retirement benefit program through resolution number 04-103. All employees who were part of a state administered pension system and have at least 25 years of government service are eligible to participate in the program.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: www.state.nj.us/treasury/pensions/hb-employers.shtml.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of Upper Deerfield on a monthly basis.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 13: POST-RETIREMENT BENEFITS (CONTINUED)

The Township of Upper Deerfield’s contributions to SHBP for the years ended December 31, 2017, 2016, and 2015, were \$13,012.56, \$12,389.16, and \$11,796.96, respectively, which equaled the required contributions for the year. There was one retired participant eligible at December 31, 2017, 2016, and 2015.

NOTE 14: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held by an independent administrator, Variable Annuity Life Insurance Company (VALIC).

NOTE 15: LABOR CONTRACTS

As of December 31, 2017, the Township had a total of approximately 66 employees. Of this total, 9 employees are represented by the United Auto Workers Local 2327. The union agreement expired on December 31, 2017.

NOTE 16: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. The following is a comparison of the liability for years ended December 31, 2017 and 2016.

	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>
Prepaid Taxes - Cash Liability	<u>\$ 444,659.19</u>	<u>\$ 223,463.28</u>

NOTE 17: TAX ABATEMENT PROGRAMS

The Township entered into long-term tax abatement agreements (in excess of 5-year term) under the provisions of the New Jersey statutes as described below to promote and stimulate redevelopment and rehabilitation. The statutes were utilized by the Township to attract redevelopers.

NJSA 40A:12A-1 et seq. “The Local Redevelopment and Housing Law” (LRHL), which designates “areas in need of redevelopment” as defined in the statute.

NJSA 40A:20-1 et seq. “Long Term Tax Exemption Law,” which provides for long term tax exemption for the LRHL designated areas.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 17: TAX ABATEMENT PROGRAMS (CONTINUED)

For the fiscal year ended December 31, 2017, an agreement was in effect that granted a 64.75% abatement to a developer for construction and operation of a 100 unit affordable housing project. The abatement amounted to \$80,365. An agreement was also in effect that granted a .60% abatement to a developer for construction and operation of a 90 unit affordable housing project. The abatement amounted to \$731.

The Township entered into tax abatement agreements under the provisions of NJSA 40A:21-1 et seq., "The Five-Year Exemption and Abatement Law" to multiple entities to construct commercial structures, as defined in the statute. For the fiscal year ended December 31, 2017, property taxes abated by the Township under this law totaled \$61,104 which is an average abatement of 34.86%.

NOTE 18: ECONOMIC DEPENDENCY

The Township of Upper Deerfield is not economically dependent on any one business or industry within the Township.

NOTE 19: RISK MANAGEMENT

The Township is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Township maintains commercial insurance coverage for property, liability, and surety bonds. The Township of Upper Deerfield is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2017.

NOTE 20: SHARED SERVICE AGREEMENTS

The Township of Upper Deerfield entered into a shared service agreement with the Township of Deerfield on April 6, 2011, to provide the services of a construction code official, and to provide building sub-code inspection and fire sub-code inspection together with related clerical and administrative services. In May 2015, Upper Deerfield began providing all construction code services including plumbing and electrical which was not included in the initial shared service agreement.

On January 9, 2012, an agreement was made between the Township of Upper Deerfield, the Township of Deerfield, the Township of Greenwich, the Township of Hopewell, the Township of Lawrence, the Township of Pittsgrove, the Borough of Shiloh, and the Township of Stow Creek. The agreement was for the establishment of a joint municipal court to serve all of the municipalities, pursuant to NJSA 2B:12-1, et seq. The court is known as the Cumberland Salem Regional (CSR) Municipal Court which became effective on January 30, 2012. Downe Township was added as a member of the CSR Municipal Court by all of the existing members as of July 1, 2015.

**TOWNSHIP OF UPPER DEERFIELD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 20: SHARED SERVICE AGREEMENTS (CONTINUED)

On March 28, 2014, the Township entered into a shared service agreement with the Township of Fairfield to provide the services of a construction code official and to provide building sub-code inspection, electric sub-code inspection, plumbing sub-code inspection, and fire sub-code inspection, together with related clerical and administrative services.

During the year 2015, the Township entered into shared service agreements with the Borough of Shiloh for housing office services and the City of Millville and the Township of Stow Creek for construction code office services.

Shared service agreements were entered into for construction code office services with the Borough of Shiloh in 2016 and with the Townships of Greenwich and Hopewell in 2017.

NOTE 21: LITIGATION

It is the Township of Upper Deerfield Counsel's opinion that there exists no litigation or contingent liability that may be pending against the Township of Upper Deerfield that would have an adverse effect on the financial position in the future.

NOTE 22: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2017 and May 21, 2018, the date that the financial statements were issued, and no additional items have come to their attention that would require disclosure.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS
(GASB 68 & GASB 71)**

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
Last Four Fiscal Years

	Year Ended			
	12/31/17	12/31/16	12/31/15	12/31/14
Township's Proportion of the Net Pension Liability (Asset)	0.0154265160%	0.0165336967%	0.0136270404%	0.0142947673%
Township's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,850,865	\$ 4,896,807	\$ 3,058,997	\$ 2,676,371
Township's Covered-Employee Payroll	1,127,410	1,061,270	1,009,117	975,631
Township's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	341.57%	461.41%	303.14%	274.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.92%	52.08%
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SCHEDULE OF TOWNSHIP CONTRIBUTIONS - PERS
 Last Four Fiscal Years

