

BOROUGH OF ELMER

COUNTY OF SALEM

REPORT OF AUDIT

DECEMBER 31, 2014

BOROUGH OF ELMER
COUNTY OF SALEM
TABLE OF CONTENTS

<u>PART I</u>	<u>PAGE</u>
Independent Auditor's Report	1-3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	4-5

CURRENT FUND

EXHIBIT

Comparative Balance Sheet	A
Comparative Statement of Operations and Changes in Fund Balance.....	A-1
Statement of Revenues	A-2
Statement of Expenditures	A-3

TRUST FUND

Comparative Balance Sheet	B
---------------------------------	---

GENERAL CAPITAL FUND

Comparative Balance Sheet	C
Schedule of Fund Balance.....	C-1

WATER UTILITY FUND

Comparative Balance Sheet - Regulatory Basis.....	D
Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis	D-1
Statement of Capital Fund Balance - Statutory Basis.....	D-2
Statement of Revenues - Statutory Basis.....	D-3
Statement of Expenditures - Statutory Basis	D-4

GENERAL FIXED ASSET GROUP OF ACCOUNTS

Statement of General Fixed Assets - Regulatory Basis	E
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PAGE

Notes to Financial Statements.....	6-27
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BOROUGH OF ELMER
COUNTY OF SALEM
TABLE OF CONTENTS
(CONTINUED)

PART I (Continued)

EXHIBIT

SUPPLEMENTARY DATA
SCHEDULE

Schedule of Expenditures of Federal Awards.....	1
Schedule of Expenditures of State Financial Awards	2
Schedule of Findings and Questioned Costs	3
Schedule of Cash and Investments per N.J.S.A. 40A:5-5	4

CURRENT FUND

Schedule of Cash - Chief Financial Officer	A-4
Schedule of Cash - Collector	A-5
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6
Schedule of Tax Title Liens	A-7
Schedule of Property Acquired for Taxes (at Assessed Valuation).....	A-8
Schedule of Amount Due State of New Jersey per Chapter 20, P.L. 1971.....	A-9
Schedule of Revenue Accounts Receivable.....	A-10
Schedule of Interfunds	A-11
Statement of Deferred Charges.....	A-12
Schedule of Appropriation Reserves - 2013.....	A-13
Schedule of Encumbrances Payable	A-14
Schedule of Local District School Tax.....	A-15
Schedule of County Taxes	A-16
Schedule of State Grants Receivable	A-17
Schedule of Reserves for State Grants - Unappropriated	A-18
Schedule of Reserves for State Grants - Appropriated.....	A-19
Schedule of Amounts due to State of New Jersey.....	A-20
Schedule of Other Reserves.....	A-21
Schedule of Prepaid Taxes.....	A-22

TRUST FUND

Schedule of Cash – Chief Financial Officer	B-1
Schedule of Due to New Jersey Department of Health Animal Control Fund.....	B-2
Schedule of Amount Due From/(To) Current Fund Animal Control Fund.....	B-3
Schedule of Reserve for Animal Control Fund Expenditures	B-4
Schedule of Prepaid Licenses	B-5
Schedule of Amount Due From/(To) Current Fund Trust Other Fund	B-6
Schedule of Payroll Taxes Payable.....	B-7
Schedule of Tax Title Lien Redemptions	B-8
Schedule of Premiums Received at Tax Sale	B-9
Schedule of Miscellaneous Reserves.....	B-10

BOROUGH OF ELMER
COUNTY OF SALEM
TABLE OF CONTENTS
(CONTINUED)

PART I (Continued)

EXHIBIT

GENERAL CAPITAL FUND

Schedule of Cash - CFO	C-2
Analysis of Cash.....	C-3
Schedule of Amount Due/ From Current Fund.....	C-4
Schedule of Amount Due/ From Grant Fund.....	C-5
Schedule of Deferred Charges to Future Taxation- Unfunded.....	C-6
Schedule of Capital Improvement Fund	C-7
Schedule of Improvement Authorizations.....	C-8
Schedule of Bond Anticipation Notes	C-9
Schedule of Reserve for Preliminary Expenses	C-10

WATER UTILITY FUND

Schedule of Cash - Treasurer.....	D-5
Schedule of Cash - Collector	D-6
Schedule of Amount Due/ From Water Capital Fund	D-7
Analysis of Water Utility Capital Fund	D-8
Schedule of Water Utility Charges Receivable	D-9
Schedule of Fixed Capital.....	D-10
Schedule of 2013 Appropriation Reserves.....	D-11
Schedule of Encumbrances Payable.....	D-12
Schedule of Capital Improvement Fund	D-13
Schedule of Reserve for Amortization	D-14
Schedule of Water Rent Overpayments	D-15

PART II

EXHIBIT

Roster of Officials in Office and Surety Bonds	1
Internal Control Comments and General Comments and Recommendations.....	2-8
Appreciation	8

BOROUGH OF ELMER

COUNTY OF SALEM

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2014

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

May 21, 2015

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Elmer
County of Salem
Elmer, New Jersey 08318

Ladies and Gentlemen:

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance – regulatory basis of the various funds of the Borough of Elmer, in the County of Salem, State of New Jersey, as of December 31, 2014 and 2013, 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, 2014 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 consideration of internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough 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 Borough of Elmer, in the County of Salem, State of New Jersey, as of December 31, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the various funds of the Borough of Elmer, in the County of Salem, State of New Jersey as of December 31, 2014 and 2013, 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, 2014 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Other Matters

The financial statements of the Borough of Elmer as of December 31, 2013, were audited by other auditors whose report, dated March 31, 2014, expressed an unmodified opinion on those statements.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough'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 04-04-OMB, *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 May 21, 2015, on our consideration of the Borough of Elmer'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 Borough of Elmer'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

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

May 21, 2015

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Elmer
County of Salem
Elmer, New Jersey 08318

Ladies and Gentlemen:

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 Borough of Elmer, County of Salem, State of New Jersey, as of and for the year ended December 31, 2014, and the related notes to financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 21, 2015. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Elmer's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Elmer'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 Borough of Elmer's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Elmer'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 Borough of Elmer'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 no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough'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 FUND
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2013</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 744,576	\$ 701,420
Cash - Collector	A-5	1,392	70,266
Change Fund		200	200
		<u>746,168</u>	<u>771,886</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	37,473	96,433
Tax Title Liens Receivable	A-7	8,142	6,672
Property Acquired for Taxes - Assessed Valuation	A-8	20,500	18,100
Revenue Accounts Receivable	A-10	5,496	6,643
Interfunds Receivable	A-11	2,187	1,044
Miscellaneous Accounts Receivable (DCRP)	A-4	434	
		<u>74,232</u>	<u>128,892</u>
Deferred Charges			
Emergency Authorizations (40A-4-48)	A-12	1,044	
Total Regular Fund		<u>821,444</u>	<u>900,778</u>
Federal and State Grant Fund:			
State Grants Receivable	A-17	14,876	168,246
Amount Due from Current Fund	A-11	27,696	119,410
Total Grant Fund		<u>42,572</u>	<u>287,656</u>
Total Current Fund		<u>\$ 864,016</u>	<u>\$ 1,188,434</u>

