

TOWNSHIP OF ELSINBORO

COUNTY OF SALEM

REPORT OF AUDIT

DECEMBER 31, 2016

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COUNTY OF SALEM
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COUNTY OF SALEM
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COUNTY OF SALEM
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TOWNSHIP OF ELSINBORO

COUNTY OF SALEM

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2016

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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April 27, 2017

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Elsinboro
County of Salem
Salem, New Jersey 08079

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 Township of Elsinboro, in the County of Salem, State of New Jersey, as of December 31, 2016 and 2015, 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 for the years then ended, and the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township'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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Elsinboro, in the County of Salem, State of New Jersey, as of December 31, 2016 and 2015, 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 Township of Elsinboro, in the County of Salem, State of New Jersey as of December 31, 2016 and 2015, 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, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2016 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 Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental financial statements presented for the various funds 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 accompanying schedule of expenditures of state financial assistance programs are presented for purposes of additional analysis as required by the State of New Jersey Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the financial statements.

The supplementary financial statements presented for the various funds and the schedule of expenditures of state financial assistance programs are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 addition procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2017, on our consideration of the Township of Elsinboro's, in the County of Salem, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Elsinboro's internal control over financial reporting.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

Raymond Colavita, C.P.A.
Registered Municipal Accountant

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

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April 27, 2017

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Elsinboro
County of Salem
Salem, New Jersey 08079

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 Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Township of Elsinboro, County of Salem, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated April 27, 2017. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Elsinboro'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 Township of Elsinboro's internal control over financial reporting (internal control) to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Elsinboro's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Elsinboro'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 combination of significant 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 combination of control 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 over financial reporting 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 significant deficiencies or material weaknesses. We did not identify any material deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Elsinboro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance 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, labeled Finding 2016-1.

Purpose of this Report

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

Raymond Colavita, C.P.A.
Registered Municipal Accountant

CURRENT FUNDCOMPARATIVE BALANCE SHEET

	Ref.	Balance December 2016	Balance December 2015
<u>ASSETS</u>			
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 1,150,542.38	\$ 1,059,178.53
Cash - Collector	A-5	-	1,218.27
		<u>1,150,542.38</u>	<u>1,060,396.80</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	47,613.00	44,863.22
Tax Title Liens Receivable	A-7	49,641.30	35,449.54
Property Acquired for Taxes -			
Assessed Valuation	A-9	131,400.00	131,400.00
Revenue Accounts Receivable	A-10	436.00	436.00
Interfunds Receivable	A-11	10,106.23	9,711.03
		<u>239,196.53</u>	<u>221,859.79</u>
		<u>1,389,738.91</u>	<u>1,282,256.59</u>
Federal and State Grant Fund:			
State Grants Receivable	A-17	4,504.82	3,737.83
Amount Due from Current Fund	A-11	13,061.42	11,972.09
		<u>17,566.24</u>	<u>15,709.92</u>
	\$	<u>1,407,305.15</u>	<u>1,297,966.51</u>

CURRENT FUNDCOMPARATIVE BALANCE SHEET

		Balance December 2016	Balance December 2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund	Ref.		
Liabilities			
Appropriation Reserves	A-3,13	\$ 56,789.95	\$ 53,580.64
Encumbrances Payable	A-20	3,549.52	5,385.11
Due to State of New Jersey For Senior Citizen And Veterans Tax Exemptions	A-8	4,729.33	4,479.33
Reserve for Sale of Municipal Assets		2,000.00	2,000.00
Prepaid Taxes	A-5	34,934.11	31,299.13
Amount Due to Grant Fund	A-11	13,061.42	11,972.09
Amount Due to General Capital Fund	A-11	245,569.38	204,069.38
Amount Due to Trust Other Fund	A-11	8,683.20	8,819.17
Tax Overpayments	A-14	3,859.41	
Local District School Taxes Payable	A-15	443,904.68	419,043.68
Due to LAC Township	A-12	158.00	68.50
Miscellaneous Accounts Payable		1,800.00	1,800.00
Total Liabilities		819,039.00	742,517.03
Reserve for Receivables and Other Assets	A	239,196.53	221,859.79
Fund Balance	A-1	331,503.38	317,879.77
		1,389,738.91	1,282,256.59
Federal and State Grant Fund			
Encumbrance Payable	A-20		911.00
Reserve for State Grants - Appropriated	A-19	15,753.46	13,043.92
Reserve for State Grants - Unappropriated	A-18	1,812.78	1,755.00
		17,566.24	15,709.92
	\$	<u>1,407,305.15</u>	<u>\$ 1,297,966.51</u>

CURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

	Ref.	Year 2016	Year 2015
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 210,000.00	\$ 190,000.00
Miscellaneous Revenue Anticipated	A-2	130,704.14	136,364.03
Receipts from Delinquent Taxes	A-2	42,829.38	54,369.66
Receipts from Current Taxes	A-2	2,979,466.76	2,838,803.31
Non-Budget Revenue	A-2	49,099.55	48,203.61
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	53,314.10	49,348.90
Statutory Excess in Animal Control Fund	A-11	392.00	1,183.80
Total Income		<u>3,465,805.93</u>	<u>3,318,273.31</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	84,428.00	83,256.00
Other Expenses	A-3	455,165.00	428,640.00
Deferred Charges and Statutory Expenditures	A-3	14,052.75	13,374.60
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	12,970.00	18,629.89
Capital Improvements	A-3	45,000.00	46,000.00
Local District School Taxes	A-15	1,485,885.00	1,436,100.00
County Taxes	A-16	1,141,170.05	1,065,069.41
County Taxes - Added	A-16	3,116.32	393.60
Interfund Advanced	A-11	395.20	1,138.05
Total Expenditures		<u>3,242,182.32</u>	<u>3,092,601.55</u>
Excess in Revenue		223,623.61	225,671.76
Fund Balance, January 1	A	<u>317,879.77</u>	<u>282,208.01</u>
		<u>541,503.38</u>	<u>507,879.77</u>
Decreased by			
Utilization of Anticipated Revenue	A-2	210,000.00	190,000.00
Fund Balance, December 31	A	<u>\$ 331,503.38</u>	<u>\$ 317,879.77</u>

CURRENT FUNDSTATEMENT OF REVENUES

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 210,000.00	\$ 210,000.00	\$ _____
Miscellaneous Revenues:				
Licenses - Alcoholic Beverage	A-10	1,104.00	1,104.00	
Energy Receipts Tax (P.L. 1987				
Ch. 162 & 167)	A-10	110,797.00	110,797.00	
Supplemental Energy Receipts Tax	A-10	4,120.00	4,120.00	
Reserve for Garden State Preservation Trust Fund	A-10	4,609.00	4,609.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-17	3,819.14	3,819.14	
Clean Communities Program	A-17	4,000.00	4,000.00	
Jif Health and Wellness Incentive	A-17	500.00	500.00	
Reserve for Jif Safety Incentive Grant	A-18	1,755.00	1,755.00	
Total Miscellaneous Revenue	A-1	130,704.14	130,704.14	
Receipts from Delinquent Taxes	A-2(2)	33,110.00	42,829.38	9,719.38
Amount to be Raised by Taxes for				
Support of Municipal Budget				
Local Tax for Municipal Purposes	A-2	423,856.77	535,350.55	111,493.78
Budget Totals	A-3	\$ 797,670.91	\$ 918,884.07	\$ 121,213.16
Non-budget Revenue	A-1		49,099.55	
			\$ 967,983.62	

CURRENT FUNDSTATEMENT OF REVENUESAnalysis of Realized RevenuesRef.