	Year Ended			
	12/31/17	12/31/16	12/31/15	12/31/14
Contractually Required Contribution	\$ 146,883	\$ 117,156	\$ 117,844	\$ 106,302
Contributions in Relation to the Contractually Required Contribution	146,883	117,156	117,844	106,302
Contribution Deficiency (Excess)	None	None	None	None
Township's Covered-Employee Payroll	\$ 1,127,410	\$ 1,061,270	\$ 1,009,117	\$ 975,631
Contributions as a Percentage of Covered-Employee Payroll	13.03%	11.04%	11.68%	10.90%
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTARY DATA

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Deanna L. Roller, CPA, RMA

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

Independent Auditor's Report

Honorable Chairman and Members
of the Township Committee
Township of Upper Deerfield
1325 Highway 77
Seabrook, New Jersey 08302

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 and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Township of Upper Deerfield, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township of Upper Deerfield's basic financial statements, and have issued our report thereon dated May 21, 2018, which contained an adverse opinion on those financial statements 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 Township of Upper Deerfield'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 Township of Upper Deerfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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*.

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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

May 21, 2018

CURRENT FUND

SCHEDULE OF CASH

Balance December 31, 2016	Ref. A		\$ 4,120,561.86
Increased by Receipts:			
Grants Receivable	A-6	\$ 466,977.93	
Taxes Receivable	A-7	17,441,381.25	
Homestead Rebate	A-7	288,053.03	
Tax Title Liens	A-8	19,587.28	
Tax Overpayments		19,114.30	
Prepaid Taxes		444,659.19	
Sale of Municipal Property	A-9	65,500.00	
Revenue Accounts Receivable	A-10	3,226,321.06	
Due State of New Jersey - Senior Citizen and Veterans Deductions	A-13	100,350.64	
Due State - Fees		52,624.00	
Due Fairfield Township - UCC Fees		78,895.00	
Due from General Capital Fund		95.22	
Due from Escrow Fund		62.45	
Due from Tax Sale Fund		50.88	
Due from Public Defender Trust		2.33	
Due from Accumulated Absence Trust		0.19	
Due from Recreation Trust		4.57	
Due from Uniform Fire Safety Penalty Monies		0.73	
Due from Storm Recovery Trust		0.59	
Due from Donations Senior Center		0.40	
Due from Animal Control Trust		7.53	
Due from Payroll Agency		7.49	
			22,203,696.06
			26,324,257.92
Decreased by Disbursements:			
2017 Budget Appropriations	A-3	3,723,871.77	
2016 Appropriation Reserves	A-11	8,094.19	
Encumbrances Payable	A-12	318,951.39	
Reserve for Grants - Appropriated	A-16	435,850.62	
Tax Overpayments Refunded		16,243.80	
County Taxes		6,974,701.24	
Due County for Added and Omitted Taxes		17,438.35	
Local District School Tax	A-14	7,332,035.50	
Regional High School Tax	A-15	3,304,330.50	
Due Utility Operating Fund	D-5	13.60	
Due Millville City - UCC Fees		19,014.20	
Due Fairfield Township - UCC Fees		72,575.00	
Due State - Fees		53,995.00	
			22,277,115.16
Balance December 31, 2017	A		\$ 4,047,142.76

SCHEDULE OF CHANGE FUND

	Balance Dec. 31, 2016	Balance Dec. 31, 2017
Change Fund	\$ 520.00	\$ 520.00
Ref.	A	A

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2016	2017 Budget Revenue Realized	Received	Balance Dec. 31, 2017
Federal:				
Small Cities Facilities		\$ 175,000.00	\$ 100,140.00	\$ 74,860.00
Small Cities Facilities - Utility Fund		692,126.00		692,126.00
Small Cities Rehabilitation	\$ 25,975.20	110,000.00	25,975.20	110,000.00
State:				
NJ Transportation Trust Fund Authority Act	42,500.00		42,500.00	
Alliance for Substance Abuse Prevention Program	12,545.01	34,966.00	35,115.97	12,395.04
Clean Communities Program		16,479.65	16,479.65	
Recycling Tonnage Grant		111,017.11	111,017.11	
2016 Municipal Aid - Sunset Lake Property	181,000.00		135,750.00	45,250.00
2017 Municipal Aid		207,000.00		207,000.00
	\$ 262,020.21	\$ 1,346,588.76	\$ 466,977.93	\$ 1,141,631.04
Ref.	A	A-2:D-3	A-4	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Canceled	Transferred to Tax Title\ Liens	Balance
	Dec. 31, 2016			2016	2017				Dec. 31, 2017
2014	\$ 2,595.42				\$ 944.91				\$ 1,650.51
2015	3.03		\$ 1,451.75		1,451.75		\$ 3.03		
2016	417,229.26		3,727.10		402,003.16		2,260.95	\$ 12,770.48	3,921.77
	419,827.71		5,178.85		404,399.82		2,263.98	12,770.48	5,572.28
2017		\$ 18,301,377.57		\$ 223,463.28	17,426,034.46	\$ 7,206.95	51,101.67	49,052.41	544,518.80
	\$ 419,827.71	\$ 18,301,377.57	\$ 5,178.85	\$ 223,463.28	\$ 17,830,434.28	\$ 7,206.95	\$ 53,365.65	\$ 61,822.89	\$ 550,091.08
Ref.	A			A			A-8		A
				Ref.					
		Cash		A-4	\$ 17,441,381.25				
		Homestead Rebate		A-4	288,053.03				
		Due State of New Jersey		A-13	101,000.00				
					\$ 17,830,434.28				

