

BOROUGH OF CHESILHURST

COUNTY OF CAMDEN

REPORT OF AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

BOROUGH OF CHESILHURST
TABLE OF CONTENTS

Exhibit No.**Page No.****PART 1**

Independent Auditor's Report	2
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	5

CURRENT FUND

A	Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis	7
A-1	Statements of Operations and Changes in Fund Balance--Regulatory Basis	9
A-2	Statement of Revenues--Regulatory Basis	11
A-3	Statement of Expenditures--Regulatory Basis	13

TRUST FUND

B	Statements of Assets, Liabilities and Reserves--Regulatory Basis	20
---	--	----

GENERAL CAPITAL FUND

C	Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis	21
---	--	----

SEWER UTILITY FUND

D	Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis	22
D-1	Sewer Utility Operating Fund--Statements of Operations and Changes in Operating Fund Balance – Regulatory Basis	24
D-2	Sewer Utility Operating Fund – Statement of Revenues – Regulatory Basis	25
D-3	Sewer Utility Operating Fund – Statement of Expenditures – Regulatory Basis	26

GENERAL FIXED ASSETS ACCOUNT GROUP

G	Statement of General Fixed Asset Group of Accounts--Regulatory Basis	27
	Notes to Financial Statements	28

BOROUGH OF CHESILHURST
TABLE OF CONTENTS (CONT'D)

Exhibit No.**Page No.****SUPPLEMENTAL EXHIBITS****CURRENT FUND**

SA-1	Statement of Current Cash--Treasurer	60
SA-2	Statement of Current Cash--Collector	61
SA-3	Schedule of Change Funds	62
SA-4	Statement Petty Cash Funds	62
SA-5	Statement of Taxes Receivable	63
SA-6	Statement of Tax Title Liens	64
SA-7	Schedule of Property Acquired for Taxes (At Assessed Valuation)	64
SA-8	Statement of Revenue Accounts Receivable	65
SA-9	Statement of 2016 Appropriation Reserves	66
SA-10	Statement of Reserve for Encumbrances	71
SA-11	Statement of Accounts Payable	72
SA-12	Statement of Due to State of New Jersey—Division of Youth and Family Services- Marriage License Fees	72
SA-13	Statement of Due to State of New Jersey Veterans' and Senior Citizens' Deductions	73
SA-14	Statement of Prepaid Taxes	74
SA-15	Statement of Tax Overpayments	74
SA-16	Statement of Local School District Taxes Payable	75
SA-17	Statement of County Taxes Payable	76
SA-18	Statement of Due County for Added and Omitted Taxes	76
SA-19	Statement of Payroll Deductions Payable	77
SA-20	Schedule of Protested Checks Receivable	78
SA-21	Federal, State and Other Grant Fund--Statement of Due from Current Fund	79
SA-22	Federal, State and Other Grant Fund--Statement of Contracts Payable	80
SA-23	Federal, State and Other Grant Fund--Statement of Federal, State and Other Grants Receivable	81
SA-24	Federal, State and Other Grant Fund--Statement of Reserves for Federal, State and Other Grants--Unappropriated	82
SA-25	Federal, State and Other Grant Fund --Statement of Reserves for Federal, State and Other Grants--Appropriated	83

TRUST FUND

SB-1	Statement of Trust Fund Cash--Treasurer	85
SB-2	Animal Control Trust Fund--Statement of Due to Current Fund	86
SB-3	Animal Control Trust Fund--Statement of Reserve for Animal Control Expenditures	87
SB-4	Animal Control Trust Fund—Statement of Due to State of New Jersey For Dog License Registration Fees	88
SB-5	Trust--Other Fund--Schedule of Accounts Receivable	89
SB-6	Trust--Other Fund--Statement of Due from Current Fund	90
SB-7	Trust--Other Fund--Schedule of Reserve for Encumbrances	91
SB-8	Community Development Block Grant Fund--Statement of Community Development Block Grant Receivable	92
SB-9	Community Development Block Grant Fund--Statement of Reserve for Community Development Block Grant	92
SB-10	Trust--Other Fund--Statement of Miscellaneous Trust Reserves	93

BOROUGH OF CHESILHURST
TABLE OF CONTENTS (CONT'D)

Exhibit No.**Page No.****GENERAL CAPITAL FUND**

SC-1	Statement of General Capital Cash--Treasurer	N/A
SC-2	Analysis of General Capital Cash	95
SC-3	Schedule of Deferred Charges to Future Taxation--Unfunded	96
SC-4	Statement of Due from Current Fund	97
SC-5	Statement of Improvement Authorizations	98
SC-6	Statement of Capital Improvement Fund	99
SC-7	Statement of Reserve for Tennis Courts	99
SC-8	Schedule of Bonds and Notes Authorized But Not Issued	100

SEWER UTILITY FUND

SD-1	Statement of Sewer Utility Cash--Treasurer	102
SD-2	Sewer Utility Operating Fund-- Statement of Sewer Consumer Accounts Receivable	103
SD-3	Sewer Utility Operating Fund-- Statement of Sewer Consumer Liens Receivable	103
SD-4	Sewer Utility Operating Fund-- Statement of Due to Current Fund	104
SD-5	Sewer Utility Capital Fund--Schedule of Fixed Capital	105
SD-6	Sewer Utility Operating Fund--Statement of 2016 Appropriation Reserves	106
SD-7	Sewer Utility Operating Fund--Statement of Prepaid Sewer Rents	107
SD-8	Sewer Utility Operating Fund--Statement of Sewer Overpayments	107
SD-9	Sewer Utility Operating Fund--Statement Accrued Interest on Loans	108
SD-10	Sewer Utility Operating Fund--Schedule of Reserve for Debt Service	109
SD-11	Sewer Utility Capital Fund—Statement of Reserve for Amortization	110
SD-12	Sewer Utility Capital Fund—Statement of USRDA Loans Payable	111

PART 2

Schedule of Findings and Recommendations	113
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	114
Officials in Office and Surety Bonds	115

APPRECIATION	116
---------------------	-----

BOROUGH OF CHESILHURST

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Chesilhurst
Chesilhurst, New Jersey 08089

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Chesilhurst, in the County of Camden, State of New Jersey, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough'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.

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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

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

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Chesilhurst, in the County of Camden, State of New Jersey, as of December 31, 2017 and 2016 or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Chesilhurst, in the County of Camden, State of New Jersey, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2017, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 on our consideration of the Borough of Chesilhurst, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Chesilhurst's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 29, 2018

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Chesilhurst
Chesilhurst, New Jersey 08089

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Chesilhurst, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 29, 2018. That report indicated that the Borough of Chesilhurst's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Chesilhurst's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Chesilhurst's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Chesilhurst'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 of Chesilhurst'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*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 29, 2018

BOROUGH OF CHESILHURST**CURRENT FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

As of December 31, 2017 and 2016

ASSETS:	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Regular Fund:			
Cash	SA-1	\$ 1,536,004.94	\$ 1,395,906.77
Change Fund	SA-3	250.00	250.00
		<u>1,536,254.94</u>	<u>1,396,156.77</u>
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	SA-5	176,882.34	171,605.86
Tax Title Liens Receivable	SA-6	802,056.56	684,198.34
Property Acquired for Taxes	SA-7	1,319,999.75	1,319,999.75
Protested Checks Receivable	SA-20	300.00	300.00
Revenue Accounts Receivable	SA-8	1,590.52	847.66
Due from Animal Control Trust Fund	SB-2	3,281.19	3,093.39
Due from Sewer Utility Operating Fund	SD-7	5,049.29	29,687.19
		<u>2,309,159.65</u>	<u>2,209,732.19</u>
Total Current Fund		<u>3,845,414.59</u>	<u>3,605,888.96</u>
Federal, State and Other Grant Fund:			
Federal, State and Other Grants Receivable	SA-23	25,188.21	73,442.27
Due from Current Fund	SA-21	64,523.47	66,585.07
Total Federal, State and Other Grant Fund		<u>89,711.68</u>	<u>140,027.34</u>
Total Assets		<u>\$ 3,935,126.27</u>	<u>\$ 3,745,916.30</u>

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2017 and 2016

**LIABILITIES, RESERVES
AND FUND BALANCE:**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-9	\$ 277,560.29	\$ 216,904.15
Reserve for Encumbrances	SA-10	33,223.20	44,529.41
Accounts Payable	SA-11	36,223.53	22,962.15
Due to State of New Jersey - Division of Youth Family Services	SA-12	156.00	281.00
Due to State of New Jersey - Veteran and Senior Citizens' Deductions	SA-13	1,938.95	1,938.95
Prepaid Mobile Home Rents	SA-1	1,200.00	1,200.00
Prepaid Taxes	SA-14	26,043.85	16,501.34
Tax Overpayments	SA-15	4,364.74	11,450.60
Local District School Taxes Payable	SA-16	0.20	0.20
Due to County for Added and Omitted Taxes	SA-18	3,304.23	1,367.58
Payroll Deductions Payable	SA-19	57,207.40	31,306.45
Due to Federal, State and Other Grant Fund	SA-21	64,523.47	66,585.07
Due to Trust Other Fund	SB-6	154,003.26	128,275.40
Due to General Capital Fund	SC-4	90,486.17	90,486.17
		<u>750,235.29</u>	<u>633,788.47</u>
Reserves for Receivables and Other Assets		2,309,159.65	2,209,732.19
Fund Balance	A-1	<u>786,019.65</u>	<u>762,368.30</u>
Total Current Fund		<u>3,845,414.59</u>	<u>3,605,888.96</u>
Federal, State and Other Grant Fund:			
Reserve for Federal, State and Other Grants -- Unappropriated	SA-24	8,479.47	8,766.69
Reserve for Federal, State and Other Grants -- Appropriated	SA-25	79,648.95	130,211.90
Contracts Payable	SA-22	1,048.75	1,048.75
Reserve for Encumbrances	SA-25	534.51	
Total Federal, State and Other Grant Fund		<u>89,711.68</u>	<u>140,027.34</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,935,126.27</u>	<u>\$ 3,745,916.30</u>

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

BOROUGH OF CHESILHURST
CURRENT FUND

Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>		
Surplus Anticipated	\$ 399,000.00	\$ 336,000.00
Miscellaneous Revenues Anticipated	936,998.56	951,925.87
Receipts from Delinquent Taxes	136,374.89	138,024.53
Receipts from Current Taxes	2,687,608.79	2,616,622.80
Non-Budget Revenues	112,914.72	102,423.79
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	191,418.01	248,959.72
Statutory Excess in Reserve for Animal Control Expenditures		30.00
Liquidation of Reserve for:		
Due from Sewer Utility Fund	24,637.90	
	<u>4,488,952.87</u>	<u>4,393,986.71</u>
Total Income		
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Operations Within "CAPS":		
Salaries and Wages	1,189,373.00	1,130,497.00
Other Expenses	995,020.00	888,115.00
Deferred Charges and Statutory Expenditures Within "CAPS"	245,441.00	256,851.00
Operations Excluded from "CAPS":		
Other Expenses	19,811.96	51,284.74
Capital Improvements Excluded from "CAPS"	70,000.00	80,000.00
County Taxes	750,749.53	742,227.76
County Added and Omitted Taxes	3,304.23	1,367.58
Local District School Tax	791,164.00	791,164.00
Deductions Disallowed by Collector -- Prior Year Taxes	1,250.00	1,000.00
Prior Year Tax Overpayments Created		11,281.56
Creation of Reserves for:		
Protested Checks Receivable		300.00
Due from Sewer Utility Operating Fund		248.13
Due from Animal Control License Fund	187.80	211.60
	<u>4,066,301.52</u>	<u>3,954,548.37</u>
Total Expenditures		

