

**TOWNSHIP OF OXFORD
COUNTY OF WARREN
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2017**

TOWNSHIP OF OXFORD

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2017

AUDITORS' REPORTS



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Oxford
County of Warren, New Jersey
11 Green Street
Oxford, New Jersey 07863

Report on the Financial Statements

We have audited the accompanying financial statements-regulatory basis, which comprise the comparative balance sheets-regulatory basis of the various funds of the Township of Oxford, County of Warren, State of New Jersey (the "Township"), as of December 31, 2017 and 2016, and the related comparative statements 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, and the related notes to the financial statements for the year ended December 31, 2017, which collectively comprise the Township's basic financial statements 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 accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 Township's preparation and fair presentation of

-Continued-

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 Township'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 to the financial statements, the Township prepares its financial statements in accordance with regulatory basis accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group, or fixed assets of the utility general capital account. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual cost. We are, therefore, unable to express an opinion as to the general fixed asset account group and the utility general capital fixed assets at December 31, 2017 stated at \$6,162,304 and \$2,967,183 respectively, and \$6,107,754 and \$2,967,183 respectfully for 2016.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, or the results of its operations and changes in its fund balances for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed asset account group and utility fixed assets been audited, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township, as of December 31, 2017 and 2016, and the results of operations and changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the years then ended, in accordance with accounting principals and practices as described in Note 1 to the financial statements.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements-regulatory basis. The supplementary information listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements-regulatory basis.

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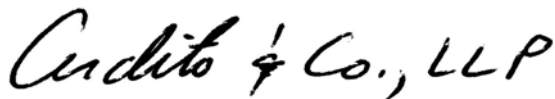
The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements-regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements-regulatory basis 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-regulatory basis, or to the basic financial statements-regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the Supplementary information referred to above.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2018, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.

ARDITO & CO., LLP



Frenchtown, New Jersey
March 31, 2018



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
March 31, 2018

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>BALANCE</u> <u>12/31/16</u>
Cash And Cash Equivalents:			
Cash - Treasurer	A-4	\$ 2,342,110	\$ 2,058,838
Subtotal		<u>2,342,110</u>	<u>2,058,838</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	173,996	212,521
Tax Title Liens Receivable	A-7	851,820	882,571
Property Acquired for Taxes	A-8	1,749,900	1,495,400
Revenue Accounts Receivable	A-9	58,904	61,060
Amount Due From Dog License Fund	B	5,116	8
Subtotal		<u>2,839,736</u>	<u>2,651,560</u>
Deferred Charges:			
Special Emergency Authorizations	A-23	<u>57,495</u>	<u>76,660</u>
Federal And State Grant Fund:			
Amount Due From Current Fund	A	219,299	79,752
Federal/State Grants Receivable	A-17	<u>25,187</u>	<u>145,203</u>
Subtotal		<u>244,486</u>	<u>224,955</u>
TOTAL ASSETS		<u>\$ 5,483,827</u>	<u>\$ 5,012,013</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>BALANCE</u> <u>12/31/16</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves	A-3:10	\$ 139,645	\$ 119,056
Encumbrances	A-11	-	8,711
Amount Due To Grants Fund	A	219,299	79,752
Amount Due To Other Trust	B	128,466	186,066
Amount Due To General Capital Fund	C	601,917	573,104
Amount Due To Sewer Utility Fund	D	18,505	14,492
Taxes Collected In Advance	A-12	66,081	15,223
Tax Overpayments	A-13	20,529	37,031
Local District School Taxes Payable	A-15	140,292	136,004
Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-16	3,630	3,630
Reserve for Various	A-20	470,756	484,850
Amount Due to State of New Jersey for Marriage License Fees	A-21	50	25
Amount Due Outside Liens	A-22	<u>3,377</u>	<u>11,124</u>
Subtotal		<u>1,812,547</u>	<u>1,669,068</u>
Reserve For Receivables And Other Assets	A	2,839,736	2,651,560
Fund Balance	A-1	<u>587,058</u>	<u>466,430</u>
Subtotal		<u>5,239,341</u>	<u>4,787,058</u>
Federal And State Grant Fund:			
Reserve For State Grants - Appropriated	A-18	213,542	223,659
Reserve For State Grants - Unappropriated	A-19	<u>30,944</u>	<u>1,296</u>
Subtotal		<u>244,486</u>	<u>224,955</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 5,483,827</u>	<u>\$ 5,012,013</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2017</u>	<u>YEAR</u> <u>2016</u>
Fund Balance Utilized	A-2	\$ 138,000	\$ 99,838
Miscellaneous Revenue Anticipated	A-2	1,381,769	1,574,375
Receipts From Delinquent Taxes	A-2	199,119	141,112
Receipts From Current Taxes	A-2	5,939,443	5,951,471
Non-Budget Revenues	A-2	54,625	52,992
<u>Other Credits To Income:</u>			
Unexpended Balance of Appropriation Reserves	A-10	89,378	161,793
Refund of Prior Year Expenditures	A-4	-	36,402
TOTAL INCOME		<u>7,802,334</u>	<u>8,017,983</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	381,172	406,125
Other Expenses	A-3	1,319,920	1,291,363
Deferred Charges and Statutory Expenditures	A-3	71,912	69,742
Operations Excluded from "CAPS":			
Other Expenses	A-3	26,651	101,912
Capital Improvements	A-3	75,000	195,000
Municipal Debt Service	A-3	197,914	148,752
Deferred Charges and Statutory Expenditures	A-3	27,102	27,102
County Taxes	A-14	1,280,782	1,340,784
Amount Due County For Added and Omitted Taxes	A-14	207	4,718
Local District School Taxes	A-15	4,070,455	4,061,880
Refund of Prior Year Revenue	A-4	92,591	-
TOTAL EXPENDITURES		<u>7,543,706</u>	<u>7,647,378</u>
Excess (Deficit) Revenue Over Expenditures		258,628	370,605
Statutory Excess to Fund Balance		258,628	370,605
Fund Balance January 1	A	<u>466,430</u>	<u>195,663</u>
		725,058	566,268
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>138,000</u>	<u>99,838</u>
Fund Balance December 31	A	<u>\$ 587,058</u>	<u>\$ 466,430</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 1

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
Anticipated Surplus-Cash Surplus	A-1	\$ 138,000	\$ 138,000	
Miscellaneous Revenues				
LOCAL REVENUES:				
Alcoholic Beverages Licenses	A-9	3,100	5,474	\$ 2,374
Municipal Court Fines and Costs	A-9	9,800	16,343	6,543
Interest and Costs On Taxes	A-5	26,000	28,980	2,980
Interest on Investments and Deposits	A-9	250	8,192	7,942
Trailer Park Fees	A-9	20,000	23,650	3,650
Host Community Benefits-Refuse Center	A-9	600,000	694,650	94,650
TOTAL LOCAL REVENUES		<u>659,150</u>	<u>777,289</u>	<u>118,139</u>
STATE AID REVENUES:				
Consolidated Municipal Property Tax Relief Aid	A-9	4,031	3,135	(896)
Energy Receipts Tax	A-9	174,467	175,363	896
TOTAL STATE AID REVENUES		<u>178,498</u>	<u>178,498</u>	<u>-</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
FEDERAL AND STATE GRANT REVENUES:				
Clean Communities Grant	A-17:19	8,351	8,351	
Alcohol and Education Grant	A-17:19	363	363	
Municipal Alliance on Alcoholism and Drug Abuse	A-17	3,737	3,737	
Total Federal and State Grant Revenues		12,451	12,451	
Other Special Items:				
Cell Tower Rent	A-9	92,000	103,531	11,531
Sewer Utility Operating Surplus Anticipated	A-9	135,000	135,000	-
Solid Waste Collection Fee	A-9	175,000	175,000	-
Total Special Items Of Revenues		402,000	413,531	11,531
TOTAL MISCELLANEOUS REVENUES	A-2	1,252,099	1,381,769	129,670
RECEIPTS FROM DELINQUENT TAXES	A-6:7	165,000	199,119	34,119
Amount To be Raised by Taxes For Support Of Municipal Budget:				
Local Tax For Municipal Purposes	A-2	898,223	941,551	43,328
Total General Revenues		2,453,322	2,660,439	207,117
Non-Budget Revenues:				
Other Non-Budget Revenues	A-2		54,625	54,625
		\$ 2,453,322	\$ 2,715,064	\$ 261,742

A-3

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 3

REF.

ANALYSIS OF REALIZED REVENUES

Allocation Of Current Tax Collections:

Revenue from Collections		\$ 5,920,033
State of New Jersey, Senior Citizens and Veterans Deductions		<u>19,410</u>
	A-1	5,939,443

Allocated To:

School and County Taxes		<u>5,351,444</u>
Deficiency Supported by Municipal Revenues		587,999
Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>353,552</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 941,551</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2
Sheet 4

ANALYSIS OF NON-BUDGET REVENUES

REF.