Allocation of Current Tax Collections			
Revenue from Collections	A-6,2	\$	2,979,466.76
Allocated to			
County and School Taxes	A-15,16		2,630,171.37
Balance for Support of Municipal			
Budget Appropriations			349,295.39
Add: Appropriation "Reserve			
for Uncollected Taxes"	A-3		186,055.16
Amount for Support of Municipal			
Budget Appropriations	A-2	\$	535,350.55
Receipts from Delinquent Taxes			
Delinquent Tax Collections	A-6,2	\$	42,829.38
Tax Title Lien Collections	A-7		-
	A-1,2	\$	42,829.38

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:

Treasurer	A-10	\$	36,144.48
Tax Collector	A-10		12,934.87
Interest Earned - Interfunds	A-11		20.20
	A-1	\$	49,099.55

CURRENT FUND
STATEMENT OF EXPENDITURES

	Budget	Budget After Modification	Paid or Charged	Reserved
<u>OPERATIONS WITHIN "CAPS"</u>				
<u>GENERAL GOVERNMENT</u>				
General Administration:				
Other Expenses	\$ 3,500.00	\$ 6,102.00	\$ 4,797.32	\$ 1,304.68
Financial Administration:				
Salaries and Wages	10,645.00	10,645.00	10,635.00	10.00
Other Expenses	900.00	1,000.00	977.69	22.31
Township Clerk:				
Salaries and Wages	1,500.00	1,500.00		1,500.00
Other Expenses	20,000.00	20,000.00	18,891.14	1,108.86
Mayor and Committee:				
Salaries and Wages	16,038.00	16,038.00	16,028.00	10.00
Other Expenses	4,500.00	4,500.00	3,281.91	1,218.09
Audit Services:				
Other Expenses	23,800.00	23,800.00	23,760.00	40.00
Assessment of Taxes:				
Salaries and Wages	11,440.00	11,440.00	11,429.00	11.00
Other Expenses				
Miscellaneous Other Expenses	1,500.00	1,500.00	967.36	532.64
Collection of Taxes:				
Salaries and Wages	20,355.00	20,355.00	19,987.24	367.76
Other Expenses	7,200.00	7,300.00	7,213.87	86.13
Liquidation of Tax Title Liens and Foreclosed Property				
Other Expenses	5,000.00	5,000.00	5,000.00	
Legal Services and Costs:				
Other Expenses	9,000.00	9,000.00	8,796.00	204.00
Engineering Services and Costs:				
Other Expenses	9,000.00	6,800.00	2,225.06	4,574.94
Liabilities and Worker's Compensation	19,500.00	19,500.00	18,425.00	1,075.00
Municipal Land Use Law (N.J.S.A. 40A:55D-1):				
Planning Board:				
Salaries and Wages	1,250.00	1,250.00	500.00	750.00
Other Expenses	6,000.00	6,000.00		6,000.00

CURRENT FUND
STATEMENT OF EXPENDITURES

	Budget	Budget After Modification	Paid or Charged	Reserved
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>				
<u>GENERAL GOVERNMENT</u> (Continued)				
Zoning Commission:				
Salaries and Wages	\$ 2,570.00	\$ 2,570.00	\$ 2,559.00	\$ 11.00
Other Expenses	50.00	50.00		50.00
Public Building and Grounds:				
Salaries and Wages	3,000.00	3,000.00	2,250.00	750.00
Other Expenses	28,500.00	28,500.00	27,302.65	1,197.35
<u>PUBLIC SAFETY</u>				
Fire:				
Aid to Volunteer Fire Company	39,780.00	39,780.00	39,780.00	
Police:				
Salaries and Wages	2,386.00	2,386.00	2,334.15	51.85
Other Expenses - Contractual	98,000.00	98,000.00	96,920.00	1,080.00
Emergency Management:				
Salaries and Wages	4,821.00	4,821.00	4,810.00	11.00
Other Expenses	200.00	200.00	103.41	96.59
<u>STREET AND ROADS</u>				
Road Repairs and Maintenance:				
Other Expenses	22,000.00	22,000.00	9,715.00	12,285.00
Street Lighting:				
Other Expenses	15,000.00	17,000.00	16,821.27	178.73
<u>SANITATION</u>				
Sanitary Landfill:				
Other Expenses	29,835.00	29,835.00	25,319.55	4,515.45
Solid Waste Collection:				
Other Expenses - Contractual	66,000.00	66,000.00	57,115.20	8,884.80
Recycling Program:				
Other Expenses	35,000.00	32,398.00	29,062.36	3,335.64

CURRENT FUND

STATEMENT OF EXPENDITURES

<u>OPERATIONS WITHIN "CAPS" (Continued)</u>	Budget	Budget After Modification	Paid or Charged	Reserved
<u>HEALTH AND WELFARE</u>				
Board of Health:				
Salaries and Wages	\$ 613.00	\$ 613.00	\$ 552.00	\$ 61.00
Other Expenses				
Mosquito Control:				
Other Expenses	50.00	50.00		50.00
Dog Regulation - Animal Control:				
Salaries and Wages				
Other Expenses	6,000.00	6,000.00	4,265.25	1,734.75
Senior Citizen Transportation:				
Other Expenses	50.00	50.00		50.00
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17):				
State Uniform Construction Code				
Construction Code Official:				
Salaries and Wages	12,810.00	12,810.00	12,799.00	\$ 11.00
Other Expenses	1,800.00	1,800.00	1,468.00	332.00
Total Operations Within "CAPS"	\$ 539,593.00	\$ 539,593.00	\$ 486,091.43	\$ 53,501.57

CURRENT FUND

STATEMENT OF EXPENDITURES

OPERATIONS WITHIN "CAPS" (Continued)

Detail:

Salaries and Wages	\$ 84,428.00	\$ 84,428.00	\$ 81,633.39	\$ 2,794.61
Other Expenses (Incl. Contingent)	455,165.00	455,165.00	404,458.04	50,706.96

**DEFERRED CHARGES AND
STATUTORY EXPENDITURES -
MUNICIPAL WITHIN "CAPS"**

Deferred Charges:

Statutory Expenditures:

Contribution to:

Public Employees' Retirement System	6,332.00	6,332.00	6,332.00	
Social Security System (O.A.S.I.)	7,720.75	7,720.75	6,432.37	1,288.38

**Total Deferred Charges and Statutory
Expenditures - Municipal Within "Caps"**

14,052.75	14,052.75	12,764.37	1,288.38
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**Total General Appropriations for
Municipal Purposes Within "CAPS"**

\$ 553,645.75	\$ 553,645.75	\$ 498,855.80	\$ 54,789.95
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CURRENT FUND

STATEMENT OF EXPENDITURES

	Budget	Budget After Modification	Paid or Charged	Reserved
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>				
Declared State of Emergency Costs for Snow Removal - NJSA 40A:4-45.45(b) and NJSA 40A:4-45.3(bb)				
Other Expenses	\$	\$	\$	\$
Public and Private Programs Offset by Revenues:				
Local Matching Share for State and Local Grants	2,000.00	2,000.00		2,000.00
Clean Communities Grant - Contractual	4,000.00	4,000.00	4,000.00	
NJ Forest Service Community Forestry Program				
Drunk Driving Enforcement Fund				
New Jersey Smalls Grant Program				
Reserve for JIF Safety Incentive Grant	1,755.00	1,755.00	1,755.00	
NJ Health and Wellness Incentive	500.00	500.00	500.00	
Municipal Alliance for Drug Free N.J.	4,715.00	4,715.00	4,715.00	
Total Public and Private Programs Offset By Revenues	12,970.00	12,970.00	10,970.00	2,000.00
Total Operations Excluded from "CAPS":	12,970.00	12,970.00	10,970.00	2,000.00
Detail:				
Other Expenses	12,970.00	12,970.00	10,970.00	2,000.00
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>				
Capital Improvement Fund	45,000.00	45,000.00	45,000.00	
Total Capital Improvements - Excluded from "CAPS"	45,000.00	45,000.00	45,000.00	
Deferred Charges and Statutory Expenditures				
Deferred Charges:				
Special Emerg. Auth-5 years (NJS 40A:4-55)				
Total Deferred Charges	\$	\$	\$	\$

CURRENT FUND
STATEMENT OF EXPENDITURES

	Budget	Budget After Modification	Paid or Charged	Reserved
Total General Appropriations Excluded from "CAPS"	\$ 57,970.00	\$ 57,970.00	\$ 55,970.00	\$ 2,000.00
Subtotal General Appropriations	611,615.75	611,615.75	554,825.80	56,789.95
Reserve for Uncollected Taxes	186,055.16	186,055.16	186,055.16	
Total General Appropriations	\$ 797,670.91	\$ 797,670.91	\$ 740,880.96	\$ 56,789.95

A-2

A-1

A:A-1

Ref.
Paid or Charged

Reserve for Uncollected Taxes	A-2(2)	\$ 186,055.16
Disbursed	A-4	495,306.28
Township Matching Share on Grants	A-11,19	895.86
Capital Improvement Fund	A-11	45,000.00
Federal and State Grants	A-19	10,074.14
Encumbrances Payable	A-20	3,549.52
		\$ 740,880.96