(Continued)

BOROUGH OF CHESILHURST**CURRENT FUND**

Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Excess in Revenue	\$ 422,651.35	\$ 439,438.34
<u>Fund Balance</u>		
Balance Jan. 1	<u>762,368.30</u>	<u>658,929.96</u>
	1,185,019.65	1,098,368.30
Decreased by:		
Utilization as Anticipated Revenue	<u>399,000.00</u>	<u>336,000.00</u>
Balance December 31	<u>\$ 786,019.65</u>	<u>\$ 762,368.30</u>

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

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2017

	Anticipated Budget	Special N.J.S.A. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 399,000.00	-	\$ 399,000.00	-
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	1,200.00		1,920.00	\$ 720.00
Fees and Permits	15,000.00		13,590.00	(1,410.00)
Fines and Costs:				
Municipal Court	26,000.00		33,990.72	7,990.72
Interest and Costs on Taxes	37,413.00		35,162.14	(2,250.86)
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax				
Relief Aid (N.J.S.A. 52:27D-118.35)	383,745.00		378,648.00	(5,097.00)
Energy Receipts Tax (P.L. 1997, Chapter 162 & 167)	442,595.00		447,692.00	5,097.00
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Public and Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	763.96		763.96	
Alcohol Education and Rehabilitation Fund	120.86		120.86	
Municipal Alliance on Alcoholism and Drug Abuse	6,465.05		6,465.05	
Body Armor Replacement Fund	1,061.39		1,061.39	
Clean Communities Program	6,584.44		6,584.44	
JIF Safety Award	1,000.00		1,000.00	
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items				
Reserve for Tennis Court Improvements	10,000.00		10,000.00	
Total Miscellaneous Revenues	931,948.70	-	936,998.56	5,049.86
Receipts from Delinquent Taxes	140,000.00		136,374.89	(3,625.11)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	1,401,339.30		1,480,033.07	78,693.77
Budget Totals	2,872,288.00	-	2,952,406.52	80,118.52
Non-Budget Revenues	-	-	112,914.72	112,914.72
	\$ 2,872,288.00	-	\$ 3,065,321.24	\$ 193,033.24

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2017

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 2,687,608.79
--------------------------	-----------------

Allocated to:

Schools and County Taxes	1,545,217.76
--------------------------	--------------

Balance for Support of Municipal Budget Appropriations	1,142,391.03
--	--------------

Add: Appropriation "Reserve for Uncollected Taxes"	337,642.04
--	------------

Amount for Support of Municipal Budget Appropriations	\$ 1,480,033.07
---	-----------------

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 119,416.44
----------------------------	---------------

Tax Title Lien Collections	16,958.45
----------------------------	-----------

	\$ 136,374.89
--	---------------

Analysis of Non-Budget Revenues

Revenue Accounts Receivable:

Treasurer

Cell Tower Rental	\$ 42,158.66
-------------------	--------------

Payments in Lieu of Taxes --Bnai Bith	18,104.85
---------------------------------------	-----------

Cable Television Franchise Tax	20,003.57
--------------------------------	-----------

Clerk

Other Licenses	2,220.00
----------------	----------

	\$ 82,487.08
--	--------------

Revenue Accounts Receivable -- Tax Collector

Tax Search Fees	55.00
-----------------	-------

Treasurer:

Receipts:

Vacant Property	1,200.00
-----------------	----------

JIF Dividend	23,373.00
--------------	-----------

Planning Board Application Fees	1,000.00
---------------------------------	----------

Recycling Fees	1,193.65
----------------	----------

Miscellaneous Other	1,270.99
---------------------	----------

NJ State Inspection	350.00
---------------------	--------

Administrative Fee Senior Citizen and Veterans Deduction	285.00
--	--------

Prior Year Refund	1,700.00
-------------------	----------

	30,372.64
--	-----------

	\$ 112,914.72
--	---------------

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

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>		
OPERATIONS -- WITHIN "CAPS"						
General Government Functions:						
Mayor and Council						
Salaries and Wages	\$ 47,300.00	\$ 47,300.00	\$ 47,225.00		\$ 75.00	
Other Expenses	10,200.00	10,200.00	4,545.97	\$ 2,650.00	3,004.03	
Borough Clerk						
Salaries and Wages	40,000.00	40,000.00	39,948.08		51.92	
Other Expenses	18,000.00	18,000.00	14,140.24	1,413.49	2,446.27	
Registrar of Vital Statistics						
Salaries and Wages	4,700.00	4,700.00	4,700.00			
Elections						
Other Expenses	2,100.00	2,800.00	2,496.35		303.65	
Financial Administration						
Salaries and Wages	65,500.00	65,500.00	65,407.80		92.20	
Other Expenses	29,000.00	33,000.00	25,677.67	2,260.18	5,062.15	
Audit Services	45,500.00	45,500.00	45,500.00			
Assessment of Taxes						
Salaries and Wages	7,700.00	7,700.00	7,682.98		17.02	
Other Expenses	1,500.00	1,500.00	395.00	421.20	683.80	
Tax Collector						
Salaries and Wages	20,000.00	20,000.00	17,509.99		2,490.01	
Tax Sale Costs	250.00	250.00			250.00	
Miscellaneous	11,300.00	11,300.00	8,902.94	54.82	2,342.24	
Liquidation of Tax Title Liens						
Other Expenses	56,000.00	33,300.00	23,096.85		10,203.15	
Legal Services and Costs						
Other Expenses	57,000.00	57,000.00	32,758.47		24,241.53	
Engineering Services and Costs						
Other Expenses	20,000.00	20,000.00	4,932.50		15,067.50	
Municipal Court						
Salaries and Wages	50,000.00	50,000.00	48,271.37		1,728.63	
Other Expenses	5,000.00	5,000.00	4,061.29		938.71	
Public Defender (P.L. 1997, C.256)						
Other Expenses	3,000.00	3,000.00	1,387.00		1,613.00	

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		<u>Unexpended Balance Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>	<u>Reserved</u>
OPERATIONS -- WITHIN "CAPS" (CONT'D)					
Land Use Administration Functions:					
Planning and Zoning Board					
Salaries and Wages	\$ 2,515.00	\$ 2,515.00	\$ 2,514.44		\$ 0.56
Other Expenses	9,000.00	9,000.00	7,825.00		1,175.00
Zoning Officer					
Salaries and Wages	4,500.00	4,500.00	4,478.95		21.05
Other Expenses	100.00	100.00			100.00
Code Enforcement Functions:					
Rent Control					
Salaries and Wages	2,515.00	2,515.00	2,514.44		0.56
Other Expenses	4,000.00	4,000.00		\$ 3,865.00	135.00
Housing Costs					
Other Expenses	1.00	1.00			1.00
Insurance					
Other	54,310.00	50,810.00	50,400.02		409.98
Worker's Compensation Insurance	44,000.00	40,500.00	40,285.97		214.03
Employee Group Insurance	124,500.00	114,500.00	111,216.00		3,284.00
Employee Group Insurance - Opt Out	17,000.00	17,000.00	15,978.12		1,021.88
Code Enforcement Officer					
Salaries and Wages	3,700.00	3,700.00	3,691.82		8.18
Other Expenses	500.00	500.00			500.00
Public Safety Functions:					
Police					
Salaries and Wages	735,000.00	748,000.00	739,333.10		8,666.90
Other Expenses	55,000.00	68,000.00	49,560.28	6,935.20	11,504.52
Fire					
Miscellaneous Other Expenses	22,000.00	22,000.00	9,400.00		12,600.00

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		<u>Unexpended Balance Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>	<u>Reserved</u>
OPERATIONS -- WITHIN "CAPS" (CONT'D)					
Emergency Management Services					
Salaries and Wages	\$ 6,300.00	\$ 6,300.00	\$ 6,272.76		\$ 27.24
Other Expenses	1,000.00	1,000.00			1,000.00
Ambulance					
Other Expenses	10,000.00	10,000.00	10,000.00		
Prosecutor					
Salaries and Wages	8,923.00	8,923.00	8,921.14		1.86
Public Works Functions:					
Public Works Garage					
Other Expenses	5,000.00	5,000.00	3,532.11		1,467.89
Road Repairs and Maintenance					
Salaries and Wages	500.00	500.00			500.00
Other Expenses	6,000.00	6,000.00	947.86		5,052.14
Snow Removal					
Other Expenses	10,000.00	10,000.00	7,750.00	\$ 2,250.00	
Garbage and Trash Removal					
Salaries and Wages	167,890.00	162,890.00	147,362.97		15,527.03
Other Expenses	5,000.00	5,000.00	964.91		4,035.09
Landfill Solid Waste Disposal Costs	48,000.00	48,000.00	39,638.87		8,361.13
Environmental					
Other Expenses	2,100.00	2,100.00	1,930.00		170.00
Public Buildings and Grounds					
Other Expenses	56,000.00	65,000.00	43,966.35	5,450.55	15,583.10
Demolition of Buildings	1.00	1.00			1.00
Community Center					
Salaries and Wages	11,330.00	14,330.00	12,405.64		1,924.36
Other Expenses	10,000.00	10,000.00	1,695.35	75.00	8,229.65
Vehicle Maintenance					
Other Expenses	55,000.00	55,000.00	34,794.41		20,205.59

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
OPERATIONS -- WITHIN "CAPS" (CONT'D)						
Health and Human Services Functions:						
Board of Health						
Other Expenses	\$ 200.00	\$ 200.00			\$ 200.00	
Animal Control						
Other Expenses	12,458.00	12,458.00	\$ 9,109.50		3,348.50	
Park and Recreation Functions:						
Recreation						
Other Expenses	9,000.00	9,000.00	6,463.07		2,536.93	
Senior Citizen						
Other Expenses	11,000.00	11,000.00	8,123.43		2,876.57	
Accumulated Leave Compensation	8,000.00	8,000.00	8,000.00			
Utilities:						
Electric	35,000.00	35,000.00	25,246.40	\$ 2,414.33	7,339.27	
Telephone	27,000.00	29,000.00	27,653.48		1,346.52	
Gasoline and Fuel	52,000.00	52,000.00	28,969.78	1,092.84	21,937.38	
Natural Gas	18,000.00	18,000.00	4,289.69	928.25	12,782.06	
Street Lighting	33,000.00	33,000.00	24,930.13	29.23	8,040.64	
Sewerage Processing and Disposal	3,000.00	3,000.00	1,145.74		1,854.26	
Total Operations - within "CAPS"	2,184,393.00	2,184,393.00	1,899,951.23	29,840.09	254,601.68	-
Detail:						
Salaries and Wages	1,178,373.00	1,189,373.00	1,158,240.48	-	31,132.52	-
Other Expenses	1,006,020.00	995,020.00	741,710.75	29,840.09	223,469.16	-

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>			<u>Unexpended Balance Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>	<u>Reserved</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL -- WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 34,447.00	\$ 34,447.00	\$ 34,447.00			
Social Security System (O.A.S.I.)	91,000.00	91,000.00	88,638.94		\$ 2,361.06	
Police and Fire Retirement System	98,388.00	98,388.00	98,388.00			
Defined Contribution Retirement Program	5,000.00	5,000.00	4,748.28		251.72	
Unemployment Insurance	7,000.00	7,000.00	5,637.62		1,362.38	
Public Employee's Retirement System - Chapter 19 PL 2009	1,414.00	1,414.00	1,414.00			
Police and Fireman's Retirement System - Chapter 19 PL 2009	8,192.00	8,192.00	8,192.00			
Total Deferred Charges and Regulatory Expenditures Municipal -- Within "CAPS"	245,441.00	245,441.00	241,465.84	-	3,975.16	-
Total General Appropriations for Municipal Purposes -- Within "CAPS"	2,429,834.00	2,429,834.00	2,141,417.07	\$ 29,840.09	258,576.84	-
OPERATIONS -- EXCLUDED FROM "CAPS"						
Recycling Tax	2,200.00	2,200.00	1,374.60	-	825.40	-
Total Other Operations - Excluded from "CAPS"	2,200.00	2,200.00	1,374.60	-	825.40	-