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax:			
Business Personalty Tax		\$ 46,465.66	
General Property Tax		18,189,474.09	
		<hr/>	
			\$ 18,235,939.75
Added Taxes (54:4-63.1 et seq.)			65,437.82
			<hr/>
			<u>\$ 18,301,377.57</u>

Tax Levied

	Ref.		
Local District School Tax (Abstract)	A-14		\$ 7,332,035.00
Regional High School Tax (Abstract)	A-15		3,308,085.00
County Taxes:			
County Tax (Abstract)		\$ 6,598,572.33	
Local Health Services Tax (Abstract)		315,237.15	
County Open Space Preservation			
Trust Fund Tax (Abstract)		60,891.76	
Due County for Added & Omitted Taxes		27,249.34	
		<hr/>	
Total County Taxes			7,001,950.58
Local Tax for Municipal Purposes	A-2	605,000.00	
Add: Additional Taxes Levied		54,306.99	
		<hr/>	
			659,306.99
			<hr/>
			<u>\$ 18,301,377.57</u>

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.		
Balance December 31, 2016	A		\$ 126,152.30
Increased by:			
Transfers from Taxes Receivable	A-7	\$ 61,822.89	
Interest and Costs Accrued by Sale of June 30, 2017		<u>3,264.11</u>	
			<u>65,087.00</u>
			191,239.30
Decreased by:			
Collected	A-4		<u>19,587.28</u>
Balance December 31, 2017	A		<u><u>\$ 171,652.02</u></u>

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.		
Balance December 31, 2016	A		\$ 956,700.00
Decreased by:			
Cash	A-4	\$ 65,500.00	
Add: Adjustment to Assessed Valuation		<u>347,200.00</u>	
			<u>412,700.00</u>
Balance December 31, 2017	A		<u><u>\$ 544,000.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2016	Accrued	Collected	Balance Dec. 31, 2017
Miscellaneous Revenue Anticipated				
Fines and Costs:				
Municipal Court	\$ 3,814.52	\$ 77,540.71	\$ 75,746.79	\$ 5,608.44
Emergency Medical Services Billings		371,866.44	371,866.44	
Energy Receipts Tax		1,354,938.00	1,354,938.00	
Uniform Construction Code Fees		147,098.00	147,098.00	
Cumberland Salem Regional Court		196,684.88	196,684.88	
Deerfield Township - Uniform Construction Code		45,725.00	45,725.00	
Fairfield Township - Uniform Construction Code		42,500.00	42,500.00	
Stow Creek Township - Uniform Construction Code		20,990.00	20,990.00	
Millville City - Uniform Construction Code		206,783.60	206,783.60	
Uniform Fire Safety Act		22,134.47	22,134.47	
Miscellaneous Revenue Not Anticipated				
Interest on Investments	12.42	31,132.28	31,144.70	
Interest & Costs on Taxes		86,238.32	86,238.32	
Fees & Permits		108,232.18	108,232.18	
Cable TV Franchise Fees		45,800.19	45,800.19	
Payments in Lieu of Taxes		400,674.54	400,674.54	
Shared Service Construction Code		47,751.00	47,751.00	
Tax Sale Premiums		9,800.00	9,800.00	
Clean-Up Charges		2,570.46	2,570.46	
Miscellaneous		9,642.49	9,642.49	
	<u>\$ 3,826.94</u>	<u>\$ 3,228,102.56</u>	<u>\$ 3,226,321.06</u>	<u>\$ 5,608.44</u>
Ref.	A		A-4	A

SCHEDULE OF 2016 APPROPRIATION RESERVES

	Balance Dec. 31, 2016	Paid or Charged	Balance Lapsed
Other Expenses			
Legal Services and Costs	\$ 29,593.53	\$ 7,013.65	\$ 22,579.88
Engineering Services and Costs	5,377.92	575.00	4,802.92
Street Lighting	9,747.54	149.14	9,598.40
Construction Code	12,293.35	356.40	11,936.95
Other Accounts - No Change	383,974.63		383,974.63
	<u>\$ 440,986.97</u>	<u>\$ 8,094.19</u>	<u>\$ 432,892.78</u>
Ref.	A	A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Regular Fund	Federal & State Grant Fund
Balance December 31, 2016	A	<u>\$ 334,880.26</u>	<u>\$ 10,589.38</u>
Increased by:			
Charges to Appropriations	A-3	291,713.56	
Charges to Reserve for Grants	A-16		74,655.81
		<u>626,593.82</u>	<u>85,245.19</u>
Decreased by:			
Payments	A-4	308,362.01	10,589.38
Canceled	A-1	26,518.25	
		<u>334,880.26</u>	<u>10,589.38</u>
Balance December 31, 2017	A	<u><u>\$ 291,713.56</u></u>	<u><u>\$ 74,655.81</u></u>

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZEN AND VETERANS DEDUCTIONS

Balance December 31, 2016	Ref. A	\$ 34,257.02
Increased by:		
Receipts	A-4	100,350.64
		<u>134,607.66</u>
Decreased by:		
2017 Deductions Per Tax Duplicate		\$ 100,750.00
2017 Deductions Allowed by Collector		1,750.00
2017 Deductions Disallowed by Collector		<u>(1,500.00)</u>
	A-7	<u>101,000.00</u>
Balance December 31, 2017	A	<u><u>\$ 33,607.66</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2016	Ref. A	\$ 1.50
Increased by:		
2017 Calendar Year School Levy	A-7	7,332,035.00
		<u>7,332,036.50</u>
Decreased by:		
Payments	A-4	<u>7,332,035.50</u>
Balance December 31, 2017	A	<u><u>\$ 1.00</u></u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