Miscellaneous Revenue Not Anticipated:

Treasurer:

Subdivision Fees		\$	1,250	
Certified Copies			369	
Marriage Licenses			51	
Zoning Fees			325	
Sale of Municipal Assets			8,960	
Cable TV Fees			8,488	
Donations			5,000	
FEMA Reimbursement			17,720	
Insurance Refund			10,525	
Miscellaneous	A-4		1,339	\$ 54,027

Collector:

Miscellaneous			598	598
				\$ 54,625

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u> <u>CANCELED</u>
GENERAL GOVERNMENT FUNCTIONS:				
General Administration:				
Salaries and Wages:				
Governing Body	\$ 12,700	\$ 12,700	\$ 12,346	\$ 354
Municipal Clerk	67,484	67,484	65,931	1,553
Other Expenses:				
Computerization	10,000	10,000	5,138	4,862
Miscellaneous Other Expenses	30,000	30,000	27,117	2,883
Election:				
Other Expenses	5,000	5,000	1,002	3,998
Financial Administration (Treasury):				
Salaries and Wages	23,021	23,021	22,339	682
Other Expenses	6,500	6,500	4,276	2,224
Audit Services:				
Other Expenses	15,000	15,000	15,000	-
Revenue Administration (Tax Collection):				
Salaries and Wages	10,613	10,613	10,556	57
Other Expenses	4,000	4,000	3,723	277
Tax Assessment Administration:				
Salaries and Wages	17,463	17,463	17,025	438
Other Expenses	3,000	3,000	1,844	1,156
Legal Services (Legal Dept.):				
Other Expenses	44,000	57,541	51,653	5,888
Engineering Services:				
Other Expenses	45,000	75,000	60,951	14,049

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	18,000	18,000	14,352	3,648
Other Expenses:				
Legal Services	4,000	4,000	2,608	1,392
Miscellaneous Other Expenses	3,000	3,000	2,970	30
Public Defender:				
Salaries and Wages	1,624	1,624	1,000	624
Zoning Costs:				
Salaries and Wages	3,773	3,773	3,720	53
Other Expenses	100	100		100
Municipal Court:				
Other Expenses	44,820	44,820	42,442	2,378
INSURANCE:				
General Liability Insurance	42,000	42,152	42,152	-
Workmens' Compensation Insurance	36,000	37,307	37,307	-
Employee Group Insurance	130,000	130,000	124,243	5,757
Unemployment Insurance	5,000	5,000	5,000	
PUBLIC SAFETY FUNCTIONS:				
Police:				
Salaries and Wages	9,742	9,742	5,836	3,906
Other Expenses:				
Miscellaneous Other Expenses - Washington Twp. Services	595,000	595,000	591,235	3,765
Aid to Volunteer Fire Companies	17,500	17,500	16,500	1,000
Contribution to First Aid Organizations	17,500	17,500	17,500	
Office of Emergency Management:				
Salaries and Wages	1,840	1,840	1,823	17
Other Expenses	600	600	-	600

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
PUBLIC WORKS FUNCTIONS:					
Streets and Road Maintenance:					
Salaries and Wages	236,675	190,675	190,675	-	
Other Expenses	40,000	40,000	37,791	2,209	
Recycling Program:					
Salaries and Wages	866	866	816	50	
Buildings and Grounds:					
Salaries and Wages	4,330	4,330	2,058	2,272	
Other Expenses	40,000	40,000	28,002	11,998	
Vehicle Maintenance:					
Other Expenses	20,000	20,000	9,760	10,240	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Public Health Services (Board of Health):					
Salaries and Wages	541	541	-	541	
Other Expenses	100	100	-	100	
Animal Control:					
Salaries and Wages	3,500	3,500	-	3,500	
Other Expenses	2,100	2,100	-	2,100	
PARK AND RECREATION FUNCTIONS:					
Recreation Services:					
Salaries and Wages	15,000	15,000	-	15,000	
Other Expenses:					
Contribution - Oxford Youth Assoc.	1,500	1,500	-	1,500	
Contribution - Young at Heart Club	1,000	1,000	1,000	-	
Miscellaneous Other Expenses	5,000	5,000	64	4,936	

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
OTHER COMMON OPERATING FUNCTIONS(Unclassified):					
Snow removal Trust	-	-	-	-	
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity and Street Lighting	43,000	43,000	42,996	4	
Telephone (excluding equipment acquisition)	8,000	8,000	7,625	375	
Natural Gas/Propane	8,000	8,000	5,377	2,623	
Gasoline/Diesel	13,000	13,000	11,199	1,801	
Fire Hydrants	23,000	23,000	21,648	1,352	
Landfill/Solid Waste Disposal Costs	10,000	11,000	10,796	204	
MUNICIPAL COURT COSTS:					
Public Defender:					
Other Expenses	1,200	1,200	-	1,200	
Total Operations - Within "CAPS "	1,701,092	1,701,092	1,577,396	123,696	
Total Operations - Within "CAPS " including Contingent Detail:	1,701,092	1,701,092	1,577,396	123,696	
Salaries and Wages	427,172	381,172	348,477	32,695	
Other Expenses	1,273,920	1,319,920	1,228,919	91,001	
DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":					
Statutory Expenditures :					
Social Security System (O.A.S.I.)	33,000	33,000	27,421	5,579	
Contribution to:					
PERS	37,912	37,912	37,912		
Unemployment Compensation	1,000	1,000	267	733	
Total Deferred Charges and Statutory Expenditures-within "CAPS"	71,912	71,912	65,600	6,312	-

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	1,773,004	1,773,004	1,642,996	130,008	-
OPERATIONS-EXCLUDED from "CAPS"					
Affordable Housing (COAH) Trust	10,000	10,000	363	9,637	
Aid to Library Aid	3,000	3,000	3,000		
Total Other Operations-Excluded from "CAPS"	13,000	13,000	3,363	9,637	
Public and Private Programs Offset by Revenues-: Excluded from "CAPS"					
Clean Communities Program:					
Other Expenses	8,351	8,351	8,351		
Warren County Department of Human Services (Municipal Alliance):					
Other Expenses	3,737	3,737	3,737		
Local Share	1,200	1,200	1,200		
Alcohol Education Rehabilitation Fund	363	363	363		
Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"	13,651	13,651	13,651	-	
Total Operations-Excluded from "CAPS"	26,651	26,651	17,014	9,637	
Detail:					
Salaries and Wages					
Other Expenses	26,651	26,651	17,014	9,637	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	75,000	75,000	75,000		
Total Capital Improvements-Excluded from "CAPS"	75,000	75,000	75,000		

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
Municipal Debt Service-Excluded from "CAPS":				
Payment of Bond Principal	135,000	135,000	135,000	
Payment of Bond Anticipation Notes	41,563	41,563	41,562	\$ 1
Interest on Bonds	18,000	18,000	17,936	64
Interest on Notes	3,450	3,450	3,416	34
Total Municipal Debt Service	198,013	198,013	197,914	99
Deferred Charges-Excluded from "CAPS":				
Deferred Charges to Future Taxtion - Unfunded:				
Speed Bump - Pequest Rd	1,797	1,797	1,797	
Lake Dock and Playground	3,340	3,340	3,340	
Property Acquisition	2,800	2,800	2,800	
Special Emergency-5 year	19,165	19,165	19,165	
Total Deferred Charges	27,102	27,102	27,102	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	326,766	326,766	317,030	9,637
Subtotal General Appropriations	2,099,770	2,099,770	1,960,026	139,645
Reserve For Uncollected Taxes	353,552	353,552	353,552	99
TOTALS	\$2,453,322	\$2,453,322	\$2,313,578	\$139,645

Adopted Budget	A-2	\$ 2,453,322		A	A-1
		<u>\$ 2,453,322</u>			

	<u>REF.</u>	
Reserve for State Grants	A-18	\$ 13,651
Capital Improvements	C-3	75,000
Deferred Charges to Future Taxation	C	7,937
Deferred Charges - Special Emergency	A-23	19,165
Reserve for Encumbrances	A-11	1,844,273
Reserve for Uncollected Taxes	A-2	<u>353,552</u>
		<u>\$ 2,313,578</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>BALANCE</u> <u>12/31/16</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 8,220	\$ 4,049
Total Dog License Fund		<u>8,220</u>	<u>4,049</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	186,078	156,758
Amount Due from Current Fund	B-6	<u>128,466</u>	<u>186,066</u>
Total Other Trust Funds		<u>314,544</u>	<u>342,824</u>
TOTAL ASSETS		<u>\$ 322,764</u>	<u>\$ 346,873</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 3,104	\$ 3,751
Reserve for Encumbrances	B-3	-	290
Amount Due Current Fund	B-5	<u>5,116</u>	<u>8</u>
Total Dog License Fund		<u>8,220</u>	<u>4,049</u>
Other Trust Fund:			
Reserve for Tax Sale Premiums and Outside Liens	B-7	124,400	172,000
Reserve for Developer's Escrow Trust	B-8	37,371	35,700
Reserve for Payroll Trust	B-9	44,953	28,627
Reserve for Tot Lot Escrow	B-10	42,811	42,758
Reserve for COAH Deposits	B-11	1	1
Reserve for State Unemployment Insurance	B-12	21,817	16,796
Reserve for Lake Trust	B-13	43,191	36,942
Reserve for Storm Trust	B-14	<u>-</u>	<u>10,000</u>
Total Other Trust Fund		<u>314,544</u>	<u>342,824</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 322,764</u>	<u>\$ 346,873</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>BALANCE</u> <u>12/31/16</u>
Cash and Cash Equivalents	C-2	\$ 91	\$ 91
Amount Due Current Fund	C-3	601,917	573,104
Deferred Charges to Future Taxation:			
Funded	C-4	752,000	887,000
Unfunded	C-5	<u>444,237</u>	<u>493,737</u>
TOTAL ASSETS		<u>\$ 1,798,245</u>	<u>\$ 1,953,932</u>

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	C-6	\$ 139,581	\$ 108,180
Bonds Payable	C-9	752,000	887,000
Bond Anticipation Notes	C-10	290,937	332,500
Improvement Authorizations:			
Funded	C-7	45,879	56,404
Unfunded	C-7	438,037	438,037
Various Reserves	C-8	131,434	131,434
Fund Balance	C-1	<u>377</u>	<u>377</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 1,798,245</u>	<u>\$ 1,953,932</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2016	C	<u>\$ 377</u>
Balance December 31, 2017	C	<u>\$ 377</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