TRUST FUND**COMPARATIVE BALANCE SHEET**

	Ref.	Balance December 31, 2016	Balance December 31, 2015
<u>ASSETS</u>			
Animal Control Fund			
Cash - Dog Registrar	B-1	\$ 3,314.70	\$ 2,669.50
Due from State of NJ - Seized Funds		\$ 5,979.29	\$ 5,979.29
		<hr/>	<hr/>
		9,293.99	8,648.79
Trust Other Fund			
Cash	B-1	20,736.39	19,118.92
Amount Due from Current Fund	B-2	8,683.20	8,819.17
		<hr/>	<hr/>
		29,419.59	27,938.09
		<hr/>	<hr/>
		\$ 38,713.58	\$ 36,586.88
		<hr/>	<hr/>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund			
Due to Current Fund	B-2	\$ 7,247.99	\$ 6,852.79
Reserve for Dog License Fund Expenditures	B-3	\$ 2,046.00	\$ 1,796.00
		<hr/>	<hr/>
		9,293.99	8,648.79
Other Trust Funds			
Reserve for Unemployment Compensation			
Insurance Benefits	B-4	3,926.77	3,926.44
Reserve for Planning Board Escrow Deposits	B-6	8,057.51	8,176.48
Tax Title Lien Redemptions	B-7	2,000.00	2,000.00
Reserve for Tax Sale Premium Account	B-8	13,200.00	11,600.00
Reserve for Donations	B-9	2,235.31	2,235.17
		<hr/>	<hr/>
		29,419.59	27,938.09
		<hr/>	<hr/>
		\$ 38,713.58	\$ 36,586.88
		<hr/>	<hr/>

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	Balance December 31, 2016	Balance December 31, 2015
<u>ASSETS</u>			
Amount Due from Current Fund	C-4	\$ 245,569.38	\$ 204,069.38
		<hr/>	<hr/>
		\$ 245,569.38	\$ 204,069.38
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Fund Balance	C-1	\$ 7,843.25	\$ 7,843.25
Accounts Payable	C-2	\$ 675.00	\$ 675.00
Capital Improvement Fund	C-3	\$ 149,276.83	\$ 144,276.83
Improvement Authorizations - Funded	C-5	\$ 87,774.30	\$ 51,274.30
		<hr/>	<hr/>
		\$ 245,569.38	\$ 204,069.38
		<hr/>	<hr/>

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

Ref.

Balance, December 31, 2015 and 2016	C	\$ 7,843.25
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PAYROLL ACCOUNT**COMPARATIVE BALANCE SHEET**

	<u>Ref.</u>	Balance December 31, 2016	Balance December 31, 2015
<u>ASSETS</u>			
Cash	E-1	\$ <u>12,292.98</u>	\$ <u>11,254.04</u>
<u>LIABILITIES</u>			
Amount Due To Current Fund	E-1	2,858.24	2,858.24
Payroll Deductions Payable	E-1	<u>9,434.74</u>	<u>8,395.80</u>
		\$ <u>12,292.98</u>	\$ <u>11,254.04</u>

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS**DECEMBER 31, 2016 AND 2015**

	Balance December 31, 2016	Balance December 31, 2015
<u>General Fixed Assets:</u>		
Land	\$ 10,000.00	\$ 10,000.00
Building	148,826.76	148,826.76
Furnishings and Equipment	41,059.62	41,059.62
Total General Fixed Assets	\$ 199,886.38	\$ 199,886.38
Investments in General Fixed Assets	<u><u>\$ 199,886.38</u></u>	<u><u>\$ 199,886.38</u></u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

1. Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Elsinboro include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Elsinboro, as required by **N.J.S.A. 40A:5-5**.

The Township has a 3 member committee form of government, as defined by revised statutes 40:142-1 as appealed by New Jersey Statutes Annotated 40A:63-1. The Mayor is separately appointed each year by the existing elected committee members.

The financial statements do not contain any component units of the Township of Elsinboro, as defined by Governmental Accounting Standard Board State No. 14, since none exist at December 31, 2016.

B. Description of Funds

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

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

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

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

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes. The activities of the public assistance office were transferred to Salem County in early 1999.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. Summary of Significant Accounting Policies - Continued

B. Description of Funds - Continued

Account Group - In addition to the funds listed above, the Township maintains one account group, which is as follows:

General Fixed Assets Account Group - All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures - are to be recorded on the "budgetary" basis of accounting. Generally expenditures are required to be recorded when an amount is encumbered for goods and services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are required to be reported as a cash liability in the financial statements as encumbrances payable. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. Summary of Significant Accounting Policies - Continued

C. Basis of Accounting - Continued

Property Tax Revenue - Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year. Delinquent taxes are considered fully collectable and, therefore, no allowance for uncollectable taxes is provided. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the entities that follow.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Elsinboro Township school district. Operations are charged for the full amount required to be raised from taxation to operate the school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting and remitting County taxes for the County of Salem. Operations are charged for the amount due 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 are 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 1 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township 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, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. Summary of Significant Accounting Policies - Continued

C. Basis of Accounting - Continued

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

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. All fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available, in accordance with the State of New Jersey's Technical Accounting Directive 85-2. However, land and improvements are recorded at their assessed value, which is a departure from the aforementioned directive.

Property acquired for taxes (foreclosed property) and by purchase are recorded in the Current Fund at the assessed valuation when such property is acquired or purchased and concurrently fully reserved.

No depreciation has been provided for in the financial statements.

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

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

The construction of the building and the initial purchase of the furniture and equipment were provided through an emergency management grant from the State of New Jersey.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. Summary of Significant Accounting Policies - Continued

D. Departures from Generally Accepted Accounting Principles

The accounting principles and practices followed by the Township of Elsinboro differ in some respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Over expended appropriations and emergency appropriations are deferred to the succeeding year's operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.
- No provision is made for accumulated vested vacation and sick leave.

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

E. Use of Estimates

In order for preparation of general purpose financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Budgets and Budgetary Accounting

The Township of Elsinboro must adopt an annual budget in accordance with the **N.J.S.A. 40A: et al. 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 public hearing on the budget and must advertise the time and place in a newspaper published and circulated in the municipality at least 10 days prior to the hearing. 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**.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

F. Budgets and Budgetary Accounting - Continued

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 Township's financial statements.

After November 1, budget transfers can be made in the form of a resolution and approved by the Township Committee. There were no material budget transfers in 2016.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose, which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency Appropriations, except those classified as a Special Emergency, must be raised in the budget of the succeeding year. Special Emergency Appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no emergency appropriations approved in 2016.

G. Cash and Investments

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 the New Jersey Cash Management fund. **N.J.S.A. 40A:5-15.1** provides a list of securities, which may be purchased by New Jersey municipal units.

The Governmental Unit Deposit Protection Act, P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-44 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31).

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

1. **Summary of Significant Accounting Policies** - Continued

G. Cash and Investments - Continued

No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of governmental unit(s) which, in the aggregate, exceed 75% of the addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking, within 20 days after the default occurrence, shall ascertain the amount of public funds on deposit in the defaulting depository and the amount covered by Federal Deposit Insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units. If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30 and December 31, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so required may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Township should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

2. Cash

Custodial Credit Risk

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act and are classified as credit risk.

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the districts deposits may not be returned to it. Although the district does not have a formal policy regarding custodial credit risk, as described in Note 1: **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 Protection Act.

The Township Committee designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions. As of December 31, 2016, the Township's bank balance of \$1,208,960.42, was exposed to custodial credit risk as follows:

Insured - FDIC	\$ 415,590.11
Collateralized with securities held by pledging financial institutions	793,370.31
	<hr/> <u>\$ 1,208,960.42</u>

3. Retirement Systems

All required employees of the Township are covered by either the Public Employees' Retirement System which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

3. Retirement Systems – Continued

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 8 to 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 enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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.

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 7.06% through June 30, 2016 and 7.20% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 12.46% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2016, and 2015, were \$6,332 and \$5,973 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

3. **Retirement Systems** – Continued

GASB 68 - Accounting and Financial Reporting for Pensions

Effective June 30, 2014, state and local governments participating in government pension plans are required to reflect liabilities, deferred outflows/inflows of resources and expenditures related to pension activity. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions and improve information provided by state and local governmental employers about financial support for pensions that are provided by other state entities.

The Township does not and is not required to follow generally accepted accounting principles (GAAP) and, as such, does not follow GASB requirements with respect to the recording of pension liabilities and deferred outflows/inflows of resources on its balance sheets.

As described in Note 1 of the financial statements, the financial statements are prepared by the Township 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. However, N.J.A.C. 5:30-6.1[c] [2] requires the Township to disclose GASB 68 information in the Notes to the Financial Statements.