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>		<u>Unexpended Balance Canceled</u>
			<u>Expended</u>	<u>Encumbered</u>	<u>Reserved</u>
Public and Private Programs					
Camden County Municipal Alliance	\$ 6,465.05	\$ 6,465.05	\$ 6,465.05		
Camden County Municipal Alliance-Cash Match	1,616.26	1,616.26	1,616.26		
Clean Communities	6,584.44	6,584.44	6,584.44		
Unappropriated Reserves					
Recycling Tonnage Grant	763.96	763.96	763.96		
Body Armor Fund	1,061.39	1,061.39	1,061.39		
Alcohol Education and Rehabilitation Fund	120.86	120.86	120.86		
JIF Safety Award	1,000.00	1,000.00	1,000.00		
Total Public and Private Programs	17,611.96	17,611.96	17,611.96	-	-
Total Operations -- Excluded from "CAPS"	19,811.96	19,811.96	18,986.56	-	\$ 825.40
Detail:					
Other Expenses	19,811.96	19,811.96	18,986.56	-	825.40
OPERATIONS -- EXCLUDED FROM "CAPS"					
CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Engineer Costs for Projects	20,000.00	20,000.00	12,435.00		7,565.00
Purchase of Public Works Vehicles, Equipment and Improvements to Garage	10,000.00	10,000.00	9,898.00		102.00
Purchase of a Generator	10,000.00	10,000.00			10,000.00
Dredging of Retention Pond	15,000.00	15,000.00			\$ 15,000.00
Improvements to Tennis Courts	20,000.00	20,000.00	19,508.95		491.05
Total Capital Improvements Excluded from "CAPS"	85,000.00	85,000.00	51,841.95	-	18,158.05
					15,000.00

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Paid or Charged Encumbered</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 104,811.96	\$ 104,811.96	\$ 70,828.51	-	\$ 18,983.45	\$ 15,000.00
Subtotal General Appropriations	2,534,645.96	2,534,645.96	2,212,245.58	\$ 29,840.09	277,560.29	15,000.00
Reserve for Uncollected Taxes	337,642.04	337,642.04	337,642.04	-	-	-
Total General Appropriations	<u>\$ 2,872,288.00</u>	<u>\$ 2,872,288.00</u>	<u>\$ 2,549,887.62</u>	<u>\$ 29,840.09</u>	<u>\$ 277,560.29</u>	<u>\$ 15,000.00</u>
Budget		<u>\$ 2,872,288.00</u>				
Reserve for Federal, State and Other Grants -- Appropriated			\$ 17,611.96			
Reserve for Uncollected Taxes			337,642.04			
Due Trust Other Fund			10,115.45			
Due General Capital Fund			10,000.00			
Disbursements			<u>2,174,518.17</u>			
			<u>\$ 2,549,887.62</u>			

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

BOROUGH OF CHESILHURST
TRUST FUNDS
 Statements of Assets, Liabilities and Reserves -- Regulatory Basis
 As of December 31, 2017 and 2016

ASSETS:	Ref.	2017	2016
Animal Control Trust Fund:			
Cash	SB-1	\$ 3,664.79	\$ 3,546.99
Total Animal Control Trust Fund		<u>3,664.79</u>	<u>3,546.99</u>
Other Funds:			
Cash	SB-1	205,080.12	207,787.37
Accounts Receivable	SB-5	5,386.48	5,386.48
Due from Current Fund	SB-6	<u>154,003.26</u>	<u>128,275.40</u>
Total Other Funds		<u>364,469.86</u>	<u>341,449.25</u>
Community Development Block Grant Fund:			
Community Development Block Grant Receivable	SB-8	<u>68,500.00</u>	<u>17,100.00</u>
Total Assets		<u>\$ 436,634.65</u>	<u>\$ 362,096.24</u>
LIABILITIES AND RESERVES:			
Animal Control Trust Fund:			
Due to Current Fund	SB-2	\$ 3,281.19	\$ 3,093.39
Reserve for Animal Control Expenditures	SB-3	382.00	452.00
Due to State of New Jersey -- Registration Fees	SB-4	<u>1.60</u>	<u>1.60</u>
Total Animal Control Trust Fund		<u>3,664.79</u>	<u>3,546.99</u>
Other Funds:			
Reserve for Encumbrances	SB-7	7,502.48	7,502.48
Reserve for Escrow Fees	SB-10	24,939.25	14,171.25
Premiums Received at Tax Sale	SB-10	147,900.00	162,800.00
Deposits for Redemption of Tax Sale Certificates	SB-10	31,772.36	20,593.20
Reserve for Maintenance Guarantee	SB-10	11,315.00	11,700.00
Cash Performance Bond	SB-10	15,000.00	15,000.00
Reserve for Recreation	SB-10	43,207.00	36,077.00
Reserve for Public Defender Fees	SB-10	1,008.13	1,895.13
Reserve for Off-Duty Municipal Police	SB-10	4,070.00	4,070.00
Reserve for Accumulated Absences	SB-10	42,554.03	34,554.03
Reserve for Storm Recovery	SB-10	32,581.21	30,465.76
Reserve for Forfeited Property	SB-10	230.40	230.40
Reserve for Uniform Fire Safety Penalties	SB-10	<u>2,390.00</u>	<u>2,390.00</u>
Total Other Funds		<u>364,469.86</u>	<u>341,449.25</u>
Community Development Block Grant Fund:			
Reserve for Community Development Block Grant	SB-9	<u>68,500.00</u>	<u>17,100.00</u>
Total Liabilities and Reserves		<u>\$ 436,634.65</u>	<u>\$ 362,096.24</u>

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

BOROUGH OF CHESILHURST
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

ASSETS:	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Deferred Charges to Future Taxation:			
Unfunded	SC-3	\$ 6,108.66	\$ 6,108.66
Due from Current Fund	SC-4	<u>90,486.17</u>	<u>90,486.17</u>
Total Assets		<u>\$ 96,594.83</u>	<u>\$ 96,594.83</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Improvement Authorizations:			
Funded	SC-5	\$ 3,345.16	\$ 3,345.16
Unfunded	SC-5	6,108.66	6,108.66
Capital Improvement Fund	SC-6	75,125.00	65,125.00
Reserve for Tennis Courts	SC-7		10,000.00
Reserve for Computer Equipment Purchase	C	4,060.01	4,060.01
Fund Balance	C	<u>7,956.00</u>	<u>7,956.00</u>
Total Liabilities and Reserves		<u>\$ 96,594.83</u>	<u>\$ 96,594.83</u>

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

BOROUGH OF CHESILHURST
SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

ASSETS:	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Operating Fund:			
Cash	SD-1	<u>\$ 237,569.44</u>	<u>\$ 293,097.44</u>
Receivables with Full Reserves:			
Sewer Consumer Accounts Receivable	SD-2	53,378.94	62,208.73
Sewer Consumer Liens Receivable	SD-3	<u>34,715.02</u>	<u>43,431.63</u>
		<u>88,093.96</u>	<u>105,640.36</u>
Total Operating Fund		<u>325,663.40</u>	<u>398,737.80</u>
Capital Fund:			
Fixed Capital	SD-5	<u>4,968,946.00</u>	<u>4,968,946.00</u>
Total Capital Fund		<u>4,968,946.00</u>	<u>4,968,946.00</u>
Total Assets		<u>\$ 5,294,609.40</u>	<u>\$ 5,367,683.80</u>

(Continued)

BOROUGH OF CHESILHURST
SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

LIABILITIES, RESERVES AND FUND BALANCE:			
	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Operating Fund:			
Appropriation Reserves	D-3, SD-6	\$ 10,117.17	\$ 25,214.51
Reserve for Encumbrances	D-3	350.00	350.00
Due to Current Fund	SD-4	5,049.29	29,687.19
Prepaid Sewer Rents	SD-7	1,865.47	1,251.04
Sewer Rent Overpayments	SD-8		14.00
Accrued Interest on Loans	SD-9	3,954.42	8,583.79
Reserve for Debt Service	SD-10	912.00	912.00
		<u>22,248.35</u>	<u>66,012.53</u>
Reserve for Receivables		88,093.96	105,640.36
Fund Balance	D-1	<u>215,321.09</u>	<u>227,084.91</u>
Total Operating Fund		<u>325,663.40</u>	<u>398,737.80</u>
Capital Fund:			
Reserve for Amortization	SD-11	4,767,077.13	4,530,752.72
United States Rural Development Aid			
Loans Payable	SD-12	<u>201,868.87</u>	<u>438,193.28</u>
Total Capital Fund		<u>4,968,946.00</u>	<u>4,968,946.00</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 5,294,609.40</u>	<u>\$ 5,367,683.80</u>

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

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
 Statements of Operations and Changes in Fund Balance -- Regulatory Basis
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized</u>		
Operating Surplus Anticipated	\$ 87,000.00	\$ 116,000.00
Rents	257,670.73	243,708.66
Miscellaneous	6,249.57	3,578.41
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>25,214.51</u>	<u>5,019.82</u>
Total Income	<u>376,134.81</u>	<u>368,306.89</u>
<u>Expenditures</u>		
Operating	45,000.00	57,900.00
Debt Service	250,898.63	251,083.59
Deferred Charges and Statutory		
Expenditures	<u>5,000.00</u>	<u>2,500.00</u>
Total Expenditures	<u>300,898.63</u>	<u>311,483.59</u>
Excess in Revenues	75,236.18	56,823.30
<u>Fund Balance</u>		
Balance January 1	<u>227,084.91</u>	<u>286,261.61</u>
	302,321.09	343,084.91
Decreased by:		
Utilized as Revenue in Operating Budget	<u>87,000.00</u>	<u>116,000.00</u>
Balance December 31	<u><u>\$ 215,321.09</u></u>	<u><u>\$ 227,084.91</u></u>

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

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2017

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Operating Surplus Anticipated	\$ 87,000.00	\$ 87,000.00	
Rents - Sewer	240,000.00	257,670.73	\$ 17,670.73
Non-Budget Revenue		6,249.57	6,249.57
	<u>\$ 327,000.00</u>	<u>\$ 350,920.30</u>	<u>\$ 23,920.30</u>

Analysis of Realized Revenues:

Rents:

Consumer Accounts Receivable:

Collector

\$ 256,129.79

Sewer Liens Receivable:

Due Current Fund -- Collections

1,540.94

\$ 257,670.73

Miscellaneous Revenue Not Anticipated:

Receipts in Current Fund:

Interest and Costs on Delinquent Rents

\$ 6,249.57

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

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged			Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Sewer Operating:						
Salaries and Wages	\$ 20,000.00	\$ 20,000.00	\$ 18,177.40		\$ 1,822.60	
Other Expenses	45,000.00	45,000.00	17,319.47	\$ 350.00	7,330.53	\$ 20,000.00
Total Operating	65,000.00	65,000.00	35,496.87	350.00	9,153.13	20,000.00
Debt Service:						
Payment of Bond/Loans Principal	235,000.00	236,500.00	236,324.41			175.59
Interest on Bonds/Loans	22,000.00	20,500.00	14,574.22			5,925.78
Total Debt Service	257,000.00	257,000.00	250,898.63	-	-	6,101.37
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System	2,400.00	2,400.00	2,400.00			
Public Employees' Retirement System - Ch. 19 PL 2009	100.00	100.00	100.00			
Social Security System (O.A.S.I.)	2,000.00	2,000.00	1,390.54		609.46	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	500.00	500.00	145.42		354.58	
Total Deferred Charges and Statutory Expenditures	5,000.00	5,000.00	4,035.96	-	964.04	-
	<u>\$ 327,000.00</u>	<u>\$ 327,000.00</u>	<u>\$ 290,431.46</u>	<u>\$ 350.00</u>	<u>\$ 10,117.17</u>	<u>\$ 26,101.37</u>
Accrued Interest on Loans			\$ 9,089.28			
Due Current Fund:						
Accrued Interest on Loans			5,484.94			
Disbursements			234,047.89			
Disbursed			41,809.35			
			<u>\$ 290,431.46</u>			