	Ref.	
Balance December 31, 2016	A	\$ (76,523.34)
Increased by:		
2017 Calendar Year School Levy	A-7	3,308,085.00
		<u>3,231,561.66</u>
Decreased by:		
Payments	A-4	3,304,330.50
Balance December 31, 2017	A	<u><u>\$ (72,768.84)</u></u>

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2016	Transferred from 2017 Budget Appropriation	Paid or Charged	Balance Dec. 31, 2017
Federal Grants:				
Small Cities Facilities		\$ 183,750.00	\$ 175,158.50	\$ 8,591.50
Small Cities Facilities - Utilities		741,338.60	22,879.50	718,459.10
Small Cities Rehabilitation	\$ 4,829.72	121,000.00	4,829.72	121,000.00
State Grants:				
Alliance for Substance Abuse Prevention Program		34,966.00	34,966.00	
Clean Communities Program		16,479.65	13,352.21	3,127.44
Recycling Tonnage Grant	98.14	111,017.11	87,575.00	23,540.25
Alcohol Education and Rehabilitation	1,491.00			1,491.00
2016 Municipal Aid - Sunset Lake Property	181,000.00		181,000.00	
2017 Municipal Aid		207,000.00		207,000.00
	<u>\$ 187,418.86</u>	<u>\$ 1,415,551.36</u>	<u>\$ 519,760.93</u>	<u>\$ 1,083,209.29</u>
Ref.	A	A-3:D-4		A
		Ref.		
	Paid	A-4:D-5	\$ 445,105.12	
	Encumbered	A-12	74,655.81	
			<u>\$ 519,760.93</u>	

TRUST FUND

SCHEDULE OF TRUST FUND CASH

	Animal Control Trust Fund	Escrow Trust Fund	Municipal Alliance Trust Fund	Public Defender Trust Fund	Accumulated Absence Trust Fund	Recreation Trust Fund	Storm Recovery Trust	Affordable Housing Trust	Landfill Closure Fund	Uniform Fire Safety Penalty	Donations Senior Center	Revolving Loan Fund	POAA Trust	Payroll Agency Fund
Balance December 31, 2016	\$ 25,550.83	\$ 207,852.11	\$ 3,645.81	\$ 312.00	\$ 85,000.19	\$ 15,367.51	\$ 196,999.73	\$ 52,556.53	\$ 39,917.52	\$ 2,445.73	\$ 1,359.41	\$104,052.80	\$ 44.24	\$ 14,428.81
Increased by Receipts:														
Dog License Fees:														
Municipal Share	8,259.00													
State Share	1,539.00													
Interest Earned	112.80	752.12	11.48	13.14	28.70	68.20	43.93	209.18	139.95	7.35	4.81	339.74	0.15	126.09
Escrow Deposits		42,760.75												
Program Income			3,590.00											
Public Defender Fees				6,275.00										
Accumulated Absence Funds					7,500.00									
Recreation Fees						17,533.00								
Affordable Housing Fees								44,522.50						
Penalty Fees										250.00				
Donations											25.00			
POAA Fees													12.00	
Payroll Agencies														2,889,753.46
	9,910.80	43,512.87	3,601.48	6,288.14	7,528.70	17,601.20	43.93	44,731.68	139.95	257.35	29.81	339.74	12.15	2,889,879.55
	35,461.63	251,364.98	7,247.29	6,600.14	92,528.89	32,968.71	197,043.66	97,288.21	40,057.47	2,703.08	1,389.22	104,392.54	56.39	2,904,308.36
Decreased by Disbursements:														
Paid to State of New Jersey	1,578.00													
Dog Fund Expenditures	6,857.60													
Transfer to Current Fund	110.46	753.45		13.72	28.65	66.73	36.19			8.01	4.80			120.84
Escrow Charges		54,516.30												
Municipal Alliance Expenses			4,403.85											
Public Defender Expenses				6,500.00										
Accumulated Absence Expenses					11,940.25									
Recreation Expenses						12,644.00								
Affordable Housing Expenses								13,000.00						
Fire Safety Expenses										2,449.98				
Small Cities Expenditures												12,500.00		
Payroll Agencies														2,888,327.48
	8,546.06	55,269.75	4,403.85	6,513.72	11,968.90	12,710.73	36.19	13,000.00		2,457.99	4.80	12,500.00		2,888,448.32
Balance December 31, 2017	\$ 26,915.57	\$ 196,095.23	\$ 2,843.44	\$ 86.42	\$ 80,559.99	\$ 20,257.98	\$ 197,007.47	\$ 84,288.21	\$ 40,057.47	\$ 245.09	\$ 1,384.42	\$ 91,892.54	\$ 56.39	\$ 15,860.04

SCHEDULE OF TRUST FUND CASH - COLLECTOR

Balance December 31, 2016	Ref. B		\$ 166,532.78
Increased by:			
Deposits for Redemption of Tax Sale Certificates		\$ 284,795.58	
Tax Sale Premiums		9,700.00	
Interest Earned		462.19	
		<hr/>	294,957.77
			<hr/>
			461,490.55
Decreased by:			
Refunds Upon Redemption		399,877.18	
Due Current Fund		491.51	
		<hr/>	400,368.69
Balance December 31, 2017	B		<u><u>\$ 61,121.86</u></u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2016	Ref. B	\$ 23,003.00
Increased by:		
Municipal Share of Dog License Fees	B-1	8,259.00
		<u>31,262.00</u>
Decreased by:		
Expenditures	B-1	6,857.60
Balance December 31, 2017	B	<u>\$ 24,404.40</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ 13,916.80
2016	10,844.80
	<u>\$ 24,761.60</u>