Components of Net Pension Liability - At December 31, 2016, the Township's proportionate share of the PERS net pension liability was \$171,191. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on the Township's projected share of long-term contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Township's proportion measured as of June 30, 2016, was .05780%, which was an increase of .05706% from its proportion measured as of June 30, 2015.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

3. Retirement Systems – Continued

Pension Expense and Deferred Outflows/Inflows of Resources - The Township's 2016 pension expense, with respect to GASB 68, was \$10,816. The Township's 2016 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,184	\$
Changes of assumptions	35,462	
Net difference between projected and actual earnings on pension plan investments	6,528	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,499	26,788
District contributions subsequent to the measurement date	6,332	
Total	\$ 53,005	\$ 26,788

The \$6,332 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (i.e. for the year ending December 31, 2016, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS
2017	\$ 3,509
2018	3,509
2019	5,909
2020	3,451
2021	3,507
Thereafter	
Total	<u>\$ 19,885</u>

Additional Information - Collective Balances at June 30, 2015 and 2016 are as follows:

	Actuarial Valuation Date	
	6/30/2016	6/30/2015
Collective deferred outflows of resources	\$ 53,005	\$ 10,239
Collective deferred inflows of resources	26,788	8,084
Collective net pension liability	171,191	135,654
District's Proportion	0.05780%	0.00072%

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

3. **Retirement Systems** – Continued

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

PERS	
Measurement Date	June 30, 2016
Actuarial Valuation Date	June 30, 2015
Interest Rate	7.65%
Salary Scale (Based on Age):	
2012-2021	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	3.08%

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

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

3. Retirement Systems – Continued

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

- The following presents the collective net pension liability of the participating employers as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount (3.98%)	1% Increase (4.98%)
Township's proportionate share of the net pension liability	\$ 20,977,505	\$ 17,119,138	\$ 13,933,721

3. Retirement Systems – Continued

The Township's total payroll for the year ended December 31, 2016 for all employees was \$83,981.39. Information regarding contributions made by the State of New Jersey on behalf of the Board is not available. Contributions to the system for the year ended December 31, 2016 are as follows:

Employees	\$ 2,874.98
Township	6,332.00
Total	\$ 9,206.98

Trend Information - Ten year historical trend information presenting the various systems progress in accumulating sufficient assets to pay benefits as they come due is available from the New Jersey Division of Pensions and Benefits.

Related Party Investments - During the year ended December 31, 2016, the PERS held no securities issued by the Township or other related parties.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

4. Long-Term Debt

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates no net debt.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>None</u>	<u>None</u>	<u>None</u>

Equalized Valuation Basis:

2014	\$ 107,780,132.00
2015	106,135,611.00
2016	<u>104,474,300.00</u>
Average	\$ <u>106,130,014.33</u>

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$3,714,550.50
Net Debt	<u>- 0 -</u>
Remaining Borrowing Power	\$ <u>3,714,550.50</u>

Summary of Municipal Debt

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
General:			
Bonds and Notes	None	None	None
<u>Authorized but Not Issued:</u>			
General:			
Bonds and Notes	<u>None</u>	<u>None</u>	<u>None</u>
Net of Bonds and Notes Issued and Authorized but Not Issued	<u>None</u>	<u>None</u>	<u>None</u>

5. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, there were no deferred charges on the balance sheet.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

6. Fund Balances Appropriated

Of the \$331,503.38 Current Fund balance at December 31, 2016, \$210,000.00 was appropriated and included as anticipated revenue in the adopted budget for the year ending December 31, 2017.

7. Taxes Collected in Advance

Taxes collected in advance, set forth as cash liabilities in the financial statements, are as follows:

	Balance December <u>31, 2016</u>	Balance December <u>31, 2015</u>
Prepaid Taxes	\$34,934.11	\$31,299.13

8. Leases

The Township has not entered into any long-term lease agreements.

9. Accrued Sick and Vacation Benefits

The Township does not accrue unused vacation and sick pay for financial statement and budget purposes. Employees are, however, allowed to carry unused sick and vacation benefits. Each November, employees generally are reimbursed for their respective unused sick time. The sick and vacation pay accrual for the current period, which relates to the remaining unfunded sick and vacation pay after November is not considered material.

10. Contingent Liabilities

As per confirmation from the Township's solicitor, no contingent liabilities of a material amount were noted.

The responsibility to maintain a dike that is located on private property does not appear to be the Township's.

There is a verified complaint against the Township as co-defendant, regarding a dispute concerning a boat ramp which the Township does not own but regulates its use through local ordinance. The likely outcome is not known at this time but a Case Management Conference has been requested with the Judge and participation of all parties. The Joint Insurance Fund is handling this matter.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

11. Comparative Schedule of Operations and Change in Fund Balance in Current Fund

	Year 2016		Year 2015	
	Amount	%	Amount	%
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 210,000.00	6.06%	\$ 190,000.00	5.73%
Miscellaneous - From Other than Local Property Tax Levies	233,509.79	6.73%	235,100.34	7.08%
Collection of Delinquent Taxes and Tax Title Liens	42,829.38	1.24%	54,369.66	1.64%
Collection of Current Tax Levy	2,979,466.76	85.97%	2,838,803.31	85.55%
Total Income	3,465,805.93	100.00%	3,318,273.31	100.00%
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	611,615.75	18.87%	589,900.49	19.07%
County Taxes	1,144,286.37	35.29%	1,065,463.01	34.45%
Local School Taxes	1,485,885.00	45.83%	1,436,100.00	46.44%
Other Expenditures	395.20	0.01%	1,138.05	0.04%
Total Expenditures	3,242,182.32	100.00%	3,092,601.55	100.00%
Excess in Revenue	223,623.61		225,671.76	
Fund Balance, January 1	317,879.77		282,208.01	
	541,503.38		507,879.77	
Less:				
Utilization as Anticipated Revenue	210,000.00		190,000.00	
Fund Balance, December 31	\$ 331,503.38		\$ 317,879.77	

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

12. Local District School Tax

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. In the case of Elsinboro Township, \$743,090.18 is the maximum amount permitted to be deferred as of December 31, 2016, under those regulations. The Township, in prior years, elected to defer school taxes and the accumulation of such deferrals is \$299,185.50. As of December 31, 2016, the Township committee elected to keep the balance at \$299,185.50.

Local District School Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

Local District School Tax			
Balance, December 31			
	2016		2015
Balance of Tax	\$	743,090.18	\$ 718,229.18
Deferred		299,185.50	299,185.50
Taxes Payable	\$	443,904.68	\$ 419,043.68

13. Comparison of Tax Levies and Collections Currently

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

Year	Currently		
	Tax Levy	Cash Collections	Percent of Collections
2016	\$ 3,059,713.21	\$ 2,979,466.76	97.38%
2015	2,911,543.22	2,838,803.31	97.50%
2014	2,849,584.51	2,765,629.43	97.05%
2013	2,864,232.20	2,768,318.53	96.65%

14. Comparative Schedule of Tax Rate Information

	2016	2015	2014
Tax Rate	\$ 2.565	\$ 2.422	\$ 2.343
Appportionment of Tax Rate:			
Municipal	0.356	0.339	0.331
County	0.960	0.887	0.852
Local School	1.249	1.196	1.160
Assessed Valuation	\$ 118,962,377	\$ 120,167,979	\$ 121,338,252

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

15. Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2016	\$ 49,641.30	\$ 47,613.00	\$ 97,254.30	3.18%
2015	35,449.54	44,863.22	80,132.76	2.76%
2014	27,425.33	54,056.77	81,482.10	2.86%

16. 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 property, was as follows:

Year	Amount
2016	\$ 131,400
2015	131,400
2014	131,400

17. Comparative Schedule of Fund Balance

	Year	Balance December 31	Utilized in Budget of
			Succeeding Year
Current Fund	2016	\$ 331,503.38	\$ 210,000.00
	2015	317,879.77	210,000.00
	2014	282,208.01	190,000.00
	2013	180,437.87	157,747.00
	2012	292,020.40	268,486.00

18. Risk Management

The Township 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. The Township maintains commercial insurance coverage for property, liability and surety bonds.

19. Subsequent Events

There were no material events between December 31, 2016 and April 27, 2017 affecting the financial status of the Township of Elsinboro.

