

**BOROUGH OF PITMAN
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2016**

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PART I

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Pitman
110 South Broadway
Pitman, New Jersey 08071

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Pitman, as of December 31, 2016, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough of Pitman's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Pitman on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Pitman as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016, in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

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

Predecessor Auditor

The financial statements for the year ended December 31, 2015, were audited by a predecessor auditor. The predecessor auditor issued an Adverse Opinion on the financial statements, stating that they do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Pitman as of December 31, 2015, or changes in financial position for the year then ended.

The predecessor auditor issued an unmodified opinion on the regulatory basis financial statements for the year ended December 31, 2015, stating that the regulatory basis balance sheets and account groups as of December 31, 2015, the regulatory basis statements of operations for the year then ended, and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015, were in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The predecessor audit report was dated October 28, 2016.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017, on our consideration of the Borough of Pitman'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Pitman's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

June 8, 2017

CURRENT FUND

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

ASSETS	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund			
Cash	A-4	\$ 3,122,857.81	\$ 2,618,368.20
Change Funds	A-5	210.00	210.00
		<u>3,123,067.81</u>	<u>2,618,578.20</u>
Receivables and Other Assets with Full Reserves			
Delinquent Property Taxes Receivable	A-6	422,404.56	650,768.43
Tax Title Liens Receivable	A-7	5,451.72	4,995.35
Property Acquired for Taxes - Assessed Valuation	A-8	80,300.00	80,300.00
Yard Maintenance & Board Up Charges Receivable			669.00
Due Trust Other Fund			145,614.52
Due from Animal Control Trust Fund	B	5,918.71	1,232.56
Due from Assessment Trust Fund	B	4.91	62.44
Due from Tax Title Lien Premium Trust Fund	B	16.33	
Due from Tax Title Lien Redemption Trust Fund	B	1.01	
Due from Town Clock Maintenance Trust Fund	B	0.38	
Due from Police Off-Duty Trust Fund	B	341.78	
Due from Community Appreciation Trust Fund	B	0.89	
Due from Payroll Deductions Payable Trust Fund	B	5,132.63	
Due from Flexible Spending Accounts Trust Fund	B	0.23	
Due from Fire Safety Trust Fund	B	9,240.81	
Due from Developers Escrow Trust Fund	B	9.65	
Due from Recreation Commission Trust Fund	B	4.69	
Due from K-9 Donations Trust Fund	B	236.55	
Due from General Capital Fund	C	124.81	
Due from Water and Sewer Utility Operating Fund			271,412.37
Due from Water and Sewer Utility Capital Fund	D	1,180,221.52	638,945.83
		<u>1,709,411.18</u>	<u>1,794,000.50</u>
Deferred Charges			
Special Emergency Authorization			8,000.00
			<u>8,000.00</u>
		<u>4,832,478.99</u>	<u>4,420,578.70</u>
Federal and State Grant Fund			
Cash - Treasurer	A-4	5,363.10	5,362.64
Due from Current Fund	A	163,013.43	88,262.46
Grants Receivable	A-16	742,055.97	624,267.05
Grant Expenditure Without Appropriation	A-4	1,786.14	
Grant Overexpenditure	A-17	216.34	
		<u>912,434.98</u>	<u>717,892.15</u>
		<u>\$ 5,744,913.97</u>	<u>\$ 5,138,470.85</u>

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

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

LIABILITIES, RESERVES, AND FUND BALANCE	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 491,908.33	\$ 421,679.31
Encumbrances Payable	A-12	267,472.81	144,036.14
Prepaid Taxes	A-4	106,491.51	117,615.80
Tax Overpayments		183.29	3,923.56
Due County for Added & Omitted Taxes		5,084.29	3,298.83
Local School District Tax Payable	A-14	190,918.00	185,636.00
Due to General Capital Fund			541,513.14
Due to Federal and State Grant Fund	A	163,013.43	88,262.46
Due to Library Donations Trust Fund	B	11,762.96	
Due Water and Sewer Utility Operating Fund	D	66.87	
Reserve for:			
Revision of Tax Map		4,800.25	4,800.25
Revaluation		1,900.33	1,900.33
Due State of New Jersey:			
Construction - DCA Fees		1,370.00	2,202.00
Senior Citizen and Veterans Deductions	A-13	24,806.80	25,420.02
Marriage License Fees & Burial Permits		250.00	225.00
		<u>1,270,028.87</u>	<u>1,540,512.84</u>
Reserve for Receivables		1,709,411.18	1,794,000.50
Fund Balance	A-1	1,853,038.94	1,086,065.36
		<u>4,832,478.99</u>	<u>4,420,578.70</u>
Federal and State Grant Fund			
Reserve for Grants - Appropriated	A-17	866,056.36	676,229.87
Reserve for Grants - Unappropriated	A-18	34,832.79	34,009.65
Encumbrances Payable	A-12	11,545.83	7,652.63
		<u>912,434.98</u>	<u>717,892.15</u>
		<u>\$ 5,744,913.97</u>	<u>\$ 5,138,470.85</u>

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

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

Revenue and Other Income Realized	Ref.	Year 2016	Year 2015
Fund Balance Utilized	A-2	\$ 115,130.25	
Miscellaneous Revenue Anticipated	A-2	1,678,027.38	\$ 1,311,156.21
Receipts from Delinquent Taxes	A-2	644,835.60	763,386.03
Receipts from Current Taxes	A-2	23,025,364.71	22,303,160.90
Non-Budget Revenue	A-2	312,596.15	419,863.55
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	349,645.94	459,770.73
Yard Maintenance and Board Up Charges			2,729.26
Reserve for Local Grants Canceled	A-20	4.07	
Encumbrances Payable - Canceled	A-12	4,931.24	
Interfunds Returned		437,774.86	
Total Income		26,568,310.20	25,260,066.68
Expenditures			
Budget Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	2,870,162.00	2,865,518.00
Other Expenses	A-3	2,802,705.00	2,749,337.00
Deferred Charges and Statutory:			
Expenditures - Municipal	A-3	656,513.00	637,918.46
Budget Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	196,500.00	198,000.00
Other Expenses	A-3	285,335.23	257,532.57
Capital Improvements	A-3	203,000.00	10,000.00
Debt Service	A-3	488,499.22	491,457.14
Deferred Charges	A-3	8,000.00	8,000.00
County Taxes	A-15	3,815,668.15	3,682,375.01
County Open Space Taxes	A-15	247,459.60	248,140.62
Due County for Added Taxes		5,084.29	3,298.81
Local District School Tax	A-14	13,534,282.00	13,276,706.00
Prior Year Deductions Disallowed	A-13	1,316.44	2,000.00
Prior Year Tax Appeals Applied	A-6	1,491.52	
Interfund Advanced		570,189.92	352,057.58
Total Expenditures		25,686,206.37	24,782,341.19

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

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

	Ref.	<u>Year 2016</u>	<u>Year 2015</u>
Excess in Revenue		882,103.83	477,725.49
Fund Balance			
Balance January 1	A	<u>1,086,065.36</u>	<u>608,339.87</u>
		1,968,169.19	1,086,065.36
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>115,130.25</u>	<u> </u>
Balance December 31	A	<u><u>\$ 1,853,038.94</u></u>	<u><u>\$ 1,086,065.36</u></u>

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

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Amended by NJSA 40A:4-87		
Fund Balance Anticipated	A-1	\$ 115,130.25		\$ 115,130.25	
Miscellaneous Revenues:					
Fees and Permits	A-9	155,000.00		134,182.09	\$ (20,817.91)
Fines and Costs:					
Municipal Court	A-9	115,000.00		126,116.54	11,116.54
Interest and Costs on Taxes	A-9	116,000.00		138,493.52	22,493.52
Interest on Investments	A-9	4,000.00		3,724.04	(275.96)
Lease Payments - Cell Tower	A-9	127,000.00		130,239.41	3,239.41
Cable Television Franchise Tax	A-9	59,133.70		59,133.70	
Internet Franchise Fee	A-9	66,030.10		66,030.10	
Consolidated Municipal Property Tax Relief Act (NJSA 52:27D-118.34)	A-9	88,084.00		88,084.00	
Energy Receipts Tax	A-9	550,363.00		550,363.00	
Uniform Construction Code	A-9	88,000.00		101,168.00	13,168.00
Gloucester County Body Worn Camera Grant	A-16		\$ 8,500.00	8,500.00	
Click It or Ticket	A-16		1,600.00	1,600.00	
Assistance to Firefighters Grant	A-16		1,049.00	1,049.00	
NJ Transportation Trust Fund - Hudson and Elsie Ave.	A-16	193,000.00		193,000.00	
Police Body Armor	A-16	860.62		860.62	
Municipal Court Alcohol Education	A-16	885.03		885.03	
Clean Communities Program	A-16		21,922.29	21,922.29	
Recycling Tonnage Grant	A-16	12,744.04		12,744.04	
Safe & Secure	A-16	26,039.00		26,039.00	
Municipal Alliance Youth Service	A-16	13,893.00		13,893.00	
Total Miscellaneous Revenues		1,616,032.49	33,071.29	1,678,027.38	28,923.60
Receipts from Delinquent Taxes	A-2	600,000.00		644,835.60	44,835.60
Subtotal General Revenues		2,216,032.49	33,071.29	2,322,862.98	73,759.20
Amount to be Raised by Taxation	A-2	5,847,975.88		6,122,365.35	274,389.47
Budget Totals		8,179,138.62	33,071.29	8,560,358.58	348,148.67
Non-Budget Revenue	A-2			312,596.15	
		\$ 8,179,138.62	\$ 33,071.29	\$ 8,872,954.73	
Ref.		A-3	A-3		

STATEMENT OF REVENUES - CURRENT FUND - REGULATORY BASIS

	Ref.	
Allocation of Current Tax Collections:		
Revenue from Collections	A-6	23,025,364.71
Allocated to:		
School and County Taxes	A-6	17,602,494.04
Balance for Support of Municipal Budget Appropriation		<u>5,422,870.67</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	699,494.68
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 6,122,365.35</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	A-6	\$ 641,261.49
Tax Title Liens	A-7	3,574.11
	A-2	<u>\$ 644,835.60</u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:		
Revenue Accounts Receivable:		
Sign Concession	A-9	\$ 1,880.00
Fire Safety LEA	A-9	81,733.98
FEMA Reimbursement	A-9	109,896.77
Planning, Zoning, & Miscellaneous Permits	A-9	8,615.00
JIF Safety Award	A-9	4,275.35
Miscellaneous	A-9	20,047.94
Insurance Settlement	A-9	599.52
Trash Can Sales	A-9	815.00
Restitution	A-9	80.15
Street Opening Permits	A-9	69,920.00
Senior Citizen and Veteran Deduction Administration Fee	A-9	2,208.63
Insurance Reimbursements	A-9	11,097.26
Refunds	A-9	726.55
Polling Place Rental	A-9	700.00
	A-2	<u>\$ 312,596.15</u>

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration:						
Salaries & Wages	\$ 137,550.00	\$ 135,750.00	\$ 116,303.52		\$ 19,446.48	
Other Expenses	57,800.00	57,800.00	38,429.33	\$ 3,825.89	15,544.78	
Mayor and Council:						
Other Expenses	2,000.00	2,000.00	1,713.60	73.99	212.41	
Municipal Clerk:						
Other Expenses	7,500.00	7,500.00	6,021.73		1,478.27	
Financial Administration:						
Salaries & Wages	31,300.00	31,300.00	30,756.59		543.41	
Other Expenses	5,050.00	5,050.00	2,300.00	234.24	2,515.76	
Audit Services:						
Other Expenses	42,000.00	42,000.00	41,684.00		316.00	
Revenue Administration:						
Salaries & Wages	61,000.00	61,000.00	60,171.77		828.23	
Other Expenses	5,800.00	5,800.00	4,441.79		1,358.21	
Legal Services & Costs:						
Other Expenses	40,000.00	40,000.00	26,342.87		13,657.13	
Engineering Services & Costs:						
Other Expenses	18,000.00	21,800.00	18,852.50		2,947.50	
Economic Committee:						
Other Expenses	10,000.00	10,000.00	4,799.00	5,201.00		
Historic Preservation:						
Other Expenses	150.00	150.00			150.00	
Garden Club Committee:						
Other Expenses	1,000.00	1,000.00	954.10		45.90	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
LAND USE ADMINISTRATION						
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board:						
Salaries & Wages	3,265.00	3,265.00	3,051.17		213.83	
Other Expenses	12,900.00	14,900.00	12,132.32		2,767.68	
Zoning Official:						
Salaries & Wages	8,160.00	8,160.00	8,015.42		144.58	
Other Expenses	600.00	600.00	524.91		75.09	
CODE ENFORCEMENT & ADMINISTRATION						
Housing Safety:						
Salaries & Wages	14,475.00	14,475.00	11,539.32		2,935.68	
Other Expenses	500.00	500.00			500.00	
INSURANCE						
Liability Insurance	110,000.00	110,000.00	76,102.00		33,898.00	
Workmen's Compensation	260,000.00	260,000.00	245,000.00		15,000.00	
Group Insurance	898,281.00	898,281.00	833,327.55		64,953.45	
Miscellaneous Insurance	6,000.00	6,000.00			6,000.00	
PUBLIC SAFETY FUNCTIONS						
Police:						
Salaries & Wages	1,558,939.00	1,558,939.00	1,521,996.29		36,942.71	
Other Expenses:						
Miscellaneous Other Expenses	145,863.00	145,863.00	135,740.36	3,332.40	6,790.24	
Emergency Management Services:						
Other Expenses	4,140.00	4,140.00	1,311.94	800.00	2,028.06	
Aid to Volunteer Fire Company:						
Other Expenses	17,000.00	17,000.00	11,124.97	3,475.03	2,400.00	
Fire:						
Other Expenses	64,965.00	64,965.00	50,381.55	14,487.34	96.11	
Uniform Fire Safety Act (PL 1983, C383):						
Fire Official:						
Salaries & Wages	39,348.00	41,848.00	39,763.14		2,084.86	
Other Expenses	25,200.00	22,700.00	15,779.59	3,924.54	2,995.87	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PUBLIC WORKS FUNCTIONS						
Streets and Roads:						
Salaries & Wages	674,600.00	654,600.00	600,575.02		54,024.98	
Other Expenses	84,626.00	92,626.00	82,013.64	6,099.41	4,512.95	
Snow Removal:						
Salaries & Wages	15,000.00	15,000.00	12,021.94		2,978.06	
Other Expenses	20,000.00	20,000.00	12,525.88	1,314.05	6,160.07	
Public Buildings & Grounds:						
Salaries & Wages	16,500.00	16,500.00	15,789.25		710.75	
Other Expenses	67,000.00	67,000.00	37,457.71	27,040.01	2,502.28	
HEALTH & HUMAN SERVICES						
Board of Health:						
Salaries & Wages	30,095.00	30,095.00	29,571.16		523.84	
Other Expenses	1,300.00	1,300.00	331.88	73.50	894.62	
Environmental Committee:						
Salaries & Wages	750.00	750.00	749.76		0.24	
Other Expenses	6,500.00	6,500.00	1,358.04		5,141.96	
Animal Control:						
Salaries & Wages	200.00	200.00			200.00	
Administration of Public Assistance:						
Salaries & Wages	5,000.00	5,000.00	3,117.28		1,882.72	
PARK & RECREATION FUNCTIONS						
Parks and Playgrounds:						
Salaries & Wages	97,900.00	97,900.00	93,744.64		4,155.36	
Other Expenses	29,480.00	29,480.00	12,892.28	12,091.61	4,496.11	
Maintenance of Alcyon Park:						
Salaries & Wages	102,300.00	102,300.00	99,405.50		2,894.50	
Other Expenses	36,800.00	36,800.00	32,134.49	3,679.69	985.82	
Senior Citizen Transportation:						
Salaries & Wages	16,800.00	18,000.00	17,605.61		394.39	
Other Expenses	3,500.00	2,300.00	1,410.06		889.94	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Event, Anniversary or Holiday:						
Other Expenses	20,500.00	21,500.00	19,511.28	350.00	1,638.72	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	67,000.00	67,000.00	51,422.26		15,577.74	
Street Lighting	117,000.00	117,000.00	106,460.67		10,539.33	
Telephone	38,900.00	38,900.00	35,164.97	369.41	3,365.62	
Fuel Oil	20,000.00	20,000.00	9,068.72		10,931.28	
Gasoline/Diesel Fuel	156,000.00	121,100.00	80,182.53	7,995.06	32,922.41	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Solid Waste Disposal:						
Other Expenses	387,850.00	417,850.00	336,241.56	26,836.07	54,772.37	
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
State Uniform Construction Code:						
Construction Officials:						
Salaries & Wages	75,080.00	75,080.00	63,665.62		11,414.38	
Other Expenses	5,300.00	5,300.00	3,879.03		1,420.97	
Total Operations within "CAPS"	5,684,767.00	5,672,867.00	5,076,862.11	121,203.24	474,801.65	
Detail:						
Salaries and Wages	2,888,262.00	2,870,162.00	2,727,843.00		142,319.00	
Other Expenses	2,796,505.00	2,802,705.00	2,349,019.11	121,203.24	332,482.65	