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

BOROUGH OF CHESILHURST
GENERAL FIXED ASSET ACCOUNT GROUP
Statement of General Fixed Asset Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2017</u>
Fixed Assets:				
Land	\$ 665,200.00			\$ 665,200.00
Building	1,646,100.00			1,646,100.00
Vehicles and Equipment	<u>1,125,543.65</u>	<u>\$ 9,898.00</u>		<u>1,135,441.65</u>
Total Fixed Assets	<u><u>\$ 3,436,843.65</u></u>	<u><u>\$ 9,898.00</u></u>	<u><u>-</u></u>	<u><u>\$ 3,446,741.65</u></u>
 Total Investment in Fixed Assets	 <u><u>\$ 3,436,843.65</u></u>	 <u><u>\$ 9,898.00</u></u>	 <u><u>-</u></u>	 <u><u>\$ 3,446,741.65</u></u>

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

BOROUGH OF CHESILHURST
Notes to Financial Statements
For the Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Chesilhurst was incorporated on November 26, 1887 and is located in southwest New Jersey approximately thirty miles southeast of the City of Philadelphia. The population according to the 2010 census is 1,634.

The Borough has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

Component Units - The Borough had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the *Requirements of Audit* ("Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Sewer Utility Operating and Capital Funds - The sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned sewer operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden and the Borough of Chesilhurst Board of Education. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Chesilhurst Board of Education. Operations is charged for the full amount required to be raised from taxation for the sending school district.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Camden. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end 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 year. Lapsed appropriation reserves are recorded as income.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2017, the Borough's bank balances of \$2,017,239.49 were exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ <u>52,737.22</u>
--------------------------------	---------------------

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 3.318	\$ 3.206	\$ 3.162	\$ 3.021	\$ 2.999
Apportionment of Tax Rate:					
Municipal	\$1.579	\$1.490	\$1.413	\$1.362	\$1.306
County Regular Tax	0.778	0.764	0.800	0.715	0.753
County Open Space Preservation					
Trust Fund	0.020	0.019	0.020	0.018	0.020
County Library	0.050	0.049	0.050	0.046	0.047
District School	0.891	0.884	0.879	0.880	0.873

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 88,728,528.00
2016	89,408,102.00
2015	89,920,793.00
2014	89,878,131.00
2013	90,602,680.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 2,956,941.14	\$ 2,687,608.79	90.89%
2016	2,871,287.33	2,616,622.80	91.13%
2015	2,844,342.29	2,598,353.62	91.35%
2014	2,729,231.18	2,469,062.29	90.47%
2013	2,717,174.71	2,470,172.45	90.91%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 802,056.56	\$ 176,882.34	\$ 978,938.90	33.11%
2016	684,198.34	171,605.86	855,804.20	29.81%
2015	623,804.70	155,993.66	779,798.36	27.42%
2014	572,938.08	186,838.29	759,776.37	27.84%
2013	638,646.57	154,890.04	793,536.61	29.20%

Note 3: PROPERTY TAXES (CONT'D)

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2017	124
2016	112
2015	116
2014	116
2013	122

Note 4: 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, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 1,319,999.75
2016	1,319,999.75
2015	1,307,999.75
2014	1,138,799.75
2013	908,599.75

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

<u>Balance Beginning of Year</u>					
<u>Year</u>	<u>Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	<u>Collections</u>
2017	\$ 62,208.73	\$ 43,431.63	\$ 251,500.00	\$ 357,140.36	\$ 257,670.73
2016	52,737.22	33,269.11	252,300.00	338,306.33	243,708.66
2015	67,192.08	34,469.11	252,300.00	353,961.19	261,606.86
2014	65,049.06	43,890.15	251,900.00	380,269.49	247,616.53
2013	89,804.38	38,565.11	251,900.00	360,131.22	267,671.69

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2017	\$ 786,019.65	\$ 430,000.00	54.71%
2016	762,368.30	399,000.00	52.34%
2015	658,929.96	336,000.00	50.99%
2014	627,910.63	336,000.00	53.51%
2013	602,873.53	336,000.00	55.73%
<u>Sewer Utility Operating Fund</u>			
2017	\$ 215,321.09	\$ 45,000.00	20.90%
2016	227,084.91	87,000.00	38.31%
2015	286,261.61	116,000.00	40.52%
2014	308,506.14	110,000.00	35.66%
2013	385,121.59	120,000.00	31.16%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 8,330.48	\$ 309,012.90
Federal and State Grant Fund	64,523.47	
Animal Control Fund		3,281.19
Trust - Other Fund	154,003.26	
General Capital Fund	90,486.17	
Sewer Utility Operating Fund		5,049.29
	<u>\$ 317,343.38</u>	<u>\$ 317,343.38</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2018, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Borough employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Borough. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 14.47% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$36,209.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$36,847.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$18,193.43.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: 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.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 24.38% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$130,147.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$98,388.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$56,655.80.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2017 was 2.38% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 is \$12,715.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2016 was \$7,417.00, which was paid on April 1, 2017.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2017, employee contributions totaled \$8,627.68, and the Borough's contributions were \$4,706.02. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At December 31, 2017, the Borough's proportionate share of the PERS net pension liability was \$909,859.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. 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. For the June 30, 2017 measurement date, the Borough's proportion was 0.0039085995%, which was a decrease of (0.0002390358%) from its proportion measured as of June 30, 2016.

At December 31, 2017, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$73,712.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Borough's contribution to PERS was \$36,847.00, and was paid on April 1, 2017.

Police and Firemen's Retirement System - At December 31, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 2,270,256.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>254,288.00</u>
	<u><u>\$ 2,524,544.00</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. 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 and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Borough's proportion was 0.0147055690%, which was an increase of 0.0026384647% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0147055690%, which was an increase of 0.0026384647% from its proportion, on-behalf of the Borough, measured as of June 30, 2016.

At December 31, 2017, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$121,517.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Borough's contribution to PFRS was \$98,388.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2017 measurement date is \$31,105.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2017, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 21,424.00	\$ 14,728.00	\$ 36,152.00	\$ -	\$ 13,325.00	\$ 13,325.00
Changes of Assumptions	183,305.00	279,948.00	463,253.00	182,633.00	371,801.00	554,434.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	6,196.00	43,322.00	49,518.00	-	-	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	53,970.00	330,244.00	384,214.00	42,605.00	420,417.00	463,022.00
Borough Contributions Subsequent to the Measurement Date	18,105.00	65,074.00	83,179.00	-	-	-
	<u>\$ 283,000.00</u>	<u>\$ 733,316.00</u>	<u>\$ 1,016,316.00</u>	<u>\$ 225,238.00</u>	<u>\$ 805,543.00</u>	<u>\$ 1,030,781.00</u>

\$18,105.00 and \$65,074.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Borough's year end of December 31, 2017.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2018	\$ 29,504.00	\$ (56,754.00)	\$ (27,250.00)
2019	40,407.00	(9,562.00)	30,845.00
2020	24,302.00	(6,551.00)	17,751.00
2021	(31,006.00)	(60,983.00)	(91,989.00)
2022	(23,550.00)	(3,451.00)	(27,001.00)
	<u>\$ 39,657.00</u>	<u>\$ (137,301.00)</u>	<u>\$ (97,644.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Preretirement 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 the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Postretirement 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 three years using the Plan actuary's modified 2014 projection scales and 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.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 1,128,742.00	\$ 909,859.00	\$ 727,503.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Borough's Proportionate Share of the Net Pension Liability	\$ 2,991,249.00	\$ 2,270,256.00	\$ 1,677,878.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	335,045.38	254,288.00	187,936.63
	<u>\$ 3,326,294.38</u>	<u>\$ 2,524,544.00</u>	<u>\$ 1,865,814.63</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Borough's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Five Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Proportion of the Net Pension Liability	0.0039085995%	0.0041476353%	0.0039236655%
Borough's Proportionate Share of the Net Pension Liability	\$ 909,859.00	\$ 1,228,411.00	\$ 880,784.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 276,452.00	\$ 273,364.00	\$ 270,660.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	329.12%	449.37%	325.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0037101571%	0.0036284992%	
Borough's Proportionate Share of the Net Pension Liability	\$ 694,643.00	\$ 693,478.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 274,128.00	\$ 250,308.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	253.40%	277.05%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Contractually Required Contribution	\$ 36,209.00	\$ 36,847.00	\$ 33,733.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(36,209.00)</u>	<u>(36,847.00)</u>	<u>(33,733.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 250,245.00	\$ 263,750.00	\$ 284,915.00
Borough's Contributions as a Percentage of Covered Payroll	14.47%	13.97%	11.84%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 30,586.00	\$ 27,340.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(30,586.00)</u>	<u>(27,340.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 286,906.00	\$ 272,611.00	
Borough's Contributions as a Percentage of Covered Payroll	10.66%	10.03%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Proportion of the Net Pension Liability	0.0147055690%	0.0120671043%	0.0140747839%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,270,256.00	\$ 2,305,126.00	\$ 2,344,368.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	254,288.00	193,573.00	205,593.00
Total	<u>\$ 2,524,544.00</u>	<u>\$ 2,498,699.00</u>	<u>\$ 2,549,961.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 476,016.00	\$ 433,128.00	\$ 445,724.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	476.93%	532.20%	525.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0152320937%	0.0188465178%	
Borough's Proportionate Share of the Net Pension Liability	\$ 1,916,056.00	\$ 2,505,474.00	
State's Proportionate Share of the Net Pension Liability associated with the Borough	206,327.00	233,541.00	
Total	<u>\$ 2,122,383.00</u>	<u>\$ 2,739,015.00</u>	
Borough's Covered Payroll (Plan Measurement Period)	\$ 480,424.00	\$ 489,432.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	398.83%	511.91%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Contractually Required Contribution	\$ 130,147.00	\$ 98,388.00	\$ 114,407.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(130,147.00)</u>	<u>(98,388.00)</u>	<u>(114,407.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 533,792.00	\$ 475,457.00	\$ 432,298.00
Borough's Contributions as a Percentage of Covered Payroll	24.38%	20.69%	26.46%

	<u>Year Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 116,993.00	\$ 137,500.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(116,993.00)</u>	<u>(137,500.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 459,148.00	\$ 481,391.00
Borough's Contributions as a Percentage of Covered Payroll	25.48%	28.56%

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Borough provides postretirement health care benefits through a health plan for certain retirees, which includes a medical, dental, and prescription plan. The Borough's plan provides an agent multiple-employer post-employment healthcare plan which covers the following retiree population: eligible retirees who retire from active employment with the Borough under the classification of Police Chief or Police Lieutenant who have at least twenty-five (25) years of service with the Borough. Coverage is provided for the retirees and their spouse until death. Currently, no retirees meet these eligibility requirements. These provisions are part of Labor Agreements between the Borough, the Police Chief and Police Lieutenant. The plan is administered by the Borough; therefore, premium payments are made directly to the insurance carriers.

Funding Policy - The Borough is responsible to pay for insurance coverage for the Police Lieutenant and Police Chief in full at retirement as long as eligibility has been determined.