SUPPLEMENTARY DATA

TOWNSHIP OF ELSINBORO

COUNTY OF SALEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2016

NONE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

State Grantor / Program Title	Grant or State Project Number	Grant Award Amount	Grant Period		Balance December 31, 2014	Receipts/Revenue Recognized	Amount of Expenditures	Balance December 31, 2015
			From	To				
Department of Community Affairs								
Clean Communities Program	N/A	\$ 4,000.00	1/1/2016	12/31/2016	\$ 4,000.00	\$ 4,000	\$ 4,000	\$ 4,000.00
Clean Communities Program	N/A	4,000.00	1/1/2015	12/31/2015	4,000.00			4,000.00
Clean Communities Program	N/A	4,000.00	1/1/2014	12/31/2014	667.32		200.00	467.32
Clean Communities Program	N/A	4,000.00	1/1/2013	12/31/2013				
Municipal Alliance on Alcohol & Drugs	N/A	4,715.00	1/1/2014	12/31/2014	2,024.66			2,024.66
Municipal Alliance on Alcohol & Drugs	N/A	4,715.00	1/1/2015	12/31/2015	1,674.18		1,599.59	74.59
Municipal Alliance on Alcohol & Drugs	N/A	4,715.00	1/1/2016	12/31/2016		4,715.00	4,659.01	55.99
Drunk Driving Enforcement Grant	N/A	4,914.89	1/1/2015	12/31/2015				
NJ Forest Service Community Forestry Grant	N/A	3,000.00	1/1/2015	12/31/2015	3,000.00			3,000.00
NJ Smalls Program	N/A	1,000.00	1/1/2013	12/31/2013	1,130.76			1,130.76
REA Grant Program	N/A	4,000.00	1/1/2011	12/31/2011	547.00			547.00
Total					\$ 13,043.92	\$ 8,715.00	\$ 6,458.60	\$ 15,300.32

TOWNSHIP OF ELSINBORO

COUNTY OF SALEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2016

NONE

TOWNSHIP OF ELSINBOROSCHEDULE OF CASH AND INVESTMENTS PER N.J.S.A. 40A:5-5FOR THE PERIOD DECEMBER 31, 2016 TO MARCH 31, 2017

	<u>Tax Collector</u>	<u>Current Fund</u>	<u>Animal Control Fund</u>	<u>Trust Other Fund</u>	<u>Payroll</u>
Balance, December 31, 2016	\$ -	\$ 1,150,542.38	\$ 3,314.70	\$ 20,736.39	\$ 12,292.98
Increased by:					
Cash Receipts Record	763,311.86	793,607.42	1,122.03	0.09	28,246.98
Decreased by:					
Cash Disbursements Record	763,311.86	1,944,149.80	4,436.73	20,736.48	40,539.96
Cash Disbursements Record	762,314.23	765,565.85		(59.73)	23,013.09
Balance, March 31, 2017	\$ 997.63	\$ 1,178,583.95	\$ 4,436.73	\$ 20,796.21	\$ 17,526.87
Balance on Deposit per Certification of:					
Sun National Bank	\$ -	\$ -	\$ -	\$ -	\$ -
Franklin Bank					
Harvest Bank					
Fulton Bank					
Deposits in Transit					
Less: Outstanding Checks	73,967.97	63,506.98		-	1,651.99
Balance, March 31, 2017	\$ 997.63	\$ 1,178,583.95	\$ 4,436.73	\$ 20,796.21	\$ 17,526.87

CURRENT FUND**SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER**

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 1,059,178.53
Increased by Receipts		
Collector	A-5	\$ 3,027,360.79
Revenue Accounts Receivable	A-10	156,774.48
Amount Due from LAC Township	A-12	3,423.50
State's Share of Senior Citizens and Veterans Deductions Allowed	A-8	16,832.88
Interfunds Receivable	A-11	10,864.93
Total Receipts		<hr/> 3,215,256.58
		<hr/> 4,274,435.11
Decreased by Disbursements		
2016 Appropriations	A-3	495,306.28
2015 Appropriation Reserves	A-13	266.54
Encumbrance Payable	A-20	5,385.11
Local District School Taxes	A-15	1,461,024.00
Amount Due to LAC Township	A-12	3,334.00
County Taxes	A-16	1,144,286.37
Interfunds	A-11	14,290.43
Total Disbursements		<hr/> 3,123,892.73
Balance, December 31, 2016	A	\$ <u>1,150,542.38</u>

CURRENT FUND**SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 1,218.27
Increased by:		
Taxes Receivable	A-6	\$ 2,973,692.46
Revenue Accounts Receivable	A-10	12,934.87
2017 Taxes Prepaid	A	34,934.11
Tax Overpayments	A-14	4,581.08
Tax Title Liens	A-7	-
		<hr/> 3,026,142.52
		<hr/> 3,027,360.79
Decreased by:		
Payments to Chief Financial Officer	A-4	<hr/> 3,027,360.79
Balance, December 31, 2016	A	<hr/> \$ -

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

Year	Balance December 31, 2015	2016 Levy	Collections by Cash		State Share of Senior Citizens And Veterans Deductions	Cancellations	Transfer to Tax Title Lien	Overpayments Applied	Balance December 31, 2016
			2015	2016					
2015	\$ 44,863.22	\$	\$	\$ 42,996.50	\$ 167.12	\$	\$ 2,033.84	\$	\$ -
	44,863.22			42,996.50	167.12		2,033.84		
2016		3,059,713.21	31,299.13	2,930,695.96	16,750.00	20,924.20	11,709.25	721.67	47,613.00
	\$ 44,863.22	\$ 3,059,713.21	\$ 31,299.13	\$ 2,973,692.46	\$ 17,084.24	\$ 20,924.20	\$ 13,743.09	\$ 721.67	\$ 47,613.00

Ref.

A

A-6

A

A-5

A-8

A-7

A

Analysis of 2016 Property Tax LevyRef.

Tax Yield

General Purpose	\$ 3,051,386.79
Added Taxes	8,326.42

\$ 3,051,386.79
8,326.42

Tax Levy

A-6

\$ 3,059,713.21

Local District School Tax (Abstract)

A-15

\$ 1,485,885.00

County Taxes

A-16

1,141,170.05

A-16

3,116.32

Total County Taxes

1,144,286.37

Local Tax for Municipal Purposes

A-2

423,856.77

Add Additional Tax Levied

5,685.07

429,541.84

\$ 3,059,713.21

CURRENT FUNDSCHEDULE OF TAX TITLE LIENSRef.

Balance, December 31, 2015	A	\$	35,449.54
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Increased by:

Transfer from Taxes Receivable	A-6	\$	13,743.09
Interest and Cost on Taxes per			
Sale of January 21, 2016			448.67
			<hr/>
			14,191.76
			<hr/>
			49,641.30

Decreased by:

Cash Collections	A-5		-
Balance, December 31, 2016	A	\$	<hr/> 49,641.30

CURRENT FUND**SCHEDULE OF AMOUNT DUE FROM STATE OF NEW JERSEY****PER CHAPTER 20, P.L. 1971****SENIOR CITIZEN AND VETERANS DEDUCTIONS**

Ref.

Balance, December 31, 2015	A	\$	4,479.33
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Increased by:

Cash Received from the State	A-4	\$	16,832.88
Senior Citizens Deductions Allowed	A-6		167.12
			<hr/> 17,000.00
			<hr/> 21,479.33

Decreased by:

Deductions per Original Billing:			
Senior Citizens		1,750.00	
Veterans		14,750.00	
		<hr/> 16,500.00	
Senior Citizens Deduction Allowed by Collector	A-6	250.00	<hr/> 16,750.00
Balance, December 31, 2016	A	\$	<hr/> 4,729.33

CURRENT FUND**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION**

Ref.