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES & STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
STATUTORY EXPENDITURES					
Contribution to:					
Social Security System (OASI)	176,250.00	179,250.00	179,098.42		151.58
Public Employees' Retirement System	158,335.00	162,135.00	162,033.56		101.44
Consolidated Police & Firemen's Pension Fund	1,000.00	1,000.00			1,000.00
Police & Firemen's Retirement of NJ	284,028.00	289,128.00	289,074.38		53.62
Unemployment Insurance	25,000.00	25,000.00	12,408.27		12,591.73
Total Deferred Charges & Statutory Expenditures within "CAPS"	644,613.00	656,513.00	642,614.63		13,898.37
Total General Appropriations for Municipal Purposes within "CAPS"	6,329,380.00	6,329,380.00	5,719,476.74	121,203.24	488,700.02
OPERATIONS EXCLUDED FROM "CAPS"					
EDUCATION FUNCTIONS					
Maintenance of Free Public Library:					
Salaries & Wages	198,000.00	196,500.00	193,325.43		3,174.57
Other Expenses	32,000.00	33,500.00	31,899.26	1,567.00	33.74
SOLID WASTE DISPOSAL COSTS					
Recycling Tax:					
Other Expenses	10,650.00	10,650.00	10,650.00		
INSURANCE					
Group Insurance	15,219.00	15,219.00	15,219.00		
SHARED SERVICE AGREEMENTS					
Township of Mantua - Municipal Court	135,000.00	135,000.00		135,000.00	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Municipal Alliance for Drug & Alcohol Abuse	17,366.25	17,366.25	17,366.25		
Clean Communities		21,922.29	21,922.29		
Click It or Ticket		1,600.00	1,600.00		
Assistance to Firefighters		1,049.00	1,049.00		
Gloucester County Body Worn Cameras Grant		8,500.00	8,500.00		
Recycling Tonnage Grant	12,744.04	12,744.04	12,744.04		
Safe and Secure Communities	26,039.00	26,039.00	26,039.00		

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Police Body Armor	860.62	860.62	860.62			
Municipal Court Alcohol Education	885.03	885.03	885.03			
Total Operations Excluded from "CAPS"	448,763.94	481,835.23	342,059.92	136,567.00	3,208.31	
Detail:						
Salaries & Wages	198,000.00	196,500.00	193,325.43		3,174.57	
Other Expenses	250,763.94	285,335.23	148,734.49	136,567.00	33.74	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
NJ Transportation Trust - Hudson and Elsie Ave.	193,000.00	193,000.00	193,000.00			
Capital Improvements Excluded from "CAPS"	203,000.00	203,000.00	203,000.00			
DEBT SERVICE						
Payment of Bond Principal	230,000.00	230,000.00	230,000.00			
Payment of Bond Anticipation Notes	112,500.00	112,500.00	112,500.00			
Interest on Bonds	137,000.00	137,000.00	135,944.07			\$ 1,055.93
Interest on Notes	11,000.00	11,000.00	10,055.15			944.85
Total Municipal Debt Service Excluded from "CAPS"	490,500.00	490,500.00	488,499.22			2,000.78
DEFERRED CHARGES EXCLUDED FROM CAPS						
Special Emergency Authorizations	8,000.00	8,000.00	8,000.00			
Total Deferred Charges Excluded from "CAPS"	8,000.00	8,000.00	8,000.00			

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

STATEMENT OF EXPENDITURES - CURRENT FUND - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,150,263.94	1,183,335.23	1,041,559.14	136,567.00	3,208.31	2,000.78
Subtotal General Appropriations	7,479,643.94	7,512,715.23	6,761,035.88	257,770.24	491,908.33	2,000.78
Reserve for Uncollected Taxes	699,494.68	699,494.68	699,494.68			
Total General Appropriations	<u>\$ 8,179,138.62</u>	<u>\$ 8,212,209.91</u>	<u>\$ 7,460,530.56</u>	<u>\$ 257,770.24</u>	<u>\$ 491,908.33</u>	<u>\$ 2,000.78</u>
Ref.	A-2			A-12	A	
Budget	Ref. A-3	\$ 8,179,138.62				
Budget Amendments per NJSA 40A:4-87	A-2	33,071.29				
		<u>\$ 8,212,209.91</u>				
Reserve for Uncollected Taxes	Ref. A-2		\$ 699,494.68			
Deferred Charges:						
Special Emergency	A-10		8,000.00			
Reserve for Federal & State Grants - Appropriated	A-17		283,966.23			
Disbursed	A-4		6,469,069.65			
			<u>\$ 7,460,530.56</u>			

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

TRUST FUND

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
ASSETS			
Animal Control Trust Fund:			
Cash	B-2	\$ 17,915.51	\$ 14,456.67
Assessment Trust Fund:			
Cash	B-2	57,350.33	56,779.86
Due from Utility Operating Fund			628.00
		<u>57,350.33</u>	<u>57,407.86</u>
Tax Title Lien Premium Trust Fund			
Cash - Collector	B-2	189,216.33	
Tax Title Lien Redemption Trust Fund			
Cash - Collector	B-2	1.01	
Unemployment Insurance Trust Fund			
Cash	B-2	90,360.49	
		<u>90,360.49</u>	
Law Enforcement Forfeited Trust Fund			
Cash	B-2	10,169.53	
Town Clock Maintenance Trust Fund			
Cash	B-2	4,010.31	
Parade Account Trust Fund			
Cash	B-2	24,814.52	
Library Donations Trust Fund			
Cash	B-2	65,043.71	
Due from Current Fund	A	11,762.96	
		<u>76,806.67</u>	
Police Off-Duty Trust Fund			
Cash	B-2	183,462.91	
Alcyon Lake Park Trust Fund			
Cash	B-2	28.30	
Community Appreciation Trust Fund			
Cash	B-2	10,327.99	
Theater Avenue Revitalization Trust Fund			
Cash	B-2	29,426.73	
Flexible Spending Accounts Trust Fund			
Cash	B-2	1,242.12	
		<u>1,242.12</u>	
Payroll Deductions Payable Trust Fund			
Cash	B-2	35,271.93	
Due from Police Off-Duty Trust Fund	B	322.95	
		<u>35,594.88</u>	
Fire Safety Trust Fund			
Cash	B-2	60,692.91	

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
ASSETS (CONTINUED)			
Developers Escrow Trust Fund			
Cash	B-2	44,162.25	
Recreation Commission Trust Fund			
Cash	B-2	52,701.58	
Community Service Trust Fund			
Cash	B-2	246.82	
K-9 Donations Trust Fund			
Cash	B-2	22,504.37	
Trust Other Fund			
Cash			856,714.21
Due from General Capital Fund			50.00
Unemployment Trust - Due from Payroll Trust			52,241.71
			909,005.92
		\$ 911,035.56	\$ 980,870.45
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Trust Fund:			
Due to Current Fund	A	\$ 5,918.71	\$ 1,232.56
Due to State of New Jersey			4.80
Reserve for Animal Control	B-3	11,996.80	13,219.31
		17,915.51	14,456.67
Assessment Trust Fund:			
Due to Current Fund	A	4.91	62.44
Fund Balance	B-1	57,345.42	57,345.42
		57,350.33	57,407.86
Tax Title Lien Premium Trust Fund			
Due to Current Fund	A	16.33	
Reserve for Tax Title Lien Premiums		189,200.00	
		189,216.33	
Tax Title Lien Redemption Trust Fund			
Due to Current Fund	A	1.01	
		1.01	
Unemployment Insurance Trust Fund			
Reserve for Unemployment Insurance		90,360.49	
Law Enforcement Forfeited Trust Fund			
Reserve for Law Enforcement Forfeited Funds		10,169.53	
Town Clock Maintenance Trust Fund			
Due to Current Fund	A	0.38	
Reserve for Town Clock Maintenance		4,009.93	
		4,010.31	
Parade Account Trust Fund			
Reserve for Parades		24,814.52	
Library Donations Trust Fund			
Reserve for Library Donations		76,806.67	

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

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
LIABILITIES, RESERVES, AND FUND BALANCE (CONTINUED)			
Police Off-Duty Trust Fund			
Due to Payroll Deductions Payable Trust Fund	B	322.95	
Due to Current Fund	A	341.78	
Reserve for Police Off-Duty		182,798.18	
		<u>183,462.91</u>	
Alcyon Lake Park Trust Fund			
Reserve for Alcyon Lake Park		28.30	
		<u>28.30</u>	
Community Appreciation Trust Fund			
Due to Current Fund	A	0.89	
Reserve for Community Appreciation		10,327.10	
		<u>10,327.99</u>	
Theater Avenue Revitalization Trust Fund			
Reserve for Theater Avenue Revitalization		29,426.73	
		<u>29,426.73</u>	
Flexible Spending Accounts Trust Fund			
Due to Current Fund	A	0.23	
Reserve for Flexible Spending Accounts		1,241.89	
		<u>1,242.12</u>	
Payroll Deductions Payable Trust Fund			
Due to Current Fund	A	5,132.63	
Reserve for Payroll Deductions Payable		30,462.25	
		<u>35,594.88</u>	
Fire Safety Trust Fund			
Due to Current Fund	A	9,240.81	
Reserve for Fire Safety		51,452.10	
		<u>60,692.91</u>	
Developers Escrow Trust Fund			
Due to Current Fund	A	9.65	
Reserve for Developers Escrow		44,152.60	
		<u>44,162.25</u>	
Recreation Commission Trust Fund			
Due to Current Fund	A	4.69	
Reserve for Recreation Commission		52,696.89	
		<u>52,701.58</u>	
Community Service Trust Fund			
Reserve for Community Service		246.82	
		<u>246.82</u>	
K-9 Donations Trust Fund			
Due to Current Fund	A	236.55	
Reserve for K-9 Donations		22,267.82	
		<u>22,504.37</u>	
Trust Other Fund			
Due Current Fund			145,614.52
Payroll Trust - Due Unemployment Trust Fund			52,241.71
Due Water and Sewer Utility Operating Fund			30,184.83
Reserve for Trust Other Funds			680,964.86
			<u>909,005.92</u>
		<u>\$ 911,035.56</u>	<u>\$ 980,870.45</u>

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

STATEMENT OF FUND BALANCE - TRUST FUND - REGULATORY BASIS

Balance December 31, 2015	Ref. B	<u>\$ 57,345.42</u>
Balance December 31, 2016	B	<u><u>\$ 57,345.42</u></u>

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

GENERAL CAPITAL FUND

EXHIBIT C

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
ASSETS			
Cash	C-2	\$ 846,783.98	\$ 858,477.19
Due from Current Fund			541,513.14
Deferred Charges to Future Taxation:			
Funded	C-4	3,335,000.00	3,565,000.00
Unfunded	C-5	3,120,025.30	2,814,225.30
Amount to be Provided by Lease Payments	C-12	32,330.71	21,579.91
		\$ 7,334,139.99	\$ 7,800,795.54
LIABILITIES, RESERVES, AND FUND BALANCE			
Bond Anticipation Notes Payable	C-9	\$ 1,720,800.00	\$ 1,833,300.00
Serial Bonds Payable	C-8	3,335,000.00	3,565,000.00
Due Trust Other Fund			50.00
Due Current Fund	A	124.81	
Encumbrances Payable	C-11	148,397.37	68,212.73
Capital Improvement Fund	C-6	130,978.20	156,678.20
Improvement Authorizations:			
Funded	C-7	523,216.28	523,216.28
Unfunded	C-7	1,429,927.44	1,619,393.24
Obligations Under Capital Leases	C-12	32,330.71	21,579.91
Fund Balance	C-1	13,365.18	13,365.18
		\$ 7,334,139.99	\$ 7,800,795.54

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

EXHIBIT C-1

STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND - REGULATORY BASIS

Balance December 31, 2015	Ref. C	\$ 13,365.18
Balance December 31, 2016	C	<u>\$ 13,365.18</u>

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

WATER AND SEWER UTILITY FUND

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

	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
ASSETS			
Operating Fund			
Cash	D-5	\$ 2,327,613.38	\$ 2,536,677.53
Cash - Change Fund		150.00	150.00
		2,327,763.38	2,536,827.53
Due from Trust Other Fund			30,184.83
Due from Current Fund	A	66.87	
Due from Water and Sewer Utility Capital Fund	D	105.20	
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-7	41,417.65	38,999.02
Water and Sewer Liens Receivable	D-21		7,310.42
Deferred Charges:			
Emergency Authorizations (40A:4-47)	D-4	48,000.00	
Total Operating Fund		2,417,353.10	2,613,321.80
Capital Fund			
Cash	D-5	5,882.02	148,282.70
Due from Water and Sewer Utility Operating Fund			566,506.12
Grant Receivable		193,913.99	193,913.99
Fixed Capital	D-8	17,169,258.54	17,169,258.54
Fixed Capital Authorized and Uncompleted	D-9	2,208,792.80	2,158,792.80
Total Capital Fund		19,577,847.35	20,236,754.15
		\$ 21,995,200.45	\$ 22,850,075.95

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

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

	Ref.	Balance Dec. 31, 2016	Balance Dec. 31, 2015
LIABILITIES, RESERVES, AND FUND BALANCE			
Operating Fund			
Liabilities:			
Appropriation Reserves	D-4; D-10	\$ 208,670.66	\$ 128,676.97
Encumbrances Payable	D-11	84,267.34	120,488.84
Accrued Interest on Bonds & Notes	D-12	37,631.53	38,593.00
Utility Rent Overpayments		5,550.94	7,473.77
Due to Water and Sewer Utility Capital Fund			566,506.12
Due to Current Fund			271,412.37
Due to Assessment Trust Fund			628.00
		<u>336,120.47</u>	<u>1,133,779.07</u>
Reserve for Receivables		41,417.65	46,309.44
Fund Balance	D-1	2,039,814.98	1,433,233.29
Total Operating Fund		<u>2,417,353.10</u>	<u>2,613,321.80</u>
Capital Fund			
Serial Bonds Payable	D-17	3,620,000.00	3,970,000.00
Bond Anticipation Notes	D-18	970,000.00	980,000.00
Water and Sewer Loans Payable	D-20	2,262,400.86	2,292,963.86
Improvement Authorizations:			
Funded	D-13	50,000.00	
Unfunded	D-13	274,615.46	1,524,903.15
Capital Improvement Fund	D-14	25,000.00	75,000.00
Due to Water and Sewer Utility Operating Fund	D	105.20	
Due to Current Fund	A	1,180,221.52	638,945.83
Reserve for Amortization	D-15	11,143,677.48	10,753,114.48
Reserve for Deferred Amortization	D-16	50,000.00	
Fund Balance	D-2	1,826.83	1,826.83
Total Capital Fund		<u>19,577,847.35</u>	<u>20,236,754.15</u>
		<u>\$ 21,995,200.45</u>	<u>\$ 22,850,075.95</u>