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND CASH

Balance December 31, 2016	Ref. C		\$ 487,218.38
Increased by:			
Interest Earned		\$ 1,571.19	
Budget Appropriation:			
Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	C-5	15,742.78	
Additions and Renovations to the Ambulance Building	C-5	70,000.00	
Acquisition of Land	C-5	18,000.00	
Purchase of Land - Farmland Preservation		5,000.00	
Purchase of Emergency and Fire Vehicles		3,448.69	
Aid to Volunteer Fire Companies		20,000.00	
Recycling Tonnage Grant	C-6	87,500.00	
			<u>221,262.66</u>
			708,481.04
Decreased by:			
Improvement Authorizations	C-6	105,305.02	
Encumbrances Payable	C-7	75,985.00	
Due Current Fund		1,543.23	
			<u>182,833.25</u>
Balance December 31, 2017	C		<u>\$ 525,647.79</u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance	Receipts		Disbursements		Balance
	Dec. 31, 2016	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers	Dec. 31, 2017
Capital Improvement Fund	\$ 203,180.77					\$ 203,180.77
Fund Balance	10,574.12				\$ 6,750.00	17,324.12
Reserve for Sanitary Landfill Closure	295,980.50					295,980.50
Reserve for Expansion of Facilities for Township Parks	1,667.94					1,667.94
Reserve for Purchase of Land - Farmland Preservation	47.35	\$ 5,000.00				5,047.35
Reserve for Improvements to Convenience Center	13,125.00					13,125.00
Reserve for Construction of a Senior Center	10,000.00					10,000.00
Reserve for Improvements to Roads	226,739.98				(220,000.00)	6,739.98
Reserve for Purchase of Emergency and Fire Vehicles	2,783.31	3,448.69				6,232.00
Reserve for Purchase of Public Works Vehicle	118,080.00				(78,140.00)	39,940.00
Reserve for Improvements to Municipal Buildings and Facilities	42,875.00					42,875.00
Reserve for Aid to Volunteer Fire Companies	40,000.00	20,000.00				60,000.00
Encumbrances Payable	87,738.00			\$ 75,985.00	286,580.57	298,333.57
Due Current Fund	3,753.09	1,571.19		1,543.23		3,781.05
Improvement Authorizations:						
Ordinance						
Number						
684 Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	(15,742.78)	15,742.78				
706 Additions and Renovations to the Ambulance Building	(559,020.84)	70,000.00	\$ 5,000.00			(494,020.84)
711 Sanitary Landfill Closure	99,142.50		5,650.02			93,492.48
722 Improvements to Municipal Building and Facilities	47,018.39				(16,200.00)	30,818.39
734 Improvements to Roads	23,526.05				11,753.00	35,279.05
739 Acquisition of Lands	(171,000.00)	18,000.00				(153,000.00)
742 Purchase of Land	6,750.00				(6,750.00)	
750 Purchase of Public Works Vehicles			60,155.00		60,155.00	
752 Improvements to Roads			34,500.00		197,351.43	162,851.43
760 Purchase of Public Works Vehicle		87,500.00			(241,500.00)	(154,000.00)
	<u>\$ 487,218.38</u>	<u>\$ 221,262.66</u>	<u>\$ 105,305.02</u>	<u>\$ 77,528.23</u>		<u>\$ 525,647.79</u>
Ref.	C	C-2	C-6	C-2		C

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2016	C	<u>\$ 203,180.77</u>
Balance December 31, 2017	C	<u><u>\$ 203,180.77</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Purpose	Ordinance Number	Balance Dec. 31, 2016	2017 Authorizations	Funded by Budget Appropriation	Authorization Canceled	Balance Dec. 31, 2017	Analysis of Balance Dec. 31, 2017	
							Expenditures	Unexpended Improvement Authorizations
Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	684	\$ 475,000.00		\$ 15,742.78	\$ 459,257.22			
Additions and Renovations to the Ambulance Building	706	660,250.00		70,000.00		\$ 590,250.00	\$ 494,020.84	\$ 96,229.16
Acquisition of Lands	739	171,000.00		18,000.00		153,000.00	153,000.00	
Purchase of Public Works Vehicle	760		\$ 154,000.00			154,000.00	154,000.00	
		<u>\$ 1,306,250.00</u>	<u>\$ 154,000.00</u>	<u>\$ 103,742.78</u>	<u>\$ 459,257.22</u>	<u>\$ 897,250.00</u>	<u>\$ 801,020.84</u>	<u>\$ 96,229.16</u>
Ref.		C	C-6	C-2	C-6	C	C-3	C-6

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Purpose	Ordinance		Balance Dec. 31, 2016		2017 Authorizations	Paid or Charged	Encumbrance Canceled	Authorization Canceled	Balance Dec. 31, 2017	
	Number	Amount	Funded	Unfunded					Funded	Unfunded
Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	684	\$ 500,000.00		\$ 459,257.22				\$ 459,257.22		
Additions and Renovations to the Ambulance Building	706	795,000.00		101,229.16		\$ 5,000.00				\$ 96,229.16
Sanitary Landfill Closure	711	125,000.00	\$ 99,142.50			5,650.02			\$ 93,492.48	
Improvements to Municipal Building and Facilities	722	85,000.00	47,018.39			16,200.00			30,818.39	
Improvements to Roads	734	100,000.00	23,526.05				\$ 11,753.00		35,279.05	
Purchase of Land	742	1,008,300.00	6,750.00					6,750.00		
Purchase of Public Works Vehicles	750	60,155.00			\$ 60,155.00	60,155.00				
Improvements to Roads	752	220,000.00			220,000.00	57,148.57			162,851.43	
Purchase of Public Works Vehicle	760	241,500.00			241,500.00	241,500.00				
Purchase of Public Works Vehicles	761	17,985.00			17,985.00	17,985.00				
			<u>\$ 176,436.94</u>	<u>\$ 560,486.38</u>	<u>\$ 539,640.00</u>	<u>\$ 403,638.59</u>	<u>\$ 11,753.00</u>	<u>\$ 466,007.22</u>	<u>\$ 322,441.35</u>	<u>\$ 96,229.16</u>
	Ref.		C	C			C-7	C-1:C-5	C	C
Reserves				Ref.	\$ 298,140.00					
Recycling Tonnage Grant				C-2	87,500.00					
Deferred Charges to Future Taxation - Unfunded				C-5	154,000.00					
					<u>\$ 539,640.00</u>					
						Ref.				
						C-2	\$ 105,305.02			
						C-7	298,333.57			
							<u>\$ 403,638.59</u>			
						Paid Encumbered				