D

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/17</u>	<u>BALANCE</u> <u>12/31/16</u>
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 1,056,567	\$ 930,898
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	D-6	447,743	243,666
Amount Due Current Fund	D-8	<u>18,505</u>	<u>14,492</u>
Total Operating Fund		<u>1,522,815</u>	<u>1,189,056</u>
Capital Fund:			
Fixed Capital	D-10	2,967,183	2,967,183
Fixed Capital-Authorized and Uncompleted	D-11	77,471	77,471
Amount Due from Sewer Operating Fund	D	<u>348,009</u>	<u>348,009</u>
Total Capital Fund		<u>3,392,663</u>	<u>3,392,663</u>
TOTAL ASSETS		<u>\$ 4,915,478</u>	<u>\$ 4,581,719</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3:7	\$ 129,160	\$ 110,216
Encumbrances	D-3:7	-	2,875
Due Sewer Capital Fund	D	348,009	348,009
Accrued Interest on Bonds	D	9,029	9,029
Sewer Rent Overpayments	D-9	6,550	6,786
Reserve for Receivables	D	447,743	243,666
Fund Balance	D-1	<u>582,324</u>	<u>468,475</u>
Total Operating Fund		<u>1,522,815</u>	<u>1,189,056</u>
Capital Fund:			
Loans Payable	D-11	317,332	378,378
Improvement Authorizations	D-12	44,084	44,084
Capital Improvement Fund	D	145,000	145,000
Reserve for Preliminary Plan Expenses	D	41,613	41,613
Reserve for Amortization	D	2,693,935	2,632,889
Reserve for Deferred Amortization	D	33,387	33,387
Reserve for Capital Improvements	D	<u>117,312</u>	<u>117,312</u>
Total Capital Fund		<u>3,392,663</u>	<u>3,392,663</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 4,915,478</u>	<u>\$ 4,581,719</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

D-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>12/31/17</u>	<u>YEAR</u> <u>12/31/16</u>
Operating Surplus	D-2		
Rents	D-2	\$1,259,874	1,410,623
Miscellaneous	D-2	5,186	1,421
Other Credits to Income:			
Appropriations Lapsed	D-7	<u>110,216</u>	<u>6,260</u>
Total Income		<u>1,375,276</u>	<u>1,418,304</u>
EXPENDITURES			
Salary and Wages	D-3	28,000	20,000
Operating Expenses	D-3	1,020,000	1,017,000
Statutory Expenditures	D-3	2,650	2,100
Debt Service	D-3	75,777	75,776
Deferred Charges	D-3	-	-
Surplus-General Budget	D-3	<u>135,000</u>	<u>135,000</u>
Total Expenditures		<u>1,261,427</u>	<u>1,249,876</u>
Excess in Revenues		113,849	168,428
Statutory Excess to Fund Balance		113,849	168,428
Balance January 1	D	<u>468,475</u>	<u>300,047</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>-</u>	<u>-</u>
Balance December 31	D	<u>\$ 582,324</u>	<u>\$ 468,475</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
STATEMENT OF REVENUES

D-2

	<u>ANTICIPATED</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Rents	\$ 1,261,427	\$ 1,259,874	\$ (1,553)
Miscellaneous	-	5,186	5,186
Total Sewer Utility Revenue	\$ 1,261,427	\$ 1,265,060	\$ 3,633

REF.

D-3

D-1

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
Salary and Wages	\$ 28,000	\$ 28,000	\$ 28,000	
Other Expenses-Sewer Treatment	995,000	995,000	870,865	\$ 124,135
Other Expenses	25,000	25,000	19,975	5,025
Social Security	2,500	2,500	2,500	-
Unemployment Compensation	150	150	150	-
Debt Service:				
Loan Principal	61,046	61,046	61,046	
Interest on Loans	14,731	14,731	14,731	
Surplus to Current Fund Budget	135,000	135,000	135,000	
Total Sewer Utility Appropriations	<u>\$ 1,261,427</u>	<u>\$ 1,261,427</u>	<u>\$ 1,132,267</u>	<u>\$ 129,160</u>

REF.

D-2

D

D-4	\$ 1,125,588
D-8	<u>6,679</u>
	<u>\$ 1,132,267</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	REF.	BALANCE 12/31/17	BALANCE 12/31/16
Cash and Cash Equivalents	E-1	\$ 6,190	\$ 6,183
TOTAL ASSETS		<u>\$ 6,190</u>	<u>\$ 6,183</u>

LIABILITIES AND RESERVES

Reserve for Public Assistance		\$ 6,190	\$ 6,183
TOTAL LIABILITIES AND RESERVES		<u>\$ 6,190</u>	<u>\$ 6,183</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2017

F

	<u>BALANCE</u>	<u>BALANCE</u>
	<u>12/31/17</u>	<u>12/31/16</u>
General Fixed Assets:		
Sites	\$ 3,049,334	\$ 3,049,334
Site Improvements	643,504	643,504
Building and Improvements	1,525,090	1,525,090
Machinery and Equipment	700,615	700,615
Construction in Progress	243,761	243,761
Total General Fixed Assets	<u>\$ 6,162,304</u>	<u>\$ 6,162,304</u>
Investment In General Fixed Assets	<u>\$ 6,162,304</u>	<u>\$ 6,162,304</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Oxford include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes fund types to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the Township of Oxford 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 Oxford accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

Current Fund

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

Trust Funds

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established. The Animal Control Fund (Dog Fund) records the receipts and expenditures related to dog licensing. The Other Trust Fund includes various revenues and expenditures that can not be reasonably estimated for budgeting purposes. The State of New Jersey allows accounting treatment as a trust fund through an official approval process known as dedication by rider.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

General Capital Fund

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

Sewer Operating and Capital Fund

Account for the operations and acquisition of capital facilities of the municipality-owned Sewer Utility.

Public Assistance Fund

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

General Fixed Assets Account Group

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

C. Basis of Accounting

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

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

Revenues--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from 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 of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Property Tax Revenue--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, May 15, August 15 and November 15.

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting Principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Deferred School Taxes--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be 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.

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Budget and Budgetary Procedures--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund
Public Assistance Fund
Trust Fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget.

The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Expenditures--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

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.

Deferred Charges to Future Taxation Funded and Unfunded--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Departures from Generally Accepted Accounting Principles--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

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

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

Statutory-Basis Financial Statements--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 2: CASH AND CASH EQUIVALENTS (Continued)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2017, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

As of December 31, 2017, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$ <u>3,599,256</u>	<u>\$3,599,256</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2017, was \$3,599,256 and the bank balance was \$3,537,925. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$3,287,925 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 3: LONG-TERM DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

	Beginning Balance	Issued	Paid	Ending Balance
Long Term Debt:				
Bonds Payable	\$ 887,000		\$ 135,000	\$ 752,000
Bond Anticipation Notes	332,500		41,563	290,937
Sanitary Sewer System Loan	378,378		61,046	317,332
Compensated absences payable	None			None
Total Long-Term Debt	\$ 1,597,878	-	\$ 237,609	\$ 1,360,269

Summary of Municipal Debt

	YEAR <u>2017</u>	YEAR <u>2016</u>	YEAR <u>2015</u>
Issued			
General:			
Bonds and Notes	\$ 1,042,937	\$ 1,219,500	\$ 1,344,500
Sewer Utility:			
Bonds and Notes	317,332	378,378	436,974
Total Deductions			
Net Debt Issued	1,360,269	1,597,878	1,781,474
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	153,300	161,237	169,174
Sewer Utility:			
Bonds and Notes	NONE	NONE	NONE
Total Authorized But Not Issued	153,300	161,237	169,174
Net Bonds and Notes Issued and Authorized But Not Issued	\$ 1,513,569	\$ 1,759,115	\$ 1,950,648

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 3: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.693%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 3,955,000	\$ 3,955,000	
Sewer Debt	317,332	317,332	-
General Debt	1,196,237	-	\$ 1,196,237
	<u>\$ 5,468,569</u>	<u>\$ 4,272,332</u>	<u>\$ 1,196,237</u>

Net Debt \$ 1,196,237 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended, \$ 172,729,077 equals 0.693%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 6,045,518
Net Debt	1,196,237
Remaining Borrowing Power	\$ 4,849,281

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

Calendar Year	<u>General Fund</u>		<u>Sewer Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 145,000	\$ 15,236	\$ 63,546	\$ 12,230
2019	145,000	12,337	66,150	9,626
2020	150,000	9,436	68,838	6,938
2021	155,000	6,436	71,680	4,096
2022	157,000	3,336	47,118	1,158
	<u>\$ 752,000</u>	<u>\$ 46,781</u>	<u>\$ 317,332</u>	<u>\$ 34,048</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 3: LONG-TERM DEBT (Continued)

Bonded Debt Issued and Outstanding

General Obligation Bonds-For the purpose of real property acquisitions and various capital improvements, dated September 13, 2012, issued in the original amount of \$1,297,000. This bond is payable in annual installments ranging from \$95,000 to \$157,000 through September 1, 2022. Interest is calculated at 2.0%-2.125%, and is included with the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2017, was \$752,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

Contruction of Sanitary Sewer System Loan - On May 29, 2015, the municipality and Fulton Bank of New Jersey agreed on a restated unsecured loan, originally dated May 15, 1997 in the amount of \$465,399. The loan originally had an interest rate of 6.25%, which was restated to 4.0% with bi-annual principal installments ranging from \$28,425 to \$10,182, which began October 1, 2015 and continue through October 1, 2022. The Principal Balance of the loan as of December 31, 2017 is \$317,332.

Bond Anticipation Notes

The Township has outstanding at December 31, 2017, a bond anticipation note in the amount of \$290,937 payable to TBGC Investment Corp. This note matures on June 26, 2018. The interest rate on the note was 1.73%. Principal and interest on these notes are paid from the current fund budget of the Township.

	<u>Debt Outstanding</u>
Total Bonded and Loan Debt Issued	<u>\$1,360,269</u>

As of December 31, 2017, there were \$161,237 in bonds and notes authorized, not issued.