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

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

	Ref.	Year 2016	Year 2015
Revenue and Other Income Realized			
Rents	D-3	\$ 2,863,456.49	\$ 2,918,424.50
Miscellaneous	D-3	20,588.30	20,755.84
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	126,767.77	121,240.69
Encumbrances Cancelled	D-11	41,297.11	
Total Income		<u>3,052,109.67</u>	<u>3,060,421.03</u>
Expenditures			
Operating	D-4	1,744,808.00	1,738,900.00
Debt Service	D-4	621,719.98	659,396.74
Deferred Charges and Statutory Expenditures	D-4	127,000.00	61,472.00
Prior Year Refund			122.00
Total Expenditures		<u>2,493,527.98</u>	<u>2,459,890.74</u>
Excess (Deficit) in Revenue		558,581.69	600,530.29
Adjustments Before Fund Balance:			
Emergency Authorization (40A:4-47)	D-4	48,000.00	
Statutory Excess to Surplus		606,581.69	600,530.29
Fund Balance			
Balance January 1	D	1,433,233.29	832,703.00
Balance December 31	D	<u>\$ 2,039,814.98</u>	<u>\$ 1,433,233.29</u>

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

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

Balance December 31, 2015	Ref. D	\$ 1,826.83
Balance December 31, 2016	D	<u>\$ 1,826.83</u>

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

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Rents	D-3	\$ 2,457,808.00	\$ 2,863,456.49	\$ 405,648.49
Miscellaneous Income	D-3		20,588.30	20,588.30
Budget Totals		<u>\$ 2,457,808.00</u>	<u>\$ 2,884,044.79</u>	<u>\$ 426,236.79</u>
	Ref.	D-4		

Analysis of Realized Revenue

	Ref.	
Rents:		
Consumer Accounts Receivable:		
Collected	D-7	\$ 2,856,146.07
Utility Liens	D-21	7,310.42
		<u>\$ 2,863,456.49</u>
Miscellaneous:		
Interest on Investments	D-5	\$ 3,107.04
Interest on Delinquent Accounts	D-5	4,061.52
Fees & Permits	D-5	13,000.00
Miscellaneous	D-5	419.74
Total Miscellaneous	D-3	<u>\$ 20,588.30</u>

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

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

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 393,358.00	\$ 398,358.00	\$ 391,334.00		\$ 7,024.00	
Other Expenses	726,450.00	769,450.00	645,531.25	\$ 24,176.92	99,741.83	
Sewerage Fees - County Sewerage Authority	625,000.00	625,000.00	478,450.52	59,395.05	87,154.43	
Debt Service:						
Payment of Bond Principal	350,000.00	350,000.00	350,000.00			
Payment of Notes	10,000.00	10,000.00	10,000.00			
Interest on Bonds	152,500.00	152,500.00	150,089.43			\$ 2,410.57
Interest on Notes	16,000.00	16,000.00	6,792.55			9,207.45
Principal Payment USDA Loan	31,000.00	31,000.00	30,563.00			437.00
Interest Payment USDA Loan	74,500.00	74,500.00	74,275.00			225.00
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	35,000.00	35,000.00	35,000.00			
Social Security System (OASI)	31,000.00	31,000.00	29,089.60		1,910.40	
Unemployment Compensation Insurance	13,000.00	13,000.00	160.00		12,840.00	
	<u>\$ 2,457,808.00</u>	<u>\$ 2,505,808.00</u>	<u>\$ 2,201,285.35</u>	<u>\$ 83,571.97</u>	<u>\$ 208,670.66</u>	<u>\$ 12,280.02</u>
Ref.	D-3			D-11	D	
Budget	Ref. D-4	\$ 2,457,808.00				
Emergency Authorizations (40A:4-47)	D	48,000.00				
		<u>\$ 2,505,808.00</u>				
Interest on Bonds and Notes Disbursed			Ref. D-12 D-5	\$ 231,156.98 1,970,128.37		
				<u>\$ 2,201,285.35</u>		

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

GENERAL FIXED ASSETS

COMPARATIVE BALANCE SHEET - GENERAL FIXED ASSETS - REGULATORY BASIS

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
General Fixed Assets:		
Land	\$ 517,000.00	\$ 517,000.00
Buildings	6,015,303.00	5,951,217.00
Machinery and Equipment	9,635,047.70	9,602,746.70
	<u>\$ 16,167,350.70</u>	<u>\$ 16,070,963.70</u>
Investment in General Fixed Assets	<u>\$ 16,167,350.70</u>	<u>\$ 16,070,963.70</u>

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

NOTES TO FINANCIAL STATEMENTS
(Regulatory Basis)

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Pitman was incorporated in 1905 and is located in Gloucester County, New Jersey.

The Borough has an elected Mayor and six elected council representatives who serve three-year terms of office on a staggered basis. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

Except as noted below, the financial statements of the Borough of Pitman included every board, body, officer, or commission supported and maintained wholly or in part by funds appropriated by the Borough of Pitman, as required by NJSA 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of the taxes.

The financial statements of the component unit of the Borough of Pitman are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASB Statement No. 14 had been complied with, the financial statements of the following component unit would have been either blended or discreetly presented with the financial statements of the Borough, the primary government.

Pitman (McCowan) Free Public Library
15 Pitman Avenue
Pitman, NJ 08071

B. Description of Funds and Account Groups

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

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

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

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds and Account Groups (Continued)

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

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

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

C. Basis of Accounting

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

A modified accrual basis of accounting is followed with minor exceptions. The more significant accounting principles are as follows:

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Grant appropriations are charged upon budget adoption to create separate spending reserves. Budgeted transfers to other funds are recorded as expenditures when the budget is adopted to the extent permitted or required by law. Appropriations for principal payments on outstanding general capital and utility capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis while interest on utility capital indebtedness is

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures (Continued) - on the accrual basis. This method differs from accounting principles generally accepted in the United States of America which requires that expenditures be recorded when services are rendered or goods are received. Under accounting principles generally accepted in the United States of America appropriation reserves do not exist and encumbrances do not constitute expenditures.

Property Taxes - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

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

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

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

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. Under accounting principles generally accepted in the United States of America, interfunds are not reserved.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

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

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

All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available except for land, which is valued at estimated market value on the date of acquisition. The Borough capitalizes fixed assets with an original cost in excess of \$5,000.00.

No depreciation has been provided for in the financial statements.

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

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

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

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

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the Borough's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the Borough's financial reporting.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Recent Accounting Pronouncements Not Yet Effective (Continued)

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73." This statement is effective for fiscal periods beginning after June 15, 2016. Although not determinable, the impact of this statement on the Borough's financial reporting is not anticipated to be significant.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Borough's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the Borough's financial reporting.

NOTE 2: BUDGETARY INFORMATION

The Borough must adopt an annual budget in accordance with NJSA 40A:4 et seq. This budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 and 2015 statutory budgets included a reserve for uncollected taxes in the amount of \$699,494.68 and \$943,473.40, respectively. This protects the Borough from taxes not paid currently. Once approved, the Borough may make emergency appropriations for a purpose which is not foreseen at the time the budget is adopted per NJSA 40A:4-46 and 54. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, or welfare prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year.

Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Budget transfers between appropriation accounts are prohibited until the last two months of the year. Budget transfers during the year were not significant. After approval from the Director, the Borough can also make amendments for any special item of revenue made available by any public or private funding source as per NJSA 40A:4-87. The following budget amendments were approved as follows:

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

Current Fund:

Special Item of Revenue:

Clean Communities Program	\$ 21,922.29
Body Worn Camera Program	8,500.00
Click It or Ticket	1,600.00
Assistance to Firefighters	1,049.00
	\$ 33,071.29

Water and Sewer Utility Operating Fund:

Emergency Authorization (40A:4-47)	\$ 48,000.00
	\$ 48,000.00

NOTE 3: CASH

Custodial Credit Risk – Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the government’s deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name. The municipality’s policy is based on New Jersey Statutes requiring cash to be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 40A:5-15.1(a) that are treated as cash equivalents. At December 31, 2016 and 2015, the carrying amounts of the Borough’s deposits were \$7,207,809.94 and \$7,095,479.00, respectively. As of December 31, 2016 and 2015, \$0 of the municipality’s bank balance of \$7,388,289.22 and \$7,189,007.59, respectively, was exposed to Custodial Credit Risk.

New Jersey Cash Management Fund – The Borough participates in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2016 and 2015, the Borough’s deposits with the New Jersey Cash Management Fund are \$6,461.86 and \$6,436.52, respectively.

NOTE 4: INVESTMENTS

As of December 31, 2016, the Borough did not have any investments.

Interest Rate Risk - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 4: INVESTMENTS (CONTINUED)

Credit Risk - NJSA 40A:5-15.1(a) limits municipal investments to those specified in the statutes. The type of allowable investments are Bonds or other obligations of the United States or obligations guaranteed by the United States, Bonds or other obligations of the Borough or Bonds or other obligations of the Borough school district, Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units, government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The Borough places no limit on the amount the Borough may invest in any one issuer.

NOTE 5: FUND BALANCES APPROPRIATED

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

	Year	Balance December 31	Budget of Succeeding Year
Current	2016	\$ 1,853,038.94	\$ 266,400.90
	2015	1,086,065.36	115,130.25
	2014	608,339.87	None
	2013	106,426.45	None
	2012	292,326.45	185,900.00
Water & Sewer Utility	2016	2,039,814.98	None
	2015	1,433,233.29	None
	2014	832,703.00	None
	2013	198,967.23	None
	2012	85,410.27	None

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Appropriation</u>
Current Fund:		
Grant Overexpenditure	\$ 216.34	\$ 216.34
Grant Expenditure Without Appropriation	1,786.14	1,786.14
	<u>2,002.48</u>	<u>2,002.48</u>
Water and Sewer Utility Operating Fund:		
Emergency Authorization (NJSA 40A:4-47)	48,000.00	48,000.00
Total	<u>\$ 50,002.48</u>	<u>\$ 50,002.48</u>

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES

The following schedule reconciles interfund receivables and payables for the year ended December 31, 2016.

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
General Capital Fund	\$ 124.81	
Water and Sewer Utility Capital Fund	1,180,221.52	
Animal Control Trust Fund	5,918.71	
Assessment Trust Fund	4.91	
Tax Title Lien Premium Trust Fund	16.33	
Tax Title Lien Redemption Trust Fund	1.01	
Town Clock Maintenance Trust Fund	0.38	
Police Off-Duty Trust Fund	341.78	
Community Appreciation Trust Fund	0.89	
Payroll Deductions Payable Trust Fund	5,132.63	
Flexible Spending Accounts Trust Fund	0.23	
Fire Safety Trust Fund	9,240.81	
Developers Escrow Trust Fund	9.65	
Recreation Commission Trust Fund	4.69	
K-9 Donations Trust Fund	236.55	
Federal and State Grant Fund		\$ 163,013.43
Library Donations Trust Fund		11,762.96
Water and Sewer Utility Operating Fund		66.87
Federal and State Grant Fund:		
Current Fund	163,013.43	
Library Donations Trust Fund:		
Current Fund	11,762.96	
Payroll Deductions Payable Trust Fund:		
Police Off-Duty Trust Fund	322.95	
Current Fund		5,132.63

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 7: INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

	Due From	Due To
Animal Control Trust Fund:		
Current Fund		5,918.71
Assessment Trust Fund:		
Current Fund		4.91
Tax Title Lien Premium Trust Fund:		
Current Fund		16.33
Tax Title Lien Redemption Trust Fund:		
Current Fund		1.01
Town Clock Maintenance Trust Fund:		
Current Fund		0.38
Police Off-Duty Trust Fund:		
Payroll Deductions Payable Trust Fund		322.95
Current Fund		341.78
Community Appreciation Trust Fund:		
Current Fund		0.89
Flexible Spending Accounts Trust Fund:		
Current Fund		0.23
Fire Safety Trust Fund:		
Current Fund		9,240.81
Developers Escrow Trust Fund:		
Current Fund		9.65
Recreation Commission Trust Fund:		
Current Fund		4.69
K-9 Donations Trust Fund:		
Current Fund		236.55
General Capital Fund:		
Current Fund		124.81
Water and Sewer Utility Operating Fund:		
Current Fund	66.87	
Water and Sewer Utility Capital Fund	105.20	
Water and Sewer Utility Capital Fund:		
Water and Sewer Utility Operating Fund		105.20
Current Fund		1,180,221.52
	\$ 1,376,526.31	\$ 1,376,526.31

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 8: FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2016:

	Balance Dec. 31, 2015	Additions	Balance Dec. 31, 2016
Land	\$ 5,951,217.00		\$ 5,951,217.00
Buildings/Improvements	517,000.00	\$ 64,086.00	581,086.00
Machinery & Equipment	9,602,746.70	32,301.00	9,635,047.70
	<u>\$ 16,070,963.70</u>	<u>\$ 96,387.00</u>	<u>\$ 16,167,350.70</u>

NOTE 9: LONG-TERM DEBT

During the calendar year 2016, the following changes occurred in the municipal debt of the Borough:

	Balance Dec. 31, 2015	Issued/ Authorized	Retired/ Reductions	Balance Dec. 31, 2016	Due Within One Year
Issued:					
Current Fund:					
Bonds	\$ 3,565,000.00		\$ 230,000.00	\$ 3,335,000.00	\$ 245,000.00
Bond Anticipation Notes	1,833,300.00	\$ 1,720,800.00	1,833,300.00	1,720,800.00	117,010.55
Utility Fund:					
Bonds	3,970,000.00		350,000.00	3,620,000.00	365,000.00
Bond Anticipation Notes	980,000.00	970,000.00	980,000.00	970,000.00	12,974.68
Loans	2,292,963.86		30,563.00	2,262,400.86	31,564.37
Net Debt Issued	<u>12,641,263.86</u>	<u>2,690,800.00</u>	<u>3,423,863.00</u>	<u>11,908,200.86</u>	<u>771,549.60</u>
Authorized But Not Issued:					
Current Fund:					
Bonds and Notes	980,925.30	418,300.00		1,399,225.30	
Utility Fund:					
Bonds and Notes	1,331,973.00			1,331,973.00	
Authorized But Not Issued	<u>2,312,898.30</u>	<u>418,300.00</u>		<u>2,731,198.30</u>	
Total Debt Issued and Authorized But Not Issued	<u>\$ 14,954,162.16</u>	<u>\$ 3,109,100.00</u>	<u>\$ 3,423,863.00</u>	<u>\$ 14,639,399.16</u>	<u>\$ 771,549.60</u>

\$4,765,000.00 General Improvement Bonds dated December 22, 2009, payable in annual installments through December 1, 2027. Interest is paid semi-annually at a rate of 3.00% to 4.00% per annum. The balance remaining as of December 31, 2016, was \$3,335,000.00.

\$1,995,000.00 Water & Sewer Utility Bonds dated July 1, 2003, payable in annual installments through November 15, 2018. Interest is paid semi-annually at a rate of 3.75% to 4.00% per annum. The balance remaining as of December 31, 2016, was \$320,000.00.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 9: LONG-TERM DEBT (CONTINUED)

\$4,545,000.00 Water & Sewer Utility Bonds dated December 22, 2009, payable in annual installments through December 1, 2029. Interest is paid semi-annually at a rate of 3.00% to 4.125% per annum. The balance remaining as of December 31, 2016, was \$3,300,000.00.

\$2,337,000.00 Water & Sewer Utility USDA Loan dated March 13, 2014, payable in annual installments through March 13, 2054. Interest is paid semi-annually at a rate of 3.25% per annum. The balance remaining as of December 31, 2016, was \$2,262,400.86.