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2016	Ref. C		\$ 87,738.00
Increased by:			
Improvement Authorizations	C-6		<u>298,333.57</u>
			386,071.57
Decreased by:			
Disbursed	C-2	\$ 75,985.00	
Canceled	C-6	<u>11,753.00</u>	
			87,738.00
Balance December 31, 2017	C		<u><u>\$ 298,333.57</u></u>

SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2016	2017 Authorization	Funded by Budget Appropriation	Authorization Canceled	Balance Dec. 31, 2017
684	Emergency Repair of Love Lane & Other Drainage Infrastructure Damaged by Storms	\$ 475,000.00		\$ 15,742.78	\$ 459,257.22	
706	Additions and Renovations to the Ambulance Building	660,250.00		70,000.00		\$ 590,250.00
730	Acquisition of Lands	171,000.00		18,000.00		153,000.00
760	Purchase of Public Works Vehicle		\$ 154,000.00			154,000.00
		<u>\$ 1,306,250.00</u>	<u>\$ 154,000.00</u>	<u>\$ 103,742.78</u>	<u>\$ 459,257.22</u>	<u>\$ 897,250.00</u>
	Ref.		C-5	C-5	C-5	

WATER & SEWER UTILITY FUND

SCHEDULE OF WATER & SEWER UTILITY FUND CASH

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2016	D	<u>\$ 752,973.20</u>	<u>\$ 988,577.52</u>
Increased by:			
Consumer Accounts Receivable:			
Water	D-7	805,450.39	
Sewer	D-7	859,554.81	
Utility Liens Receivable:			
Water	D-9	3,825.49	
Sewer	D-9	3,455.78	
Rent Overpayments		1,633.98	
Connection Fees Receivable	D-3:D-8	47,827.75	
Fire Suppression Line Fees	D-3:D-8	57,897.61	
Interest on Investments	D-3	8,974.36	1,741.15
Interest on Delinquent Accounts	D-3	6,334.76	
Tower Rental	D-3	50,328.00	
Other Fees	D-3	18,983.00	
Reserve for Radionuclide Treatment			150,000.00
Budget Appropriation:			
Capital Improvement Fund	D-15		50,000.00
Deferred Charge	D-18		49,959.97
Due from Utility Capital Fund	D-5	1,691.13	
Due to Current Fund	A-6	13.60	
		<u>1,865,970.66</u>	<u>251,701.12</u>
		<u>2,618,943.86</u>	<u>1,240,278.64</u>
Decreased by:			
Appropriations	D-4	1,627,433.96	
Encumbrances Payable	D-13	46,009.56	
Improvements Authorizations	D-14		33,701.46
Due Utility Operating Fund	D-5		1,691.13
Interest on Loans and Notes		161,277.13	
Grant Appropriated	A-16	9,254.50	
		<u>1,843,975.15</u>	<u>35,392.59</u>
Balance December 31, 2017	D	<u><u>\$ 774,968.71</u></u>	<u><u>\$ 1,204,886.05</u></u>

ANALYSIS OF WATER & SEWER UTILITY FUND - CAPITAL FUND CASH

	Balance Dec. 31, 2016	Receipts Miscellaneous	Disbursements		Transfers		Balance Dec. 31, 2017
			Improvement Authorizations	Miscellaneous	From	To	
Capital Improvement Fund	\$ 390,187.60	\$ 50,000.00			\$ 75,000.00		\$ 365,187.60
Fund Balance	53,213.72						53,213.72
Due Utility Operating Fund	91.84	1,741.15		\$ 1,691.13			141.86
Reserve for Water Tower Repairs	44,682.54						44,682.54
Reserve for Love Lane Tower Improvements	135,012.00						135,012.00
Reserve for Radionuclide Treatment	382,492.16	150,000.00					532,492.16
Reserve for Generator and Trailer	30,000.00				30,000.00		
Encumbrances Payable						\$ 28,250.00	28,250.00
Improvement Authorizations:							
Ordinance							
Number							
698 Various Improvements to the Water System	(49,959.97)	49,959.97					
731 Improvements to Sewer Mains	2,857.63						2,857.63
762 Various Improvements to the Water System			\$ 33,701.46			75,000.00	41,298.54
766 Purchase of Trailer Mounted Portable Generator System					28,250.00	30,000.00	1,750.00
	<u>\$ 988,577.52</u>	<u>\$ 251,701.12</u>	<u>\$ 33,701.46</u>	<u>\$ 1,691.13</u>	<u>\$ 133,250.00</u>	<u>\$ 133,250.00</u>	<u>\$ 1,204,886.05</u>
Ref.	D	D-5	D-14	D-5			D