Retirees - The Borough is not currently paying any retiree insurance coverage as of December 31, 2017.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Borough is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 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 (30) years. The ARC includes the costs of future retirees. The current ARC was determined to be \$6,758.63 at an unfunded discount rate of 3.0%. The Borough has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For year ended December 31, 2017, the Borough's annual OPEB cost (expense) of \$2,329.67 for the plan was equal to the ARC plus certain adjustments. The Borough's annual required contribution (ARC), the interest on the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2017, 2016, and 2015 is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 6,758.63	\$ 6,758.63	\$ 7,824.91
Interest on the Net OPEB Obligation	347.84	234.75	
Adjustment to the ARC	(4,776.80)	(3,223.76)	
Annual OPEB Cost	2,329.67	3,769.62	7,824.91
Pay-as-You Go Cost (Existing Retirees)	-	-	-
Increase (Decrease) in the Net OPEB Obligation	2,329.67	3,769.62	7,824.91
Net OPEB Obligation, January 1	11,594.53	7,824.91	
Net OPEB Obligation, December 31	<u>\$ 13,924.20</u>	<u>\$ 11,594.53</u>	<u>\$ 7,824.91</u>
Percentage of Annual OPEB Cost Contributed	0.0%	0.0%	0.0%

Funded Status and Funding Progress - The funded status of the plan as of the two past actuarial valuation dates is as follows:

	<u>2016</u>	<u>2015</u>
Actuarial Accrued Liability (AAL)	\$ 202,758.76	\$ 234,747.36
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 202,758.76</u>	<u>\$ 234,747.36</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%
Covered Payroll (Active Plan Members)	\$ 195,000.00	\$ 172,252.00
UAAL as a Percentage of Covered Payroll	104.0%	136.3%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Funded Status and Funding Progress (Cont'd) - 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown on previous page, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 3.75%. The Borough Plan's unfunded actuarial accrued liability is being amortized (straight-line) over thirty (30) years on an open basis. The remaining amortization period at December 31, 2017 was thirty years.

Note 10: COMPENSATED ABSENCES

Full-time employees are entitled to three paid sick leave days each year and three personal days each year. Additionally, employees are entitled to vacation time of up to one (1) week in accordance with Borough resolution 2013-53. Personal and vacation days not used during the year cannot be accumulated and carried forward. Sick days can be carried over from year to year, but are not compensated at the time of separation from the Borough.

Part-time employees are not entitled to compensated absences.

Police Personnel

The Police Department personnel contract entitles employees, based on year of experience, up to twenty-five days of vacation time, fifteen days of sick time and three personal days each year. Unused vacation days may be carried forward up to seventy-five days. While only five days of unused sick time can be carried forward to the next year. Personal days cannot be carried forward to the following year. At separation, police employees are entitled to be paid for accumulated vacation and/or personal time that the employee has accumulated to a maximum amount of \$15,000.00, or any other maximum dollar limit that is mandated by New Jersey Law. Payment of accrued compensation time of an employee will only be for 100 hours at the rate of his/her separation from employment with the Borough, and that time will be paid out on a straight time (non-overtime) hourly rate of pay.

Officer contracts vary in number of days awarded to those eligible, but structured similarly on compensation amounts.

The Borough has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2017, the balance of the fund was \$42,554.03. It is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$86,380.10.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 12: CAPITAL DEBT

The following schedule represents the Borough's summary of debt for the current and two previous years:

Summary of Debt

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued</u>			
Sewer Utility:			
Bonds, Notes and Loans	\$ 201,868.87	\$ 438,193.28	\$ 665,065.70
Total Issued	201,868.87	438,193.28	665,065.70
<u>Authorized but not Issued</u>			
General:			
Bonds, Notes and Loans	6,108.66	6,108.66	6,108.66
Total Authorized but Not Issued	6,108.66	6,108.66	6,108.66
Total Issued and Authorized but Not Issued	207,977.53	444,301.94	671,174.36
<u>Deductions</u>			
Self-liquidating Debt	201,868.87	438,193.28	665,065.70
Total Deductions	201,868.87	438,193.28	665,065.70
Net Debt	\$ 6,108.66	\$ 6,108.66	\$ 6,108.66

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 indicated a statutory net debt of 0.007%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Sewer Utility	\$ 201,868.87	\$ 201,868.87	
General	6,108.66		\$ 6,108.66
	\$ 207,977.53	\$ 201,868.87	\$ 6,108.66

Note 12: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)**

Net debt \$6,108.66 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$84,505,706.33, equals 0.007%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	2,957,699.72
Net Debt		6,108.66
Remaining Borrowing Power	\$	<u>2,951,591.06</u>

Calculation of "Self Liquidating Purpose,"**Sewer Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Rents, Fund Balance		
Anticipated, Interest and Other Investment		
Income, and Other Charges for Year		\$ 350,920.30
Deductions:		
Operating and Maintenance Cost	\$ 70,000.00	
Debt Service	<u>250,898.63</u>	
Total Deductions		<u>320,898.63</u>
Excess in Revenue		<u>\$ 30,021.67</u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

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

On February 11, 1994, the Borough entered into a loan agreement with the United States Department of Agriculture (USDA) Farmers Home Administration for \$1,216,500.00 at an interest rate of 5.00%. The final maturity of the loan is February 11, 2022. The loan will be paid from property taxes. (See Note 16)

<u>Sewer Utility</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 46,002.49	\$ 9,525.51	\$ 55,528.00
2019	48,331.36	7,196.64	55,528.00
2020	50,778.14	4,749.86	55,528.00
2021	53,348.78	2,179.22	55,528.00
2022	3,408.10	85.20	3,493.30
	<u>\$ 201,868.87</u>	<u>\$ 23,736.43</u>	<u>\$ 225,605.30</u>

Note 13: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this method, a contribution rate is established annually for the Borough's share on unemployment tax. This rate is based on cost experience for all government employers.

Joint Insurance Pool - The Borough is a member of the Camden County Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Borough with the following coverage:

Property - Blanket Building and Grounds
General and Automobile Liability

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Borough's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and may be authorized to become a member of other joint insurance Funds organized pursuant to NJSA 40A:10-36 for the purpose of providing excess, environmental impairment liability, residual liability, and or other insurance.

The Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Camden County Municipal Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054

Note 14: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Borough expects such amount, if any, to be immaterial.

Note 15: CONCENTRATIONS

The Borough depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Borough is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 16: SUBSEQUENT EVENTS

On April 23, 2018, the Borough paid the remaining balance on the United State Department of Agriculture (USDA) Rural Development loan maintained in the Sewer Utility Capital Fund. The remaining balance of the loan as of December 31, 2017 was \$201,868.87.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2017

	<u>Current Fund</u>	<u>Federal, State and Other Grant Fund</u>
Balance December 31, 2016	\$ 1,395,906.77	
Increased by Receipts:		
Miscellaneous Revenue not Anticipated	\$ 30,372.64	
Collector	2,812,745.33	
Petty Cash Funds	200.00	
Revenue Accounts Receivable	993,489.94	
Due to State of New Jersey -- Veterans' and Senior Citizens' Deductions	12,500.00	
Due to State of New Jersey -- Marriage License Fees	100.00	
Payroll Deductions Payable	524,513.72	
Due Current Fund		\$ 2,061.60
Due Animal Control	12.20	
Due Trust - Other Fund	28,095.28	
Due Sewer Utility Operating	264,520.73	
Federal and State Grant Fund:		
Federal and State Grants Receivable		63,962.54
Matching Funds for Grants		1,616.26
	<u>4,666,549.84</u>	<u>\$ 67,640.40</u>
	6,062,456.61	67,640.40
Decreased by Disbursements:		
2017 Appropriations	2,174,518.17	
2016 Appropriation Reserves	53,371.06	
Petty Cash Funds	200.00	
County Taxes Payable	750,749.53	
Due to County for Added and Omitted Taxes	1,367.58	
Local School District Taxes Payable	791,164.00	
Due Federal, State and Other Grant Fund	2,061.60	
Due Animal Control Fund	200.00	
Due Trust - Other Fund	12,482.87	
Due Sewer Utility Operating Fund	239,882.83	
Due to State of New Jersey -- Marriage License Fees	225.00	
Payroll Deductions Payable	498,612.77	
Matching Funds for Grants	1,616.26	
Reserves for Grants Appropriated		<u>67,640.40</u>
	<u>4,526,451.67</u>	<u>67,640.40</u>
Balance December 31, 2017	<u><u>\$ 1,536,004.94</u></u>	<u><u>-</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5 - Collector
For the Year Ended December 31, 2017

Increased by:

Taxes Receivable	\$ 2,768,805.10
Tax Title Liens	16,958.45
Prepaid Taxes	26,043.85
Tax Overpayments	882.93
Revenue Accounts Receivable:	
Tax Search Fees	<u>55.00</u>

2,812,745.33

Decreased by:

Payments to Treasurer	<u><u>\$ 2,812,745.33</u></u>
-----------------------	-------------------------------

BOROUGH OF CHESILHURST
CURRENT FUND
Schedule of Change Funds
As of December 31, 2017

<u>Office</u>	<u>Amount</u>
Treasurer	\$ 50.00
Municipal Court	100.00
Collector	100.00
	<hr/>
	\$ 250.00
	<hr/>

Exhibit SA-4

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Petty Cash Funds
For the Year Ended December 31, 2017

<u>Office</u>	<u>Received from Treasurer</u>	<u>Returned to Treasurer</u>
Treasurer	\$ 200.00	\$ 200.00
	<hr/>	<hr/>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Taxes Receivable
For the Year Ended December 31, 2017

Year	Balance Dec. 31, 2016	2017 Levy	Added Taxes	Collections		Due from State of New Jersey	Transferred to Tax Title Liens	Over- Payment Transfers	Cancellations	Balance Dec. 31, 2017
				2016	2017					
Arrears	\$ 31,742.45				\$ 2,687.42				\$ 1,825.74	\$ 27,229.29
2007	0.14									0.14
2013	12.10									12.10
2014	442.26									442.26
2015	759.08				0.20					758.88
2016	138,649.83		\$ 1,250.00		116,728.82		\$ 20,651.54		1,446.32	1,073.15
	171,605.86	-	1,250.00	-	119,416.44	-	20,651.54	-	3,272.06	29,515.82
2017		\$ 2,956,941.14		\$ 16,501.34	2,649,388.66	\$ 13,750.00	113,180.27	\$ 7,968.79	8,785.56	147,366.52
	\$ 171,605.86	\$ 2,956,941.14	\$ 1,250.00	\$ 16,501.34	\$ 2,768,805.10	\$ 13,750.00	\$ 133,831.81	\$ 7,968.79	\$ 12,057.62	\$ 176,882.34

Analysis of 2017 Property Taxes

Tax Yield:

General Purpose Tax	\$ 2,944,012.56
Added Taxes (54:4-63.1 et seq.)	12,928.58
	<u>\$ 2,956,941.14</u>

Tax Levy:

Local District School Tax	\$ 791,164.00
County Taxes:	
Net County Taxes	\$ 690,029.41
Open Space Tax	43,798.53
County Library Tax	16,921.59
Due to County for Added and Omitted Taxes	<u>3,304.23</u>
Total County Taxes	754,053.76
Local Tax for Municipal Purposes	1,401,339.30
Add: Additional Tax Levied	<u>10,384.08</u>
	<u>1,411,723.38</u>
	<u>\$ 2,956,941.14</u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 684,198.34
Increased by:		
Interest and Costs Accrued by Tax Sale	\$ 3,494.10	
Transfers from Taxes Receivable	<u>133,831.81</u>	
		<u>137,325.91</u>
		821,524.25
Decreased by:		
Cancellations	2,509.24	
Collections	<u>16,958.45</u>	
		<u>19,467.69</u>
Balance December 31, 2017		<u><u>\$ 802,056.56</u></u>