CURRENT FUND
COMPARATIVE BALANCE SHEET

		Balance December 31, 2014	Balance December 31, 2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
	<u>Ref.</u>		
Regular Fund			
Liabilities			
Appropriation Reserves	A-3,13	\$ 82,628	\$ 84,547
Encumbrances Payable	A-20	43,833	31,219
Prepaid Taxes	A-5	48,997	39,494
Amount Due to State of New Jersey for Senior Citizen and Veterans Tax Exemptions	A-9	2,799	1,549
Amount Due to Grant Fund	A-11	27,696	119,410
Amount Due to State of New Jersey	A-12	25	25
Local District School Taxes Payable	A-15	208,438	184,753
Amount Due County for Added Taxes	A-16	2,241	614
County Tax Payable	A-16	27	27
Reserve for Codification of Ordinances	A-22		6,733
Reserve to Pay Debt Service	A-22	44,446	85,000
Reserve for Sale of Municipal Assets	A-22	64,610	64,610
Total Liabilities		525,740	617,981
Reserve for Receivables and Other Assets	A	74,232	128,892
Fund Balance	A-1	221,472	153,905
Total Regular Fund		821,444	900,778
Federal and State Grant Fund			
Amount Due to General Capital Fund	A-11		87,398
Reserve for State Grants - Unappropriated	A-18	3,735	3,505
Reserve for State Grants - Appropriated	A-19	37,248	193,950
Encumbrances Payable	A-20	1,589	2,803
Total Grant Fund		42,572	287,656
Total Current Fund		\$ 864,016	\$ 1,188,434

CURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

	Ref.	Year 2014	Year 2013
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 121,000	\$ 126,500
Miscellaneous Revenue Anticipated	A-2	333,392	410,143
Receipts from Delinquent Taxes	A-2	95,825	104,709
Receipts from Current Taxes	A-2	2,896,487	2,732,381
Non-Budget Revenue	A-2	37,952	36,335
Other Credits to Income			
Cancellation of Prior year Reserves	A-11	2,978	
Unexpended Balance of Appropriation Reserves	A-13	64,308	60,039
Cancellation of Prior year Encumbrances	A-20	594	
Total Income		3,552,536	3,470,107
<u>Expenditures</u>			
Budget and Emergency Appropriations			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	257,065	254,173
Other Expenses	A-3	458,023	449,766
Deferred Charges and Statutory Expenditures	A-3	51,543	46,702
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	66,713	212,571
Emergency Appropriations			
Capital Improvements	A-3	10,000	10,000
Debt Service	A-3	164,717	93,512
Transfer to Board of Education	A-3	8,440	8,239
Interfund Advanced	A-11	1,577	1,015
Local District School Taxes	A-15	1,310,569	1,284,978
County Taxes	A-16	1,034,125	978,249
County Taxes - Added	A-16	2,241	614
Prior Year Adjustment			23,324
Total Expenditures		3,365,013	3,363,143
Excess in Revenue		187,523	106,964
Adjustments to Income before Fund Balance			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-12	1,044	
Statutory Excess to Fund Balance		188,567	106,964
Fund Balance, January 1	A	153,905	173,441
		342,472	280,405
Decreased by			
Utilization of Anticipated Revenue	A-2	121,000	126,500
Fund Balance, December 31	A	\$ 221,472	\$ 153,905

CURRENT FUND
STATEMENT OF REVENUES

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 121,000	\$ 121,000	\$
Miscellaneous Revenues:				
Fines and Costs - Municipal Court	A-10	82,200	72,182	(10,018)
Interest and Costs on Taxes	A-10	21,000	24,541	3,541
Interest on Investments	A-10	2,600	3,201	601
Consolidated Municipal Property Tax Relief Act	A-10	21,199	21,199	
Energy Receipts Tax (P.L. 1987 Ch. 162 & 167)	A-10	105,354	105,354	
Uniform Fire Safety act	A-10	5,392	5,144	(248)
Municipal Alliance on Alcoholism and Drug Abuse	A-17	6,266	6,266	
Salem County Safe Roadways	A-17	3,000	3,000	
Clean Communities Program	A-17	4,000	4,000	
Reserve for Recycling Tonnage Grant	A-18	2,000	2,000	
Recycling Tonnage Grant	A-18	320	320	
Body Armor Fund	A-18	1,185	1,185	
Reserve for Debt Service	A-21	85,000	85,000	
Total Miscellaneous Revenue	A-1	339,516	333,392	(6,124)
Receipts from Delinquent Taxes	A-2(2)	88,001	95,825	7,824
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	A-2	585,903	668,439	82,536
Budget Totals	A-3	\$ 1,134,420	1,218,656	\$ 84,236
Non-budget Revenue	A-1,10		37,952	
			\$ 1,256,608	

CURRENT FUND
STATEMENT OF REVENUES

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>		
Allocation of Current Tax Collections			
Revenue from Collections	A-6	\$	2,896,487
Allocated to			
County and School Taxes	A-15,16		2,347,007
Balance for Support of Municipal Budget Appropriations			549,480
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		118,959
Amount for Support of Municipal Budget Appropriations	A-2	\$	668,439
Receipts from Delinquent Taxes			
Delinquent Tax Collections	A-6,2	\$	95,271
Tax Title Lien Collections	A-7		554
	A-1,2		\$ 95,825
<u>Analysis of Anticipated Interest Earned:</u>			
Revenue Accounts Receivable:			
Treasurer	A-10	\$	2,098
Interest Earned - Interfunds	A-11		1,103
	A-1, 2(1)		\$ 3,201

CURRENT FUNDSTATEMENT OF EXPENDITURES

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>OPERATIONS WITHIN "CAPS"</u>				
<u>GENERAL GOVERNMENT</u>				
Mayor and Council:				
Salaries and Wages	\$ 18,153	\$ 18,603	\$ 18,583	\$ 20
Other Expenses	5,700	5,700	3,778	1,922
Municipal Clerk:				
Salaries and Wages	18,416	18,416	16,637	1,779
Other Expenses	5,250	5,850	5,813	37
Elections				
Other Expenses	5	5		5
Financial Administration (Treasury):				
Salaries and Wages	16,589	16,589	16,589	
Other Expenses	12,400	12,400	7,190	5,210
Audit Services:				
Other Expenses	9,300	9,300	9,300	
Revenue Administration (Tax Collection)				
Salaries and Wages	12,687	12,687	11,687	1,000
Other Expenses	4,000	4,650	3,770	880
Tax Assessment Administration:				
Salaries and Wages	11,687	11,687	11,687	
Other Expenses	2,700	3,200	2,512	688
Legal Services and Costs:				
Other Expenses	21,105	19,405	7,105	12,300
Engineering Services:				
Other Expenses	4,000	4,000	1,333	2,667
Public Building and Grounds:				
Salaries and Wages	10,874	10,874	7,214	3,660
Other Expenses	14,140	14,640	14,216	424
Insurance				
Liability	24,867	24,867	24,229	638
Workers' Compensation Insurance	18,200	18,200	18,193	7
Health Insurance Opt-Out	8,700	8,700	6,871	1,829
Technology				
Other Expenses	14,000	14,000	9,020	4,980

CURRENT FUNDSTATEMENT OF EXPENDITURES

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>				
<u>LAND USE ADMINISTRATION</u>				
Land Use Board:				
Salaries and Wages	\$ 6,534	\$ 6,534	\$ 6,534	
Other Expenses	4,500	4,500	2,768	1,732
<u>PUBLIC SAFETY FUNCTION</u>				
Police Department:				
Salaries and Wages	140,512	140,512	133,577	6,935
Other Expenses	26,000	26,000	25,737	263
Fire:				
Other Expenses	36,000	36,000	35,618	382
Emergency Management Services:				
Salaries and Wages	2,349	2,349	2,348	1
Other Expenses	1,000	1,000	835	165
First Aid Organization Contribution	6,000	6,000	4,000	2,000
Housing Inspections				
Salaries and Wages	3,089	3,089	3,089	
Other Expenses	150	150		150
Fire Code Inspector (Uniform Fire Code)				
Salaries and Wages	7,422	7,422	5,922	1,500
Other Expenses	3,145	3,145	2,119	1,026
<u>PUBLIC WORKS FUNCTION</u>				
Streets and Road Maintenance				
Other Expenses	17,677	19,677	17,284	2,393
<u>SANITATION FUNCTION</u>				
Garbage and Trash Removal:				
Other Expenses	94,034	89,234	86,069	3,165
Recycling:				
Other Expenses	34,000	34,000	31,155	2,845