EXHIBIT D-7

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Ref.	Water	Sewer
Balance December 31, 2016	D	\$ 112,159.37	\$ 118,036.29
Increased by:			
Utility Rents Levied		829,871.50	879,638.50
		<u>942,030.87</u>	<u>997,674.79</u>
Decreased by:			
Collections	D-5	805,450.39	859,554.81
Overpayments Applied		1,279.18	904.54
Canceled		7,675.50	
Transfer to Utility Liens	D-9	2,334.00	1,923.34
		<u>816,739.07</u>	<u>862,382.69</u>
Balance December 31, 2017	D	<u>\$ 125,291.80</u>	<u>\$ 135,292.10</u>

EXHIBIT D-8

SCHEDULE OF OTHER FEES RECEIVABLE

	Ref.	Sewer Connection Fees	Fire Suppression Line Fees
Balance December 31, 2016	D	\$ 47,827.75	\$ 5,369.98
Increased by:			
Billings		59,352.72	58,062.00
		<u>107,180.47</u>	<u>63,431.98</u>
Decreased by:			
Collections	D-5	47,827.75	57,897.61
Balance December 31, 2017	D	<u>\$ 59,352.72</u>	<u>\$ 5,534.37</u>

SCHEDULE OF UTILITY LIENS RECEIVABLE

	Ref.	Water	Sewer
Balance December 31, 2016	D	<u>\$ 2,326.91</u>	<u>\$ 2,446.53</u>
Increased by:			
Transfer from Consumer Accounts Receivable	D-7	2,334.00	1,923.34
Interest and Costs Accrued by Sale of June 30, 2017		14.61	14.57
		<u>4,675.52</u>	<u>4,384.44</u>
Decreased by:			
Collections	D-5	3,825.49	3,455.78
Canceled		586.92	670.75
		<u>4,412.41</u>	<u>4,126.53</u>
Balance December 31, 2017	D	<u><u>\$ 263.11</u></u>	<u><u>\$ 257.91</u></u>

SCHEDULE OF FIXED CAPITAL

Purpose	Balance Dec. 31, 2016	Additions Transferred by Ordinance	Balance Dec. 31, 2017
Various Sewer and Water System Capital Improvements	\$ 3,490,000.00	\$ 49,959.97	\$ 3,539,959.97
Expenses Associated with Conveyance of Land and Easements	30,000.00		30,000.00
Various Water System Capital Improvements	405,000.00		405,000.00
Purchase of Seabrook Water Company	141,500.00		141,500.00
Seabrook Water Treatment Plant	3,299,000.00		3,299,000.00
Radionuclide Treatment Project	367,507.84		367,507.84
Construction of a Radionuclide Treatment Plant & Related Improvements to the Water System	2,971,675.87		2,971,675.87
	\$ 10,704,683.71	\$ 49,959.97	\$ 10,754,643.68
Ref.	D	D-11	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2016	2017 Authorization	Costs to Fixed Capital	Authorizations Canceled	Balance Dec. 31, 2017
		Date	Amount					
698	Various Improvements to the Water System	3/12/13	\$ 200,000.00	\$ 200,000.00		\$ 49,959.97	\$ 150,040.03	
731	Improvements to Sewer Mains	8/20/15	50,000.00	50,000.00				\$ 50,000.00
762	Various Improvements to the Water System	9/12/17	75,000.00		\$ 75,000.00			75,000.00
766	Purchase of Trailer Mounted Portable Generator System	12/7/17	30,000.00		30,000.00			30,000.00
				<u>\$ 250,000.00</u>	<u>\$ 105,000.00</u>	<u>\$ 49,959.97</u>	<u>\$ 150,040.03</u>	<u>\$ 155,000.00</u>
			Ref.	D	D-16	D-10	D-14	D

SCHEDULE OF 2016 APPROPRIATION RESERVES

	Balance Dec. 31, 2016	Balance Lapsed
Operating:		
Salaries and Wages	\$ 13,507.04	\$ 13,507.04
Other Expenses	42,620.52	42,620.52
Utilities Authority	34,284.05	34,284.05
Social Security System Contribution	819.72	819.72
Unemployment	323.33	323.33
	<u>\$ 91,554.66</u>	<u>\$ 91,554.66</u>
Ref.	D	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund	Capital Fund
Balance December 31, 2016	D	\$ 46,567.45	
Increased by:			
Charges to Current Year Appropriations	D-4:D-14	51,972.07	\$ 28,250.00
		<u>98,539.52</u>	<u>28,250.00</u>
Decreased by:			
Canceled	D-1	557.89	
Payments	D-5	46,009.56	
		<u>46,567.45</u>	
Balance December 31, 2017	D	<u>\$ 51,972.07</u>	<u>\$ 28,250.00</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Ordinance		Balance Dec. 31, 2016		2017 Authorizations	Paid or Charged	Authorization Canceled	Balance
		Date	Amount	Funded	Unfunded				Dec. 31, 2017
698	Various Improvements to the Water System	3/12/13	\$ 200,000.00		\$ 150,040.03			\$150,040.03	
731	Improvements to Sewer Mains	8/20/15	50,000.00	\$ 2,857.63					\$ 2,857.63
762	Various Improvements to the Water System	9/12/17	75,000.00			\$ 75,000.00	\$ 33,701.46		41,298.54
766	Purchase of Trailer Mounted Portable Generator System	12/7/17	30,000.00			30,000.00	28,250.00		1,750.00
				<u>\$ 2,857.63</u>	<u>\$ 150,040.03</u>	<u>\$ 105,000.00</u>	<u>\$ 61,951.46</u>	<u>\$ 150,040.03</u>	<u>\$ 45,906.17</u>
		Ref.	D		D			D-18	D
			Capital Improvement Fund		Ref. D-15	\$ 75,000.00			
			Reserve for Generator and Trailer		D	30,000.00			
						<u>\$ 105,000.00</u>			
						Ref. D-5	\$ 33,701.46		
						Paid Encumbered D-13	28,250.00		
							<u>\$ 61,951.46</u>		