Balance, December 31, 2015 and 2016	A	\$	<hr/> 131,400.00
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CURRENT FUND**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance December 31, 2015		Accrued in 2016	Collected by		Balance December 31, 2016
		Collector	Treasurer				
<u>Anticipated Revenues:</u>							
Clerk - Liquor License	A-2	\$	\$	1,104.00	\$	1,104.00	\$
Energy Receipts Tax	A-2			110,797.00		110,797.00	
Supplemental Energy Receipts Tax	A-2			4,120.00		4,120.00	
Garden State Preservation Trust	A-2			4,609.00		4,609.00	
Total Anticipated Revenues				120,630.00		120,630.00	
<u>Miscellaneous Revenue not Anticipated:</u>							
Planning Fees				920.00		920.00	
Cable Television Franchise Fee				15,889.63		15,889.63	
Construction Code Fees		406.00		13,834.00		13,804.00	436.00
Interest on Deposits				1,521.06		1,521.06	
Interest and Costs on Taxes				12,934.87	12,934.87		
Senior Citizen Administration Fees				336.66		336.66	
Housing Fees		30.00		730.00		760.00	
Registrar of Vital Statistics				227.00		227.00	
Trash Stickers				1,029.00		1,029.00	
Vendor Permits				300.00		300.00	
Rental				50.00		50.00	
Grass Cutting				200.00		200.00	
Refunds Miscellaneous				1,107.13		1,107.13	
	A-2	436.00		49,079.35	12,934.87	36,144.48	436.00
		\$ 436.00	\$ 169,709.35	\$ 12,934.87	\$ 156,774.48	\$ 436.00	
	Ref.	A		A-5	A-4	A	

CURRENT FUNDSCHEDULE OF INTERFUND

	Ref.	Total	Grant Fund	Animal Control Fund	Trust Other Fund	General Capital Fund	Payroll Account
Balance, December 31, 2015	A	\$ (215,149.61)	\$ (11,972.09)	\$ 6,852.79	\$ (8,819.17)	\$ (204,069.38)	\$ 2,858.24
Increased by							
Interest Earned	A-2	20.20		3.20	17.00		
General Capital Expenditures paid by Current Fund	A-4	3,500.00				3,500.00	
Grant Appropriated Reserve Expenditures	A-4,19	8,260.46	8,260.46				
Grant Encumbrances Expenditures	A-4,20	911.00	911.00				
Escrow Payments in Current Fund	A-4	1,618.97			1,618.97		
Statutory Excess in Dog License Fund	A-1	392.00		392.00			
		<u>(200,446.98)</u>	<u>(2,800.63)</u>	<u>7,247.99</u>	<u>(7,183.20)</u>	<u>(200,569.38)</u>	<u>2,858.24</u>
Decreased by							
Grant Receipts In Current Fund	A-4,17,18	7,552.15	7,552.15				
Escrow Receipts in Current Fund	A-4	1,500.00			1,500.00		
Unappropriated Grant Receipts	A-4,18	1,812.78	1,812.78				
2016 Budget Appropriation for Capital Improvement Fund	A-3	45,000.00				45,000.00	
Township Matching Share	A-3,19	895.86	895.86				
		<u>56,760.79</u>	<u>10,260.79</u>		<u>1,500.00</u>	<u>45,000.00</u>	
Balance, December 31, 2016	A	\$ (257,207.77)	\$ (13,061.42)	\$ 7,247.99	\$ (8,683.20)	\$ (245,569.38)	\$ 2,858.24
Interfund Payable		\$ (267,314.00)					
Interfund Receivable		10,106.23					
		<u>\$ (257,207.77)</u>					

CURRENT FUND**SCHEDULE OF DUE TO LAC TOWNSHIP**Ref.

Balance, December 31, 2015	A	\$	68.50
Increased by:			
Receipt	A-4		3,423.50
			<hr/>
			3,492.00
Decreased by:			
Payment	A-4		3,334.00
			<hr/>
Balance, December 31, 2016	A	\$	158.00
			<hr/>

CURRENT FUNDSCHEDULE OF APPROPRIATION RESERVES - 2015

	Balance December 31, 2015	Paid or Charged	Balance Lapsed
Other Expenses:			
General Administration	\$ 995.81	\$ 252.36	\$ 743.45
Tax Collection	1,279.63	14.18	1,265.45
Other Accounts no Changes	51,305.20		51,305.20
	<u>\$ 53,580.64</u>	<u>\$ 266.54</u>	<u>\$ 53,314.10</u>
Ref.	A	A-4	A-1

CURRENT FUNDSCHEDULE OF TAX OVERPAYMENTS

	Ref.	
Balance, December 31, 2015	A	\$ -
Increased by:		
2016 Tax Overpayments	A-5	4,581.08
		<u>4,581.08</u>
Decreased By:		
Tax Overpayments Applied	A-6	721.67
Balance, December 31, 2016	A	\$ 3,859.41
		<u>3,859.41</u>

CURRENT FUNDSCHEDULE OF LOCAL DISTRICT SCHOOL TAXRef.

Balance, December 31, 2015			
School Tax Payable	A	\$ 419,043.68	
School Tax Deferred		299,185.50	
			\$ 718,229.18
Increased by			
Levy - School Year July 1, 2016 to			
June 30, 2017	A-1,2,6		1,485,885.00
			2,204,114.18
Decreased by			
Payments	A-4		1,461,024.00
Balance, December 31, 2016			
School Tax Payable	A	443,904.68	
School Tax Deferred		299,185.50	
			\$ 743,090.18

2016 Liability for Local District School Tax

Taxes Paid	\$ 1,461,024.00	
Taxes Payable December 31, 2016	443,904.68	
	1,904,928.68	
Less: Tax Payable December 31, 2015	419,043.68	
Amount Charged to 2016 Operations	A-1	\$ 1,485,885.00

CURRENT FUNDSCHEDULE OF COUNTY TAXESRef.

Balance, December 31, 2015	A	\$
----------------------------	---	----

Increased by
2016 County Taxes:

General County Taxes	\$	1,119,716.69
County Open Space Prevention		21,453.36
		<hr/>
	A-1	1,141,170.05
Due County on Added and Omitted Taxes	A-1	3,116.32
	A-2,6	<hr/> 1,144,286.37
		<hr/> 1,144,286.37
Decreased by Payments	A-4	<hr/> 1,144,286.37
Balance, December 31, 2016	A	\$ <hr/> <hr/>

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

<u>Purpose</u>	Balance December 31, 2015	2016 Revenue	Received	Balance December 31, 2016
Municipal Alliance on Alcoholism and Drug Abuse:				
2016	\$ 3,819.14	\$ 3,552.15	\$ 266.99	
2015	214.92			214.92
2014	3,145.95			3,145.95
2013	376.96			376.96
Jiff Health and Welfare Incentive Clean Communities Program	500.00			500.00
	4,000.00		4,000.00	
	<u>\$ 3,737.83</u>	<u>\$ 8,319.14</u>	<u>\$ 7,552.15</u>	<u>\$ 4,504.82</u>

Ref.

A

A-2,19

A-11

A

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

<u>Grant</u>	Balance December 31, 2015	Receipts	Anticipated in 2016 Budget	Balance December 31, 2016
Clean Communities	\$ -	\$ 57.78	\$ -	\$ 57.78
JIF Safety Incentive Grant	\$ 1,755.00	\$ 1,755.00	\$ 1,755.00	\$ 1,755.00
	<u>\$ 1,755.00</u>	<u>\$ 1,812.78</u>	<u>\$ 1,755.00</u>	<u>\$ 1,812.78</u>

Ref.

A

A-11

A-2

A

FEDERAL AND STATE GRANT FUND**SCHEDULE OF FEDERAL, STATE AND OTHER GRANTS - APPROPRIATED**

Grant Period	Grant	Balance December 31, 2015	Transferred from 2016 Budget Appropriation	Expended	Balance December 31, 2016
2014	Clean Communities Program	\$ 667.32	\$	200.00	\$ 467.32
2015	Clean Communities Program	4,000.00			4,000.00
2016	Clean Communities Program		4,000.00		4,000.00
2014	Municipal Alliance on Alcoholism and Drug Abuse	2,024.66			2,024.66
2015	Municipal Alliance on Alcoholism and Drug Abuse	1,674.18		1,599.59	74.59
2016	Municipal Alliance on Alcoholism and Drug Abuse		4,715.00	4,659.01	55.99
2015	NJ Forest Service Community Forestry Grant	3,000.00			3,000.00
2011	REA Grant Program	547.00			547.00
2013	New Jersey Smalls Grant Program	1,130.76			1,130.76
		<hr/>	<hr/>	<hr/>	<hr/>
2016	JIF Health Incentive	13,043.92	8,715.00	6,458.60	15,300.32
	Jif Safety Incentive Program		500.00	359.96	140.04
		<hr/>	<hr/>	<hr/>	<hr/>
		\$ 13,043.92	\$ 10,970.00	\$ 8,260.46	\$ 15,753.46
		<hr/>	<hr/>	<hr/>	<hr/>

Ref.