Note 4: GENERAL FIXED ASSETS - (Unaudited)

The following is a summary of changes in the general fixed assets:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance 12/31/17</u>
Sites	\$ 3,049,334			\$ 3,049,334
Site Improvements	643,504			643,504
Building and Improvements	1,525,090			1,525,090
Machinery and Equipment	700,615	-		700,615
Construction in Progress	243,761			243,761
	<u>\$ 6,162,304</u>	-	-	<u>\$ 6,162,304</u>

See Independent Auditor's Report on pages 2-4.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018, were as follows:

	Introduced <u>Budget</u>
Current Fund	\$138,000
Sewer Utility Fund	None

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are required to be raised in succeeding budgets.

	<u>Balance</u> 12/31/16	<u>Raised in</u> 2017 Budget	<u>Resulting</u> <u>from 2017</u> <u>Operations</u>	<u>Balance</u> 12/31/17
Current Fund - Special Emergencies	\$ 76,660	\$ 19,165	-	\$ 57,495
	<u>\$ 76,660</u>	<u>\$ 19,165</u>	<u>-</u>	<u>\$ 57,495</u>

Special Emergency Deferred Charges will be raised in subsequent budgets over a five year period. The appropriations in the 2018 Budget are not less than that required by statute.

Note 7: SCHOOL TAXES

Local District Tax has been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL	LOCAL DISTRICT	
	DEFERRED	SCHOOL TAX	
	TAX	BALANCE	BALANCE
	<u>12/31/17</u>	<u>12/31/17</u>	<u>12/31/16</u>
Balance of Tax		\$ 2,035,228	\$ 2,030,940
Deferred		<u>1,894,936</u>	<u>1,894,936</u>
Tax Payable		<u>\$ 140,292</u>	<u>\$ 136,004</u>
Tax Deferred	<u>\$ 1,894,936</u>		

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 8: PENSION PLANS

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

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

Vesting and Benefit Provisions -The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1 /60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 8: PENSION PLANS - (Continued)

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The current PERS rate is 6.5% of covered payroll.

Summary of Significant Accounting Policies - New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability or related deferred outflows or inflows of resources on their balance sheets, or related plan pension expense. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements. Accordingly, the municipality's portion of the net pension liability, related outflows and inflows of resources, and pension expense are for disclosure purposes only and do not effect the municipality's regulatory basis fund balance, statement of revenues and expenditures, or operations. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense as required by GASB No. 68, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the municipality disclosed a liability of \$1,001,451 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The municipality's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At June 30, 2017, the municipality's proportion was 0.00430% which was an increase of 0.00003% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the municipality's portion of the plan's pension expense was \$50,945. At June 30, 2017, deferred outflows of resources and deferred inflows of resources for PERS relating to the municipality's proportionate share are from the following sources:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 8: PENSION PLANS (Continued)

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 23,505	
Changes of assumptions	261,816	\$ 201,018
Net difference between projected and actual earnings on pension plan investments	48,194	
Changes in proportion and differences between municipality contributions and proportionate share of contributions	23,399	68,454
Total	\$ 356,914	\$ 269,472

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

	<u>Year Ended June 30:</u>
2018	\$66,200
2019	\$99,898
2020	\$60,533
2021	(\$80,509)
2022	<u>(\$58,680)</u>
Total	<u>\$87,442</u>

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$8,685,338,380	\$6,424,455,842
Collective deferred inflows of resources	870,133,595	5,700,625,981
Collective net pension liability (Non State - Local Group)	\$29,617,131,759	\$23,278,401,588
municipality's proportionate share of net pension liability	\$1,263,916	\$1,001,451
municipality's proportion %	0.00426752%	0.00430206%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 8: PENSION PLANS (Continued)

Actuarial assumptions. The collective 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:

Inflation:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yeild	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 8: PENSION PLANS (Continued)

Discount rate. The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate. The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 5.00%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

		<u>Current</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1%</u>	<u>Increase</u>
	<u>(4.00%)</u>	<u>(5.00%)</u>		<u>(6.00%)</u>
Municipality's proportionate share of the net pension liability	\$ 1,242,368	\$1,001,451	\$	800,737

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 8: PENSION PLANS (Continued)

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

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 ¼ 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 annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- 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).

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Contribution</u>	<u>Percentage</u> <u>of Contribution</u> <u>Paid</u>
2017	\$37,912	100%
2016	\$35,742	100%
2015	\$33,914	100%

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension. Healthcare provided to eligible PERS retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no municipal OPEB liability exists.

Note 10: ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township has permitted employees to accrue unused vacation and sick pay, at a rate of eight days per calander year, which may be taken as time off, but must be used during the current year or they are lost. Such compensation would be included in the Township's budget operating expenditures in the year it is used.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 11: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

LITIGATION

We are advised by Township Counsel, that the Township is not involved in any suits that would have a material impact on the Financial Statements.

Note 12: OTHER REQUIRED DISCLOSURES

Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2017:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 5,116	\$ 949,682
Federal/State Grants Fund	219,299	-
Animal Control Fund	-	5,116
Other Trust Funds	128,466	-
General Capital Fund	601,917	-
Sewer Operating Fund	-	348,009
Sewer Capital Fund	<u>348,009</u>	<u>-</u>
	<u>\$ 1,302,807</u>	<u>\$ 1,302,807</u>

The general capital fund and the sewer capital fund do not maintain cash balances and instead utilize the current fund cash account for their respective activities. This township policy creates long term interfund balances that may not be liquidated in the current period due to the nature of capital projects which may span multiple years.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 13: RISK FINANCING

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

Note 14: OTHER POST-RETIREMENT BENEFITS

Plan Description. The Oxford Township 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 N.J.S.A. 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. Oxford Township authorized participation in the SHBP's post-retirement benefit program through resolution.

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 <http://www.state.nj.us/treasury/pensions/audit-rpts-2016/shbp-13.pdf>

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 Oxford Township on a monthly basis.

The Oxford Township contributions to SHBP for the years ended December 31, 2017, 2016, and 2015, were \$19,145, \$18,276 and \$17,223 respectively, which equaled the required contributions for each year. There were approximately two retired participants eligible at December 31, 2017, 2016, and 2015.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 15: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The municipality has not entered into any tax abatement agreements.

PART II
SUPPLEMENTARY INFORMATION
CURRENT FUND SCHEDULES

CURRENT FUND/FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH -TREASURER

A-4

	REF.	CURRENT FUND
Balance December 31, 2016	A	\$ 2,058,838
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	54,027
Collector	A-5	6,336,250
Revenue Accounts Receivable	A-9	1,205,338
Senior Citizens/Veterans Deductions	A-16	19,410
Federal/State Grant Funds	A-17:19	160,998
Various Reserves	A-20	2
State Marriage Fees	A-21	450
Interfund Return	C	28,813
Interfund Return	D	<u>50,492</u>
		<u>7,855,780</u>
		9,914,618
Decreased by Disbursements:		
Refund of Prior Year Revenues	A-1	92,591
2016 Appropriation Reserves	A-10	38,389
Reserve for Encumbrances	A-11	1,844,273
Interfund Advance-Other Trust	B	62,708
Refund Overpaid Taxes	A-13	12,534
County Taxes	A-14	1,280,989
Local District School Tax	A-15	4,066,167
Federal/State Grant Funds	A-18	22,651
Reserve for Various	A-20	14,096
State Marriage Fees	A-21	425
Outside Liens	A-22	<u>137,685</u>
		<u>7,572,508</u>
Balance December 31, 2017	A	<u>\$ 2,342,110</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$ 28,980	
Miscellaneous	A-2	598	
Taxes Receivable	A-6	6,075,757	
2018 Prepaid Taxes	A-12	66,081	
Tax Overpayments	A-13	24,204	
Sewer Rents Due Sewer Fund	D-8	10,692	
Outside Liens	A-22	<u>129,938</u>	<u>\$ 6,336,250</u>

Decreased by Disbursements:

Payments to Treasurer	A-4		<u>\$ 6,336,250</u>
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CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

YEAR	BALANCE	ADDED	2017	CASH COLLECTIONS		TRANSFERRED	OVERPAID	CANCELLED	BALANCE
	12/31/16	TAXES	LEVY	2016	2017	TO TAX TITLE LIENS	APPLIED		12/31/17
2009	\$ 112								\$ 112
2015	122	\$ 500			\$ 500				122
2016	212,287				198,619	\$ 8,084		\$ 5,477	107
	212,521	500	-	-	199,119	8,084	-	5,477	341
2017			\$ 6,251,677	\$ 15,223	5,896,048	\$ 105,865	\$ 28,172	\$ 32,714	173,655
TOTALS	\$ 212,521	\$ 500	\$ 6,251,677	\$ 15,223	\$ 6,095,167	\$ 113,949	\$ 28,172	\$ 38,191	\$ 173,996

REF.	A		A-12		A-7	A-13	A
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REF.