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2016	Ref. D	\$ 390,187.60
Increased by:		
Budget Appropriation	D-5	<u>50,000.00</u>
		440,187.60
Decreased by:		
Appropriated to Finance Improvement Authorization	D-14	<u>75,000.00</u>
Balance December 31, 2017	D	<u><u>\$ 365,187.60</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ordinance Number	Purpose	Date of Ordinance	Balance Dec. 31, 2016	Fixed Capital Authorized	Balance Dec. 31, 2017
731	Improvements to Sewer Mains	8/20/15	\$ 50,000.00		\$ 50,000.00
762	Various Improvements to the Water System			\$ 75,000.00	75,000.00
766	Purchase of Trailer Mounted Portable Generator System			30,000.00	30,000.00
			<u>\$ 50,000.00</u>	<u>\$ 105,000.00</u>	<u>\$ 155,000.00</u>
		Ref.	D	D-11	D

SCHEDULE OF LOANS PAYABLE

Balance December 31, 2016	Ref. D	\$ 5,396,694.95
Decreased by: Payments		<u>131,372.87</u>
Balance December 31, 2017	D	<u><u>\$ 5,265,322.08</u></u>

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2016	Funded by Budget Appropriation	Authorization Canceled
698	Various Improvements to the Water System	\$ 200,000.00	\$ 49,959.97	\$ 150,040.03
	Ref.		D-5	D-14

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

NJSA 40A:11-4 states "Every contract or agreement awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law."

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

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 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 the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing 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 NJSA 40A:11-6.

NJSA 40A:11-6.1 requires that at least two competitive quotations be obtained for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount.

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 would become delinquent.

The governing body on January 5, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, under the provisions of NJSA 54:4-67 the governing body is authorized to fix the rate of discount for prepayment of property taxes or assessments and to fix the rate of interest for non-payment of property taxes or assessments on or before the date when they would become delinquent; and

WHEREAS, the aforesaid statute was amended to provide for the assessing of a penalty to be charged to a taxpayer with a delinquency in excess of TEN THOUSAND (\$10,000.00) DOLLARS; and

Collection of Interest on Delinquent Taxes and Assessments (Continued)

WHEREAS, pursuant to NJSA 54:4-66, it is provided that property taxes shall be payable in quarterly annual installments with the first installment due on February 1st, the second installment due on May 1st, the third installment due on August 1st, and the fourth installment due on November 1st, after which dates, if unpaid, they shall become delinquent, which statute also provides for the manner in which quarterly installments or property taxes shall be determined and received;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF UPPER DEERFIELD:

- A. That no discount be allowed for prepayment of property taxes or assessments;
- B. That the rate of interest to be charged for the non-payment of property taxes or assessments on or before the date they would become delinquent, as fixed by statute, shall be Eight (8%) Percent per annum on the first ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS of the delinquency, and Eighteen (18%) Percent per annum on any amount in excess of ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS, to be calculated from the date the tax was payable to the date of actual payment, provided no interest shall be charged if payment of any installment is made on the due date; provided, however, that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same become payable; and
- C. In the event there is a delinquency in excess of TEN THOUSAND (\$10,000.00) DOLLARS at the end of the calendar year, then the Tax Collector is authorized to charge a penalty of Six (6%) Percent of the amount of the delinquency. The delinquency shall mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 30, 2017, and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2017	24
2016	25
2015	25

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 regulations of the Division of Local Government Services. All notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

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>2017</u>	<u>2016</u>	<u>2015</u>
Tax Levy	\$ 18,301,377.57	\$ 17,877,707.75	\$ 17,964,608.16
Cash Collections	17,656,704.69	17,335,456.83	17,454,297.64
Percentage of Collections	96.48%	96.97%	97.16%

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	2.904	2.835	2.841
Apportionment of Tax Rate:			
Municipal	0.097	0.095	0.087
County	1.112	1.105	1.119
Local School	1.168	1.146	1.125
Regional High School	0.527	0.489	0.510
Assessed Valuation	627,959,357	630,328,737	631,661,246

Comparative Schedule of Delinquent Taxes and Tax Title Liens

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Amount of Tax Title Liens	\$ 171,652.02	\$ 126,152.30	\$ 145,227.17
Delinquent Taxes	550,091.08	419,827.71	484,565.87
Total Delinquent	<u>\$ 721,743.10</u>	<u>\$ 545,980.01</u>	<u>\$ 629,793.04</u>
Percentage of Tax Levy	3.94%	3.05%	3.51%

Comparative Schedule of Property Acquired by Tax Title Lien Liquidation

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Property Acquired for Taxes (Assessed Valuation)	544,000.00	956,700.00	544,600.00

OTHER COMMENTS

Accounting Procedures

A general ledger has been established as required by NJAC 5:30-5.7.

An encumbrance accounting system has been established as required by NJAC 5:30-5.2.

A fixed asset accounting and reporting system has been established as required by NJAC 5:30-5.6.

Corrective Action Plan

A corrective action plan was not required for the year 2016.

FINDINGS AND RECOMMENDATIONS

None

We received the complete cooperation of all the officials of the Township and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252