CURRENT FUNDSTATEMENT OF EXPENDITURES

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>				
<u>HEALTH AND WELFARE FUNCTION</u>				
Board of Health:				
Salaries and Wages	\$ 7,600	\$ 7,600	\$ 6,676	\$ 924
Other Expenses	2,100	2,700	2,272	428
Animal Control Services:				
Salaries and Wages	703	703	703	
Other Expenses	4,000	4,000	3,901	99
<u>RECREATION AND EDUCATION FUNCTION</u>				
Other Expense	11,500	11,500	9,745	1,755
Celebration of Public Event Anniversary or Holiday				
Other Expenses	3,300	3,300	3,009	291
Grantsman				
Other Expenses	600	1,800	595	1,205
<u>UNCLASSIFIED</u>				
Electric	19,000	19,000	18,140	860
Street Lighting	20,000	20,000	15,730	4,270
Telephone	9,500	9,500	9,467	33
Heating	10,000	10,000	7,529	2,471
Gasoline	11,600	11,600	8,319	3,281
Total Operations Within "CAPS"	\$ 715,088	\$ 715,088	\$ 638,868	\$ 76,220

CURRENT FUND

STATEMENT OF EXPENDITURES

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>				
Detail:				
Salaries and Wages	\$ 256,615	\$ 257,065	\$ 241,246	\$ 15,819
Other Expenses (Incl. Contingent)	458,473	458,023	397,622	60,401
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>				
Deferred Charges:				
PY Bill - Salem County Treasurer (Dispatching Services)	4,500	4,500	4,500	
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	24,713	23,713	22,197	1,516
Social Security System (O.A.S.I.)	20,200	20,200	19,346	854
Unemployment Compensation Insurance	1,700	1,700	1,488	212
Defined Contribution Retirement Program	430	1,430	370	1,060
Total Deferred Charges and Statutory Expenditures - Municipal Within "Caps"	<u>51,543</u>	<u>51,543</u>	<u>47,901</u>	<u>3,642</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>\$ 766,631</u>	<u>\$ 766,631</u>	<u>\$ 686,769</u>	<u>\$ 79,862</u>

CURRENT FUND
STATEMENT OF EXPENDITURES

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Recycling Tax Appropriation	\$ 2,000	\$ 2,000	\$ 1,904	\$ 96	
Municipal Library (Aid to Library)	2,500	2,500	2,500		
<u>SHARED SERVICE AGREEMENTS</u>					
Joint Municipal Court	43,875	43,875	41,205	2,670	
Public and Private Programs Offset by Revenues:					
Body Armor Fund	1,185	1,185	1,185		
Municipal Alliance Program					
State Share	6,266	6,266	6,266		
Local Share	523	1,567	1,567		
Clean Communities Program					
Other Expenses	4,000	4,000	4,000		
Salem County Safe Roadways	3,000	3,000	3,000		
Recycling Tonnage Grant	2,320	2,320	2,320		
Total Public and Private Programs Offset By Revenues	<u>17,294</u>	<u>18,338</u>	<u>18,338</u>	-	
Total Operations Excluded from "CAPS":	<u>65,669</u>	<u>66,713</u>	<u>63,947</u>	<u>2,766</u>	
Detail:					
Other Expenses	<u>65,669</u>	<u>66,713</u>	<u>63,947</u>	<u>2,766</u>	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>		
Total Capital Improvements - Excluded from "CAPS"	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>		
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>					
Payment of Bond Anticipation and Capital Notes	161,900	161,900	161,900		
Interest on Notes	2,821	2,821	2,817		4
Total Municipal Debt Service Excluded From "CAPS"	<u>164,721</u>	<u>164,721</u>	<u>164,717</u>		<u>4</u>
Transferred to Board of Education for Use of Local Schools	<u>8,440</u>	<u>8,440</u>	<u>8,440</u>		

CURRENT FUND

STATEMENT OF EXPENDITURES

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations Excluded from "CAPS"	\$ 248,830	\$ 249,874	\$ 247,104	\$ 2,766	\$ 4
Subtotal General Appropriations	1,015,461	1,016,505	933,873	82,628	4
Reserve for Uncollected Taxes	118,959	118,959	118,959		
Total General Appropriations	<u>\$ 1,134,420</u>	<u>\$ 1,135,464</u>	<u>\$ 1,052,832</u>	<u>\$ 82,628</u>	<u>\$ 4</u>
	<u>Ref.</u>	<u>A-2</u>	<u>A-1</u>	<u>A:A-1</u>	
Adopted Budget		\$ 1,123,242			
Emergency Authorizations	A-12	1,044			
Chapter 159		11,178			
Reserve for Uncollected Taxes	A-2(2)		\$ 118,959		
Disbursed	A-4		871,702		
Borough Matching Share on Grants	A-11,19		1,567		
Federal and State Grants	A-19		16,771		
Encumbrances Payable	A-14		43,833		
		<u>\$ 1,135,464</u>	<u>\$ 1,052,832</u>		

TRUST FUND
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2013</u>
<u>ASSETS</u>			
<u>Animal Control Fund:</u>			
Cash - Chief Financial Officer	B-1	\$ 3,149	\$ 1,329
<u>Other Trust Funds:</u>			
Cash - Chief Financial Officer	B-1	63,107	40,372
		<u>\$ 66,256</u>	<u>\$ 41,701</u>
 <u>LIABILITIES, RESERVES & FUND BALANCE</u>			
<u>Animal Control Fund:</u>			
Due to Current Fund	B-3	\$ 10	\$
Reserve for Animal Control Fund			
Expenditures	B-4	2,029	319
Prepaid Licenses	B-5	1,110	1,010
		<u>3,139</u>	<u>1,329</u>
<u>Other Trust Funds:</u>			
Amount Due to Current Fund	B-6	2,087	159
Payroll Taxes Payable	B-7	2,307	1,213
Reserved for:			
Tax Title Lien Redemptions	B-8	18,472	1,000
Premiums Received at Tax Sale	B-9	23,100	13,500
Escrow Deposits	B-10	2,000	8,401
Performance Guarantee	B-10	6,425	6,401
Fire Safety Fees	B-10	1,575	1,575
Private Contractor's Escrow	B-10	100	100
Snow Removal Trust	B-10	7,041	8,023
		<u>63,107</u>	<u>40,372</u>
		<u>\$ 66,246</u>	<u>\$ 41,701</u>

GENERAL CAPITAL FUND**COMPARATIVE BALANCE SHEET**

	<u>Ref.</u>	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2013</u>
<u>ASSETS</u>			
Cash - Chief Financial Officer	C-2	\$ 338,367	\$ 288,651
Amount Due from Grant Fund	C-4		87,398
Deferred Charges to Future Taxation Unfunded	C-6	248,908	450,400
		<u>\$ 587,275</u>	<u>\$ 826,449</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Improvement Fund	C-7	\$ 65,790	\$ 54,940
Improvement Authorizations			
Funded	C-8	66,000	50,000
Unfunded	C-8	150,160	236,639
Bond Anticipation Notes	C-9	288,500	450,400
Reserve for Preliminary Expenses:			
Elmer Train Station Relocation Project	C-10		850
Amount Due to Current Fund	C-4	90	885
Fund Balance	C-1	16,735	32,735
		<u>\$ 587,275</u>	<u>\$ 826,449</u>

There were no bonds and notes authorized but not issued on December 31, 2014 nor on December 31, 2013 (Exhibit C-9).