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

Year Ended December 31,	Interest	Principal	Total
General Serial Bonds:			
2017	\$ 129,012.50	\$ 245,000.00	\$ 374,012.50
2018	121,662.50	255,000.00	376,662.50
2019	112,737.50	265,000.00	377,737.50
2020	102,800.00	280,000.00	382,800.00
2021	91,600.00	290,000.00	381,600.00
2022-2026	272,800.00	1,650,000.00	1,922,800.00
2027	14,000.00	350,000.00	364,000.00
	\$ 844,612.50	\$ 3,335,000.00	\$ 4,179,612.50

Year Ended December 31,	Interest	Principal	Total
Utility Serial Bonds:			
2017	\$ 141,062.50	\$ 365,000.00	\$ 506,062.50
2018	128,950.00	380,000.00	508,950.00
2019	114,825.00	220,000.00	334,825.00
2020	106,575.00	230,000.00	336,575.00
2021	97,375.00	240,000.00	337,375.00
2022-2026	337,275.00	1,310,000.00	1,647,275.00
2027-2029	71,725.00	875,000.00	946,725.00
	\$ 997,787.50	\$ 3,620,000.00	\$ 4,617,787.50

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

Year Ended December 31,	Interest	Principal	Total
USDA Loan			
Water & Sewer			
2017	\$ 73,273.63	\$ 31,564.37	\$ 104,838.00
2018	72,239.45	32,598.55	104,838.00
2019	71,171.40	33,666.60	104,838.00
2020	70,068.34	34,769.66	104,838.00
2021	68,929.15	35,908.85	104,838.00
2022-2026	326,207.82	197,982.18	524,190.00
2027-2031	291,578.24	232,611.76	524,190.00
2032-2036	250,891.50	273,298.50	524,190.00
2037-2041	203,088.12	321,101.88	524,190.00
2042-2046	146,923.31	377,266.69	524,190.00
2047-2051	80,934.60	443,255.40	524,190.00
2052-2054	12,189.58	248,376.42	260,566.00
	<u>\$ 1,667,495.14</u>	<u>\$ 2,262,400.86</u>	<u>\$ 3,929,896.00</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.072%.

	Gross Debt	Deductions	Net Debt
School District Debt	\$ 6,050,000.00	\$ 6,050,000.00	
Utility Debt	8,184,373.86	8,184,373.86	
General Debt	6,455,025.30		\$ 6,455,025.30
	<u>\$ 20,689,399.16</u>	<u>\$ 14,234,373.86</u>	<u>\$ 6,455,025.30</u>

Net Debt \$6,455,025.30/Equalized Valuation Basis per NJSA 40A:2-2 as amended \$602,350,725.00 = 1.072%.

Borrowing Power Under NJSA 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 21,082,275.38
Net Debt	6,455,025.30
Remaining Borrowing Power	<u>\$ 14,627,250.08</u>

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 9: LONG-TERM DEBT (CONTINUED)

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

Cash Receipts from Fees, Rents, or Other Charges		\$ 2,884,044.79
Deductions:		
Operating and Maintenance Costs	\$ 1,871,808.00	
Debt Service	621,719.98	
		2,493,527.98
Excess in Revenue		\$ 390,516.81

NOTE 10: NOTES PAYABLE

The Borough has outstanding at December 31, 2016, a General Capital bond anticipation note in the amount of \$1,720,800.00. This note will mature on July 13, 2017, at an interest rate of 0.8496% per annum.

The Borough has outstanding at December 31, 2016, a Water & Sewer Utility Capital bond anticipation note in the amount of \$970,000.00. This note will mature on July 13, 2017, at an interest rate of 0.8496% per annum.

NOTE 11: PENSION FUNDS

Description of Plans - All eligible employees of the Borough are covered by either the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS), cost-sharing, multiple-employer defined benefit pension plans 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 the 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 PERS and PFRS. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System was established in July 1944 under the provisions of NJSA 43:16A to provide coverage to substantially all full-time county or municipal police and fire-fighters and State fire-fighters appointed after June 30, 1944. Plan members and employer contributions may be amended by State of New Jersey legislation.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 11: PENSION FUNDS (CONTINUED)

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS contribution rate increased to 6.5% of base salary effective with the first payroll to be paid on or after October 1, 2011. Subsequent increases will then be phased in over 7 years (each July 1st) to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. The PFRS contribution rate increased to 10% of base salary effective with the first payroll to be paid on or after October 1, 2011. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Borough's contributions to PERS for the years ending December 31, 2016, 2015, and 2014, were \$193,335.00, \$188,934.00, and \$174,163.00, respectively, equal to the required contributions for each year. The Borough's contributions to PFRS for the years ending December 31, 2016, 2015, and 2014, were \$284,028.00, \$266,171.00, and \$254,388.00, respectively, equal to the required contributions for each year.

Defined Contribution Retirement Program (DCRP) - The Borough established a Defined Contribution Retirement Program as required by Chapter 92 of the Laws of 2007 and NJSA 43:15C-1 et seq. DCRP provides for employee contributions of 5.5% and employer contributions of 3% of employees annual base salary. The Borough was not required to make contributions to DCRP for the years ending December 31, 2016, 2015, and 2014.

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 $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The 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.
- 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.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 11: PENSION FUNDS (CONTINUED)

Significant Legislation (Continued) -

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS

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

Public Employee's Retirement System - At December 31, 2016, the Borough's proportionate share of net pension liability was \$6,812,016. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's allocation percentage was 0.0230002572% compared to 0.0224878269% at June 30, 2015.

For the year ended December 31, 2016, the Borough's pension expense would have been \$723,563 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PERS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 1,275,210	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	343,968	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	34,491	
Difference Between Expected and Actual Experience	101,168	
	\$ 1,754,837	None

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

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

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Public Employee's Retirement System (Continued) -

Year Ended December 31,	Amount
2018	\$ 396,680
2019	396,681
2020	460,609
2021	378,751
2022	122,116
	<u>\$ 1,754,837</u>

Additional information – Collective balances at June 30, 2015 and 2016, are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Collective Deferred Outflows of Resources	\$ 2,946,265,815	\$ 7,815,204,785
Collective Deferred Inflows of Resources	360,920,604	
Collective Net Pension Liability	<u>22,447,996,119</u>	<u>29,617,131,759</u>
 Borough's Proportion	 0.0224878269%	 0.0230002572%

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

Actuarial Assumptions

The total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age
Investment Rate of Return	7.65%

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

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for male and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

Police and Firemen's Retirement System – The Borough has two separate retirement systems one for police and one for firefighters.

At December 31, 2016, the Borough's proportionate share of net pension liability for Police (number 41200) was \$6,816,718. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Borough's proportion was 0.0356848417% compared to 0.0349422040% at June 30, 2015.

For the year ended December 31, 2016, the Borough's pension expense would have been \$936,252 if New Jersey municipalities followed GAAP accounting principles. The Borough's deferred outflows of resources and deferred inflows of resources (which are not recorded) related to PFRS are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 679,781	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	614,169	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	96,658	
Difference Between Expected and Actual Experience		\$ 33,603
	\$ 1,390,608	\$ 33,603

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Police and Firemen's Retirement System (Continued) - Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are not recognized in pension expense since New Jersey municipalities do not follow GAAP accounting principles.

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

Year Ended December 31,	Amount
2018	\$ 335,318
2019	335,318
2020	446,530
2021	245,131
2022	(5,292)
	<u>\$ 1,357,005</u>

Additional information – Collective balances at June 30, 2015 and 2016, are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Collective Deferred Outflows of Resources	\$ 3,075,206,294	\$ 3,984,339,036
Collective Deferred Inflows of Resources	433,559,708	125,220,083
Collective Net Pension Liability	<u>18,117,234,618</u>	<u>20,706,699,056</u>
 Borough's Proportion	 0.0349422040%	 0.0356848417%

Contributions

The contribution policy for PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The Borough's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

Actuarial Assumptions

The total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	2.10 – 8.98% Based on Age
Thereafter	3.10 – 9.98% Based on Age
Investment Rate of Return	7.65%

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 12: FINANCIAL INFORMATION RELATED TO GASB 68 & GASB 71 FOR PUBLIC RETIREMENT SYSTEMS (CONTINUED)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

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

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001. The June 30, 2016 and June 30, 2015, special funding situation net pension liability amounts of \$21,934 and \$26,569 for Police are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date.

NOTE 13: ACCUMULATED ABSENCE BENEFITS

Borough employees are granted vacation benefits in varying amounts depending on their length of service with the Borough. The Borough does not permit employees to accrue unused vacation pay. The Borough permits employees to carry over one week of vacation time, which must be utilized by December 31 of the succeeding year or be forfeited unless otherwise approved by a Department Head. All employees are granted twelve sick days per year. Sick leave is accumulated from year to year, but may not exceed twenty-six weeks of earned sick leave. The Borough compensates employees for unused sick leave and vacation days upon termination or retirement. The current policy provides one compensated day for every two and a half sick days accumulated and one compensated day for every vacation day accumulated. The Borough has entered into duly negotiated and approved labor agreements with various unions in regards to accumulated absence benefits.

The total value of compensated absences owed to employees as of December 31, 2016, was \$244,610.00. The Borough did not appropriate anything in the 2017 budget to fund a reserve for accumulated absences.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14: POST-RETIREMENT BENEFITS

Plan Description – Borough of Pitman, New Jersey Post-employment Healthcare Benefit Plan is a single-employer defined benefit healthcare plan administered by Southern NJ Regional Employee Benefits Fund. MRHIF provides fully-insured medical and prescription drug coverage to eligible retirees and their spouses.

Funding Policy - The contribution requirements of the Borough healthcare plan are established by negotiated labor contracts. The required contribution is based on projected pay-as-you-go financing requirements. For calendar year 2016, the Borough contributed \$418,160.00 to the plan for current premiums. Plan members receiving benefits are not required to make contributions.

Annual OPEB Cost and Net OPEB Obligation - The Borough's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to Southern NJ Regional Employee

Annual Required Contribution	\$ 1,178,000.00
Adjustment to Annual Required Contribution	45,942.00
Annual OPEB Cost (Expense)	<u>1,223,942.00</u>
Contributions Made	418,160.00
Increase in Net OPEB Obligation	<u>805,782.00</u>
Net OPEB Obligation - Beginning of Year	5,356,400.00
Net OPEB Obligation - End of Year	<u><u>\$ 6,162,182.00</u></u>

Benefits Fund:

The Borough's most recent actuarial valuation to determine ARC was performed for the year ended December 31, 2014. The next actuarial valuation is expected to be performed for the year ending December 31, 2017. GASB 45 permits the calculation of ARC in the intervening years to be based on the annual rate of inflation. In determining the ARC for the year ended 2016, the Borough utilized the U.S. Bureau of Labor Statistics annual report on inflation for medical care costs, which yielded a rate of inflation of 3.90%. The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 follows:

Ended	Cost	Cost Contributed	Obligation
12/31/2016	\$ 1,223,942.00	34.17%	<u>\$6,162,182.00</u>

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14: POST-RETIREMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress - As of December 31, 2016, the Borough is considered to be an unfunded plan. There are no plan assets. The retiree benefits are paid annually on a cash basis.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The Actuarial Accrued Liability ("AAL") is the present value of all future expected post-retirement medical payments and administrative costs which are attributable to past service. The Borough's unfunded AAL is calculated to be \$6,162,182.00 as of December 31, 2016.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The December 31, 2014, actuarial valuation, utilized the projected unit credit method with amortization on a straight-line basis was utilized, for a period of 30 years.

NOTE 15: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

NOTE 16: LABOR CONTRACTS

As of December 31, 2016, the Borough had a total of approximately 150 employees. Of this total, 30 employees are represented by unions as follows:

American Federation of State, County, and Municipal Employees, Local 3303B - 10 employees.
Police Benevolent Association, Local 122 - 16 employees.
Teamsters Local Union No. 676 - 4 employees.

All union agreements expire on December 31, 2019.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 17: TAXES COLLECTED IN ADVANCE

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

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Prepaid Taxes - Cash Liability	\$ 106,491.51	\$ 117,615.80

NOTE 18: ECONOMIC DEPENDENCY

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

NOTE 19: RISK MANAGEMENT

The Borough is exposed to various risks or loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Borough maintains commercial insurance coverage for property, liability, and surety bonds. The Borough of Pitman is a member of the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Gloucester, Salem, and Cumberland Counties Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. There have been no claims in excess of coverage and no reduction in coverage during the year 2016.

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method in 2006." Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's Trust Fund for the current year and previous two years:

Year	Borough Contribution	Employee Contribution	Interest Earnings	Amount Reimbursed	Ending Balance
2016	None	\$ 5,329.53	\$ 37.66	None	\$ 90,360.49
2015	None	5,762.55	8.14	144.35	84,993.30
2014	None	5,768.21	6.00	None	79,366.96

NOTE 20: LEASE OBLIGATIONS

The Borough entered into a capital lease agreement with Ford Motor Credit Company on August 25, 2015, for the lease purchase of a 2016 Ford Explorer police interceptor, in the amount of \$33,433.00. Payments are to be made in three annual payments of \$11,853.03 at 6.50% interest.

**BOROUGH OF PITMAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 20: LEASE OBLIGATIONS (CONTINUED)

The Borough entered into a capital lease agreement with Ford Motor Credit Company on September 27, 2016, for the lease purchase of a 2017 Ford Explorer police interceptor, in the amount of \$32,846.00. Payments are to be made in three annual payments of \$11,644.93 at 6.50% interest.

Future minimum lease payments under capital lease agreements are as follows:

Year Ending	Principal	Interest	Total
2017	\$ 21,396.50	\$ 2,101.46	\$ 23,497.96
2018	10,934.21	710.72	11,644.93
	\$ 32,330.71	\$ 2,812.18	\$ 35,142.89

At December 31, 2016, the Borough had operating lease agreements in effect for two copiers, and a postage meter. Future minimum lease payments under operating lease agreements are as follows:

Year Ending	Amount
2017	\$ 6,973.26
2018	1,695.96
2019	1,695.96
2020	1,695.96
2021	1,695.96
	\$ 13,757.10

NOTE 21: LITIGATION

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

NOTE 22: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2016 and June 8, 2017, the date that the financial statements were issued. During 2017, the Borough plans to issue permanent financing on bonds and notes authorized. No additional items have come to their attention that would require disclosure.

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

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PERS
Last Three Fiscal Years

	Year Ended		
	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0230002572%	0.0224878269%	0.0229181593%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,812,016	\$ 5,048,067	\$ 4,290,906
Borough's Covered-Employee Payroll	1,576,455	1,572,856	1,517,656
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	432.11%	320.95%	282.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

Schedule of Borough Contributions - PERS
Last Three Fiscal Years

	Year Ended		
	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Contractually Required Contribution	\$ 193,335	\$ 188,934	\$ 174,163
Contributions in Relation to the Contractually Required Contribution	<u>193,335</u>	<u>188,934</u>	<u>174,163</u>
Contribution Deficiency (Excess)	<u>None</u>	<u>None</u>	<u>None</u>
Borough's Covered-Employee Payroll	\$ 1,576,455	\$ 1,567,884	\$ 1,565,725
Contributions as a Percentage of Covered-Employee Payroll	12.26%	12.05%	11.12%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0356848417%	0.0349422040%	0.0346545658%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,816,718	\$ 5,820,153	\$ 4,359,223
Borough's Covered-Employee Payroll	1,196,678	1,174,960	1,142,976
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	569.64%	495.35%	381.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

Schedule of Borough Contributions - PFRS
Last Three Fiscal Years

	Year Ended		
	12/31/2016	12/31/2015	12/31/2014
Contractually Required Contribution	\$ 284,028	\$ 266,171	\$ 254,388
Contributions in Relation to the Contractually Required Contribution	284,028	266,171	254,388
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,196,678	\$ 1,173,589	\$ 1,111,949
Contributions as a Percentage of Covered-Employee Payroll	23.73%	22.68%	22.88%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

Schedule of the Borough's Proportionate Share of the Net Pension Liability - PFRS
Special Funding Situation
Last Three Fiscal Years

	Year Ended		
	12/31/2016	12/31/2015	12/31/2014
Borough's Proportion of the Net Pension Liability (Asset)	0.0356848417%	0.0349422040%	0.0346545658%
Borough's Proportionate Share of the Net Pension Liability (Asset)	\$ 572,435	\$ 510,408	\$ 469,415
Borough's Covered-Employee Payroll	1,196,678	1,174,960	1,142,976
Borough's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	47.84%	43.44%	41.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the Borough.

The Police & Firemen's Retirement System is a Cost-Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% of the additional costs incurred by local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993, and Chapter 201, P.L. 2001.