State of New Jersey -- Senior Citizens
and Veterans Deductions
Received by Collector

A-2	\$ 19,410
A-5	<u>6,075,757</u>
	<u>\$ 6,095,167</u>

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax	\$ 6,250,669	
Added Taxes (54:4-63.1 et.seq.)	<u>1,008</u>	<u>\$ 6,251,677</u>

Tax Levy:

	REF.		
Local District School Tax	A-15	\$ 4,070,455	
County Taxes:			
County Tax (Abstract)	A-14	\$ 1,125,123	
County Library Tax (Abstract)	A-14	88,342	
County Open Space Tax	A-14	67,317	
Due County for Added and Omitted Taxes(54.4-63.1,et.seq.)	A-14	<u>207</u>	1,280,989
Local Tax for Municipal Purposes	A-2		898,223
Add: Additional Tax Levied		<u>2,010</u>	<u>\$ 6,251,677</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>		
Balance December 31, 2016	A	\$	882,571
Increased by:			
Transfers from Taxes Receivable	A-6	\$ 113,949	
Interest and Costs		<u>18,599</u>	<u>132,548</u>
			1,015,119
Decreased by:			
Transfer to Foreclosed Property	A-8		<u>163,299</u>
Balance December 31, 2017	A	\$	<u>851,820</u>

CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

A-8

	<u>REF.</u>	
Balance December 31, 2016	A	<u>\$ 1,495,400</u>
Increased by:		
Adjustment to Assessed Valuation		\$ 91,201
Transfer from Tax Tilt Liens Foreclosed	A-7	<u>163,299</u> <u>254,500</u>
Balance December 31, 2017	A	<u>\$ 1,749,900</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-9

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/16</u>	<u>ACCRUED</u> <u>IN 2017</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/17</u>
Alcoholic Beverage Licenses			\$ 5,474	\$ 5,474	
Municipal Court:					
Fines and Costs	A-2	\$ 255	16,921	16,343	\$ 833
Trailer Park Fees			23,650	23,650	
Host Community Benefits-Refuse Center	A-2	60,805	691,916	694,650	58,071
Cell Tower Rent	A-2		103,531	103,531	
Consolidated Municipal Property Tax Relief Aid	A-2		3,135	3,135	
Energy Receipts Tax	A-2		175,363	175,363	
Interest on Investments and Deposits	A-2		8,192	8,192	
Solid Waste Collection Fee	A-2		175,000	175,000	
 Totals		 <u>\$ 61,060</u>	 <u>\$ 1,203,182</u>	 <u>\$ 1,205,338</u>	 <u>\$ 58,904</u>
REF.		A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2016

A-10

	<u>BALANCE</u> <u>12/31/16</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
General Administration:				
Other Expenses	\$ 5,967	\$ 5,967	\$ 2,412	\$ 3,555
Tax Assessment:				
Other Expenses	1,250	1,250	30	1,220
Legal:				
Other Expenses	3,076	3,076	1,896	1,180
Engineering Services:				
Other Expenses	10,685	10,685	7,230	3,455
Planning Board:				
Legal Services	2,671	2,671	2,390	281
Streets and Road Maintenance:				
Other Expenses	5,043	5,043	4,942	101
Buildings and Grounds:				
Other Expenses	38,482	38,482	13,436	25,046
Electricity	2,728	2,728	1,864	864
Telephone (excluding equipment acquisition)	200	200	199	1
Gas (Natural or Propane):	3,831	3,831	1,618	2,213
Gasoline	3,773	3,773	791	2,982
Landfill Solid Waste	1,735	1,735	1,381	354
Public Defender:				
Salaries and Wages	1,192	1,192	200	992
Other Accounts - No Change	47,134	47,134		47,134
TOTALS	<u>\$ 127,767</u>	<u>\$ 127,767</u>	<u>\$ 38,389</u>	<u>\$ 89,378</u>
REF.	A	A	A-4	A-1
Appropriation Reserve	\$ 119,056			
Prior Year Encumbrances	<u>8,711</u>			
	<u><u>\$ 127,767</u></u>			

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-11

	<u>REF.</u>	
Balance December 31, 2016	A	\$ 8,711
Increased by:		
Transfer from Current Year Appropriations	A-3	<u>1,844,273</u>
		1,852,984
Decreased by:		
Transferred to Appropriation Reserve	A-10	\$ 8,711
Cash Disbursements	A-4	<u>1,844,273</u> <u>\$ 1,852,984</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-12

	<u>REF.</u>	
Balance December 31, 2016	A	\$ 15,223
Increased by:		
2018 Taxes Collected in Advance	A-5	<u>66,081</u>
		81,304
Decreased by:		
Applied to 2017 Taxes Receivable	A-6	<u>15,223</u>
Balance December 31, 2017	A	<u>\$ 66,081</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-13

	<u>REF.</u>	
Balance December 31, 2016	A	\$ 37,031
Increased by:		
2017 Tax Overpayments	A-5	<u>24,204</u>
		61,235
Decreased by:		
Taxes Applied	A-6	\$ 28,172
Refunded	A-4	<u>12,534</u>
		<u>40,706</u>
Balance December 31, 2017	A	<u>\$ 20,529</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-14

REF.

Increased by:

2017 Levy:

County Taxes	A-1:6	\$1,125,123	
County Library Taxes	A-1:6	88,342	
County Open Space Tax	A-1:6	67,317	
County Added and Omitted Taxes	A-1:6	<u>207</u>	
			<u>\$ 1,280,989</u>
			1,280,989

Decreased by:

Payments	A-4		<u>\$ 1,280,989</u>
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CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-15

REF.

Balance December 31, 2016:		
School Tax Payable	A	\$ 136,004
School Tax Deferred		<u>1,894,936</u> \$ 2,030,940
Increased by:		
Levy - School Year July 1, 2017 to June 30, 2018	A-6	<u>4,070,455</u>
		6,101,395
Decreased by:		
Payments	A-4	<u>4,066,167</u>
Balance December 31, 2017:		
School Tax Payable	A	140,292
School Tax Deferred		<u>1,894,936</u> \$ <u>2,035,228</u>
2017 Liability for Local District School Tax:		
Tax Paid		\$ 4,066,167
Tax Payable 12/31/17		<u>2,035,228</u>
		6,101,395
Less -- Taxes Deferred Current Year		-
Less -- Tax Payable 12/31/16		<u>2,030,940</u>
Amount Charged to 2017 Operations	A-1	<u>\$ 4,070,455</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-16

	<u>REF.</u>	
Balance December 31, 2016	A	\$ 3,630
Increased by:		
Received in Cash From State	A-4	<u>19,410</u>
		23,040
Decreased by:		
Senior Citizens Deductions per Tax Billings		\$ 15,500
Veterans Deductions per Tax Billings		5,750
Senior Citizens Deductions Disallowed by Tax Collector		<u>(1,840)</u>
		<u>19,410</u>
Balance December 31, 2017	A	<u>\$ 3,630</u>

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-17

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/16</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/17</u>
Recycling Grant	\$ 16		\$ 16		-
Municipal Alliance	-	\$ 3,735	3,734	\$ 1	-
Highlands Sec 15 Grant	15,000				\$ 15,000
NJDOT-Buckley Avenue	2,887				2,887
Clean Communities	-	7,420	6,304	1,116	-
NJDEP & NJEDA Hazzardous Site Grant	7,300				7,300
NJ DOT Grant - Pequest Road Sec 1	120,000		120,000		-
Totals	<u>\$145,203</u>	<u>\$ 11,155</u>	<u>\$ 130,054</u>	<u>\$ 1,117</u>	<u>\$ 25,187</u>
REF.	A	A-2	A-4	A-18	A

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

A-18

	<u>BALANCE</u> <u>12/31/16</u>	<u>TRANSFER</u> <u>FROM</u> <u>2017 BUDGET</u> <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/17</u>
Clean Communities	\$ 9,564	\$ 8,351	\$ 1,311	\$ 1,116	\$ 15,488
Emergency Management Council	2,957				2,957
Beamguides rails and strip	5,085				5,085
Hazards Emergency Operations Planning	2,406				2,406
Municipal Alliance - County	6,637	3,737	4,577	1	5,796
Municipal Alliance - Local	-	1,200	1,200		-
Stormwater Grant	5,232				5,232
Alcohol Rehab Grant	2,340	363			2,703
Emergency Service Grant	9,668				9,668
Recycling Tonnage Grant	18,349		669		17,680
NJDOT-Buckley Avenue	6,522				6,522
Private Donations	5,000				5,000
Wastewater Management Grant	12				12
Highlands-Sec 15	10,479				10,479
NJDEP & NJEDA Hazzardous Site Grant	19,408		6,990		12,418
NJ DOT Grant - Pequest Road Sec 1	120,000		7,904		112,096
Totals	\$ 223,659	\$ 13,651	\$ 22,651	\$ 1,117	\$ 213,542
	A	A-3	A-4	A-17	A

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

A-19

	<u>BALANCE</u> <u>12/31/16</u>	TRANSFER TO 2017 BUDGET <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/17</u>
Alcohol Rehabilitation Grant	\$ 363	\$ 363	\$ 258	\$ 258
Clean Communities	931	931		-
Municipal Alliance	2	2		-
Recycling Tonnage Grant			1,895	1,895
NJ DOT Grant - Pequest Road-Additional			28,791	28,791
Totals	<u>\$ 1,296</u>	<u>\$ 1,296</u>	<u>\$ 30,944</u>	<u>\$ 30,944</u>
	A	A-2:18	A-4	A

CURRENT FUND
SCHEDULE OF VARIOUS RESERVES

	<u>REF.</u>	A-20
Balance December 31, 2016	A	\$ 484,850
Increased by:		
POAA Receipts	A-4	<u>2</u>
		484,852
Decreased by:		
Administrative Costs for Property Subdivision	A-4	<u>14,096</u>
Balance December 31, 2017	A	<u>\$ 470,756</u>
Revaluation		\$ 9,450
Sale of Municipal Assets		461,298
POAA		<u>8</u>
		<u>\$ 470,756</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE STATE OF NEW JERSEY - MARRIAGE LICENSE FEES

A-21

REF.