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance, December 31, 2013	C	\$ 32,735
Decreased by:		
Appropriated to Finance Improvement Authorizations - Ord. # 2014-18	C-8	16,000
Balance, December 31, 2014	C	\$ <u>16,735</u>

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

		December 31,	
		2014	2013
<u>ASSETS</u>	<u>Ref.</u>		
Operating Fund			
Cash - Treasurer	D-5	\$ 119,202	\$ 80,774
Cash - Collector	D-6	1,033	1,031
Change Fund		25	25
Due from Water Capital Fund	D-7	61	671
		<u>120,321</u>	<u>82,501</u>
Receivables with Full Reserves			
Water Utility Charges Receivable	D-9	5,947	8,801
Total Operating Fund		<u>126,268</u>	<u>91,302</u>
Capital Fund			
Cash - Treasurer	D-5:D-8	240,991	231,601
Fixed Capital	D-10	2,055,902	2,055,902
Total Capital Fund		<u>2,296,893</u>	<u>2,287,503</u>
Total Utility fund		<u>\$ 2,423,161</u>	<u>\$ 2,378,805</u>

There were no Bonds and Notes Authorized But Not Issued on December 31, 2013 or December 31, 2014.

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements.

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET
REGULATORY BASIS

		December 31,	
		2014	2013
<u>Liabilities, Reserves and Fund Balance</u>	Ref.		
Operating Fund Liabilities			
Appropriation Reserves	D-4:D-11	\$ 34,306	\$ 16,937
Encumbrances Payable	D-12	12,579	6,677
Water Rent Overpayments	D-15	1,055	
Total Liabilities		<u>47,940</u>	<u>23,614</u>
Reserve for Receivables	D	5,947	8,801
Fund Balance	D-1	72,381	58,887
Total Operating Fund		<u>126,268</u>	<u>91,302</u>
Capital Fund			
Due to Water Operating Fund	D-7	61	671
Capital Improvement Fund	D-13	180,959	170,959
Reserve for Amortization	D-14	2,055,902	2,055,902
Fund Balance	D-2	59,971	59,971
Total Capital Fund		<u>2,296,893</u>	<u>2,287,503</u>
		<u>\$ 2,423,161</u>	<u>\$ 2,378,805</u>

WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
STATUTORY BASIS

	Ref.	Year ended December 31,	
		2014	2013
Revenue and Other Income Realized:			
Fund Balance Utilized	D-1:D-3	\$ 56,000	\$ 55,604
Water Rents	D-3,6	238,705	223,059
Interest on Water Rents	D-3	3,197	
Miscellaneous Revenue not Anticipated	D-3	1,198	1,862
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-12	15,663	22,466
		314,763	302,991
Total Revenue and Other Income			
Expenditures:			
Budget Appropriations:			
Operations	D-4	197,734	205,559
Capital Improvements	D-4	30,000	30,000
Deferred Charges and Statutory Expenditures	D-4	9,666	8,545
Prior Year Revenue Adjustment	D-5	7,869	948
		245,269	245,052
Total Expenditures			
		69,494	57,939
Excess in Revenue			
Fund Balance, January 1	D	58,887	56,552
		128,381	114,491
Decreased by:			
Utilized by Operating Budget		56,000	55,604
		72,381	58,887
Fund Balance, December 31	D	\$ 72,381	\$ 58,887

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements.

WATER UTILITY CAPITAL FUND
STATEMENT OF WATER CAPITAL FUND BALANCE - STATUTORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2013 and 2014	D	\$ <u>59,971</u>

EXHIBIT D-3

WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - STATUTORY BASIS

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	D-1	\$ 56,000	\$ 56,000	\$ -
Water Rents	D-1:D-9	203,400	238,705	35,305
Miscellaneous - Interest on Water Rents	D-1,6	3,000	3,197	197
	D-4	<u>\$ 262,400</u>	<u>\$ 297,902</u>	<u>\$ 35,502</u>

Analysis of Realized Revenue:

Non-budget Revenue

Interest Earned on Bank Deposits	D-5	\$ 424
Interest Earned on Collector's Account	D-6	64
Interest Earned on Water Capital Fund	D-5	710
Total Non-budget Revenue	D-1	<u>\$ 1,198</u>

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements.

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS

	Appropriations		Paid or Charged	Reserved	Cancelled
	Budget	Modified			
Operations					
Salaries and Wages	\$ 52,105	\$ 52,105	\$ 50,821	\$ 1,284	\$
Other Expenses	148,404	148,404	115,111	23,293	10,000
Liability Insurance	5,925	5,925	5,026	899	
Health Insurance Opt-Out Insurance	1,300	1,300	1,250	50	
Total Operations	<u>207,734</u>	<u>207,734</u>	<u>172,208</u>	<u>25,526</u>	<u>10,000</u>
Capital Improvements					
Capital Improvement Fund	10,000	10,000	10,000		
Capital Outlay	35,000	35,000	12,046	7,954	15,000
Total Capital Improvements	<u>45,000</u>	<u>45,000</u>	<u>22,046</u>	<u>7,954</u>	<u>15,000</u>
Deferred Charges and Statutory Expenditures					
Public Employees' Retirement System	5,066	5,066	4,546	520	
Contribution to Social Security System	4,100	4,100	3,888	212	
Unemployment Compensation Insurance	500	500	406	94	
Total Statutory Expenditures	<u>9,666</u>	<u>9,666</u>	<u>8,840</u>	<u>826</u>	
	<u>\$ 262,400</u>	<u>\$ 262,400</u>	<u>\$ 203,094</u>	<u>\$ 34,306</u>	<u>\$ 25,000</u>
	Ref. D-3	D-1:D-3		D	
Encumbrances Payable	D-12		\$ 12,579		
Cash Disbursed	D-5		190,515		
			<u>\$ 203,094</u>		

The Accompanying Notes to the Financial Statements are an Integral Part of These Statements.

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS**DECEMBER 31, 2014 AND 2013**

	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2013</u>
<u>General Fixed Assets:</u>		
Land	\$ 83,845	\$ 83,845
Building and Improvements	713,296	713,296
Vehicles	633,700	633,700
Furnishings, Fixtures and Equipment	892,926	939,231
	<hr/>	<hr/>
Total General Fixed Assets	\$ <u>2,323,767</u>	\$ <u>2,370,072</u>
	<hr/>	<hr/>
Investments in General Fixed Assets	\$ <u>2,323,767</u>	\$ <u>2,370,072</u>
	<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

1. **Summary of Significant Accounting Policies**

A. **Reporting Entity**

The Borough of Elmer is governed by a Mayor and six Council Members, as defined by revised statutes 40:142-1 as amended by New Jersey Statutes Annotated 40A:63-1, with the Mayor serving a four-year term and the Council Members serving three-year terms.

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

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The financial statements do not contain any component units of the Borough of Elmer, as defined by Governmental Accounting Standard Board State No. 14, since none exist at December 31, 2014.

B. **Description of Funds**

The accounting policies of the Borough of Elmer conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Elmer 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

B. Description of Funds - Continued

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

Water Operating and Capital Funds - account for the operations and acquisitions of 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 Borough pursuant to Title 44 of New Jersey statutes. The activities of the public assistance office were transferred to Salem County in early 1999.

Account Group - In addition to the funds listed above, the Borough 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. 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.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

C. Basis of Accounting - Continued

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

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. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year accrued.

Property Tax Revenue - The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. 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 the 11th day of the 11th month in the fiscal 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 Borough's annual budget, but also the amounts required in support of the budgets of the entities that follow.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

C. **Basis of Accounting** - Continued

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Elmer 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. Elmer Borough raises school taxes on a fiscal year basis.

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. Taxes are payable on the 15th day of February, May, August and November. 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 15th of the following year.

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.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, 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.

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

C. Basis of Accounting - Continued

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 Borough 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.

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 have not been accounted for separately. The Borough Hall was acquired from the school board.

Property and equipment purchased by the Water Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Water Utility does not record depreciation on fixed assets.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

Interest on Delinquent Taxes - It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Levy of Utility Charges - The Borough operates a water utility fund. Rates are determined by ordinance and changed as necessary. Water charges are based on flat fees, dependent on meter size, as well as usage. Charges are billed quarterly and are due on designated dates in February, May, August and November.