Exhibit SA-7

BOROUGH OF CHESILHURST
CURRENT FUND
Schedule of Property Acquired for Taxes (At Assessed Valuation)
As of December 31, 2017

Balance December 31, 2017	<u><u>\$ 1,319,999.75</u></u>
---------------------------	-------------------------------

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	Accrued in <u>2017</u>	<u>Collections</u>		Balance <u>Dec. 31, 2017</u>
			<u>Collector</u>	<u>Treasurer</u>	
Clerk:					
Licenses:					
Alcohol Beverages		\$ 1,920.00		\$ 1,920.00	
Fees and Permits		13,590.00		13,590.00	
Municipal Court:					
Fines and Costs	\$ 847.66	34,733.58		33,990.72	\$ 1,590.52
Tax Collector:					
Interest and Costs on Taxes		35,162.14		35,162.14	
Miscellaneous Revenue not Anticipated:					
Tax Search Fees		55.00	\$ 55.00		
Treasurer:					
Consolidated Municipal Property Tax Relief Aid		378,648.00		378,648.00	
Energy Receipts Tax		447,692.00		447,692.00	
Non Budgeted Revenue:					
Clerk -- Licenses Other		2,220.00		2,220.00	
Cable Television Franchise Tax		20,003.57		20,003.57	
Cell Tower Rental		42,158.66		42,158.66	
Payments in Lieu of Taxes - Bnai birth		18,104.85		18,104.85	
	<u>\$ 847.66</u>	<u>\$ 994,287.80</u>	<u>\$ 55.00</u>	<u>\$ 993,489.94</u>	<u>\$ 1,590.52</u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of 2016 Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016 <u>Reserved</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balanced <u>Lapsed</u>
OPERATIONS -- WITHIN "CAPS"					
General Government Functions:					
Mayor and Council					
Salaries and Wages	\$ 75.00		\$ 75.00		\$ 75.00
Other Expenses	7,023.26	\$ 165.00	7,188.26	\$ 130.04	7,058.22
Borough Clerk					
Salaries and Wages	6,134.62		6,134.62		6,134.62
Other Expenses	6,772.10	685.56	7,457.66	719.06	6,738.60
Elections					
Other Expenses	580.26		580.26		580.26
Financial Administration					
Salaries and Wages	1,124.55		1,124.55		1,124.55
Other Expenses	2,662.30	1,579.28	4,241.58	1,857.60	2,383.98
Assessment of Taxes					
Salaries and Wages	52.83		52.83		52.83
Other Expenses	420.61	15.40	436.01	15.40	420.61
Tax Collector					
Salaries and Wages	445.10		445.10		445.10
Other Expenses					
Tax Sale Costs	8.00		8.00		8.00
Miscellaneous	1,630.54	1,192.70	2,823.24	1,327.10	1,496.14
Liquidation of Tax Title Liens					
Other Expenses	7,348.15	2,108.00	9,456.15	2,108.00	7,348.15
Legal Services and Costs					
Other Expenses	14,785.64		14,785.64	5,226.14	9,559.50
Engineering Services and Costs					
Other Expenses	7,771.25		7,771.25	607.50	7,163.75
Municipal Court					
Salaries and Wages	1,703.89		1,703.89		1,703.89
Other Expenses	362.34	134.14	496.48	487.24	9.24

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of 2016 Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016 <u>Reserved</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balanced <u>Lapsed</u>
OPERATIONS -- WITHIN "CAPS" (CONT'D)					
General Government Functions (Cont'd):					
Public Defender (P.L. 1997, C 256)					
Other Expenses	\$ 2,919.50		\$ 2,919.50		\$ 2,919.50
Land Use Administration:					
Planning Board					
Salaries and Wages	96.78		96.78		96.78
Other Expenses	434.08	\$ 625.00	1,059.08		1,059.08
Zoning Board					
Salaries and Wages	86.33		86.33		86.33
Other Expenses	100.00		100.00		100.00
Rent Control					
Salaries and Wages	2.89		2.89		2.89
Other Expenses	135.00		135.00		135.00
Housing Costs					
Other Expenses	1.00		1.00		1.00
Code Enforcement and Administration:					
Code Enforcement Officer					
Salaries and Wages	37.90		37.90		37.90
Other Expenses	412.50		412.50		412.50
Insurance:					
Other	1,990.66		1,990.66		1,990.66
Workers Compensation Insurance	1,044.58		1,044.58		1,044.58
Employee Group Insurance - Opt Out	18.76		18.76		18.76

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of 2016 Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016 <u>Reserved</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balanced <u>Lapsed</u>
OPERATIONS -- WITHIN "CAPS" (CONT'D)					
Public Safety Functions:					
Police Department					
Salaries and Wages	\$ 13,587.20		\$ 13,587.20		\$ 13,587.20
Other Expenses	3,219.55	\$ 7,049.55	10,269.10	\$ 7,852.06	2,417.04
Fire Department					
Miscellaneous Other Expenses	6,900.00		6,900.00	5,250.00	1,650.00
Emergency Management Services					
Other Expenses	13,160.50		13,160.50		13,160.50
Prosecutor					
Salaries and Wages	1.75		1.75		1.75
Public Works Functions:					
Public Works Garage					
Other Expenses	2,485.27	1,070.40	3,555.67	567.92	2,987.75
Road Repairs And Maintenance					
Salaries and Wages	500.00		500.00		500.00
Other Expenses	898.27		898.27		898.27
Snow Removal					
Other Expenses		4,918.00	4,918.00	4,918.00	
Garbage and Trash Removal					
Salaries and Wages	8,780.28		8,780.28		8,780.28
Other Expenses	1,555.65		1,555.65		1,555.65
Landfill Solidwaste Disposal Costs	5,158.74		5,158.74	2,944.27	2,214.47
Vehicle Maintenance					
Other Expenses	7,614.70	4,812.56	12,427.26	6,897.23	5,530.03
Environmental					
Other Expenses	1,050.00		1,050.00		1,050.00
Public Buildings and Ground					
Other Expenses	10,439.46	517.93	10,957.39	1,012.79	9,944.60
Demolition of Buildings	1.00		1.00		1.00
Community Center					
Salaries and Wages	1,781.83		1,781.83		1,781.83
Other Expenses	1,681.06	11,191.00	12,872.06		12,872.06

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of 2016 Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016 <u>Reserved</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balanced <u>Lapsed</u>
OPERATIONS -- WITHIN "CAPS" (CONT'D)					
Health and Human Services Functions:					
Board of Health					
Other Expenses	\$ 200.00		\$ 200.00		\$ 200.00
Animal Control					
Other Expenses	1,637.00	\$ 300.00	1,937.00	\$ 340.00	1,597.00
Parks and Recreation Functions:					
Board of Recreation Commissioners					
Other Expenses	295.35		295.35		295.35
Senior Citizens					
Other Expenses	6,144.90		6,144.90		6,144.90
Utility Expenses and Bulk Purchases:					
Electricity	10,943.56		10,943.56	2,938.83	8,004.73
Telephone	4,021.46	1,397.16	5,418.62	1,397.16	4,021.46
Gasoline and Fuel	15,564.41	2,390.82	17,955.23	3,107.82	14,847.41
Natural Gas	4,000.00		4,000.00		4,000.00
Street Lighting	4,995.26	993.80	5,989.06	3,528.15	2,460.91
Sewerage Processing and Disposal	100.00		100.00		100.00
Total Operations -- Within "CAPS"	192,897.62	41,146.30	234,043.92	53,232.31	180,811.61
DEFERRED CHARGES AND REGULATORY EXPENDITURES MUNICIPAL -- WITHIN "CAPS"					
Regulatory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I.)	4,810.37		4,810.37		4,810.37
Defined Contribution Retirement Program	201.36		201.36		201.36
Unemployment Insurance	1,630.01		1,630.01		1,630.01
Total Regulatory Expenditures	6,641.74	-	6,641.74	-	6,641.74

(Continued)

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of 2016 Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016 <u>Reserved</u>	Reserve for <u>Encumbrances</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balanced <u>Lapsed</u>
Total General Appropriations for Municipal Purposes -- Within "CAPS"	\$ 199,539.36	\$ 41,146.30	\$ 240,685.66	\$ 53,232.31	\$ 187,453.35
OPERATIONS -- EXCLUDED FROM "CAPS"					
Contributions to:					
Recycling Tax	557.29		557.29	138.75	418.54
Total Operations -- Exlcuded from "CAPS"	557.29		557.29	138.75	418.54
OPERATIONS -- EXCLUDED FROM "CAPS"					
CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"					
Engineer Costs for Projects	16,807.50		16,807.50	13,261.38	3,546.12
	\$ 216,904.15	\$ 41,146.30	\$ 258,050.45	\$ 66,632.44	\$ 191,418.01
		Accounts Payable Disbursed		\$ 13,261.38	
				53,371.06	
				<u>\$ 66,632.44</u>	

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 44,529.41
Increased by:	
2017 Budget Appropriations -- Encumbrances	<u>29,840.09</u>
	74,369.50
Decreased by:	
Transfer to 2016 Appropriation Reserves	<u>41,146.30</u>
Balance December 31, 2017	<u><u>\$ 33,223.20</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Accounts Payable
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 22,962.15
Increased by:	
2016 Appropriation Reserves -- Accounts Payable	<u>13,261.38</u>
Balance December 31, 2017	<u><u>\$ 36,223.53</u></u>

Exhibit SA-12

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Due to State of New Jersey -- Division of Youth and Family Services
Marriage License Fees
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 281.00
Increased by:	
Receipts	<u>100.00</u>
	381.00
Decreased by:	
Disbursements	<u>225.00</u>
Balance December 31, 2017	<u><u>\$ 156.00</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Due to State of New Jersey
Veterans' and Senior Citizens' Deductions
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 1,938.95
Increased by:		
Receipts	\$ 12,500.00	
Deductions Disallowed by Tax Collector:		
2016	<u>1,250.00</u>	
		<u>13,750.00</u>
		15,688.95
Decreased by:		
Accrued in 2017		
Deductions per Tax Billing	\$ 15,750.00	
Deductions Allowed by Tax Collector	<u>500.00</u>	
		16,250.00
Less:		
Deductions Disallowed by Tax Collector	<u>2,500.00</u>	
		<u>13,750.00</u>
Balance December 31, 2017		<u><u>\$ 1,938.95</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2017

Balance December 31, 2016 (2017 Taxes)	\$ 16,501.34
Increased by:	
Receipts -- Collector	<u>26,043.85</u>
	42,545.19
Decreased by:	
Application to Taxes Receivable	<u>16,501.34</u>
Balance December 31, 2017 (2018 Taxes)	<u><u>\$ 26,043.85</u></u>

Exhibit SA-15

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 11,450.60
Increased by:	
Receipts -- Collector	<u>882.93</u>
	12,333.53
Decreased by:	
Applied to Taxes Receivable:	
2017 Taxes Receivable	<u>7,968.79</u>
Balance December 31, 2017	<u><u>\$ 4,364.74</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Local School District Taxes Payable
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 0.20
Increased by:	
2017 Levy -- Calendar Year	<u>791,164.00</u>
	791,164.20
Decreased by:	
Payments made to:	
Borough of Chesilhurst Board of Education	<u>791,164.00</u>
Balance December 31, 2017	<u><u>\$ 0.20</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2017

2017 Levy:		
Net County Taxes	\$ 690,029.41	
County Library Tax	43,798.53	
County Open Space Tax	<u>16,921.59</u>	
		<u>\$ 750,749.53</u>
Decreased by:		
Disbursements		<u><u>\$ 750,749.53</u></u>