Schedule of Borough Contributions - PFRS
Special Funding Situation
Last Three Fiscal Years

	Year Ended		
	12/31/2016	12/31/2015	12/31/2014
Contractually Required Contribution	\$ 26,569	\$ 19,491	\$ 17,012
Contributions in Relation to the Contractually Required Contribution	26,569	19,491	17,012
Contribution Deficiency (Excess)	None	None	None
Borough's Covered-Employee Payroll	\$ 1,196,678	\$ 1,174,960	\$ 1,142,976
Contributions as a Percentage of Covered-Employee Payroll	2.22%	1.66%	1.49%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTARY INFORMATION

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

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

Independent Auditor's Report

Honorable Mayor and Members
of the Borough Council
Borough of Pitman
110 South Broadway
Pitman, New Jersey, 08071

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accompanying balance sheets - regulatory basis of the various funds and account group, the related statement of operations and changes in fund balance - regulatory basis, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Borough of Pitman, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough of Pitman's basic financial statements, and have issued our report thereon dated June 8 2017, which contained an adverse opinion on those financial statements due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of internal control was for the limited purpose described in the first paragraph of this section and

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

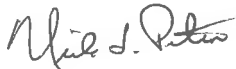
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



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

June 8, 2017

CURRENT FUND

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2015	A	\$ 2,618,368.20	\$ 5,362.64
Increased by Receipts:			
Taxes Receivable	A-6	23,068,475.80	
Tax Title Liens Receivable	A-7	3,574.11	
Tax Overpayments		20,114.68	
Grants Receivable	A-16	124,860.61	
Local Grants Receivable	A-19	3,833.80	
Federal and State Grants Unappropriated Due State of New Jersey -	A-18	34,832.79	
Senior Citizen and Veterans Deductions	A-13	84,751.36	
Homestead Rebate	A-6	378,462.86	
Marriage License Fees		1,175.00	
Dog License Fees		956.40	
DCA Training Fees		6,335.00	
Prepaid Taxes	A	106,491.51	
Revenue Accounts Receivable	A-9	1,710,125.09	5.46
Petty Cash Fund		100.00	
Dog License Fees	B-3	6,252.60	
Due Animal Control Trust Fund		656.36	
Due Developers Escrow Trust Fund		91,691.80	
Due Flexible Spending Accounts Trust Fund		4,576.76	
Due Library Donations Trust Fund		14,936.47	
Due General Capital Fund		32,478.32	
Due Water and Sewer Utility Operating Fund		618,935.39	
Due Water and Sewer Utility Capital Fund		550,000.00	
Due Curb Assessment Trust Fund		62.44	
Due Fire Safety Trust Fund		45,121.40	
Due Tax Title Lien Premium Trust Fund		156.34	
Due Police Off-Duty Trust Fund		165,064.19	
Due Tax Title Lien Redemption Trust Fund		11.95	
Due Payroll Deductions Payable Trust Fund		69,414.32	
Due K-9 Donations Trust Fund		23,549.59	
Due Town Clock Maintenance Trust Fund		805.58	
Due Community Service Trust Fund		1.75	
Due Alcyon Lake Park Trust Fund		0.07	
Due Community Appreciation Trust Fund		7.53	
Due Recreation Commission Trust Fund		979.38	
Total Receipts		27,168,791.25	5.46
		29,787,159.45	5,368.10

SCHEDULE OF CURRENT FUND CASH - TREASURER

	Ref.	Current Fund	Grant Fund
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	6,469,069.65	
Appropriation Reserves	A-11	72,033.37	
Encumbrances Payable	A-12	129,695.96	
Reserve for Local Grants - Appropriated	A-20	141.99	
Reserve for Grants - Appropriated	A-17	90,023.19	
Grant Expenditure Without Appropriation	A	1,786.14	
Due State of New Jersey - DCA Fees		7,167.00	
Due State of New Jersey - Marriage/Burial		1,150.00	
Due State of New Jersey - Dog License Fees		961.20	
County Taxes Payable	A-15	3,815,668.15	
County Open Space Taxes Payable	A-15	247,459.60	
Due County Added & Omitted Taxes		3,298.83	
Local District School Tax	A-14	13,529,000.00	
Tax Overpayments		9,955.75	
Petty Cash Fund		100.00	
Due Current Fund			5.00
Dog Fund Expenditures Under RS 4:19-15.11	B-3	1,560.90	
Due Animal Control Trust Fund		4,113.60	
Due Flexible Spending Accounts Trust Fund		1,891.97	
Due Payroll Deductions Payable Trust Fund		273.85	
Due Library Donations Trust Fund		7,387.16	
Due K-9 Donations Trust Fund		12,867.65	
Due Town Clock Maintenance Trust Fund		400.00	
Due General Capital Fund		10,105.90	
Due General Capital Fund - Improvement Authorizations	C-7	563,281.16	
Due Unemployment Insurance Trust Fund		24,694.10	
Due Fire Safety Trust Fund		21,009.91	
Due Water and Sewer Utility Operating Fund		347,456.15	
Due Developers Escrow Trust Fund		82,060.94	
Due Police Off-Duty Escrow Trust Fund		118,411.83	
Due Water and Sewer Utility Capital Fund - Improvement Authorizations	D-13	1,091,275.69	
		<u>26,664,301.64</u>	<u>5.00</u>
Balance December 31, 2016	A	<u>\$ 3,122,857.81</u>	<u>\$ 5,363.10</u>

SCHEDULE OF CHANGE FUNDS

	Balance Dec. 31, 2016	Balance Dec. 31, 2015
Collector	\$ 150.00	\$ 150.00
Construction Code Official	60.00	60.00
	<u>\$ 210.00</u>	<u>\$ 210.00</u>
Ref.	A	A

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Levy	Added Taxes	Collected		Overpayments Applied	Prior Year Appeals Applied	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2015			2015	2016					Dec. 31, 2016
2013	\$ 2,141.40				\$ 1,755.82					\$ 385.58
2014	2,468.99				2,468.99					
2015	646,158.04		\$ 1,588.02		635,457.80	\$ 1,578.88		\$ 8,396.76	\$ 2,312.62	
	650,768.43		1,588.02		639,682.61	1,578.88		8,396.76	2,312.62	385.58
2016		\$ 23,479,337.23		\$ 117,615.80	22,893,937.07	12,320.32	\$ 1,491.52	30,763.14	1,190.40	422,018.98
	\$ 650,768.43	\$ 23,479,337.23	\$ 1,588.02	\$ 117,615.80	\$ 23,533,619.68	\$ 13,899.20	\$ 1,491.52	\$ 39,159.90	\$ 3,503.02	\$ 422,404.56
Ref.	A			A			A-1		A-7	A
		Cash		Ref.	\$ 23,068,475.80					
		Homestead Rebate		A-4	378,462.86					
		State of New Jersey		A-13	86,681.02					
					\$ 23,533,619.68					

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Analysis of Property Tax Levy

Tax Yield:

General Purpose Tax:			
Business Personalty Tax		\$ 23,184.29	
General Property Tax		23,427,131.48	
		<hr/>	\$ 23,450,315.77
Added & Omitted Taxes (54:4-63.1 and 54:4-63.12 et seq.)			29,021.46
			<hr/>
			<u>\$ 23,479,337.23</u>

Tax Levied:

	Ref.		
Local District School Tax (Abstract)	A-14		\$ 13,534,282.00
County Taxes:			
County Tax (Abstract)	A-15	\$ 3,815,668.15	
County Open Space (Abstract)	A-15	247,459.60	
Due County for Added & Omitted Taxes (54:4-63.1 & 54:4-63.12 et seq.)		5,084.29	
		<hr/>	4,068,212.04
Total County Taxes			
Local Tax for Municipal Purposes	A-2	5,646,027.88	
Local Minimum Library Tax	A-2	201,948.00	
Add: Additional Taxes Levied		28,867.31	
		<hr/>	5,876,843.19
			<hr/>
			<u>\$ 23,479,337.23</u>

EXHIBIT A-7

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	Ref.	
Balance December 31, 2015	A	\$ 4,995.35
Increased by:		
Transfers from Taxes Receivable	A-6	3,503.02
Interest and Costs on Sale		527.46
		<u>4,030.48</u>
		9,025.83
Decreased by:		
Receipts	A-4	3,574.11
Balance December 31, 2016	A	<u><u>\$ 5,451.72</u></u>

EXHIBIT A-8

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	Ref.	
Balance December 31, 2015	A	\$ 80,300.00
Balance December 31, 2016		<u><u>\$ 80,300.00</u></u>

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Accrued</u>	<u>Collected</u>
Miscellaneous Revenue Anticipated		
Fees and Permits	\$ 134,182.09	\$ 134,182.09
Fines and Costs:		
Municipal Court	126,116.54	126,116.54
Interest and Costs on Taxes	138,493.52	138,493.52
Interest on Investments	3,724.04	3,724.04
Lease Payments - Cell Tower	130,239.41	130,239.41
Cable TV Franchise Fee	59,133.70	59,133.70
Internet Franchise Fee	66,030.10	66,030.10
Consolidated Municipal Property Tax Relief	88,084.00	88,084.00
Energy Receipts Tax	550,363.00	550,363.00
Uniform Construction Code Official	101,168.00	101,168.00
Miscellaneous Revenue Not Anticipated		
Sign Concession	1,880.00	1,880.00
Fire Safety LEA	81,733.98	81,733.98
FEMA Reimbursement	109,896.77	109,896.77
Planning, Zoning, & Miscellaneous Permits	8,615.00	8,615.00
JIF Safety Award	4,275.35	4,275.35
Miscellaneous	20,047.94	20,047.94
Insurance Settlement	599.52	599.52
Trash Can Sales	815.00	815.00
Restitution	80.15	80.15
Street Opening Permits	69,920.00	69,920.00
Senior Citizen and Veteran Deduction Administration Fee	2,208.63	2,208.63
Insurance Reimbursements	11,097.26	11,097.26
Refunds	726.55	726.55
Polling Place Rental	700.00	700.00
	<u>\$ 1,710,130.55</u>	<u>\$ 1,710,130.55</u>

Ref.

A-4

STATEMENT OF DEFERRED CHARGES - NJSA 40A:4-55 SPECIAL EMERGENCY

Date Authorized	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance Dec. 31, 2015	Amount Raised in 2016 Budget
6/27/2011	Revision of Tax Map	\$ 40,000.00	\$ 8,000.00 Ref.	\$ 8,000.00 A	\$ 8,000.00 A-3

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:				
Fire Official	\$ 6,526.24	\$ 6,526.24	\$ 6,526.24	
Other Expenses:				
General Administration	30,544.48	30,544.48	4,680.94	\$ 25,863.54
Revenue Administration	2,665.19	2,665.19	58.30	2,606.89
Legal Services and Costs	20,146.54	12,146.54	1,693.38	10,453.16
Engineering Services & Costs	8,682.38	8,682.38	2,450.00	6,232.38
Planning Board	3,231.27	3,231.27	99.00	3,132.27
Group Insurance	8,936.68	14,936.68	4,920.58	10,016.10
Police	14,784.42	14,784.42	2,449.23	12,335.19
Emergency Management Services	2,766.25	2,766.25	62.12	2,704.13
Fire	2,085.40	2,085.40	608.28	1,477.12
Fire Official	8,729.71	8,729.71	8,241.73	487.98
Board of Health	980.04	980.04	59.79	920.25
Electricity	7,624.70	7,624.70	4,075.13	3,549.57
Street Lighting	15,620.21	15,620.21	275.51	15,344.70
Telephone	6,849.33	6,849.33	1,229.86	5,619.47
Fuel Oil	8,528.45	8,528.45	914.26	7,614.19
Solid Waste Disposal	20,789.37	22,789.37	21,389.07	1,400.30
Construction Officials	639.24	639.24	69.48	569.76
Other Accounts - No Change	213,643.40	213,643.40		213,643.40
Excluded from "CAPS"				
Unemployment Compensation Insurance	13,780.33	13,780.33	3,418.00	10,362.33
Maintenance of Free Public Library				
Salaries & Wages	8,707.24	8,707.24	8,707.24	
Other Expenses	105.23	105.23	105.23	
Other Accounts - No Change	15,313.21	15,313.21		15,313.21
	<u>\$ 421,679.31</u>	<u>\$ 421,679.31</u>	<u>\$ 72,033.37</u>	<u>\$ 349,645.94</u>
Ref.	A		A-4	A-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance December 31, 2015	A	\$ 144,036.14	\$ 7,652.63
Increased by:			
Charges to Current Year Appropriations	A-3	257,770.24	
Transferred to Local Grants	A-12	134.24	
Charges to Grants Appropriated	A-17		11,545.83
		<u>401,940.62</u>	<u>19,198.46</u>
Decreased by:			
Payments - Current Fund	A-4	129,402.33	293.63
Transferred to Local Grants	A-12		134.24
Local Grants Canceled	A-20	134.24	
Canceled	A-1:A-17	4,931.24	7,224.76
		<u>134,467.81</u>	<u>7,652.63</u>
Balance December 31, 2016	A	<u>\$ 267,472.81</u>	<u>\$ 11,545.83</u>

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

Balance December 31, 2015	Ref. A		\$ 25,420.02
Increased by:			
Receipts	A-4		84,751.36
			<u>110,171.38</u>
Decreased by:			
2016 Deductions Per Tax Duplicate		\$ 86,000.00	
2016 Deductions Allowed by Collector		2,000.00	
2016 Deductions Disallowed by Collector		<u>(1,318.98)</u>	
	A-6	86,681.02	
Prior Year Deductions Disallowed by Collector	A-1	<u>(1,316.44)</u>	
			<u>85,364.58</u>
Balance December 31, 2016	A		<u><u>\$ 24,806.80</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance December 31, 2015:	Ref.		
School Tax Payable	A	\$ 185,636.00	
School Tax Deferred		<u>None</u>	
			\$ 185,636.00
Increased by:			
Levy School Year July 1, 2015 to June 30, 2016	A-6		13,534,282.00
			<u>13,719,918.00</u>
Decreased by:			
Payments	A-4		<u>13,529,000.00</u>
Balance December 31, 2016:			
School Tax Payable	A	190,918.00	
School Tax Deferred		<u>None</u>	
			<u>\$ 190,918.00</u>
Tax Liability for Local District School Tax:			
Tax Payable December 31, 2015			\$ (185,636.00)
Tax Payable December 31, 2016			190,918.00
Tax Paid			<u>13,529,000.00</u>
Amount Charged to Operations	A-1		<u><u>\$ 13,534,282.00</u></u>

SCHEDULE OF COUNTY TAXES PAYABLE

	Ref.		
Balance December 31, 2015:			
Increased by:			
2016 Tax Levy:			
General County	A-6	\$ 3,815,668.15	
Open Space Preservation	A-6	247,459.60	
		<hr/>	
			<u>\$ 4,063,127.75</u>
			4,063,127.75
Decreased by:			
Payments	A-4		<u>4,063,127.75</u>

SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2015	2016 Revenue Realized	Received	From Grants Unappropriated	Transferred to Local Grants	Balance Dec. 31, 2016
Federal Grants:						
Click It or Ticket	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00			\$ 1,600.00
Community Development Block Grant	50,027.55					50,027.55
Drive Sober or Get Pulled Over DWI Saturation Grant	4,200.00					4,200.00
NJ Transportation Trust Fund - Lexington, Oakcrest	25,632.27					25,632.27
NJ Transportation Trust Fund - Washington & Highland Ave	213,923.24					213,923.24
NJ Transportation Trust Fund - Hudson & Elsie Ave	1,142.82	193,000.00				194,142.82
NJ Transportation Trust Fund - Highland Terrace	87,165.37		71,926.28			15,239.09
Stormwater Regulation	2,117.00					2,117.00
Assistance to Firefighters		1,049.00				1,049.00
Total Federal Grants	385,808.25	195,649.00	73,526.28			507,930.97
State Grants:						
Clean Communities Program		21,922.29	21,922.29			
Gloucester County Body Worn Camera Grant		8,500.00	8,500.00			
Gloucester County Housing & Community Development	108,000.00					108,000.00
Historic Downtown Revitalization	53,442.67					53,442.67
Livable Communities Local Library Grant	1.04					1.04
Municipal Aid Program - Commerce Street	24,583.79					24,583.79
Municipal Aid Program - Lexington	47,336.50					47,336.50
Municipal Alliance on Alcoholism and Drug Abuse		13,893.00	7,668.00	\$ 6,225.00		
Municipal Court Alcohol Education & Rehabilitation		885.03		885.03		
NJ Environmental Commissions Open Space Stewardship	500.00		500.00			
Body Armor Replacement Program		860.62		860.62		
Recycling Tonnage Grant		12,744.04	12,744.04			
Safe and Secure Communities Program		26,039.00		26,039.00		
State Library Literacy Grant	761.00					761.00
Total State Grants	234,625.00	84,843.98	51,334.33	34,009.65		234,125.00
Local Grants:						
Trico JIF Safety Award	3,833.80				\$ 3,833.80	
Total Local Grants	3,833.80				3,833.80	
Total All Grants	624,267.05	280,492.98	124,860.61	34,009.65	3,833.80	742,055.97
Ref.	A	A-2	A-4	A-18	A-19	A