Interest on Delinquent Utility Charges - It is the policy of the Borough to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge five percent (5%) per annum on any charge becoming delinquent after due date.

Capitalization of Interest - It is the policy of the Borough of Elmer to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

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

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

E. Comparative Data

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

F. Recent Accounting Pronouncements Not Yet Effective

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Borough's financial reporting. However, the provisions of this statement will require significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68 which is effective for periods beginning after June 15, 2014. These provisions of this statement will require significant modifications to the disclosure requirements related to the Borough's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

F. Budgets and Budgetary Accounting

The Borough of Elmer 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**.

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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

F. Budgets and Budgetary Accounting

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

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2014 and 2013 calendar years, Borough Council approved the following budget insertions:

	<u>2014</u>	<u>2013</u>
NJ Dept. of Transportation- Sidewalk Project	\$	\$ 150,000
NJDEP Clean Communities	4,000	4,000
Street Lighting Donations		3,145
Municipal Alliance Program	4,178	
Salem County Safe Roadways Project	3,000	

Under New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2014 and 2013 statutory budgets included a reserve for uncollected taxes in the amount of \$118,959.30 and \$117,646, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2014 and 2013 statutory budgets was \$121,000 and \$126,500, respectively.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1, these transfers can be made in the form of a resolution and approved by Borough Council. There were no significant transfers approved during the 2014 calendar year, except for \$4,800 from Garbage and Trash Removal.

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. One emergency appropriation was adopted by resolution in 2014, for the local matching share on the Municipal Alliance Program Grant. No special emergency resolutions were adopted by Borough Council during 2014 and no balances remained from prior years special emergency appropriations.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

G. Investments

As of December 31, 2014, the Borough had no investments.

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

Credit Risk - New Jersey Statutes 40A:5-15.1(a) limits Borough investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the Borough or the school districts of which the Borough is a part; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

H. Cash and Cash Equivalents

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 Borough Council 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.

2. **Cash**

Custodial Credit Risk

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. 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.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

2. **Cash (Continued)**

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 government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or fund that may pass to the municipality relative to the happening of a future condition.

As of December 31, 2014, \$1,272,837.72 of the municipal's bank balance was exposed to custodial credit risk and is covered by GUDPA. The total bank balance was \$1,522,837.72

3. **Fixed Assets**

The following schedules are a summarization of the changes in general fixed assets by category for the calendar year ended December 31, 2014 and 2013.

	Balance as of 12/31/13	Additions	Adjustments (Disposals)	Balance as of 12/31/14
Land	\$ 83,845			\$ 83,845
Buildings & Improv.	713,296			713,296
Vehicles	633,700			633,700
Furniture, Fixtures and Equipment	939,231	12,577	(58,882)	892,926
	<u>\$ 2,370,072</u>	<u>\$ 12,577</u>	<u>\$ (58,882)</u>	<u>\$ 2,323,767</u>

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

4. **Retirement Systems**

Description of Plans

All required employees of the Borough 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) or by the Defined Contribution Retirement Program (DCRP). 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 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/financial-rprts-home.shtml>.

Public Employees' Retirement System

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.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

Funding Policy

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

4. **Retirement Systems (Continued)**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS who retired from a municipality with 25 years of service.

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 6.78% through June 30, 2014 and 6.92% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 10.92% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2014, and 2013, were \$26,743 and \$28,687 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.

The total payroll for the years ended December 31, 2014 and 2013 was \$306,501 and \$300,978. Payroll covered by PERS was \$266,775 and \$252,142 respectively.

Significant Legislation - P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

4. Retirement Systems (Continued)

- It increased the PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1.7th of the required amount, beginning in fiscal years 2012.

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

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

4. Retirement Systems (Continued)

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

The Borough's total payroll for the year ended December 31, 2014 for all employees was \$306,501. Information regarding contributions made by the State of New Jersey on behalf of the Borough is not available. Contributions to the system for the year ended December 31, 2014 is as follows:

	<u>PERS</u>	<u>DCRP</u>
Employees	\$ 15,493	\$ 2,205
Borough	\$ 26,743	\$ 1,045
Total	<u>\$ 42,236</u>	<u>\$ 3,250</u>

5. Long-Term Debt

Summary of Statutory Debt Condition - Annual Debt Statement

As of December 31, 2014, the Borough of Elmer did not have any long term debt.

This summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .246%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	\$ -	\$ -
Water Utility Debt	-	-	-
General Debt	288,500	39,592	248,908
	<u>\$ 288,500</u>	<u>\$ 39,592</u>	<u>\$ 248,908</u>

The foregoing information is in agreement with the Annual Debt Statement filed by the Borough, as amended. The deduction against Gross Debt represents cash on hand.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

5. Long-Term Debt (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

Equalized Valuation Basis:

2012	\$ 98,661,957
2013	105,695,298
2014	<u>99,417,037</u>
 Average	 \$ <u>101,258,097</u>

Net debt \$288,500/ Equalized Valuation Basis per N.J.S.A. 4A:2-2 as amended, \$101,258,097 =.246 %.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 3,544,033
Net Debt	<u>248,908</u>
Remaining Borrowing Power	<u>\$ 3,295,125</u>

6. Bond Anticipation Notes Payable

	Beginning Balance	Additions	Reductions	Ending Balance
General Capital Notes	\$ 450,400	\$	\$ 161,900	\$ 288,500

	2014 Amount	Interest Rate	Maturity Date
General Capital Notes:			
First National Bank of Elmer #34	\$ 30,000	0.98%	5/15/2015
First National Bank of Elmer #35	36,500	0.98%	4/14/2015
First National Bank of Elmer #36	15,000	0.98%	4/14/2015
First National Bank of Elmer #37	175,000	0.98%	5/15/2015
First National Bank of Elmer #38	32,000	0.98%	6/16/2015
 Total General Capital	 <u>\$ 288,500</u>		

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

6. Bond Anticipation Notes Payable (Continued)

All bond anticipation notes are with the First National Bank of Elmer. The Borough intends to renew these notes in 2015 with an \$85,000 pay down of the outstanding balance. During 2014, the Borough paid down \$161,900 through the current operating budget.

As of December 31, 2014, the carrying value of the above notes approximates the fair value of the notes.

7. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2014, there was one deferred charge on the Current Fund balance sheet.

	Balance December 31, 2014	2015 Budget Appropriation	Balance To Succeeding Years
Current Fund			
Emergency Authorizations (40A:4-47)	\$ 1,044	\$ 1,044	\$ -
	\$ 1,044	\$ 1,044	\$ -

8. Taxes Collected in Advance

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

	Balance December 31, 2014	Balance December 31, 2013
Prepaid Taxes- Cash Liability	\$ 48,997	\$ 39,494
	\$ 48,997	\$ 39,494

9. Leases

The Borough has one copier lease agreement. The minimum lease payments are as follows:

2015	\$ 1,980
2016	1,980
	\$ 3,960

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

10. Accrued Sick and Vacation Benefits

The Borough has permitted full-time employees to accrue vacation time based on their length of service with the Borough. No more than one week of vacation may be carried over from one calendar year to the next, and these days must be used by June 1 of that year. Full-time employees also earn five sick days per year, which may be carried over to the following calendar year up to a maximum of 15 accumulated sick days at any time. Employees will not be reimbursed for carried-over or unused sick time upon the conclusion of their employment. Based on this policy, the estimated current cost of such unpaid compensation would approximate \$5,778 as of December 31, 2014.

11. 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 Elmer Borough, \$655,320 is the maximum amount permitted to be deferred as of December 31, 2014, under those regulations. The Borough, in prior years, elected to defer school taxes and the accumulation of such deferrals was \$414,011. As of December 31, 2014, the Borough Council elected to increase the balance to \$583,011.