Exhibit SA-18

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Due County for Added and Omitted Taxes
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 1,367.58
Increased by:	
Added Taxes (R.S. 54:4-63.1 et seq.)	<u>3,304.23</u>
	4,671.81
Decreased by:	
Disbursements	<u>1,367.58</u>
Balance December 31, 2017	<u><u>\$ 3,304.23</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 31,306.45
Increased by:	
Receipts	<u>524,513.72</u>
	555,820.17
Decreased by:	
Disbursements	<u>498,612.77</u>
Balance December 31, 2017	<u><u>\$ 57,207.40</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Schedule of Protested Checks Receivable
As of December 31, 2017

Balance December 31, 2017

\$ 300.00

BOROUGH OF CHESILHURST
CURRENT FUND
Federal, State and Other Grant Fund
Statement of Due from Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	66,585.07
Increased by:			
Grants Receivable:			
Receipts	\$	63,962.54	
Matching Funds for Grants		<u>1,616.26</u>	
			<u>65,578.80</u>
			132,163.87
Decreased by:			
Disbursements			<u>67,640.40</u>
Balance December 31, 2017		\$	<u><u>64,523.47</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
Federal, State and Other Grant Fund
Statement of Contracts Payable
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 1,048.75
Increased by:	
Transfer from Grants Appropriated	<u>1,048.75</u>
	2,097.50
Decreased by:	
Transfer to Grants Appropriated	<u>1,048.75</u>
Balance December 31, 2017	<u><u>\$ 1,048.75</u></u>

BOROUGH OF CHESILHURST
CURRENT FUND
 Federal, State and Other Grant Fund
 Statement of Federal, State and Other Grants Receivable
 For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Accrued</u>	<u>Received</u>	Balance <u>Dec. 31, 2017</u>
Federal Grants:				
Community Development Block Grant-Year 35	\$ 16,384.05			\$ 16,384.05
State Grants:				
Recycling Tonnage Grant	36.64	\$ 1,378.10	\$ 1,378.10	36.64
Clean Communities Program		5,593.89	5,593.89	
Body Armor Replacement Program		1,142.76	1,142.76	
Alcohol Education, Rehabilitation		128.68	128.68	
Alliance for Prevention of Alcohol and Drug Abuse	7,021.58	6,465.05	4,719.11	8,767.52
Total State Grants	7,058.22	14,708.48	12,962.54	8,804.16
Other Grants:				
JIF Safety Award		1,000.00	1,000.00	
Camden County Recreational Facilities	50,000.00		50,000.00	
Total Other Grants	50,000.00	1,000.00	51,000.00	-
Total All Grants	\$ 73,442.27	\$ 15,708.48	\$ 63,962.54	\$ 25,188.21

BOROUGH OF CHESILHURST
CURRENT FUND
 Federal, State and Other Grant Fund
 Statement of Reserves for Federal, State and Other Grants - Unappropriated
 For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016</u>	<u>Federal, State and Other Grants Receivable</u>	<u>Realized as Revenue in 2017</u>	<u>Balance Dec. 31, 2017</u>
State Grants:				
Recycling Tonnage Grant		\$ 1,378.10	\$ 763.96	\$ 614.14
Clean Communities Program	\$ 6,584.44	5,593.89	6,584.44	5,593.89
Body Armor Replacement Program	1,061.39	1,142.76	1,061.39	1,142.76
Alcohol Education, Rehabilitation		128.68	120.86	7.82
Municipal Alliance on Alcoholism and Drug Abuse	120.86	6,465.05	6,465.05	120.86
Total State Grants	7,766.69	14,708.48	14,995.70	7,479.47
Other Grants:				
JIF Safety Award	1,000.00	1,000.00	1,000.00	1,000.00
Total All Grants	\$ 8,766.69	\$ 15,708.48	\$ 15,995.70	\$ 8,479.47

BOROUGH OF CHESILHURST
CURRENT FUND
 Federal, State and Other Grant Fund
 Statement of Reserves for Federal, State and Other Grants - Appropriated
 For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2016</u>		<u>Transferred -</u> <u>2017 Budget</u> <u>Appropriations</u>	<u>Disbursed</u>	<u>Encumbrances /</u> <u>Contracts</u> <u>Payable</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
	<u>Appropriated</u>	<u>Other</u>				
Federal Grants:						
Community Development Block Grant	\$ 20,621.53					\$ 20,621.53
Community Development Block Grant -- 5th Ave and Siegfried	1,291.92	\$ 1,048.75			\$ 1,048.75	1,291.92
Community Development Block Grant -- 4th and Nelson	11,619.70					11,619.70
Municipal Storm Water Regulation Program	2,085.54					2,085.54
Stimulus Funds	1,370.00					1,370.00
NJ Transportation Trust Fund Authority Act						
Francis and Payson Avenues	3,391.25					3,391.25
Sixth Avenue	4,150.82					4,150.82
Total Federal Grants	44,530.76	1,048.75	-	-	1,048.75	44,530.76
State Grants:						
Recycling Tonnage Grant	10,795.28		\$ 763.96			11,559.24
Alcohol Education, Rehabilitation and Enforcement	1,145.51		120.86			1,266.37
Clean Communities	2,992.38		6,584.44	\$ 5,170.49		4,406.33
Body Armor Replacement Program	5,327.37		1,061.39	5,287.60		1,101.16
Narcotics Task Force	5,642.00					5,642.00
Camden County Municipal Alliance Grant	5,795.58		6,465.05	5,353.35	284.51	6,622.77
Camden County Municipal Alliance Grant -Match	2,349.88		1,616.26	660.95	250.00	3,055.19
Total State Grants	34,048.00	-	16,611.96	16,472.39	534.51	33,653.06
Other Grants:						
Camden County Recreational Facilities - Tennis Courts	50,000.00			50,000.00		
JIF Safety Award	1,633.14		1,000.00	1,168.01		1,465.13
Total Other Grants	51,633.14	-	1,000.00	51,168.01	-	1,465.13
Total All Grants	\$ 130,211.90	\$ 1,048.75	\$ 17,611.96	\$ 67,640.40	\$ 1,583.26	\$ 79,648.95
Contracts Payable		\$ 1,048.75			\$ 1,048.75	
Encumbrances					534.51	
		<u>\$ 1,048.75</u>			<u>\$ 1,583.26</u>	

SUPPLEMENTAL EXHIBITS

TRUST FUND

BOROUGH OF CHESILHURST
TRUST FUNDS
Statement of Trust Fund Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2017

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2016	\$ 3,546.99	\$ 207,787.37
Increased by Receipts:		
Reserve for Animal Control Fund Expenditures	\$ 122.00	
Due Current Fund		\$ 311.40
State Registration Fees	31.20	
Miscellaneous Trust Reserves		
Reserve for Recreation		1,200.00
Premiums Received at Tax Sale		72,200.00
Deposits for Redemption of Tax Sale Certificates		<u>244,808.39</u>
	<u>153.20</u>	<u>318,519.79</u>
	3,700.19	526,307.16
Decreased by Disbursements:		
State Registration Fees	35.40	
Miscellaneous Trust Reserves		
Reserve for Escrow Fees		1,200.00
Premiums Received at Tax Sale		87,100.00
Deposits for Redemption of Tax Sale Certificates		<u>232,927.04</u>
	<u>35.40</u>	<u>321,227.04</u>
Balance December 31, 2017	<u><u>\$ 3,664.79</u></u>	<u><u>\$ 205,080.12</u></u>

BOROUGH OF CHESILHURST
ANIMAL CONTROL TRUST FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016			\$ 3,093.39
Increased by:			
Disbursements made by the Current Fund --			
Reserve for Animal Control Expenditures			<u>200.00</u>
			3,293.39
Decreased by			
Receipts Collected by the Current Fund:			
Reserve for Animal Control Expenditures	\$	8.00	
Due to State of New Jersey for Dog License Registration Fees		<u>4.20</u>	
			<u>12.20</u>
Balance December 31, 2017			<u><u>\$ 3,281.19</u></u>

BOROUGH OF CHESILHURST
ANIMAL CONTROL TRUST FUND
Statement of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 452.00
Increased by:	
Collections made by the Current Fund	\$ 8.00
Receipts	<u>122.00</u>
	<u>130.00</u>
	582.00
Decreased by:	
Expenditures under R.S. 4:19-15.11:	
Paid by Current Fund	<u>200.00</u>
Balance December 31, 2017	<u><u>\$ 382.00</u></u>

Dog License Fees Collected:

<u>Year</u>	
2015	\$ 216.00
2016	<u>185.00</u>
	<u><u>\$ 401.00</u></u>

BOROUGH OF CHESILHURST
ANIMAL CONTROL TRUST FUND
Statement of Due to State of New Jersey for Dog License Registration Fees
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	1.60
Increased by:			
Receipts:			
Collections made by the Current Fund	\$	4.20	
Receipts -- Registration Fees		<u>31.20</u>	
			<u>35.40</u>
			37.00
Decreased by			
Disbursements			<u>35.40</u>
Balance December 31, 2017		\$	<u><u>1.60</u></u>

BOROUGH OF CHESILHURST
TRUST - OTHER FUND
Schedule of Accounts Receivable
As of December 31, 2017

Balance December 31, 2017

\$ 5,386.48

BOROUGH OF CHESILHURST
TRUST - OTHER FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 128,275.40
Increased by:		
Receipts in Current Fund:		
Miscellaneous Trust Reserves	\$ 28,095.28	
2017 Budget Appropriations	<u>10,115.45</u>	
		<u>38,210.73</u>
		166,486.13
Decreased by:		
Due Current Fund:		
Receipts -- Interfund Loans Received	311.40	
Disbursements made by Current Fund --		
Miscellaneous Trust Reserves	<u>12,171.47</u>	
		<u>12,482.87</u>
Balance December 31, 2017		<u><u>\$ 154,003.26</u></u>

BOROUGH OF CHESILHURST
TRUST - OTHER FUND
Schedule of Reserve for Encumbrances
As of December 31, 2017

Balance December 31, 2017

\$ 7,502.48

BOROUGH OF CHESILHURST
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
Statement of Community Development Block Grant Receivable
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 17,100.00
Increased by:	
Entitlement Grant Awards	<u>51,400.00</u>
Balance Dec. 31, 2017	<u><u>\$ 68,500.00</u></u>
<u>Analysis of Balance Dec. 31, 2017</u>	
Year 36	\$ 17,200.00
Year 37 - Senior Center	17,100.00
Year 38	17,200.00
Year 39	<u>17,000.00</u>
	<u><u>\$ 68,500.00</u></u>

Exhibit SB-9

BOROUGH OF CHESILHURST
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
Statement of Reserve for Community Development Block Grant
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 17,100.00
Increased by:	
Entitlement Grant Awards	<u>51,400.00</u>
Balance Dec. 31, 2017	<u><u>\$ 68,500.00</u></u>
<u>Analysis of Balance Dec. 31, 2017</u>	
Year 36	\$ 17,200.00
Year 37 - Senior Center	17,100.00
Year 38	17,200.00
Year 39	<u>17,000.00</u>
	<u><u>\$ 68,500.00</u></u>

BOROUGH OF CHESILHURST
TRUST - OTHER FUND
Statement of Miscellaneous Trust Reserves
For the Year Ended December 31, 2017