Balance December 31, 2016	A	\$ 25
Increased by:		
Marriage License Fees	A-4	450
		<u>475</u>
Decreased by:		
Payments to State of New Jersey	A-4	425
		<u>425</u>
Balance December 31, 2017	A	<u>\$ 50</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE OUTSIDE LIEN HOLDERS

	A-22
	<u>REF.</u>
Balance December 31, 2016	A \$ 11,124
Increased by:	
Outside Liens Collected	A-5 <u>129,938</u>
	<u>141,062</u>
Decreased by:	
Outside Liens Refunded	A-4 <u>137,685</u>
Balance December 31, 2017	A <u><u>\$ 3,377</u></u>

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS

A-23

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/16</u>	<u>AMOUNT RAISED IN 2017 BUDGET</u>	<u>BALANCE 12/31/17</u>
Special Emergency (40A:4-53)	Tax Reassessment	8/12/15	\$ 95,825	\$ 76,660	\$ 19,165	\$ 57,495
Totals				\$ 76,660	\$ 19,165	\$ 57,495
REF.				A	A-3	A

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>	
	<u>REF.</u>	<u>LICENSES</u>	<u>OTHER</u>
Balance December 31, 2016	B	\$ 4,049	\$ 156,758
Increased by Receipts:			
Dog License Fees	B-3	6,589	
State Dog License Fees	B-4	733	
Amount Due Current Fund	B-5:6	8	
Developer's Escrow Deposit Disbursements	B-8		7,585
Payroll Trust	B-9		629,854
Tot Lot Escrow	B-10		53
Unemployment Trust	B-12		5,021
Lake Trust	B-13		43,612
Total Receipts		7,330	686,125
		11,379	842,883
Decreased by Disbursements:			
Administrative Expenses	B-3	2,136	
Prior Year Reserve for Encumbrances	B	290	
State Dog License Fees	B-4	733	
Amount Due Current Fund	B-5:6		0
Developer's Escrow Deposit Disbursements	B-8		5,914
Payroll Trust	B-9		613,528
Lake Trust	B-13		37,363
Total Disbursements		3,159	656,805
Balance December 31, 2017	B	\$ 8,220	\$ 186,078

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2016	B	\$ 3,751
Increased by:		
Dog License Fees Collected	B-2	<u>6,589</u> 10,340
Decreased by:		
Salary's & Wages Paid by Current Fund	B-5	\$ 5,100
Administrative Expenditures Paid	B-2	<u>2,136</u> <u>7,236</u>
Balance December 31, 2017	B	<u>\$ 3,104</u>

LICENSE FEES COLLECTED

CY 2016		\$ 6,245
CY 2015		<u>5,349</u>
		<u>\$ 11,594</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF
NEW JERSEY DEPARTMENT OF HEALTH

B-4

REF.

Increased by:

Collected in 2017:

State Board of Health Fees

B-2 \$ 733

733

Decreased By:

Payments

B-2 \$ 733

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>		
Balance December 31, 2016	B	\$	8
Increased by:			
Salary's & Wages Paid by Current Fund	B-3	\$ 5,100	
Interest Credits Due Current Fund	B-2	<u>8</u>	<u>5,108</u>
			5,116
Balance December 31, 2017	B	\$	<u>5,116</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE OTHER FUNDS
OTHER TRUST FUND

B-6

	<u>REF.</u>		<u>DUE (TO)/FROM CURRENT FUND</u>
Balance December 31, 2016	B		\$ 186,066
Increased by:			
Tax Sale Premiums Received in Current Fund	B-7		18,600
			<u>204,666</u>
Decreased by:			
Storm Trust Expenditures Paid from Current Fund	B-14	\$ 10,000	
Tax Sale Premiums Paid from Current Fund	B-7	<u>66,200</u>	<u>76,200</u>
Balance December 31, 2017	B		<u>\$ 128,466</u>

ANALYSIS OF BALANCE

Due Current Fund - Lake Recreation	\$ 4,066
Due Current Fund - Tax Premiums	<u>124,400</u>
Total Interfund Receivable	<u>\$ 128,466</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

B-7

	<u>REF.</u>	
Balance December 31, 2016	B	\$ 172,000
Increased by:		
Premium Receipts	B-6	<u>18,600</u>
		190,600
Decreased by:		
Premium Payments	B-6	<u>66,200</u>
Balance December 31, 2017	B	<u>\$ 124,400</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPER'S ESCROW TRUST FUND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2016	B	\$ 35,700
Increased by:		
Escrow Deposits	B-2	<u>7,585</u>
		43,285
Decreased by:		
Escrows Returned	B-2	<u>5,914</u>
Balance December 31, 2017	B	<u>\$ 37,371</u>

TRUST FUND
SCHEDULE OF RESERVE FOR PAYROLL TRUST

B-9

	<u>REF.</u>	
Balance December 31, 2016	B	\$ 28,627
Increased by:		
Receipts of Gross Payroll and Employer Taxes	B-2	<u>629,854</u> 658,481
Decreased by:		
Disbursements of Net Payroll and Payroll Taxes	B-2	<u>613,528</u>
Balance December 31, 2017	B	<u>\$ 44,953</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TOT LOT ESCROW

B-10

	<u>REF.</u>	
Balance December 31, 2016	B	\$ 42,758
Increased by:		
Receipts	B-2	<u> 53</u> 42,811
Balance December 31, 2017	B	<u>\$ 42,811</u>

TRUST FUND
SCHEDULE OF RESERVE FOR COAH TRUST

B-11

	<u>REF.</u>	
Balance December 31, 2016	B	\$ <u>1</u>
Balance December 31, 2017	B	\$ <u>1</u>

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

B-12

	<u>REF.</u>	
Balance December 31, 2016	B	\$ 16,796
Increased by:		
Payroll Deductions	B-2	<u>5,021</u> 21,817
Balance December 31, 2017	B	<u>\$ 21,817</u>

TRUST FUND
SCHEDULE OF RESERVE FOR LAKE TRUST

B-13

	<u>REF.</u>	
Balance December 31, 2016	B	\$ 36,942
Increased by:		
Recreation Receipts	B-2	<u>43,612</u>
		80,554
Decreased by:		
Transfer to Current Fund to Reimburse Salaries and Other Expense	B-2	<u>37,363</u>
Balance December 31, 2017	B	<u>\$ 43,191</u>

TRUST FUND
SCHEDULE OF RESERVE FOR STORM TRUST

B-14

REF.

Balance December 31, 2017

B

\$ 10,000

Decreased by:

Storm Trust Expenditures Paid from Current Fund

B-6

\$ 10,000

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>	
Balance December 31, 2016	C	<u>\$ 91</u>
Balance December 31, 2017	C	<u>\$ 91</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>	
Balance December 31, 2016	C	\$ (573,104)
Increased by:		
Improvement Authorizations Paid by Current Fund	C-7	<u>54,124</u> (518,980)
Decreased by:		
Budget Appropriation - Deferred Charges	C-5	\$ 7,937
Budget Appropriation - Capital Improvement Fund	C-6	<u>75,000</u> <u>82,937</u>
Balance December 31, 2017	C	<u>\$ (601,917)</u>

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

	<u>REF.</u>	C-4
Balance December 31, 2016	C	\$ 887,000
Decreased by:		
2017 Current Fund Budget Appropriations Bond Principal	C-9	<u>135,000</u>
Balance December 31, 2017	C	<u>\$ 752,000</u>

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

C-5

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE 12/31/16	BUDGET APPROPRIATION DEFERRED CHARGE	PAID BY BOND ANTICIPATION NOTE	BALANCE 12/31/17	ANALYSIS OF BALANCE	
						AUTHORIZED NOT ISSUED	BOND ANTICIPATION NOTES
2005-08	Acquisition of Real Property-Quenzel Property	\$ 5,600	\$ 2,800		\$ 2,800	\$ 2,800	-
2008-03	Speed Bump Removal on Pequest Road	1,797	1,797		-	-	-
2008-04	Lake Dock and Playground Repairs	3,340	3,340		-	-	-
2011-09	Improvements to Furnace Brook Dam, Kaufman Drive, Drainage for Wash. Ave and Kepps Drive, New DPW Truck	150,500			150,500	150,500	-
2016-08	Asbestos Removal and Demolition of Building and Site Restoration at 50 Wall Street	332,500		\$ 41,563	290,937	-	\$ 290,937
		\$ 493,737	\$ 7,937	\$ 41,563	\$ 444,237	\$ 153,300	\$ 290,937
REF.		C	C-3	C-10	C		

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2016	C	\$ 108,180
Increased by:		
Budget Appropriation - Capital Improvement Fund	C-3	<u>75,000</u>
		183,180
Decreased by:		
Funded Improvement Authorizations	C-7	<u>43,599</u>
Balance December 31, 2017	C	<u>\$ 139,581</u>

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE NO.</u>	<u>AMOUNT</u>	<u>BALANCE 12/31/16</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/17</u>	
			<u>FUNDED</u>	<u>UNFUNDED</u>			<u>FUNDED</u>	<u>UNFUNDED</u>
Acquisition of Land & Construction of New Munic. Bldg	1993-10	\$ 1,200,000	\$ 14,733				\$ 14,733	
Acquisition of Real Property - Quenzel Property	2005-08	800,000		\$ 12,866				\$ 12,866
Lake Dock and Playground Repairs	2008-04	17,600		6,901				6,901
Improvements to Furnace Brook Dam, Kaufman Drive, Drainage for Wash. Ave and Kepps Drive, New DPW Truck	2011-09	500,000		340,770				340,770
Asbestos Removal and Demolition of Building and Site Restoration at 50 Wall Street	2013-08; Restated 2014-05	350,000		77,500				77,500
Fire Department Equipment and Safety Gear	2014-04	62,500	12,500			\$ 12,500	-	
Public Works Vehicle, Paving of Twsp Roads, Shed/Pump, Natural Gas Conversion and Building Improvements	2015-05	160,000	29,171			14,705	14,466	
Computer Equipment	2017-02	2,000			\$ 2,000	1,814	186	
Paving/Lake Improvements	2017-09	41,599			41,599	25,105	16,494	-
			\$ 56,404	\$ 438,037	\$ 43,599	\$ 54,124	\$ 45,879	\$ 438,037
REF.			C	C	C-6	C-3	C	C

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

C-8

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/16</u>	<u>BALANCE</u> <u>12/31/17</u>
Road Reconstruction	\$ 98,018	\$ 98,018
Preliminary Costs	3,016	3,016
Lake Improvements	6,000	6,000
Emergency Equipment	4,400	4,400
Emergency Squad Building	20,000	20,000
	<u>\$ 131,434</u>	<u>\$ 131,434</u>
REF.	C	C

GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

C-9

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING BONDS DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/16</u>	<u>DECREASED</u>	<u>BALANCE 12/31/17</u>
General Obligation Bonds	9/13/12	\$ 1,297,000	9/1/18	\$ 145,000	2.000%	\$ 887,000	\$ 135,000	\$ 752,000
			9/1/19	145,000	2.000%			
			9/1/20	150,000	2.000%			
			9/1/21	155,000	2.000%			
			9/1/22	157,000	2.125%			
						\$ 887,000	\$ 135,000	\$ 752,000
						C	C-4	C

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-10

<u>Ordinance</u>	<u>PURPOSE</u>	<u>ORIGINAL ISSUE</u>	<u>ORIGINAL DATE OF ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/16</u>	<u>DECREASED</u>	<u>BALANCE 12/31/17</u>
2013-08; Restated 2014-05	Asbestos Removal and Demolition of Building and Site Restoration at 50 Wall Street	\$ 332,500	7-1-14	6-28-16	6-26-18	1.73%	\$ 332,500	\$ 41,563	\$ 290,937
							332,500	\$ 41,563	\$ 290,937
	REF.						C	C-3	C

SEWER UTILITY FUND

SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

D-4

	<u>REF.</u>		<u>OPERATING</u>
Balance December 31, 2016	D		\$ 930,898
Increased by Receipts:			
Collector	D-5	\$ 1,423,946	
Miscellaneous Revenues	D-2	<u>5,186</u>	<u>1,429,132</u>
			2,360,030
Decreased by Disbursements:			
2017 Appropriations	D-3	1,125,588	
2016 Appropriation Reserve	D-7	2,875	
Garbage Fees Paid to Current Fund	D	<u>175,000</u>	<u>1,303,463</u>
Balance December 31, 2017	D		<u>\$ 1,056,567</u>

SEWER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

D-5

REF.

Increased by Receipts:

Garbage Collection Fees		\$ 175,000	
Rent Overpaid	D-9	6,550	
Consumer Accounts Receivable	D-6	<u>1,242,396</u>	<u>\$ 1,423,946</u>

Decreased by Disbursements:

Payment to Treasurer	D-4		<u>\$ 1,423,946</u>
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SEWER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-6

	<u>REF.</u>	
Balance December 31, 2016	D	\$ 243,666
Increased by:		
Sewer Rents Levied		<u>1,463,951</u>
		1,707,617
Decreased by:		
Sewer Receipts Collected in Current Fund	D-8	\$ 10,692
Overpaid Applied	D-9	6,786
Collection	D-5	<u>1,242,396</u>
		<u>1,259,874</u>
Balance December 31, 2017	D	<u>\$ 447,743</u>

SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2016

D-7

	<u>BALANCE</u> <u>12/31/16</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Other Expenses-Sewer Treatment	\$ 109,920	\$ 112,795	\$ 2,875	\$ 109,920
Other Expenses	296	296		296
TOTALS	<u>\$ 110,216</u>	<u>\$ 113,091</u>	<u>\$ 2,875</u>	<u>\$ 110,216</u>

REF.

D

D-4

D-1

Appropriation Reserve	\$ 110,216
Encumbrances	<u>2,875</u>
	<u>\$ 113,091</u>

SEWER UTILITY FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

D-8

	<u>REF.</u>	
Balance December 31, 2016	D	\$ 14,492
Increased by:		
Sewer Receipts Collected in Current Fund	D-6	<u>10,692</u>
		25,184
Decreased by:		
Operating Expenditures Paid by Current Fund	D-3	<u>6,679</u>
Balance December 31, 2017	D	<u><u>\$ 18,505</u></u>

CURRENT FUND
SCHEDULE OF SEWER RENT OVERPAYMENTS

D-9

	<u>REF.</u>	
Balance December 31, 2016	D	\$ 6,786
Increased by:		
2017 Rent Overpayments	D-5	<u>6,550</u>
		13,336
Decreased by:		
Applied to Current Year	D-6	<u>6,786</u>
Balance December 31, 2017	D	<u><u>\$ 6,550</u></u>

SEWER UTILITY FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2017

D-10

	<u>BALANCE</u> <u>12/31/16</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/17</u>
Sanitary Sewerage Collection System	\$ 2,946,604			\$ 2,946,604
Sewer Line Camera System	10,745			10,745
Pump Replacements, Repairs and Supplies	9,834			9,834
	\$ 2,967,183	-	-	\$ 2,967,183

REF. D

D

SEWER UTILITY FUND
SCHEDULE OF FIXED CAPITAL-AUTHORIZED AND UNCOMPLETED
DECEMBER 31, 2017

D-11

	<u>BALANCE</u> <u>12/31/16</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/17</u>
Sanitary Sewerage Collection System	\$ 44,084			\$ 44,084
Sewer Infiltration	16,500			16,500
Sewer Infiltration	16,887			16,887
	\$ 77,471	-	-	\$ 77,471

REF. D

D

SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE

D-11

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING BONDS DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/16</u>	<u>DECREASED</u>	<u>BALANCE 12/31/17</u>
Construction of Sanitary Sewer System	5/16/1997	\$ 1,002,000	4/01/18- 4/01/22	\$ 37,888 *	4.000%	\$ 378,378	\$ 61,046	\$ 317,332
						\$ 378,378	\$ 61,046	\$ 317,332

D

D-3

C

* - Semi-annual amount including principal and interest payable on April 1 and October 1.

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-12

ORDINANCE <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE FUNDED 12/31/16</u>	<u>BALANCE FUNDED 12/31/17</u>
78-7	Construction of Sanitary Sewer Collection System	\$ 2,988,000	\$ 44,084	\$ 44,084
			\$ 44,084	\$ 44,084
	REF.		D	D

PUBLIC ASSISTANCE FUND SCHEDULES

PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

E-1

	<u>REF.</u>	P.A.T.F. <u>#2</u>	<u>FUND</u> <u>TOTAL</u>
Balance December 31, 2016	E	\$ 6,172	\$ 6,172
Increased by Receipts:			
Interest Credits		11	11
Total Receipts		<u>11</u>	<u>11</u>
		<u>6,183</u>	<u>6,183</u>
 Balance December 31, 2017	 E	 <u>\$ 6,183</u>	 <u>\$ 6,183</u>

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2017

F-1

	<u>BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u>
	<u>12/31/16</u>			<u>12/31/17</u>
General Fixed Assets:				
Sites	\$ 3,049,334			\$ 3,049,334
Site Improvements	643,504			643,504
Building and Improvements	1,525,090			1,525,090
Machinery and Equipment	700,615			700,615
Construction in Progress	243,761			243,761
Total General Fixed Assets	<u>\$ 6,162,304</u>	-	-	<u>\$ 6,162,304</u>
Investment In General Fixed Assets	<u>\$ 6,162,304</u>	-	-	<u>\$ 6,162,304</u>

**PART III
SUPPLEMENTARY INFORMATION**

General Comments

**Report on Internal Control over Financial Reporting
and Compliance and Other Matters based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Schedule of Federal/State Awards

Status of Prior Audit Findings

Schedule of Findings and Responses

GENERAL COMMENTS

Scope of Audit

The audit of the financial statements of the Township of Oxford, County of Warren, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement 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 to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$40,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel'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 N.J.S.40A:11-5.

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 determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "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 N.J.S.40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method of 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 4, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"On all delinquents to and including December 31, 2017, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2016, at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

The governing body, on January 4, 2017 adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2017, include real property taxes from the 2017, 2016, 2015 and 2009 tax levies.

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

Inspection of tax sale certificates on file revealed that all tax sale certificates from tax sales were available for audit.

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	73
2016	79
2015	79

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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of November 15, 2017. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Verification <u>Type</u>	Request <u>Form</u>	Total No. <u>of Items</u>	Total	
			<u>No. of Circular</u>	<u>Total No. Returned</u>
2017 Property Tax	Positive	1,141	60	15
2018 Property Tax	Positive	1,141	60	15
2017 Delinquent Tax	Negative	127	25	12
2017 Sewer Charges	Positive	117	25	5

N.J.A.C. 5:30-5 (Technical Accounting Directives)

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Oxford to these new directives are as follows:

<u>Requirement</u>	FY 2017 Required	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System		X

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

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2017</u>	<u>%</u>	<u>YEAR 2016</u>	<u>%</u>
Fund Balance Utilized	\$ 138,000	1.77%	\$ 99,838	1.25%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,525,772	19.56%	1,825,562	22.77%
Collection of Delinquent Taxes and				
Tax Title Liens	199,119	2.55%	141,112	1.76%
Collection of Current Tax Levy	<u>5,939,443</u>	<u>76.12%</u>	<u>5,951,471</u>	<u>74.23%</u>
Total Income	<u>7,802,334</u>	<u>100.00%</u>	<u>8,017,983</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	2,099,671	27.83%	2,239,996	29.29%
County Taxes	1,280,989	16.98%	1,345,502	17.59%
Local and Regional Taxes	4,070,455	53.96%	4,061,880	53.11%
Other Expenditures	<u>92,591</u>	<u>1.23%</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures	<u>\$7,543,706</u>	<u>100.00%</u>	<u>\$7,647,378</u>	<u>100.00%</u>
Excess (Deficit) Revenue Over Expenditures	258,628		370,605	
Statutory Excess to Fund Balance	258,628		370,605	
Fund Balance January 1	466,430		195,663	
Less:				
Utilization as Anticipated Revenue	<u>138,000</u>		<u>99,838</u>	
Fund Balance December 31	<u>\$ 587,058</u>		<u>\$ 466,430</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
SEWER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2017</u>	<u>%</u>	<u>YEAR 2016</u>	<u>%</u>
Operating Surplus	-	0.00%	\$ -	0.00%
Rents	\$ 1,259,874	91.61%	1,410,623	99.46%
Miscellaneous	5,186	0.38%	1,421	0.10%
Other Credits to Income	<u>110,216</u>	<u>8.01%</u>	<u>6,260</u>	<u>0.44%</u>
Total Income	1,375,276	100.00%	1,418,304	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>1,261,427</u>	100.00%	<u>1,249,876</u>	100.00%
Total Expenditures	1,261,427	100.00%	1,249,876	100.00%