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	
	2014	2013
Balance of Tax	\$ 791,449	\$ 598,764
Deferred	583,011	414,011
Taxes Payable	\$ 208,438	\$ 184,753

12. Contingent Liabilities

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

13. Joint Municipal Court

The Borough is a member of the Mid-Salem County Municipal Court which includes the Borough of Woodstown, the Borough of Elmer, the Township of Mannington, the Township of Oldsman and the Township of Quinton. Woodstown serves as the lead agency for the joint municipal court. All fines and costs are distributed to the municipality in which the complaint, charge, event, acts or violation occurred. Each municipality includes a line item in their annual budget to cover their share of the courts administration expenses.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

14. **Economic Dependency**

The Borough of Elmer is not economically dependent on any one business or industry as a major source of tax revenue for the Borough.

15. **Litigation**

From time to time, the Borough is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Borough's management, the outcome of any present legal proceedings will not have an adverse material effect on the accompanying financial statements.

16. **Risk Management**

The Borough is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage for property, liability and surety bonds. During the years ended December 31, 2014 and 2013, the Borough did not incur claims in excess of this coverage and there was no reduction in the stated coverage.

17. **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.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percent of Collections</u>
2014	\$ 2,936,720	\$ 2,896,487	98.63%
2013	2,832,319	2,732,381	96.47%
2012	2,873,063	2,766,695	96.29%
2011	2,762,932	2,668,909	96.59%
2010	2,716,721	2,590,611	95.35%

18. **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:

<u>Year</u>	<u>Amount</u>
2014	\$ 20,500
2013	18,100
2012	-

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

19. Interfund Balances

As of December 31, 2014, the following interfunds were included on the balance sheets of the various funds of the Borough of Elmer:

	Due to	Due From
Current Fund:		
Grant Fund	\$ 27,696	\$
Animal Control Fund		10
Trust Fund		2,087
General Capital		90
Grant Fund:		
Current Fund		27,696
Trust Other Funds:		
Current Fund	2,097	
General Capital:		
Current Fund	90	
Water Operating Fund:		
Due from Water Capital	61	
Water Capital Fund:		
Due to Water Operating		61

20. Comparative Schedule of Tax Rate Information

	2014	2013	2012	2011
Tax Rate	\$ 2.77	\$ 2.66	\$ 2.70	\$ 2.62
Apportionment of Tax Rate:				
Municipal	0.55	0.53	0.51	0.49
County	0.98	0.92	0.99	0.96
Local School	1.24	1.21	1.20	1.17
Assessed Valuation	\$ 105,963,385	\$ 106,172,020	\$ 106,247,428	\$ 105,479,531

21. Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2014	\$ 8,142	\$ 37,473	\$ 45,615	1.55%
2013	6,672	96,433	103,105	3.64%
2012	13,375	101,304	114,679	3.99%
2011	9,667	88,779	98,446	3.56%
2010	272	124,087	124,359	4.58%

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

22. **Comparative Statement of Operations and Change in Fund Balance - Current Fund**

	Year 2014		Year 2013	
	Amount	%	Amount	%
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 121,000	3.41%	\$ 126,500.00	7.10%
Miscellaneous - From Other than Local Property Tax Levies	439,224	12.36%	506,517.00	26.54%
Collection of Delinquent Taxes and Tax Title Liens	95,825	2.70%	104,709	4.58%
Collection of Current Tax Levy	2,896,487	81.53%	2,732,381	61.78%
	<u>\$ 3,552,536</u>	<u>100.00%</u>	<u>\$ 3,470,107</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	\$ 1,016,501	30.21%	\$ 1,074,963	31.96%
County Taxes	1,036,366	30.80%	978,863	29.11%
Local School Taxes	1,310,569	38.94%	1,284,978	38.21%
Other	1,577	0.05%	24,339	0.72%
	<u>3,365,013</u>	<u>100.00%</u>	<u>3,363,143</u>	<u>100.00%</u>
Excess in Revenue	187,523		106,964	
Less: Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	1,044			
	<u>188,567</u>		<u>106,964</u>	
Fund Balance, January 1	153,905		173,441	
	<u>342,472</u>		<u>280,405</u>	
Less:				
Utilization as Anticipated Revenue	121,000		126,500	
Fund Balance, December 31	<u>\$ 221,472</u>		<u>\$ 153,905</u>	

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

23. Comparative Statement of Operations and Change in Fund Balance – Water Fund

	Year 2014		Year 2013	
	Amount	%	Amount	%
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 56,000	17.79%	\$ 55,604	18.35%
Water Rents	238,705	75.84%	223,059	73.62%
Miscellaneous Revenue	4,395	1.40%	1,862	0.61%
Other	15,663	4.97%	22,466	7.42%
	\$ 314,763	100.00%	\$ 302,991	100.00%
<u>Expenditures</u>				
Budget Expenditures:				
Water Operating Fund	\$ 237,400	96.79%	\$ 244,104	99.61%
Other	7,869	3.21%	948	0.39%
	245,269	100.00%	245,052	100.00%
Excess in Revenue	69,494		57,939	
Fund Balance, January 1	58,887		56,552	
	128,381		114,491	
Less:				
Utilization as Anticipated Revenue	56,000		55,604	
Fund Balance, December 31	\$ 72,381		\$ 58,887	

24. Grants and Contracts

During the 2014 calendar year, the Borough was awarded various grants, as shown in the Schedule of Appropriated Reserves.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

25. **Comparative Schedule of Fund Balances**

Fund balances at December 31, that were appropriated and included as anticipated revenue in their own respective funds are as follows:

Current Fund

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2014	\$ 221,472	\$ 138,000
	2013	153,905	121,000
	2012	173,441	126,500
	2011	180,147	126,500

Water Operating Fund

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2014	\$ 72,381	\$ 52,100
	2013	58,887	56,000
	2012	56,552	55,604
	2011	79,166	45,000

26. **Subsequent Events**

There were no material events between December 31, 2014 and May 21, 2015 affecting the financial status of the Borough of Elmer.

End of Notes to Financial Statement

SUPPLEMENTARY DATA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BOROUGH OF ELMER

COUNTY OF SALEM

FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Grant Number	Grant Award Amount	Grant Period		Balance December 31, 2013		Receipts or Revenue Recognized	Disbursements	Balance December 31, 2014	
					From	To	Accounts Receivable	Reserve			Accounts Receivable	Reserve
FEMA Reimbursements- Hurricane Irene	N/A	N/A	N/A	20,134	1/1/2012	12/31/2012	\$	\$ 5,301	\$	\$	\$	\$ 5,301
Small Cities Reimbursements	14.219	14.219	14.219	13,445	1/1/2011	12/31/2011		10,808				10,808
2005 Small Cities	14.219	14.219	14.219					30		30		
2007 Small Cities	14.219	14.219	14.219					4,080		3,497		583
2009 Small Cities	14.219	14.219	14.219					223		223		
							\$	\$ 20,442	\$	\$ 30	\$	\$ 16,692