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

	Balance Dec. 31, 2015	Transferred from Budget Appropriation	Paid or Charged	Encumbered	Encumbrance Canceled	Overexpenditure	Transferred to Local Grants	Balance Dec. 31, 2016
Federal Grants:								
Buckle Up South Jersey	\$ 2,000.00							\$ 2,000.00
Click It or Ticket	1,859.40	\$ 1,600.00	\$ 1,600.00					1,859.40
Community Development Block Grant	25,033.14							25,033.14
CDBG - Pitman Grove 1st to 12th Street	29,871.86							29,871.86
Drive Sober or Get Pulled Over DWI Saturation Grant	4,898.10		1,193.86	\$ 170.00				3,534.24
NJ Transportation Trust Fund - Washington & Highland Ave	176,201.10							176,201.10
NJ Transportation Trust Fund - Highland Terrace	28,925.34		24,239.66					4,685.68
NJ Transportation Trust Fund - Snyder Ave	8,685.56							8,685.56
NJ Transportation Trust Fund - Hudson & Elsie Ave		193,000.00	19,320.78					173,679.22
Over the Limit Under Arrest	2,100.00		2,200.00			\$ 100.00		
Stormwater Regulation	8,269.10							8,269.10
Assistance to Firefighters		1,049.00	1,049.00					
Total Federal Grants	287,843.60	195,649.00	49,603.30	170.00		100.00		433,819.30
State Grants:								
Municipal Court Alcohol Education & Rehabilitation	1,041.12	885.03						1,926.15
Body Armor Replacement Program	635.04	860.62	1,612.00			116.34		(0.00)
Clean Communities Program	23,129.18	21,922.29	17,871.92	11,375.83	\$ 6,770.86			22,574.58
Gloucester County Body Worn Camera Grant		8,500.00	8,500.00					
Gloucester County Housing & Community Development	49,351.57							49,351.57
Livable Communities Local Library Grant	1.04							1.04
Municipal Aid Program - Commerce Street	24,583.79							24,583.79
Municipal Alliance on Alcoholism and Drug Abuse		17,366.25	12,125.07					5,241.18
Recycling Tonnage Grant	113,820.03	12,744.04	310.90		453.90			126,707.07
Safe and Secure Communities Program	173,587.15	26,039.00						199,626.15
Seatbelt Enforcement Grant	2,225.40							2,225.40
State Library Literacy Grant	0.13							0.13
Total State Grants	388,374.45	88,317.23	40,419.89	11,375.83	7,224.76	116.34		432,237.06
Local Grants:								
Trico JIF Safety Award	11.82						11.82	
Total Local Grants	11.82						11.82	
Total All Grants	\$ 676,229.87	\$ 283,966.23	\$ 90,023.19	\$ 11,545.83	\$ 7,224.76	\$ 216.34	\$ 11.82	\$ 866,056.36
Ref.	A	A-3	A-4	A-12	A-12	A	A-20	A

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance Dec. 31, 2015	2016 Budget Revenue Realized	Received	Balance Dec. 31, 2016
State Grants:				
Municipal Court Alcohol Education & Rehabilitation	\$ 885.03	\$ 885.03	\$ 785.61	\$ 785.61
Body Armor Replacement Program	860.62	860.62	1,783.18	1,783.18
Municipal Alliance on Alcoholism and Drug Abuse	6,225.00	6,225.00	6,225.00	6,225.00
Safe and Secure Communities Program	26,039.00	26,039.00	26,039.00	26,039.00
Total All Grants	\$ 34,009.65	\$ 34,009.65	\$ 34,832.79	\$ 34,832.79
Ref.	A	A-16	A-4	A

SCHEDULE OF LOCAL GRANTS RECEIVABLE

Grant	Transferred from Federal and State Grant Fund	Received
Local Grants:		
Trico JIF Safety Award	\$ 3,833.80	\$ 3,833.80
Total Local Grants	\$ 3,833.80	\$ 3,833.80
	Ref. A-16	A-4

SCHEDULE OF RESERVE FOR LOCAL GRANTS - APPROPRIATED

	Transferred from Federal and State Grant Fund	Paid or Charged	Encumbrance Cancelled	Cancelled
Local Grants:				
Trico JIF Safety Award	\$ 11.82	\$ 141.99	\$ 134.24	\$ 4.07
Total Local Grants	\$ 11.82	\$ 141.99	\$ 134.24	\$ 4.07
Ref.	A-17	A-4	A-12	A-1

TRUST FUND

SCHEDULE OF TRUST FUND CASH - TREASURER

	Ref.	Animal Control	Assessment Trust	Trust Other Fund	Tax Sale Premium Trust	Tax Title Lien Redemption Trust	Unemployment Insurance Trust	Law Enforcement Forfeited Trust	Town Clock Maintenance Trust	Parade Account Trust	Library Donations Trust	Police Off-Duty Trust
Balance December 31, 2015	B	\$ 14,456.67	\$ 56,779.86	\$ 856,714.21								
Increased by Receipts:												
Transferred from Trust Other Fund					\$ 120,756.34	\$ 22,622.64	\$ 8,057.49	\$ 17,163.63	\$ 5,040.51	\$ 23,681.52	\$ 56,729.96	\$ 205,398.27
Interest Earned		15.48	57.91		164.89	6.58	37.66		4.89		65.12	245.96
Deposits for Redemption of Tax Sale Certificates						149,653.65						
Tax Sale Premiums					191,800.00							
Due from Water and Sewer Utility Operating Fund			628.00									
Unemployment Contributions							5,329.53					
Due from Payroll Deductions Payable Trust Fund							52,241.71					
Due from Current Fund		4,113.60					24,694.10					
Parade Contributions									1,133.00			
Law Enforcement Forfeitures								700.00				
Library Donations											23,241.93	
Police Off-Duty Receipts												143,110.00
		<u>4,129.08</u>	<u>685.91</u>		<u>312,721.23</u>	<u>172,282.87</u>	<u>90,360.49</u>	<u>17,863.63</u>	<u>5,045.40</u>	<u>24,814.52</u>	<u>80,037.01</u>	<u>348,754.23</u>
		<u>18,585.75</u>	<u>57,465.77</u>	<u>856,714.21</u>	<u>312,721.23</u>	<u>172,282.87</u>	<u>90,360.49</u>	<u>17,863.63</u>	<u>5,045.40</u>	<u>24,814.52</u>	<u>80,037.01</u>	<u>348,754.23</u>
Decreased by Disbursements:												
Transferred to Various Trust Funds				856,714.21								
Due to Current Fund		670.24	115.44		304.90	17.52			810.09		14,993.30	165,291.32
Refunds Upon Redemption					123,200.00	172,264.34						
Town Clock Maintenance Expenditures									225.00			
Law Enforcement Forfeiture Expenditures								7,694.10				
		<u>670.24</u>	<u>115.44</u>	<u>856,714.21</u>	<u>123,504.90</u>	<u>172,281.86</u>		<u>7,694.10</u>	<u>1,035.09</u>		<u>14,993.30</u>	<u>165,291.32</u>
Balance December 31, 2016	B	\$ 17,915.51	\$ 57,350.33		\$ 189,216.33	\$ 1.01	\$ 90,360.49	\$ 10,169.53	\$ 4,010.31	\$ 24,814.52	\$ 65,043.71	\$ 183,462.91

SCHEDULE OF TRUST FUND CASH - TREASURER

Ref.	Alcyon Lake Park Trust	Community Appreciation Trust	Theater Avenue Revitalization Trust	Flexible Spending Accounts Trust	Payroll Deductions Payable Trust	Fire Safety Trust	Developers Escrow Trust	Recreation Commission Trust	Community Service Trust	K-9 Donations Trust
Balance December 31, 2015										
B										
Increased by Receipts:										
Transferred from Trust Other Fund	\$ 28.37	\$ 6,880.19	\$ 13,324.41	\$ 3,555.79	\$ 143,034.73	\$ 87,622.02	\$ 57,158.67	\$ 46,171.05	\$ 244.44	\$ 39,244.18
Interest Earned		9.33		4.11	194.63		70.31	52.91		39.17
Due from Current Fund							1,500.00			
Community Appreciation Contributions		10,115.43								
Due from General Capital Fund				50.00						
Flexible Spending Account Contributions				2,212.86						
Fire Safety Fees						18,192.29				
Developer Escrow Contributions							87,370.56			
Recreation Fees								64,684.92		
Community Service Contributions									206.13	
Theater Avenue Revitalization Contributions			16,102.32							
K-9 Donations										6,801.67
Payroll Agency Contributions					4,126,645.63					
	<u>28.37</u>	<u>17,004.95</u>	<u>29,426.73</u>	<u>5,822.76</u>	<u>4,269,874.99</u>	<u>105,814.31</u>	<u>146,099.54</u>	<u>110,908.88</u>	<u>450.57</u>	<u>46,085.02</u>
	<u>28.37</u>	<u>17,004.95</u>	<u>29,426.73</u>	<u>5,822.76</u>	<u>4,269,874.99</u>	<u>105,814.31</u>	<u>146,099.54</u>	<u>110,908.88</u>	<u>450.57</u>	<u>46,085.02</u>
Decreased by Disbursements:										
Due to Current Fund	0.07	15.97		4,580.64	69,414.32	44,880.15	91,752.46	1,027.60	1.75	23,580.65
Due to Water and Sewer Utility Operating Fund					20,000.00		10,184.83			
Due to Flexible Spending Accounts					2,212.86					
Due to Unemployment Insurance Trust Fund					57,571.24					
Community Appreciation Expenditures		6,660.99								
Fire Safety Expenditures						241.25				
Recreation Expenditures								57,179.70		
Community Service Expenditures									202.00	
Payroll Agency Expenditures					4,085,404.64					
	<u>0.07</u>	<u>6,676.96</u>		<u>4,580.64</u>	<u>4,234,603.06</u>	<u>45,121.40</u>	<u>101,937.29</u>	<u>58,207.30</u>	<u>203.75</u>	<u>23,580.65</u>
Balance December 31, 2016	\$ 28.30	\$ 10,327.99	\$ 29,426.73	\$ 1,242.12	\$ 35,271.93	\$ 60,692.91	\$ 44,162.25	\$ 52,701.58	\$ 246.82	\$ 22,504.37
B										

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

Balance December 31, 2015	Ref. B	\$ 13,219.31
Increased by:		
Dog License Fees Collected in Current Fund	A-4	<u>6,252.60</u>
		19,471.91
Decreased by:		
Expenditures Under RS 4:19-15.11:		
Disbursed in Current Fund	A-4	1,560.90
Statutory Excess Due to Current Fund		<u>5,914.21</u>
Balance December 31, 2016	B	<u><u>\$ 11,996.80</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 4,009.00
2015	7,987.80
	<u><u>\$ 11,996.80</u></u>

GENERAL CAPITAL FUND

EXHIBIT C-2

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

Balance December 31, 2015	Ref. C	\$ 858,477.19
Increased by:		
Due Current Fund	C-3	10,981.07
Budget Appropriation		
Capital Improvement Fund	C-6	10,000.00
		<hr/>
		879,458.26
Decreased by:		
Due Flexible Spending Accounts Trust Fund	C-3	50.00
Due Current Fund	C-3	32,624.28
		<hr/>
Balance December 31, 2016	C	<u><u>\$ 846,783.98</u></u>

ANALYSIS OF GENERAL CAPITAL FUND CASH

	Balance Dec. 31, 2015	Receipts Budget	Miscellaneous	Disbursements Miscellaneous	Transfers To/(From)	Balance Dec. 31, 2016
General Capital Fund Balance	\$ 13,365.18					\$ 13,365.18
Capital Improvement Fund	156,678.20	\$ 10,000.00			\$ (35,700.00)	130,978.20
Due to (from) Current Fund	(541,513.14)		\$ 10,981.07	\$ 32,624.28	563,281.16	124.81
Due to (from) Trust Other Fund	50.00				(50.00)	
Due to (from) Flexible Spending Accounts Trust Fund				50.00	50.00	
Encumbrances Payable	68,212.73				80,184.64	148,397.37
Ordinance Number						
1992-15 Construction & Renovation of Storm Sewers & Roads Relating to Pitman Grove Area	35,000.30					35,000.30
1997-02 Various Recreation Improvements to Alcyon Park	11.42					11.42
2002-04 Renovation of Borough Owned Properties Located in Pitman Grove Area, Improvements to Municipal Parking Lot and Upgrade to HVAC System at Borough Fire Hall	55,351.91					55,351.91
2006-07 Acquisition of a Certain Capital Building, Restoration of Certain Streets & Dredging of Alcyon Lake	5,310.20					5,310.20
2006-10 Acquisition of Certain Capital Equipment for Public Works Department	68,858.44					68,858.44
2007-08 Various General Projects	179,730.83					179,730.83
2007-10 Purchase of Land Known as Block 1- Lot 1 and Various Lot Improvements	78,986.50					78,986.50
2007-13 Broadway Streetscape Project	41,422.67					41,422.67
2009-02 Acquisition of Pump and Ladder Fire Truck	42,689.01					42,689.01
2009-13 Various General Projects	14,750.00					14,750.00
2009-21 Purchase of Pickup Truck with Plow Package	(37,353.25)					(37,353.25)
2011-31 Purchase of Garbage Truck	19,934.40					19,934.40
2012-03 Purchase of Regenerative Air Vacuum Street Sweeper	72.90					72.90
2012-04 Purchase of Rear Loading Garbage Truck	45,095.67					45,095.67
2012-18 Purchase of Garbage Truck, Various Building Improvements, Equipment and Reconstruction of Borough Roads	321,827.18					321,827.18
2013-02 Purchase and Replacement of HVAC Unit	1,100.00					1,100.00
2014-18 Purchase of MPH Speed Monitor Trailer	5.00					5.00
2014-19 Purchase of Software Upgrade, Refurbish a Trash Truck, Improvements to Storm Drain, Paving Borough Streets, Replace/Repair Roof of Borough Hall, and Purchase of Telephone System	282,794.15				(65,797.11)	216,997.04
2014-22 Acquisition of Real Property in Borough	50,188.63				(29,269.00)	20,919.63
2015-07 Various Capital Improvement and Acquisition of Various Pieces of Equipment	(44,091.74)				(402,165.70)	(446,257.44)
2016-08 Various Capital Improvement and Acquisition of Various Pieces of Equipment					(110,533.99)	(110,533.99)
	<u>\$ 858,477.19</u>	<u>\$ 10,000.00</u>	<u>\$ 10,981.07</u>	<u>\$ 32,674.28</u>		<u>\$ 846,783.98</u>
Ref.	C-2	C-6	C-2	C-2		C-2