A

A-11

A

Grant Share	A-3	\$ 10,074.14	\$
Township Matching Share	A-3,11		895.86
Paid by Current Fund	A-11		<hr/>
			8,260.46
		<hr/>	<hr/>
		\$ 10,970.00	\$ 8,260.46
		<hr/>	<hr/>

CURRENT FUNDSCHEDULE OF ENCUMBRANCES PAYABLE

	Ref.	Current Fund	Grant Fund
Balance, December 31, 2015	A	\$ 5,385.11	\$ 911.00
Increased by:			
2016 Grant Encumbrances	A-19		
2016 Budget Encumbrances	A-3	3,549.52	
		<hr/> 8,934.63	<hr/> 911.00
Decreased by:			
Paid	A-4	5,385.11	5,385.11
		<hr/> 5,385.11	<hr/> 5,385.11
Balance, December 31, 2016	A	\$ 3,549.52	\$ (4,474.11)
		<hr/> <hr/> 3,549.52	<hr/> <hr/> (\$ 4,474.11)

TRUST FUND**SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER**

	Ref.	Animal Control Fund Dog Registrar	Trust Other CFO
Balance, December 31, 2015	B	\$ 2,669.50	\$ 19,118.92
Increased by Receipts			
Interest Earned	B-2,4	3.20	17.00
Dog License Fees	B-3	863.40	
Unemployment	B-4		0.33
Tax Title Lien Deposit	B-7		46,564.53
Tax Premium Account	B-8		43,900.00
Donation	B-9		0.14
Total Receipts and Balances		<u>3,536.10</u>	<u>109,600.92</u>
Decreased by Disbursements			
New Jersey Dept. of Health Fees	B-3	212.40	
Expenditures	B-3	9.00	
Tax and Title Lien Redemptions	B-7		46,564.53
Tax Premium Account	B-8		42,300.00
Total Disbursements		<u>221.40</u>	<u>88,864.53</u>
Balance, December 31, 2016	B	<u>\$ 3,314.70</u>	<u>\$ 20,736.39</u>

TRUST FUND**SCHEDULE OF AMOUNT DUE FROM (TO) CURRENT FUND**

	<u>Ref.</u>	Trust Other Fund	Animal Control Fund
Balance, December 31, 2015	B	\$ 8,819.17	\$ (6,852.79)
Increased by:			
Escrow Receipt in Current Fund	B-6	1,500.00	
		<u>10,319.17</u>	<u>(6,852.79)</u>
Decreased by:			
Interest Earned	B-1	17.00	3.20
Ecrow Payments in Current Fund		1,618.97	
Statutory Excess due Current Fund	B-3		392.00
		<u>1,635.97</u>	<u>395.20</u>
Balance, December 31, 2016	B	<u>\$ 8,683.20</u>	<u>\$ (7,247.99)</u>

EXHIBIT B-3**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES****ANIMAL CONTROL FUND**

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 1,796.00
Increased by:		
Dog License Fees Collected	B-1	<u>863.40</u>
		<u>2,659.40</u>
Decreased by:		
Due to NJ Department of Health Expenditures	B-5 B-1	212.40 9.00
Statutory Excess due Current Fund	B-2	<u>392.00</u>
		<u>613.40</u>
Balance, December 31, 2016	B	<u>\$ 2,046.00</u>

License Fees Collected

2016	\$ 863.50
2015	<u>1,254.50</u>
	<u>\$ 2,118.00</u>

TRUST FUND**SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION****TRUST OTHER FUND**

	Ref.	
Balance, December 31, 2015	B	\$ 3,926.44
Increased by:		
Interest on Bank Deposits	B-1	0.33
		<u>3,926.77</u>
Decreased by:		
Disbursements	B-1	
Balance, December 31, 2016	B	<u>\$ 3,926.77</u>

TRUST FUND**SCHEDULE OF DUE TO NEW JERSEY DEPARTMENT OF HEALTH****ANIMAL CONTROL FUND**

	Ref.	
Balance, December 31, 2015	B	\$
Increased by:		
Receipts	B-3	212.40
		<u>212.40</u>
Decreased by:		
Disbursements	B-1	212.40
Balance, December 31, 2016	B	<u>\$</u>

TRUST FUND**SCHEDULE OF PLANNING BOARD ESCROW DEPOSITS**

	<u>Ref.</u>		
Balance, December 31, 2015	B	\$	8,176.48
Increased by:			
Receipt in Current Fund	B-2		1,500.00
			<hr/>
			9,676.48
Decreased by:			
Payment	B-2		1,618.97
			<hr/>
Balance, December 31, 2016	B	\$	<hr/> 8,057.51
			<hr/>

TRUST FUND**SCHEDULE OF RESERVES FOR TAX TITLE LIEN REDEMPTIONS**

	<u>Ref.</u>		
Balance, December 31, 2015	B	\$	2,000.00
Increased by:			
Receipts	B-1		46,564.53
			<hr/>
			48,564.53
Decreased by:			
Payment	B-1		46,564.53
			<hr/>
Balance, December 31, 2016	B	\$	<hr/> 2,000.00
			<hr/>

TRUST FUND**SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE**

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 11,600.00
Increased by:		
Receipts	B-1	<u>43,900.00</u>
		<u>55,500.00</u>
Decreased by:		
Payment	B-1	<u>42,300.00</u>
Balance, December 31, 2016	B	<u>\$ 13,200.00</u>

Analysis of Balance:

<u>Block</u>	<u>Lot</u>	
12	13	\$ 4,300.00
19	6.02	2,700.00
33	1	2,100.00
39	5.01	1,900.00
6	20	1,100.00
22	22	1,100.00
		<u>\$ 13,200.00</u>

TRUST FUND**SCHEDULE OF RESERVE FOR DONATIONS**Ref.

Balance, December 31, 2015	B	\$ 2,235.17
Increased by Receipts	B-1	0.14
Balance, December 31, 2016	B	\$ <u>2,235.31</u>

GENERAL CAPITAL FUND**ANALYSIS OF CASH**

<u>Description</u>	<u>Ref.</u>	Balance December 31, 2016
Accounts Payable	C	\$ 675.00
Fund Balance	C-1	7,843.25
Capital Improvement Fund	C-3	149,276.83
Amount Due to Current Fund	C-4	(245,569.38)
Unexpended Funded Improvement Authorizations	C-5	87,774.30
 Total		\$ -

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

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 144,276.83
Increased by:		
2016 Budget Appropriation	C-4	45,000.00
		189,276.83
Decreased by:		
Appropriated to finance Improvement Authorization	C-5	40,000.00
Balance, December 31, 2016	C	\$ 149,276.83

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

	<u>Ref.</u>	
Balance, December 31, 2015 (Due From)	C	\$ 204,069.38
Increased by:		
2016 Budget - Capital Improvement Fund	C-3	<u>45,000.00</u>
		249,069.38
Decreased by:		
Expenditures	C-5	<u>3,500.00</u>
Balance, December 31, 2016 (Due From)	C	\$ <u>245,569.38</u>

GENERAL CAPITAL FUND**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord No.	Improvement Description	Ordinance Date	Amount	December 31, 2015 Funded	Authorizations	Expended	December 31, 2016 Funded
12-05	Purchase of Trash Containers	8/6/12	\$ 35,000	\$ 35,000.00	\$	\$	\$ 35,000.00
14-04	Acquisition of Server, Driveway Repairs and Veterans Memorial	6/2/15	40,000	16,274.30			16,274.30
16-04	Acquisition of Computer, Carpet Paint, Finance Software and Trash Can Lids	3/7/16	40,000		40,000.00	3,500.00	36,500.00
				\$ 51,274.30	\$ 40,000.00	\$ 3,500.00	\$ 87,774.30

Ref.

C

C-3,5

C-4

C

PAYROLL ACCOUNT**SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER**Ref.