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS

BOROUGH OF ELMER

COUNTY OF SALEM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

<u>State Grantor / Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Award Amount</u>	<u>Grant Period</u>		<u>Balance December 31, 2013</u>		<u>Revenue Recognized</u>	<u>Received</u>	<u>Expenditures</u>	<u>Cancelled</u>	<u>Balance December 31, 2014</u>	
			<u>From</u>	<u>To</u>	<u>Accounts Receivable</u>	<u>Reserve</u>					<u>Accounts Receivable</u>	<u>Reserve</u>
Department of Community Affairs												
Stormwater Grant	4850-800054-201	\$ 4,000	1/1/2008	12/31/2008	\$ 5,000	\$ 76	\$	\$	\$	\$	5,000	\$ 76
Wastewater Management	N/A	5,000	1/1/2010	12/31/2010	5,000	5,000					5,000	5,000
Alcohol Education & Rehabilitation	N/A	50	1/1/2011	12/31/2011	50	50				50		
Recycling Tonnage Grant	4830-752-050580-50	4,327				4,327	2,320		512			6,135
Clean Communities Program	4900-765-042-4900-004	4,000	1/1/2014	12/31/2014			4,000	4,000	3,917			83
Body Armor Fund	1020-718-066-1020-001	1,374					1,185		795			1,764
NJ Transportation Trust Fund												
Construction of Pedestrian Sidewalks	6320-480-601385-61	150,000	1/1/2013	12/31/2013	150,000	150,000		150,000	150,000			
Salem County Safe Roadways							3,000		2,400			600
Total					\$ 160,050	\$ 160,827	\$ 10,505	\$ 154,000	\$ 157,624	\$ 50	\$ 10,000	\$ 13,658

BOROUGH OF ELMER

COUNTY OF SALEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2014

NONE

BOROUGH OF ELMER**SCHEDULE OF CASH AND INVESTMENTS PER N.J.S.A. 40A:5-5****FOR THE PERIOD DECEMBER 31, 2014 TO APRIL 30, 2015**

	<u>Current Fund</u>	<u>Animal Control Fund</u>	<u>Trust Other Fund</u>	<u>Payroll Fund</u>	<u>General Capital Fund</u>	<u>Water Operating Fund</u>	<u>Water Capital Fund</u>
Balance, December 31, 2014	\$ 745,968	\$ 3,149	\$ 60,824	\$ 2,283	\$ 338,369	\$ 120,235	\$ 240,991
Increased by:							
Cash Receipts Record	875,797	2,058	66,855	138,773	334	74,592	238
	<u>1,621,765</u>	<u>5,207</u>	<u>127,679</u>	<u>141,056</u>	<u>338,703</u>	<u>194,827</u>	<u>241,229</u>
Decreased by:							
Cash Disbursements Record	1,098,818	1,028	101,735	139,217		59,231	
	<u>1,098,818</u>	<u>1,028</u>	<u>101,735</u>	<u>139,217</u>		<u>59,231</u>	
Balance, April 30, 2015	<u>\$ 522,947</u>	<u>\$ 4,179</u>	<u>\$ 25,944</u>	<u>\$ 1,839</u>	<u>\$ 338,703</u>	<u>\$ 135,596</u>	<u>\$ 241,229</u>
Balance on Deposit per Certification of:							
Sun National Bank - Checking Account	\$ 523,108	\$ 4,199	\$ 25,944	\$ 7,040	\$ 338,703	\$ 135,872	\$ 241,229
Deposits in Transit							
Less: Outstanding Checks	160	20		5,201		276	
	<u>160</u>	<u>20</u>		<u>5,201</u>		<u>276</u>	
Balance, April 30, 2015	<u>\$ 522,947</u>	<u>\$ 4,179</u>	<u>\$ 25,944</u>	<u>\$ 1,839</u>	<u>\$ 338,703</u>	<u>\$ 135,596</u>	<u>\$ 241,229</u>

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

	<u>Ref.</u>		
Balance, December 31, 2013	A		\$ 701,420
Increased by Receipts			
Collector	A-5	\$	3,076,730
Revenue Accounts Receivable	A-10		243,929
Reserve to Pay Debt Service	A-21		44,446
State's Share of Senior Citizens and Veterans Deductions Allowed	A-9		19,750
Interfunds Receivable	A-11		164,833
State Marriage License Fees	A-20		100
Total Receipts			<u>3,549,788</u>
			4,251,208
Decreased by Disbursements			
2014 Appropriations	A-3		871,702
2013 Appropriation Reserves	A-13		20,239
Encumbrances Payable	A-14		30,625
Local District School Taxes	A-15		1,286,884
County Taxes	A-16		1,034,739
Interfunds	A-11		255,176
DCRP Payments	A		434
State Marriage License Fees	A-20		100
Other Reserves	A-21		6,733
Total Disbursements			<u>3,506,632</u>
Balance, December 31, 2014	A		\$ <u><u>744,576</u></u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

	<u>Ref.</u>		
Balance, December 31, 2013	A	\$	70,266
Increased by:			
Taxes Receivable	A-6	\$	2,933,764
Tax Title Liens Receivable	A-7		554
Interest and Costs on Taxes	A-10		24,541
2015 Taxes Prepaid	A-22		48,997
			3,007,856
			3,078,122
Decreased by:			
Payments to Chief Financial Officer	A-4		3,076,730
Balance, December 31, 2014	A	\$	1,392

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

Year	Balance December 31, 2013	2014 Levy	Collections by Cash		State Share of Senior Citizens And Veterans Deductions	Cancellations	Transfer to Tax Title Lien	Transfer to Foreclosed Property	Balance December 31, 2014
			2013	2014					
2012	\$ 4,531	\$	\$	\$ 4,531	\$	\$	\$	\$	
2013	91,902			90,740		75	349	738	
	96,433			95,271		75	349	738	
2014		2,936,720	39,494	2,838,493	18,500	55	2,639	66	37,473
	<u>\$ 96,433</u>	<u>\$ 2,936,720</u>	<u>\$ 39,494</u>	<u>\$ 2,933,764</u>	<u>\$ 18,500</u>	<u>\$ 130</u>	<u>\$ 2,988</u>	<u>\$ 804</u>	<u>\$ 37,473</u>
<u>Ref.</u>	A		A-12	A-5	A-9		A-7	A-8	A

Analysis of 2014 Property Tax Levy

Ref.

Tax Yield

General Purpose
 Added Taxes

\$ 2,930,947
 5,773

Tax Levy

\$ 2,936,720

Local District School Tax (Abstract)

A-15

\$ 1,310,641

County Taxes

County Tax
 Amount Due County Added Taxes

A-16
 A-16

\$ 1,034,125
 2,241

Total County Taxes

1,036,366

Local Tax for Municipal Purposes

A-2

585,903

Add Additional Tax Levied

3,810

589,713

\$ 2,936,720

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance, December 31, 2013	A	\$	6,672
Increased by:			
Transfer from Taxes Receivable	A-6	\$	2,988
Interest and Cost per Tax Sale			
of January 8, 2014			24
			<hr/>
			3,012
			<hr/>
			9,684
Decreased by:			
Transferred to Foreclosed Property	A-8		988
Cash Collections	A-2,5		554
			<hr/>
			1,542
			<hr/>
Balance, December 31, 2014	A	\$	<u><u>8,142</u></u>

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

	<u>Ref.</u>		
Balance, December 31, 2013	A	\$	18,100
Increased by			
Transfer from Taxes Receivable	A-6	\$	804
Transfer from Tax Title Liens Receivable	A-7		988
Adjustment to Assessed Value			608
			<u>2,400</u>
Balance, December 31, 2014	A	\$	<u><u>20,500</u></u>