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance December 31, 2015	Ref. C	\$ 3,565,000.00
Decreased by:		
Payments on General Serial Bonds	C-8	<u>230,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 3,335,000.00</u></u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2016	Analysis of Balances Dec. 31, 2016		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1992-15	Construction & Renovation of Storm Sewers & Roads Relating to Pitman Grove Area	\$ 136.51			\$ 136.51			\$ 136.51
2008-34	Renovation of Borough Owned Properties Located in Pitman Grove Area, Improvements to Municipal Parking Lot, and Upgrade to HVAC System at Borough Fire Hall	23.79			23.79			23.79
2009-13	Various General Projects	1,500.00			1,500.00			1,500.00
2009-21	Purchase of Pickup Truck with Plow Package	47,500.00			47,500.00		\$ 37,353.25	10,146.75
2011-31	Purchase of Garbage Truck	225,000.00		\$ 25,000.00	200,000.00	\$ 200,000.00		
2012-03	Purchase of Regenerative Air Vacuum Street Sweeper	115,500.00		12,500.00	103,000.00	100,000.00		3,000.00
2012-04	Purchase of Rear Loading Garbage Truck	225,000.00		25,000.00	200,000.00	200,000.00		
2012-18	Purchase of Garbage Truck, Various Building Improvements, Equipment and Reconstruction of Borough Roads	928,500.00		50,000.00	878,500.00	400,000.00		478,500.00
2014-19	Purchase of Software Upgrade, Refurbish a Trash Truck, Improvements to Storm Drain, Paving Borough Streets, Replace/Repair Roof of Borough Hall, and Purchase of Telephone System	630,800.00			630,800.00	630,800.00		
2014-22	Acquisition of Real Property in Borough	190,000.00			190,000.00	190,000.00		
2015-07	Various Capital Improvement and Acquisition of Various Pieces of Equipment	450,265.00			450,265.00		446,257.44	4,007.56
2016-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment		\$ 418,300.00		418,300.00		110,533.99	307,766.01
		<u>\$ 2,814,225.30</u>	<u>\$ 418,300.00</u>	<u>\$ 112,500.00</u>	<u>\$ 3,120,025.30</u>	<u>\$ 1,720,800.00</u>	<u>\$ 594,144.68</u>	<u>\$ 805,080.62</u>
Ref.		C	C-7	C-9	C	C-9	C-3	
	Improvement Authorizations - Unfunded					Ref.		
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:					C-7		\$ 1,429,927.44
	Ordinance No. 2011-31					C-7	\$ 19,934.40	
	Ordinance No. 2012-03					C-7	72.90	
	Ordinance No. 2012-04					C-7	45,095.67	
	Ordinance No. 2012-18					C-7	321,827.18	
	Ordinance No. 2014-19					C-7	216,997.04	
	Ordinance No. 2014-22					C-7	20,919.63	
								624,846.82
								<u>\$ 805,080.62</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	Ref.	
Balance December 31, 2015	C	\$ 156,678.20
Increased by:		
2016 Budget Appropriation	C-2	<u>10,000.00</u>
		166,678.20
Decreased by:		
Funding of Ordinance	C-7	<u>35,700.00</u>
Balance December 31, 2016	C	<u><u>\$ 130,978.20</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2015		2016 Authorizations	Paid or Charged	Balance Dec. 31, 2016	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
1992-15	Construction & Renovation of Storm Sewers & Roads Relating to Pitman Grove Area	10/13/1992	\$ 930,000.00	\$ 35,000.30	\$ 136.51			\$ 35,000.30	\$ 136.51
1997-02	Various Recreation Improvements to Alcyon Park	2/10/1997	1,667,500.00	11.42				11.42	
2008-34	Renovation of Borough Owned Properties Located in Pitman Grove Area, Improvements to Municipal Parking Lot, and Upgrade to HVAC System at Borough Fire Hall	4/8/2002	375,000.00	55,351.91	23.79			55,351.91	23.79
2006-07	Acquisition of a Certain Capital Building, Restoration of Certain Streets & Dredging of Alcyon Lake	4/24/2006	500,000.00	5,310.20				5,310.20	
2006-10	Acquisition of Certain Capital Equipment for Public Works Department	5/22/2006	420,000.00	68,858.44				68,858.44	
2007-08	Various General Projects	7/9/2007	1,200,000.00	179,730.83				179,730.83	
2007-10	Purchase of Land Known as Block 1-Lot 1 and Various Lot Improvements	7/9/2007	300,000.00	78,986.50				78,986.50	
2007-13	Broadway Streetscape Project	12/10/2007	297,217.54	41,422.67				41,422.67	
2009-02	Acquisition of Pump and Ladder Fire Truck	2/23/2009	750,000.00	42,689.01				42,689.01	
2009-13	Various General Projects	7/13/2009	325,000.00	14,750.00	1,500.00			14,750.00	1,500.00
2009-21	Purchase of Pickup Truck with Plow Package	12/14/2009	50,000.00		10,146.75				10,146.75
2011-31	Purchase of Garbage Truck	11/14/2011	265,000.00		19,934.40				19,934.40
2012-03	Purchase of Regenerative Air Vacuum Street Sweeper	3/12/2012	135,000.00		3,072.90				3,072.90
2012-04	Purchase of Rear Loading Garbage Truck	3/12/2012	265,000.00		45,095.67				45,095.67
2012-18	Purchase of Garbage Truck, Various Building Improvements, Equipment and Reconstruction of Borough Roads	10/22/2012	1,030,000.00		800,327.18				800,327.18
2013-02	Purchase and Replacement of HVAC Unit	3/11/2013	10,000.00	1,100.00				1,100.00	
2014-18	Purchase of MPH Speed Monitor Trailer	9/8/2014	20,000.00	5.00				5.00	
2014-19	Purchase of Software Upgrade, Refurbish a Trash Truck, Improvements to Storm Drain, Paving Borough Streets, Replace/Repair Roof of Borough Hall, and Purchase of Telephone System	9/8/2014	664,000.00		282,794.15		\$ 65,797.11		216,997.04
2014-22	Acquisition of Real Property in Borough	12/8/2014	200,000.00		50,188.63		29,269.00		20,919.63
2015-07	Various Capital Improvement and Acquisition of Various Pieces of Equipment	6/8/2015	474,015.00		406,173.26		402,165.70		4,007.56
2016-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment	8/8/2016	454,000.00			\$ 454,000.00	146,233.99		307,766.01
			\$ 523,216.28	\$ 1,619,393.24	\$ 454,000.00	\$ 643,465.80	\$ 523,216.28	\$ 1,429,927.44	
		Ref.	C	C				C	C
					Ref. C-5	\$ 418,300.00			
					Ref. C-6	35,700.00			
						\$ 454,000.00			
					Ref. A-4	\$ 563,281.16			
					Ref. C-11	(49,566.23)			
					Ref. C-11	129,750.87			
						\$ 643,465.80			

SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Outstanding Date	December 31, 2016 Amount				
General Obligation Bonds, Series 2009	12/22/09	4,765,000.00	12/1/2017	245,000.00	3.00%			
			12/1/2018	255,000.00	3.50%			
			12/1/2019	265,000.00	3.75%			
			12/1/2020	280,000.00	4.00%			
			12/1/2021	290,000.00	4.00%			
			12/1/2022	305,000.00	4.00%			
			12/1/2023	315,000.00	4.00%			
			12/1/2024	335,000.00	4.00%			
			12/1/2025	345,000.00	4.00%			
			12/1/2026-2027	350,000.00	4.00%			
					<u>\$ 3,565,000.00</u>	<u>\$ 230,000.00</u>	<u>\$ 3,335,000.00</u>	
				Ref.	C	C-4	C	

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Amount of Original Issue	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016	
2011-31	Purchase of Garbage Truck	\$ 250,000.00	7/20/2012	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	\$ 225,000.00	\$ 200,000.00	\$ 225,000.00	\$ 200,000.00	
2012-03	Purchase of Regenerative Air Vacuum Street Sweeper	125,000.00	7/20/2012	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	112,500.00	100,000.00	112,500.00	100,000.00	
2012-04	Purchase of Rear Loading Garbage Truck	250,000.00	7/20/2012	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	225,000.00	200,000.00	225,000.00	200,000.00	
2012-18	Purchase of Garbage Truck, Various Building Improvements, Equipment and Reconstruction of Borough Roads	500,000.00	7/19/2013	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	450,000.00	400,000.00	450,000.00	400,000.00	
2014-19	Purchase of Software Upgrade, Refurbish a Trash Truck, Improvements to Storm Drain, Paving Borough Streets, Replace/Repair Roof of Borough Hall, and Purchase of Telephone System	630,800.00	7/16/2015	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	630,800.00	630,800.00	630,800.00	630,800.00	
2014-22	Acquisition of Real Property in Borough	190,000.00	7/16/2015	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	190,000.00	190,000.00	190,000.00	190,000.00	
							<u>\$ 1,833,300.00</u>	<u>\$ 1,720,800.00</u>	<u>\$ 1,833,300.00</u>	<u>\$ 1,720,800.00</u>	
							Ref. C			C	
								Renewals	\$ 1,720,800.00	\$ 1,720,800.00	
								Paid by Budget Appropriation		112,500.00	
								<u>\$ 1,720,800.00</u>	<u>\$ 1,833,300.00</u>		

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorization	Balance Dec. 31, 2016
1992-15	Construction & Renovation of Storm Sewers & Road Relating to Pitman Grove	\$ 136.51		\$ 136.51
2008-34	Renovation of Borough Owned Properties Located in Pitman Grove Area, Improvements to Municipal Parking Lot, and Upgrade to HVAC System at Borough Fire Hall	23.79		23.79
2009-13	Various General Projects	1,500.00		1,500.00
2009-21	Purchase of Pickup Truck with Plow Package	47,500.00		47,500.00
2012-03	Purchase of Regenerative Air Vacuum Street Sweeper	3,000.00		3,000.00
2012-18	Purchase of Garbage Truck, Various Building Improvements, Equipment and Reconstruction of Borough Roads	478,500.00		478,500.00
2015-07	Various Capital Improvement and Acquisition of Various Pieces of Equipment	450,265.00		450,265.00
2016-08	Various Capital Improvement and Acquisition of Various Pieces of Equipment		\$ 418,300.00	418,300.00
		<u>\$ 980,925.30</u>	<u>\$ 418,300.00</u>	<u>\$ 1,399,225.30</u>
	Ref.		C-7	

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance December 31, 2015	Ref. C	\$ 68,212.73
Increased by:		
Charges to Improvement Authorizations	C-7	129,750.87
		<u>197,963.60</u>
Decreased by:		
Cancelled	C-7	49,566.23
		<u>49,566.23</u>
Balance December 31, 2016	C	<u><u>\$ 148,397.37</u></u>

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Date of Lease	Term of Lease	Principal	Interest	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
2014 Dodge Charge Police Interceptor	2/7/2014	3 Years	\$ 31,335.00	\$ 1,992.69	6.50%	\$ 10,431.22		\$ 10,431.22	
2016 Ford Explorer Police Interceptor	8/25/2015	3 Years	33,433.00	2,126.09	6.50%	21,579.97		10,450.33	\$ 11,129.64
2017 Ford Explorer Police Interceptor	9/27/2016	3 Years	32,846.00	2,088.79	6.50%		\$ 32,846.00	11,644.93	21,201.07
						<u>\$ 21,579.97</u>	<u>\$ 32,846.00</u>	<u>\$ 22,095.26</u>	<u>\$ 32,330.71</u>
					Ref.	C			C

WATER AND SEWER UTILITY FUND

SCHEDULE OF WATER AND SEWER UTILITY FUND CASH

	Ref.	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	D	\$ 2,536,677.53	\$ 148,282.70
Increased by:			
Consumer Accounts Receivable	D-7	\$ 2,848,672.30	
Water and Sewer Liens	D-21	7,310.42	
Miscellaneous Revenues	D-3	20,369.91	\$ 218.39
Utility Rent Overpayments		5,550.94	
Due from Payroll Deductions Payable Trust Fund		20,000.00	
Due from Developers Escrow Trust Fund		10,184.83	
Due Water and Sewer Utility Capital Fund		113.19	
Due Water and Sewer Utility Operating Fund	D-6		566,506.12
Due Current Fund		<u>272,325.00</u>	
Total Additions		<u>3,184,526.59</u>	<u>566,724.51</u>
		5,721,204.12	715,007.21
Decreased by:			
Budget Appropriations	D-4	1,970,128.37	
Appropriation Reserves	D-10	1,909.20	
Encumbrances Payable	D-11	78,496.36	
Improvement Authorizations	D-13		159,012.00
Accrued Interest Paid	D-12	232,118.45	
Due Water and Sewer Operating Fund	D-6		113.19
Due Assessment Trust Fund		628.00	
Due Water and Sewer Utility Capital Fund		566,506.12	
Due to Current Fund	D-6	<u>543,804.24</u>	<u>550,000.00</u>
Total Disbursements		<u>3,393,590.74</u>	<u>709,125.19</u>
Balance December 31, 2016	D	<u>\$ 2,327,613.38</u>	<u>\$ 5,882.02</u>

ANALYSIS OF WATER AND SEWER UTILITY CAPITAL FUND CASH

	Balance Dec. 31, 2015	Receipts Miscellaneous	Disbursements		Transfers	Balance Dec. 31, 2016
			Improvement Authorizations	Miscellaneous		
Capital Fund Balance	\$ 1,826.83					\$ 1,826.83
Capital Improvement Fund	75,000.00				\$ (50,000.00)	25,000.00
Due Utility Operating Fund	(566,506.12)	\$ 566,724.51		\$ 113.19		105.20
Due Current Fund	638,945.83			550,000.00	1,091,275.69	1,180,221.52
USDA Grant Receivable - Ordinance 2011-06	(193,913.99)					(193,913.99)
Improvement Authorizations:						
Ordinance Number						
2011-32	Repair of Holly Avenue Water Main	45,445.33				45,445.33
2011-33	Repair of Muriel Avenue Sewer Lateral	47,362.47				47,362.47
2014-08	Repair of West Holly Ave Sanitary Sewer Main	106,017.16				106,017.16
2015-08	Various Improvements to the Water and Sewer Utility System	(5,894.81)	\$ 159,012.00		(955,303.69)	(1,120,210.50)
2015-15	Various Improvements to the Water and Sewer Utility System				(135,972.00)	(135,972.00)
2016-09	Acquisition of Various Capital Equipment				50,000.00	50,000.00
	<u>\$ 148,282.70</u>	<u>\$ 566,724.51</u>	<u>\$ 159,012.00</u>	<u>\$ 550,113.19</u>		<u>\$ 5,882.02</u>
Ref.	D	D-5	D-5	D-5		D

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2015	Ref. D	\$ 38,999.02
Increased by:		
Utility Rents Levied		<u>2,858,564.70</u>
		<u>2,897,563.72</u>
Decreased by:		
Collections	D-5	2,848,672.30
Overpayments Applied	D	<u>7,473.77</u>
		<u>2,856,146.07</u>
Balance December 31, 2016	D	<u><u>\$ 41,417.65</u></u>

SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015	Balance Dec. 31, 2016
Water:		
Land	\$ 25,859.25	\$ 25,859.25
Pumping Station & Structures	569,646.16	569,646.16
Power Pumping Equipment	19,316.11	19,316.11
Springs & Wells	197,304.33	197,304.33
Distribution Mains and Accessories	4,290,634.08	4,290,634.08
Improvements to Water Supply & Distribution System	1,817,776.45	1,817,776.45
Meters	504,380.36	504,380.36
Fire Hydrants	30,242.54	30,242.54
Storage, Reservoirs, Tanks and Standpipes	149,402.25	149,402.25
General Equipment	1,322,192.23	1,322,192.23
NJ Cottage's Camp Meeting Association Water System	50,000.00	50,000.00
Water Tower	5,884,229.79	5,884,229.79
Sewer:		
Land, Plant & Improvements	514,629.79	514,629.79
Pumping Station & Generator	520,457.82	520,457.82
Sewer Mains	263,537.56	263,537.56
General Equipment	330,825.91	330,825.91
Sewer Metering Station	287,967.71	287,967.71
Sanitary Sewer Extension	390,856.20	390,856.20
	<u>\$ 17,169,258.54</u>	<u>\$ 17,169,258.54</u>
	Ref. D	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Purpose	Ordinance		Balance	2016	Balance
		Date	Amount	Dec. 31, 2015	Authorizations	Dec. 31, 2016
2011-32	Repair of Holly Avenue Water Main	11/14/11	325,000.00	\$ 45,445.33		\$ 45,445.33
2011-33	Repair of Muriel Avenue Sewer Lateral	11/14/11	125,000.00	47,362.47		47,362.47
2014-08	Repair of West Holly Ave Sanitary Sewer Main	4/28/14	575,000.00	575,000.00		575,000.00
2015-08	Various Improvements to the Water and Sewer Utility System	6/8/15	1,290,985.00	1,290,985.00		1,290,985.00
2015-15	Various Improvements to the Water and Sewer Utility System	12/28/15	200,000.00	200,000.00		200,000.00
2016-09	Acquisition of Various Capital Equipment	8/8/16	50,000.00		\$ 50,000.00	50,000.00
				<u>\$ 2,158,792.80</u>	<u>\$ 50,000.00</u>	<u>\$ 2,208,792.80</u>
			Ref.	D	D-13	D