	Balance	Increased by		Decreased by		Balance
	<u>Dec. 31, 2016</u>	<u>Due Current</u>	<u>Other</u>	<u>Due Current</u>	<u>Disbursements</u>	<u>Dec. 31, 2017</u>
Reserve for Escrow Fees	\$ 14,171.25	\$ 14,702.36		\$ 2,734.36	\$ 1,200.00	\$ 24,939.25
Premiums Received at Tax Sale	162,800.00		\$ 72,200.00		87,100.00	147,900.00
Deposits for Redemption of Tax Sale Certificates	20,593.20		244,808.39	702.19	232,927.04	31,772.36
Reserve for Maintenance Guarantee	11,700.00			385.00		11,315.00
Cash Performance Bond	15,000.00					15,000.00
Reserve for Recreation	36,077.00	8,555.00	1,200.00	2,625.00		43,207.00
Reserve for Public Defender Fees	1,895.13	500.00		1,387.00		1,008.13
Reserve for Off-Duty Municipal Police	4,070.00	4,337.92		4,337.92		4,070.00
Reserve for Accumulated Absences	34,554.03	8,000.00				42,554.03
Reserve for Storm Recovery	30,465.76	2,115.45				32,581.21
Reserve for Forfeited Property	230.40					230.40
Reserve for Uniform Fire Safety Penalties	2,390.00					2,390.00
	<u>\$ 333,946.77</u>	<u>\$ 38,210.73</u>	<u>\$ 318,208.39</u>	<u>\$ 12,171.47</u>	<u>\$ 321,227.04</u>	<u>\$ 356,967.38</u>
	Receipts		\$ 318,208.39			
2017 Budget Appropriations	\$ 10,115.45					
Receipts in Current Fund	<u>28,095.28</u>					
	<u>\$ 38,210.73</u>	<u>\$ 318,208.39</u>				

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

BOROUGH OF CHESILHURST
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2017

	Balance (Overdraft) <u>Dec. 31, 2016</u>	<u>T r a n s f e r s</u>		Balance (Overdraft) <u>Dec. 31, 2017</u>
		<u>From</u>	<u>To</u>	
Capital Improvement Fund	\$ 65,125.00		\$ 10,000.00	\$ 75,125.00
Due to / from Current Fund	(90,486.17)	\$ 10,000.00		(100,486.17)
Reserve for Purchase of Computer Equipment	4,060.01			4,060.01
Reserve for Tennis Courts	10,000.00			10,000.00
Fund Balance	7,956.00			7,956.00
Improvement Authorizations:				
Ordinance				
<u>Number</u>				
15-04	Purchase of a New Four Wheel Drive Truck	<u>3,345.16</u>		<u>3,345.16</u>
		<u>-</u>	<u>\$ 10,000.00</u>	<u>\$ 10,000.00</u>
		<u>-</u>	<u>-</u>	<u>-</u>

BOROUGH OF CHESILHURST
GENERAL CAPITAL FUND
Schedule of Deferred Charges to Future Taxation -- Unfunded
As of December 31, 2017

		Analysis of Balance December 31, 2017		
<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
General Improvements:				
09-10	Purchase of a Trash Truck and Tractor	<u>\$ 6,108.66</u>	<u>-</u>	<u>\$ 6,108.66</u>

BOROUGH OF CHESILHURST
GENERAL CAPITAL FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 90,486.17
Decreased by:	
2017 Budget Appropriations:	
Capital Improvement Fund	<u>10,000.00</u>
	100,486.17
Increased by:	
Current Fund Anticipated Revenue -	
Reserve for Tennis Courts	<u>10,000.00</u>
Balance December 31, 2017	<u><u>\$ 90,486.17</u></u>

BOROUGH OF CHESILHURST
GENERAL CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2017

Ordinance Number	Improvement Descriptions	Ordinance Date	Amount	Balance Dec. 31, 2016		Paid or Charged	Balance Dec. 31, 2017	
				Funded	Unfunded		Funded	Unfunded
General Improvements:								
09-10	Purchase of a Trash Truck and Tractor	11/12/2009	\$ 250,000.00		\$ 6,108.66			\$ 6,108.66
15-04	Purchase of a New Four Wheel Drive Truck	7/2/2015	40,000.00	\$ 3,345.16			\$ 3,345.16	
				\$ 3,345.16	\$ 6,108.66	-	\$ 3,345.16	\$ 6,108.66

BOROUGH OF CHESILHURST
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 65,125.00
Increased by:	
Due Current Fund -- Budget Appropriation	<u>10,000.00</u>
Balance December 31, 2017	<u><u>\$ 75,125.00</u></u>

Exhibit SC-7

BOROUGH OF CHESILHURST
GENERAL CAPITAL FUND
Statement of Reserve for Tennis Courts
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 10,000.00
Decreased by:	
Current Fund Anticipated Revenue - Reserve for Tennis Court Improvement	<u><u>\$ 10,000.00</u></u>

BOROUGH OF CHESILHURST
GENERAL CAPITAL FUND
Schedule of Bonds and Notes Authorized but not Issued
As of December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>
General Improvements:		
09-10	Purchase of a Trash Truck and Tractor	<u>\$ 6,108.66</u>

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

BOROUGH OF CHESILHURST
SEWER UTILITY FUND
Statement of Sewer Utility Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2017

	<u>Operating</u>
Balance December 31, 2016	\$ 293,097.44
Decreased by Disbursements:	
2017 Appropriations	\$ 41,809.35
Interest on Loans	<u>13,718.65</u>
	<u>55,528.00</u>
Balance December 31, 2017	<u><u>\$ 237,569.44</u></u>

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of Sewer Consumer Accounts Receivable
For the Year Ended December 31, 2017

Balance December 31, 2016			\$	62,208.73
Increased by:				
Sewer Rents Levied				<u>251,500.00</u>
				313,708.73
Decreased by:				
Due Current Fund - Collections	\$	256,115.79		
Overpayments Applied		<u>14.00</u>		
			\$	256,129.79
Transfer to Consumer Liens Receivable				<u>4,200.00</u>
				<u>260,329.79</u>
Balance December 31, 2017			\$	<u><u>53,378.94</u></u>

Exhibit SD-3

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of Sewer Consumer Liens Receivable
For the Year Ended December 31, 2017

Balance December 31, 2016			\$	43,431.63
Increased by:				
Interest and Costs at Tax Sale	\$	312.97		
Transfer from Consumer Accounts Receivable		<u>4,200.00</u>		
				<u>4,512.97</u>
				47,944.60
Decreased by:				
Due Current Fund - Collections		1,540.94		
Cancellation		<u>11,688.64</u>		
				<u>13,229.58</u>
Balance December 31, 2017			\$	<u><u>34,715.02</u></u>

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 29,687.19
Increased by:		
Disbursements made by the Current Fund:		
2017 Appropriations	\$ 234,047.89	
2016 Appropriation Reserves	350.00	
Accrued Interest on Loans	<u>5,484.94</u>	
		<u>239,882.83</u>
		269,570.02
Decreased by:		
Receipts in Current Fund:		
Sewer Consumer Accounts Receivable	256,115.79	
Sewer Consumer Liens Receivable	1,540.94	
Sewer Prepaid Rents	614.43	
Interest and Costs on Delinquent Rents	<u>6,249.57</u>	
		<u>264,520.73</u>
Balance December 31, 2017		<u><u>\$ 5,049.29</u></u>

BOROUGH OF CHESILHURST
SEWER UTILITY CAPITAL FUND
Schedule of Fixed Capital
As of December 31, 2017

<u>Account</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Acquisition, Construction and Installation of a Sewage Collection System	\$ 4,668,946.00
Rehabilitation of the Atlantic Avenue Pumping Station	<u>300,000.00</u>
	<u>\$ 4,968,946.00</u>

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of 2016 Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016		Balance After	Paid or	
	<u>Reserved</u>	<u>Encumbered</u>	<u>Modification</u>	<u>Charged</u>	<u>Lapsed</u>
Salaries and Wages	\$ 3,115.58		\$ 3,115.58		\$ 3,115.58
Other Expenses	20,949.00	\$ 350.00	21,299.00	\$ 350.00	20,949.00
Deferred Charges and Regulatory Expenditures:					
Regulatory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	649.93		649.93		649.93
Unemployment Compensation	500.00		500.00		500.00
	<u>\$ 25,214.51</u>	<u>\$ 350.00</u>	<u>\$ 25,564.51</u>	<u>\$ 350.00</u>	<u>\$ 25,214.51</u>
			Due Current Fund	<u>\$ 350.00</u>	

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of Prepaid Sewer Rents
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 1,251.04
Increased by:	
Due Current Fund - Collections -- 2018 Sewer Rents	<u>614.43</u>
Balance December 31, 2017	<u><u>\$ 1,865.47</u></u>

Exhibit SD-8

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of Sewer Overpayments
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 14.00
Decreased by:	
Overpayments Applied	<u><u>\$ 14.00</u></u>

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Statement of Accrued Interest on Loans
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 8,583.79
Increased by:	
Budget Appropriation:	
Interest on Loan	<u>14,574.22</u>
	23,158.01
Decreased by:	
Interest Paid	\$ 13,718.65
Due Current Fund	<u>5,484.94</u>
	<u>19,203.59</u>
Balance December 31, 2017	<u><u>\$ 3,954.42</u></u>

	<u>Principal Outstanding December 31, 2017</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period (Days)</u>	<u>Amount</u>
USRDA Loan (Capital):	\$ 201,868.87	5.00%	08/11/17	12/31/17	143	<u><u>\$ 3,954.42</u></u>

BOROUGH OF CHESILHURST
SEWER UTILITY OPERATING FUND
Schedule of Reserve for Debt Service
As of December 31, 2017

Balance December 31, 2017	\$ <u>912.00</u>
---------------------------	------------------

BOROUGH OF CHESILHURST
SEWER UTILITY CAPITAL FUND
Statement of Reserve for Amortization
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 4,530,752.72
Increased by:	
Budget Appropriation	
Payment of Loan Principal	<u>236,324.41</u>
Balance December 31, 2017	<u><u>\$ 4,767,077.13</u></u>

BOROUGH OF CHESILHURST
SEWER UTILITY CAPITAL FUND
Statement of USRDA Loans Payable
For the Year Ended December 31, 2017

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Loans Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Construction of Sewer System	2/11/94	\$ 1,216,500.00	2018	\$ 46,002.49	5.00%			
			2019	48,331.36				
			2020	50,778.14				
			2021	53,348.78				
			2022	3,408.10				
						<u>\$ 438,193.28</u>	<u>\$ 236,324.41</u>	<u>\$ 201,868.87</u>

PART II

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

BOROUGH OF CHESILHURST
Schedule of Findings and Recommendations
For the Year Ended December 31, 2017

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

BOROUGH OF CHESILHURST
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

BOROUGH OF CHESILHURST
 Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bonds</u>
Michael Blunt	Mayor	
Karen Chew	President of Council	
Russell Hirn, Sr.	Council Member	
Rukiah Alwan	Council Member	
Jamila Garnett	Council Member	
Lisa Soto	Council Member	
Keith Waters	Council Member	
Gloria Rose	Acting Borough Clerk and Register of Vital Statistics	(A)
William E. Hales, Jr.	Certified Municipal Finance Officer and Treasurer	(A)
JoAnn Watson	Tax and Sewer Utility Collector	(A)
Joannie Burnett	Tax and Sewer Clerk	(A)
Karen M. Paullin	Court Administrator and Violations Clerk	(A)
Michael Diamond	Judge of Municipal Court	(A)
Wendell Smith	Police Chief	(A)
Theresa Stagliano	Tax Assessor	(A)
William Tambussi	Attorney	
Steven Bach	Engineer	

(A) – Covered by Camden County Joint Insurance Pool and Municipal Excess Joint Insurance Pool for \$1,000,000.00.

APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Borough officials during the course of the audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink that reads "Michael D. Cesaro". The signature is written in a cursive, flowing style.

Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