Excess (Deficit) Revenue Over Expenditures	113,849		168,428	
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Statutory Excess to Fund Balance	113,849		168,428	
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Fund Balance January 1	468,475		300,047	
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Less:

Utilization as Anticipated Revenue	<u>-</u>		<u>-</u>	
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Fund Balance December 31	<u>\$ 582,324</u>		<u>\$ 468,475</u>	
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Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>\$3.927</u>	<u>\$3.950</u>	<u>\$3.105</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.564	\$0.547	\$0.414
County	\$0.806	\$0.846	\$0.670
Local School	\$2.557	\$2.557	\$2.021

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2017	\$159,171,600
2016	\$158,795,800
2015	\$201,830,480

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$6,251,677	\$5,939,443	95.00%
2016	\$6,294,428	\$5,951,471	94.55%
2015	\$6,265,034	\$5,920,688	94.50%

Delinquent Taxes and Tax Title Liens

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

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$851,820	\$173,996	\$1,025,816	16.41%
2016	\$882,571	\$212,521	\$1,095,092	17.40%
2015	\$803,450	\$141,270	\$944,720	15.08%

Property Acquired by Tax Title Lien Liquidation

\$1,749,900 in properties have been acquired by foreclosure or deed as a result of liquidation of tax title liens.

Comparative Schedule of Fund Balances

<u>Current Fund</u>		<u>Utilized</u>
<u>Year</u>	<u>Balance</u> <u>December 31</u>	<u>In Budget of Succeeding Year</u> <u>Regular</u>
2017	\$ 587,058	\$ 138,000
2016	\$ 466,430	\$ 138,000
2015	\$ 195,663	\$ 99,838
2014	\$ 206,889	\$ 206,888
2013	\$ 274,228	\$ 233,000
2012	\$ 353,887	\$ 237,193

Sewer Utility Fund

2017	\$ 582,324	None
2016	\$ 468,475	None
2015	\$ 300,047	None
2014	\$ 175,259	\$ 24,000
2013	\$ 93,315	None
2012	\$ 68,250	\$ 22,385

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of</u> <u>Bond</u>	<u>Name</u> <u>Of Corporate Surety</u>
Bill Ryan	Mayor		
Robert Nyland	Committeeperson		
Marc Pasquini	Committeeperson		
Sheila L. Oberly	Clerk		

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Lisa Gerickont-Truppa	Collector; Tax Search Officer	\$1,000,000	Public Alliance Joint Insurance Fund
Dawn Stanchina	Certified Municipal Finance Officer	\$1,000,000	Public Alliance Joint Insurance Fund
Richard Motyka	Assessor		
Michael Lavery	Attorney		

The minimum bond coverage required for the Tax Collector is based on their respective prior years' tax levy and would be as follows:

<u>Collector</u>	
<u>Year</u>	<u>Amount</u>
2017	\$95,236

There are public employees' blanket bonds providing coverage to municipal officials and employees not specifically bonded. The municipal officials and employees are covered by a "faithful performance blanket position bond" in the amount of \$50,000 provided by the Public Alliance Insurance Coverage Joint Insurance Fund, West Windsor, NJ.

All the bonds were examined and were properly executed.



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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

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

Independent Auditor's Report

The Honorable Mayor and
Members of the Township Committee
Township of Oxford
County of Warren, New Jersey
11 Green Street
Oxford, New Jersey 07863

We have audited, in accordance with 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 audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey, the regulatory-basis financial statements of the Township of Oxford in the County of Warren, State of New Jersey, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township of Oxford's basic financial statements, and have issued our report thereon dated March 31, 2018, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

-Continued-

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.

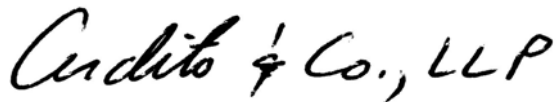
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2017-2.

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 Township'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.

ARDITO & CO., LLP



Frenchtown, New Jersey

March 31, 2018



Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & CO., LLP

Frenchtown, New Jersey

March 31, 2018

SCHEDULE OF FEDERAL/STATE AWARDS

**SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

STATE GRANTOR/ PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/17	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/17	
<u>DEPT. OF COMMUNITY AFFAIRS</u>										
Municipal Alliance Program N.J.S.40A:11-5(a)	N/A	\$ 3,734	2017	A		\$ 3,734			\$ 3,734	
Municipal Alliance Program N.J.S.40A:11-5(a)	N/A		Prior Years	A	\$ 6,639			\$ 4,577	2,062	
<u>DEPT. OF ENVIR. PROTECTION</u>										
Solid Waste Admin.-Clean Communities Program	4900-765-178900	6,304	2017	A		6,304			6,304	
			Prior Years	A	10,495			1,311	9,184	
Hazzardous Site Grant		86,060	2016	A	\$ 12,108			6,990	5,118	
<u>DEPT. OF HUMAN SERVICES</u>										
Payments to Municipalities for Cost of General Assistance (State Share)	75050-150-158010-60	N/A	N/A	E	6,183				6,183	
<u>DEPT. OF TRANSPORTATION</u>										
NJ Transportation Fund Authority Act	Pequest Road Sec 1	148,791	2016	A		148,791		7,904	140,887	
NJ Transportation Fund Authority Act	Buckley Avenue	65,000	2015	A	3,635				3,635	
<u>OTHER AIDS</u>										
Emergency Management Council	N/A	5,000	2000	A	2,957				2,957	
Beam Guides Rails and Stip	N/A			A	5,085				5,085	
Hazards Emergency Operations Planning	N/A	2,406	2004	A	2,406				2,406	
Stormwater Grant	N/A			A	5,232				5,232	
Alcohol Rehabilitation Grant	N/A	162	2012	A	2,341				2,341	
Alcohol Rehabilitation Grant	N/A	363	2016	A	363				363	
Alcohol Rehabilitation Grant	N/A	258	2017	A		258			258	
Emergency Services Grant	N/A			A	9,668				9,668	
Recycling Tonnage Grant	N/A	3,129	2014	A	15,220			669	14,551	
Recycling Tonnage Grant	N/A	3,113	2016	A	3,113	16			3,129	
Recycling Tonnage Grant	N/A	1,895	2017	A		1,895			1,895	
Waste Water Management Grant	N/A			A	12				12	
Highlands Incentive Planning Grant	N/A	14,049	2011	A	-				-	
Highlands Sec 15 Grant	N/A	15,000	2015	A	(4,521)				(4,521)	
TOTAL STATE ASSISTANCE						\$ 80,936	\$ 160,998	\$ -	\$ 21,451	\$ 220,483

Note: This Schedule was not subject to an audit in accordance with NJOMB Circular 15-08.
The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

TOWNSHIP OF OXFORD

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2017

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Township of Oxford. The Township of Oxford is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Uniform Guidance, Audits of States, Local Governments and Nonprofit Organizations. However, the Township was not subject to the single audit provisions of Federal OMB Uniform Guidance or New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2017 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

CY

Occurrence

2016-1 (*) I recommend that all statutory means should be utilized, including foreclosure, to liquidate tax title liens in order to get such properties back on a taxpaying basis.

STATUS - Finding Repeated in 2017

2016-2 (*) I recommend that the township conduct a physical inventory or appraisal of the fixed assets. Periodic updates should occur to safeguard township assets.

STATUS - Finding Repeated in 2017

2016-4 (*) I recommend that all interfund loans be transferred back to their respective funds before the end of the calendar year.

STATUS - Finding Repeated in 2017

(*) - Finding Repeated in Current Year

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2017

Summary of Auditor's Results

basis of accounting as a result of the general fixed assets account group not being included in the scope of the audit.

The audit did not disclose any material weaknesses in the internal controls of the Township.

The audit did not disclose any noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Uniform Guidance and New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2017 as grant expenditures were less than the single audit thresholds of \$750,000, identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Finding

2017-1 (*) As of December 31, 2017, there were seventy-nine (73) outstanding tax title liens in the amount of \$851,820. Property tax levies on these properties are added to liens in excess of \$113,000 annually, of which the township has to bear the full cost of the related local school and county tax levies. In 2017, the township foreclosed on twelve properties.

We recommend that that the township continue its efforts to liquidate tax title liens in order to get such properties back on a taxpaying basis and transfer foreclosed properties from lien status to foreclosed status.

2017-2 (*) The capital/fixed asset accounting detail should be updated. A physical inventory was conducted during 2016, however no dollar amounts were ascribed to the assets.

We recommend that the township conduct a physical inventory or appraisal of the fixed assets and assign historical values to the assets. Periodic updates should occur to safeguard township assets.

2017-3 (*) Various interfund balances in excess of \$1,302,807 existed as of December 31, 2017. The largest interfund balance is the amount the current fund owes to the general capital fund (\$601,917).

We recommend that all interfund loans be transferred back to their respective funds before the end of the calendar year.

2017-4 There were various differences between the Collector's tax system cash book and the bank deposits in the cumulative amount of \$87,214. There were numerous instances where property tax deposits were deposited into the sewer cash account and sewer deposits were deposited into the current fund tax collections cash account.

We recommend that the Collector's cash book deposits be reconciled to the bank statements on a monthly basis.

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS- CONTINUED

YEAR ENDED DECEMBER 31, 2017

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

2017-5 Various aged grant receivables and spending reserve balances exist as of December 31, 2017.

We recommend that the township investigate the disposition of aged grant receivables and reserves.

(*) Prior Year Finding