SCHEDULE OF 2015 APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2015</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	\$ 83,651.25	\$ 1,909.20	\$ 81,742.05
Other Accounts - No Changes	45,025.72		45,025.72
	<u>\$ 128,676.97</u>	<u>\$ 1,909.20</u>	<u>\$126,767.77</u>
Ref.	D	D-5	D-1

SCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Operating Fund
Balance December 31, 2015	D	\$ 120,488.84
Increased by:		
Charges to Current Year Appropriations	D-4	83,571.97
		<u>204,060.81</u>
Decreased by:		
Payments	D-5	78,496.36
Cancelled	D-1	41,297.11
		<u>119,793.47</u>
Balance December 31, 2016	D	<u>\$ 84,267.34</u>

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE

Balance December 31, 2015	Ref. D		\$ 38,593.00
Increased by:			
Budget Appropriation for:			
Interest on Bonds	D-4	\$ 224,364.43	
Interest on Notes	D-4	6,792.55	
		231,156.98	
			269,749.98
Decreased by:			
Interest Paid	D-5		232,118.45
Balance December 31, 2016	D		\$ 37,631.53

Analysis of Accrued Interest December 31, 2016

Issue	Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	Period	Amount
Serial Bonds	\$ 320,000.00	Various	11/15/16	12/31/16	47 Days	\$ 1,550.00
Serial Bonds	3,300,000.00	Various	12/01/16	12/31/16	31 Days	10,721.00
Loan	2,262,400.86	3.250%	09/13/16	12/31/16	110 Days	21,446.00
Bond Anticipation Notes	287,500.00	0.8496%	07/14/16	12/31/16	171 Days	1,160.23
Bond Anticipation Notes	107,500.00	0.8496%	07/14/16	12/31/16	171 Days	433.83
Bond Anticipation Notes	575,000.00	0.8496%	07/14/16	12/31/16	171 Days	2,320.47
	\$ 6,852,400.86					\$ 37,631.53

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Purpose	Date	Amount	Balance Dec. 31, 2015		2016 Authorizations	Paid or Charged	Balance Dec. 31, 2016	
				Unfunded	Funded			Funded	Unfunded
2011-32	Repair of Holly Avenue Water Main	11/14/11	\$ 325,000.00	\$ 45,445.33				\$ 45,445.33	
2011-33	Repair of Muriel Avenue Sewer Lateral	11/14/11	125,000.00	47,362.47				47,362.47	
2014-08	Repair of West Holly Ave Sanitary Sewer Main	4/28/14	575,000.00	106,017.16				106,017.16	
2015-08	Various Improvements to the Water and Sewer Utility System	6/8/15	1,290,985.00	1,126,078.19			\$ 1,114,315.69		11,762.50
2015-15	Various Improvements to the Water and Sewer Utility System	12/28/15	200,000.00	200,000.00			135,972.00		64,028.00
2016-09	Acquisition of Various Capital Equipment	8/8/16	50,000.00		\$ 50,000.00			\$ 50,000.00	
				<u>\$ 1,524,903.15</u>	<u>\$ 50,000.00</u>		<u>\$ 1,250,287.69</u>	<u>\$ 50,000.00</u>	<u>\$ 274,615.46</u>
			Ref.	D				D	D
			Capital Improvement Fund	Ref. D-14	\$ 50,000.00				
					<u>\$ 50,000.00</u>				
						Ref. D-5	\$ 159,012.00		
				Disbursed by Current Fund		A-4	1,091,275.69		
							<u>\$ 1,250,287.69</u>		

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015	Ref. D	\$ 75,000.00
Decreased by:		
Funding of Ordinance	D-13	<u>50,000.00</u>
Balance December 31, 2016	D	<u><u>\$ 25,000.00</u></u>

EXHIBIT D-15

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2015	Ref. D	\$ 10,753,114.48
Increased by:		
Serial Bonds Paid by Water and Sewer Utility Operating Fund	D-17	350,000.00
Payment of Bond Anticipation Notes	D-18	10,000.00
Loans Paid by Water and Sewer Utility Operating Fund	D-20	30,563.00
Balance December 31, 2016	D	<u>\$ 11,143,677.48</u>

EXHIBIT D-16

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

Increased by:	Ref.	
Fixed Capital Authorized	D-13	50,000.00
Balance December 31, 2016	D	<u>\$ 50,000.00</u>

SCHEDULE OF SERIAL BONDS PAYABLE

Date of Issue	Purpose	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance		Balance
			December 31, 2013			Dec. 31, 2015	Decreased	
			Date	Amount				
7/1/03	Refunding Bonds, Series 2003	\$ 1,995,000.00	11/15/17	\$ 155,000.00	3.750%			
			11/15/18	165,000.00	4.000%	\$ 470,000.00	\$ 150,000.00	\$ 320,000.00
12/22/09	General Obligation Bonds, Series 2009	4,545,000.00	12/1/17	210,000.00	3.000%			
			12/1/18	215,000.00	3.500%			
			12/1/19	220,000.00	3.750%			
			12/1/20	230,000.00	4.000%			
			12/1/21	240,000.00	4.000%			
			12/1/22-23	250,000.00	4.000%			
			12/1/24	260,000.00	4.000%			
			12/1/25	270,000.00	4.000%			
			12/1/26	280,000.00	4.000%			
			12/1/27	285,000.00	4.000%			
			12/1/28	290,000.00	4.000%			
			12/1/29	300,000.00	4.125%			
						3,500,000.00	200,000.00	3,300,000.00
						<u>\$ 3,970,000.00</u>	<u>\$ 350,000.00</u>	<u>\$ 3,620,000.00</u>
					Ref.	D	D-15	D

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ordinance Number	Purpose	Amount of Original Issue	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
2011-32	Repair of Holly Avenue Water Main	\$ 325,000.00	7/20/2012	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	\$ 292,500.00	\$ 287,500.00	\$ 292,500.00	\$ 287,500.00
2011-33	Repair of Muriel Avenue Sewer Lateral	125,000.00	7/20/2012	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	112,500.00	107,500.00	112,500.00	107,500.00
2014-08	Repair of West Holly Ave Sanitary Sewer Main	500,000.00	6/26/2014	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	500,000.00	500,000.00	500,000.00	500,000.00
2014-08	Repair of West Holly Ave Sanitary Sewer Main	75,000.00	7/16/2015	7/16/2015 7/14/2016	7/15/2016 7/13/2017	0.550% 0.8496%	75,000.00	75,000.00	75,000.00	75,000.00
							<u>\$ 980,000.00</u>	<u>\$ 970,000.00</u>	<u>\$ 980,000.00</u>	<u>\$ 970,000.00</u>
							Ref.	D		D
							Renewals	\$ 970,000.00	\$ 970,000.00	
							Paid by Budget Appropriation		10,000.00	
							<u>\$ 970,000.00</u>	<u>\$ 980,000.00</u>		

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Purpose	Balance Dec. 31, 2015	Balance Dec. 31, 2016
2015-08	Various Improvements to the Water and Sewer Utility System	\$ 1,131,973.00	\$ 1,131,973.00
2015-15	Various Improvements to the Water and Sewer Utility System	200,000.00	200,000.00
		<u>\$ 1,331,973.00</u>	<u>\$ 1,331,973.00</u>

SCHEDULE OF WATER AND SEWER LOANS PAYABLE

Purpose	Series	Original Issue	Date of Issue	Interest Rate	Balance Dec. 31, 2015	Paid by Budget Appropriation	Balance Dec. 31, 2016
Construction of Water Tower, Upgrades to Existing Water Towers, Replacement of Well, and Purchase and Installation of Fire Hydrants	USDA 2014A	\$ 2,337,000.00	3/13/14	3.250%	\$ 2,292,963.86	\$ 30,563.00	\$ 2,262,400.86
					<u>\$ 2,292,963.86</u>	<u>\$ 30,563.00</u>	<u>\$ 2,262,400.86</u>
				Ref.	D	D-15	D

SCHEDULE OF WATER AND SEWER LIENS RECEIVABLE

Balance December 31, 2015	Ref. D	\$	7,310.42
Decreased by: Collections	D-5		<u>7,310.42</u>

PART II
LETTER OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2016

GENERAL COMMENTS

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

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

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

The minutes indicate that bids were requested by public advertisement for the following items:

Water Main, Sanitary Sewer, and Stormwater Line Replacement
Borough Hall Emergency Generator

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJSA 40A:11.5.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA 40A:11-6.

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 3, 2016, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS NJSA 54:4-67 allows Municipalities 10 fix rates of interest to be charged for unpaid and delinquent taxes.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Pitman, County of Gloucester, and State of New Jersey that the Tax Collector of said Borough is hereby directed to charge interest at the rate of 8% per annum on the first \$1,500.00 of delinquent installments of taxes, and at the rate of 18% per annum on any amount in excess of \$1,500.00 from the date the installments become delinquent. Provided, however, that no interest shall be charged if payment of any installment is made within ten (10) days after the date on which same became payable.

Collection of Interest on Delinquent Taxes and Assessments (Continued)

BE IT FURTHER RESOLVED that the Tax Collector is authorized and directed to charge a penalty of 6% of the amount of tax delinquency to any taxpayer with a tax delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year.

BE IT FURTHER RESOLVED that a copy of this Resolution be forwarded to the Tax Collector of the Borough of Pitman.

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 17, 2016, and was complete except for bankruptcies from prior years not sold.

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

<u>Year</u>	<u>Number of Liens</u>
2016	3
2015	4
2014	5
2013	6
2012	6

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services. All notices returned were reviewed and no discrepancies were noted. A separate report will be rendered if any irregularities develop after the date of the audit.

PROPERTY TAX INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	4.1190	4.0080	3.8850	3.7980	5.7300
Apportionment of Tax Rate					
Municipal	0.9910	0.9700	0.9260	0.8760	1.3280
Municipal Library	0.0350	0.0350	0.0360	0.0380	0.0630
County	0.6710	0.6430	0.6200	0.6460	0.9730
County Open Space	0.0440	0.0440	0.0440	0.0470	0.0770
Local School	2.3780	2.3160	2.2590	2.1910	3.2890
Assessed Valuation	569,320,562	573,098,964	578,734,342	586,967,743	376,260,400

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

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

	2016	2015	2014	2013	2012
Tax Levy	\$ 23,479,337.23	\$ 22,989,053.31	\$ 22,509,052.55	\$ 22,324,304.11	\$ 21,601,255.31
Cash Collections	23,025,364.71	22,303,160.90	21,667,128.43	21,662,533.11	20,987,610.56
Percentage of Collections	98.07%	97.02%	96.26%	97.04%	97.16%

COMPARISON DELINQUENT TAXES AND TAX TITLE LIENS

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

	2016	2015	2014	2013	2012
Amount of Tax Title Liens	\$ 5,451.72	\$ 4,995.35	\$ 12,162.22	\$ 250,330.76	\$ 191,817.90
Delinquent Taxes	422,404.56	650,768.43	774,672.48	509,435.29	557,724.59
Total Delinquent	\$ 427,856.28	\$ 655,763.78	\$ 786,834.70	\$ 759,766.05	\$ 749,542.49
Percentage of Tax Levy	1.82%	2.85%	3.50%	3.40%	3.47%

COMPARISON PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

	2016	2015	2014	2013	2012
Property Acquired for Taxes (Assessed Valuation)	\$ 80,300.00	\$ 80,300.00	\$ 80,300.00	\$ 80,300.00	\$ 80,300.00

COMPARISON OF WATER & SEWER RENTS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent water and sewer rents and utility liens, in relation to the levy of the last five years.

WATER & SEWER	2016	2015	2014	2013	2012
Balance January 1	\$ 38,999.02	\$ 48,770.88	\$ 47,281.20	\$ 42,827.57	\$ 31,734.53
Levy & Interest and Costs	2,858,564.70	2,915,511.61	2,861,647.35	2,495,944.04	2,087,893.64
Cash Collections	2,848,672.30	2,918,424.50	2,860,157.67	2,491,490.41	2,076,800.60
Percentage of Collections	98.31%	98.45%	98.32%	98.14%	97.98%

OTHER COMMENTS

Chief Financial Officer/Treasurer

The records maintained by the Chief Financial Officer and Treasurer were found to be in compliance with requirements prescribed by the Division of Local Government Services, state statutes, and administrative code requirements.

There was a grant expenditure without an appropriation made during the year in the amount of \$1,786.14 due to spending against the "Sustainable New Jersey Small Grants Program" grant

Chief Financial Officer/Treasurer (Continued)

funds for which there was no appropriation. The deferred charge will be raised in the 2017 municipal budget.

There were two grant overexpenditures made during the year in the amount of \$100.00 for "Over the Limit Under Arrest" (federal program) and \$116.34 for the "Body Armor Replacement Program" (state program). The deferred charges will be raised in the 2017 municipal budget.

There are numerous interfund loans existing as of year-end. These interfunds are being researched by the Chief Financial Officer and will be cleared.

There is one general capital ordinance with a deficit in cash over five years old. This deficit will be cleared by the Chief Financial Officer in the year 2017.

Tax Collector

The records of the Tax Collector were found to be in compliance with requirements prescribed by the Division of Local Government Services.

STATUS OF PRIOR RECOMMENDATIONS

***2015-001 Finding:** Interfunds were not liquidated by the end of the year.

Status: Corrective action has not been taken.

2015-002 Finding: Quotations were not obtained as required by NJSA 40A:11-6.1, bids were not obtained as required by NJSA 40A:11 and NJAC 5:34, not all state contracts were awarded pursuant to NJSA 40A:11-12, and emergency contracts were not awarded pursuant to NJSA 40A:11-6.

Status: Corrective action has been taken.

FINDINGS AND RECOMMENDATIONS

***2016-001 Finding:** Interfunds were not liquidated by the end of the year.

Recommendation: The interfunds, if feasible, be liquidated by the end of the year.

2016-002 Finding: There is one capital ordinance that is over five years old with a deficit cash balance.

Recommendation: The ordinance that is over five years old with a cash deficit balance be funded by the Borough.

2016-003 Finding: IRS Forms 1099-MISC were not filed for required vendors during 2016.

Recommendation: The Borough should issue IRS Forms 1099-MISC pursuant to the instructions and maintain records to verify the exemption of other vendors where applicable.

2016-004 Finding: There were two overexpenditures of grant fund appropriations.

Recommendation: Review of grant appropriation balances be made to ensure that line items are not overexpended.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

- 2016-005** **Finding:** There was one grant expenditure without an appropriation.
Recommendation: Review of grant appropriation balances be made to ensure that line items are not expended where no funds have been appropriated.
- 2016-006** **Finding:** Statements to developers were not prepared in accordance with Local Finance Notice CFO-98-7.
Recommendation: Statements should be sent to developers in accordance with Local Finance Notice CFO-98-7.
- 2016-007** **Finding:** An analysis of amounts escrowed for police off-duty employment fees is not being maintained.
Recommendation: A detailed analysis of escrow account holders with amounts on deposit be maintained for the police off-duty employment account.

* Recommendations appeared in prior reports and corrective action was not taken.


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

Should any question arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

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

Respectfully submitted,

PETRONI & ASSOCIATES LLC



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