Balance, December 31, 2015	E	\$ 11,254.04
Increased by:		
Receipts		97,389.41
<hr/>		
Decreased by:		
Disbursements		96,350.47
Balance, December 31, 2016	E	\$ 12,292.98
<hr/>		

Analysis of Balance

Due to Current Fund	\$ 2,858.24
Pension and Benefits	9,434.74
<hr/>	
	\$ 12,292.98
<hr/>	

TOWNSHIP OF ELSINBORO

COUNTY OF SALEM

PART II

ROSTER OF OFFICIALS

INTERNAL CONTROL COMMENTS

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

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 Bond</u>
Sean Elwell	Mayor	\$ 5,000 (1)
John J. Elk	Deputy Mayor	5,000 (1)
Douglas Hogate	Committeeman	5,000 (1)
Joanne Eddy	Tax Collector and Tax Search Officer	85,000 (B)
Ida Forrest	Deputy Collector	
John Willadsen	Chief Financial Officer	25,000 (A)
Marty Uzdanovics	Township Clerk, Officer for Municipal Improvement Searches and Registrar of Vital Statistics	5,000 (1)
Marie Procacci	Assessor	
Andy Hoglen	Construction Code Official and Zoning Officer	5,000 (1)
Karin Wood	Solicitor	
George Parris	Emergency Management Coordinator	
Robert Klein	Deputy Emergency Management Coordinator	
Albert Fralinger, Jr.	Engineer	
Ned Shimp, Jr.	Dog License Registrar	5,000 (1)

(A) Western Surety Company

(B) Selected Risks Insurance Company

(1) Public Employee Dishonesty Bond

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S. 40A:11-4

N.J.S. 40A:11-4 states "every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold of \$17,500, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500, except by contract or agreement."

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

The minutes indicate that no bids were required to be requested by public advertising in 2016.

N.J.S. 40A:11-5 provides for exceptions to the above-mentioned statutory bidding requirements for various stipulated areas of expenditures. Included in these areas of exception are all professional services, which include but are not limited to solicitors, engineers, land surveyors and accountants. However, in lieu of recording formal bidding procedures for these categories of expenditures, in awarding contracts to fill these positions, certain other statutory requirements must be adhered to by the governing body. These requirements include the following stipulation (**N.J.S. 40A:11-5 (1) (a) (i)**):

"The governing body shall, in each instance, state supporting reasons for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in a newspaper authorized by law to publish its legal advertisements, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file..."

Our examination indicated that the Township complied with the requirements when soliciting professional services.

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

**CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER
N.J.S. 40A:11-4 (Continued)**

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of statutory requirements "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously adopted under the provisions of **N.J.S. 40A:11-6**.

**AWARD OF PURCHASES, CONTRACTS OR AGREEMENTS BY QUOTATIONS
PER N.J.S. 40A:11-6.1**

Prior to the award of any purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practicable, on any purchase, contract or agreement, the estimated cost or price of which is \$2,625, and the award thereof shall be made, in accordance with Section 3 (C.40A:11-3) or Section 4 (C.40A:11-4), as the case may be, of the Local Public Contracts Law, on the basis of the lowest responsible quotation received, which quotation is most advantageous to the contracting unit, price and other factors considered; provided, however, that if the contracting agent deems it impractical to solicit competitive quotations in the case of extraordinary, unspecifiable services, or, in the case of such or any other purchase, contract or agreement awarded hereunder, having sought such quotation received, the contracting agent shall file a statement of explanation of the reason or reasons therefore, which shall be placed on file with said purchase, contract or agreement.

Our examination indicated that, for individual payments, contracts or agreements, made "for the performance of any work or the furnishing or hiring of any materials or supplies" in excess of or \$2,625, solicitation for quotations was done for the appropriate purchases in accordance with the provisions of **N.J.S. 40A:11-6.1b**.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body, on January 1, 2016, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED that the rate of interest to be charged on nonpayment of taxes or assessment shall be eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00 which interest is to be calculated from the date the tax was payable until the date of actual payment."

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (Cont'd)

"BE IT RESOLVED that the Tax Collector is hereby authorized and directed to waive any year end penalty from any property that may have a delinquent balance of more than \$10,000."

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on January 21, 2016, and was complete.

An inspection of Tax Sale Certificated revealed that all were on file.

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

<u>Year</u>	<u>Number of Liens</u>
2016	6
2015	6
2014	6

It is essential to good management that all means provided by statute be utilized to liquidate tax liens by seriously undertaking foreclosure proceedings on appropriate properties in order to get such properties back on a taxpaying basis.

There were no foreclosures completed during 2016.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2017 Taxes	56
Payments of 2016 Taxes	56
Delinquent Taxes	10
Tax Title Liens	3

The result of the test, which was made as of November 30, 2016 and December 31, 2016, did not reveal any irregularities based upon inspection and evaluation of the test results.

GENERAL COMMENTS

MUNICIPAL COURT

The municipal court activities of Elsinboro Township are maintained through an interlocal government agreement with Lower Alloway Creek. Therefore, no court report is prepared or submitted by Elsinboro Township.

ASSIGNMENT OF DUTIES

Due to the limited number of Township employees, there is no segregation of duties in the maintenance of accounting records, cash receipts, cash disbursements, preparation of bank reconciliation's, and the review, approval, and distribution of payroll checks. The Township Committee, however, does not believe that the potential benefit of hiring additional employees would outweigh the cost of doing so at this time.

PAYMENT OF CLAIMS

During the course of the audit, it was noted that payments of claims contained the required supporting detail, required signatures and minute approval.

INTERFUND BALANCES

The following interfund balances should be cleared by cash transfer:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Current Fund	Trust Other Fund	\$ 8,683.20
Animal Control Fund	Current Fund	7,247.99
Current Fund	Federal & State Grant Fund	13,061.42
Current Fund	General Capital Fund	245,569.38

ANIMAL CONTROL FUND

The Township issued 107 licenses during the year versus 136 in 2015. Collections of animal control license fees were not always deposited within forty-eight hours. In addition, the reports to the New Jersey Department of Health were not remitted on a timely basis, as there were no collections during the given month.

PAYROLL FUND

The examination of the payroll fund determined that the detailed computation of various deductions and other credits were properly made and withholdings were always disbursed to the proper agencies on a timely basis.

PUBLIC ASSISTANCE TRUST FUND

The Township had one public assistance trust fund bank account. The public assistance operations, however, were turned over to Salem County as of May 1, 1999. The account was closed in 2012.

GENERAL CAPITAL FUND

There exists two improvement authorizations that are currently being reviewed for proper disposition:

- Purchase of Trash Containers
- Acquisition of Server, Driveway Repairs and Veterans Memorial

TAX OFFICE

The tax office maintains a computerized tax accounting system, which appeared to provide proper reports and balances. The tax office appeared to be maintained very well during 2016. This included analysis of prior year balances, which have been cleared from the records.

TAX TITLE LIEN REDEMPTION

The tax title lien redemptions account and the tax premium account were merged into one bank account in 2012.

STATE OF NEW JERSEY - TECHNICAL ACCOUNTING DIRECTIVES

The Division has mandated that specific accounting procedures be adopted and operative for the following: use of general ledger, general fixed asset ledger and an encumbrance purchase order system.

A form of general ledger record was established in the previous year and a selective encumbrance purchase order system was operative in the year under audit. Encumbrances payable were provided and tested as part of the audit and reported as of December 31, 2016.

GRANT FUND RESERVE BALANCES

The grant fund contained several reserve balances totaling \$15,753.46, which will be further reviewed for expenditure or other proper disposition in 2017. In addition, there were two Unappropriated Reserve balances that will require further analysis for proper disposition.

PLANNING AND ZONING BOARDS ESCROW FUNDS

An in-house computer is currently being used to maintain the accounting records as well as provide related internal controls for planning and zoning board escrow funds. A trial balance of open escrow accounts was processed as of December 31, 2016, which did not agree with the supporting detail by an immaterial amount.

**Schedule of Comments and Recommendations
For the Year Ended December 31, 2016**

Schedule of Financial Statement Comments

This section identifies the instances of noncompliance that are required to be reported in accordance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

ANIMAL CONTROL FUND

Finding 2016-1

Dog license receipts were not deposited within 48 hours.

Criteria

N.J.S.A. 40A:5-15 requires that deposits be made within 48 hours.

Effect

Required internal control over receipt of dog license fees was not adequate.

Recommendation

Cash receipts from Dog Licenses should be deposited within 48 hours in accordance with N.J.S.A. 40A:5-15.

RECOMMENDATIONS

It is recommended that:

- * 1. Cash receipts from Dog Licenses should be deposited within 48 hours, in accordance with N.J.S.A. 40A:5-15.

* Appeared in prior year audit report.

FOLLOW-UP ON PRIOR YEAR'S FINDINGS

In accordance with governmental auditing standards, our procedures included a review of the prior year findings and resulted in the following conclusion:

All prior year recommendations were implemented during the year under audit except:

Finding No. 2015-1

1. Cash receipts from Dog Licenses should be deposited within 48 hours in accordance with N.J.S.A. 40A:5-15.

APPRECIATION

We wish to express our appreciation for the assistance and courtesies rendered to us by the officials during the course of the audit.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

Raymond Colavita, C.P.A.
Registered Municipal Accountant