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

	<u>Ref.</u>		
Balance, December 31, 2013	A	\$	1,549
Increased by:			
Cash Received from the State	A-4		<u>19,750</u>
			21,299
Decreased by:			
Deductions per Original Billing:			
Senior Citizens		\$	7,000
Veterans			11,750
Add: Allowed by Collector			250
			<u>19,000</u>
Less: Disallowed by Collector			(500)
	A-6		<u>18,500</u>
Balance, December 31, 2014	A	\$	<u><u>2,799</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Ref.	Balance December 31, 2013	Accrued in 2014	Collected by		Balance December 31, 2014
			Collector	Treasurer	
Anticipated Revenues:					
Fines and Costs - Municipal Court	A-2 \$ 6,643	\$ 69,705	\$	\$ 72,182	\$ 4,166
Interest and Costs on Taxes	A-2	24,541	24,541		
Interest on Investments	A-2	2,098		2,098	
Consolidated Municipal Property Tax Relief Act	A-2	21,199		21,199	
Energy Receipts Tax	A-2	105,354		105,354	
Uniform Fire Safety Act	A-2	5,144		5,144	
Total Anticipated Revenues	6,643	228,041	24,541	205,977	4,166
Miscellaneous Revenue Not Anticipated:					
Non-Budget Licenses		10		10	
Miscellaneous Permits		42		42	
Housing Fees		2,205		2,055	150
Miscellaneous Refunds		1,030		790	240
Fire Safety Permit Fees		893		868	25
Police Vehicle Usage		560		560	
Police Reports		125		125	
Zoning Fees		120		120	
Registrar Fees		23,937		23,022	915
Cable Television Franchise Fee		4,673		4,673	
Property Lists		50		50	
Senior Citizen Administration Fees		395		395	
Trust Fund Receipts		1,273		1,273	
Capital Limousine		600		600	
Land Use Applications		500		500	
Miscellaneous		157		157	
Rental of Poll Places		50		50	
Insurance Refunds		1,764		1,764	
Grant Fund Receipts		778		778	
Lawn Maintenance Fees		120		120	
A-2		39,282		37,952	1,330
	\$ 6,643	\$ 267,323	\$ 24,541	\$ 243,929	\$ 5,496
Ref.	A		A-5	A-4	A

CURRENT FUND
SCHEDULE OF INTERFUNDS

	Ref.	Total	Grant Fund	Animal Control Fund	Trust Other Fund	General Capital Fund
Balance, December 31, 2013	A	\$ (118,366)	\$ (119,410)	\$	\$ 159	\$ 885
Increased by						
Interest Earned	A-2(2)	1,103		10	151	942
Expenditures Paid by Current Fund:						
Grant Appropriated Reserves	A-4,19	165,722	165,722			
Payment	A-4	87,398	87,398			
Cancellation of Tax Sale Premium	A-1,17,19	1,000			1,000	
Adjustment to Tax Title Lien Redemptions	A-1,17,19	1,000			1,000	
Cancellation of Appropriated Reserves	A-1,17,19	978	978			
Payment of Grant Encumbrances	A-4,14	2,056	2,056			
		<u>140,891</u>	<u>136,744</u>	<u>10</u>	<u>2,310</u>	<u>1,827</u>
Decreased by						
Grant Fund Receipts	A-4,17	159,138	159,138			
Unappropriated Grant Fund Receipts	A-4,18	3,735	3,735			
Receipts	A-4	1,960			223	1,737
Borough Matching Share	A-3, 19	1,567	1,567			
		<u>166,400</u>	<u>164,440</u>		<u>223</u>	<u>1,737</u>
Balance, December 31, 2014	A	\$ <u>(25,509)</u>	\$ <u>(27,696)</u>	\$ 10	\$ <u>2,087</u>	\$ <u>90</u>
Interfund Payable	A	\$ (27,696)				
Interfund Receivable	A	2,187				
		<u>\$ (25,509)</u>				

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES

	<u>Added in 2014</u>	<u>Balance Dec. 31, 2014</u>
Emergency Authorizations (40A:4-47)	\$ <u>1,044</u>	\$ <u>1,044</u>
Ref.	A-1,3	A

CURRENT FUND**SCHEDULE OF APPROPRIATION RESERVES - 2013**

	<u>Balance December 31, 2013</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages:				
Revenue Administration (Tax)	\$ 1,020	\$ 620	\$	\$ 620
Public Buildings and Grounds	4,535	4,535	450	4,085
Police	7,731	5,931	2,576	3,355
Fire Official	1,531	1,231	343	888
Board of Health	1,205	1,205	280	925
Other Expenses:				
Municipal Clerk's Office	23	324	253	71
Financial Administration	1	400	250	150
Engineering Services and Costs	2,159	1,359		1,359
Revenue Administration (Tax)	1,561	1,561	439	1,122
Tax Assessor	742	742	20	722
Grantsman	600	500		500
Public Buildings and Grounds	1,111	1,111	675	436
Fire	3,764	3,764	180	3,584
Police	29	1,829	448	1,381
Road Repairs and Maintenance	4,812	4,812	1,822	2,990
Garbage and Trash Collection	6,674	6,674	1,000	5,674
Recycling	1,787	1,787	50	1,737
Animal Control	1,040	1,040	590	450
Municipal Court	12,084	12,084	9,041	3,043
Street Lighting	657	1,457	1,450	7
Telephone	70	170	121	49
Social Security	1,342	1,342	251	1,091
Other Accounts No Changes	30,069	30,069		30,069
	<u>\$ 84,547</u>	<u>\$ 84,547</u>	<u>\$ 20,239</u>	<u>\$ 64,308</u>

Ref.

A

A-4

A-1

CURRENT FUND**SCHEDULE OF ENCUMBRANCES PAYABLE**

	<u>Ref.</u>	<u>Current Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2013	A	\$ 31,219	\$ 2,803
Increased by:			
2014 Budget Encumbrances	A-3,19	43,833	842
		<u>75,052</u>	<u>3,645</u>
Decreased by:			
Cancelled	A-1	594	
Payments	A-4	30,625	2,056
		<u>31,219</u>	<u>2,056</u>
Balance, December 31, 2014	A	<u>\$ 43,833</u>	<u>\$ 1,589</u>

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>Ref.</u>		
Balance, December 31, 2013			
School Tax Payable	A	\$ 184,753	
School Tax Deferred		414,011	
			\$ 598,764
Increased by			
Levy - School Year July 1, 2014 to June 30, 2015	A-1,2,6	1,310,641	
Prior Year Adjustment	A-1	168,928	
			1,479,569
			2,078,333
Decreased by			
Payments	A-4		1,286,884
Balance, December 31, 2014			
School Tax Payable	A	208,438	
School Tax Deferred		583,011	
			\$ 791,449
 <u>2014 Liability for Local District School Tax</u>			
Taxes Paid		\$ 1,286,884	
Taxes Payable December 31, 2014		208,438	
			1,495,322
Less: Tax Payable December 31, 2013		184,753	
Amount Charged to 2014 Operations	A-1		\$ 1,310,569

CURRENT FUND
SCHEDULE OF COUNTY TAXES

	<u>Ref.</u>			
Balance, December 31, 2013				
County Taxes	A	\$	27	
Added County Taxes	A		614	
			641	\$ 641
Increased by				
2014 County Taxes:				
General County Taxes		\$	1,012,739	
County Open Space			21,386	
			1,034,125	
Due County on Added and Omitted Taxes	A-1		2,241	
	A-2,6		1,036,366	1,036,366
			1,037,007	1,037,007
Decreased by				
Payments	A-4			1,034,739
Balance, December 31, 2014	A	\$	2,268	2,268

FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATED

<u>Grant Purpose</u>	<u>Balance December 31, 2013</u>	<u>Transferred from 2014 Budget Appropriation</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance December 31, 2014</u>
Federal Grants:					
FEMA Reimbursements- Hurricane Irene	\$ 5,301	\$	\$	\$	\$ 5,301
Small Cities Reimbursements	10,808				10,808
2005 Small Cities	30		30		
2007 Small Cities	4,080		3,497		583
2009 Small Cities	223		223		
Total Federal Grants	20,442		3,750		16,692
State Awards:					
Stormwater Grant	76				76
Wastewater Management	5,000				5,000
Alcohol Education and Rehabilitation	50			50	
Recycling Tonnage Grant	4,327	2,320	512		6,135
Clean Communities Program		4,000	3,917		83
Body Armor Fund	1,374	1,185	795		1,764
NJ Transportation Trust Fund					
Construction of Pedestrian Sidewalks	150,000		150,000		
Salem County Safe Roadways		3,000	2,400		600
Total State Awards	160,827	10,505	157,624	50	13,658
Local Grants:					
Municipal Alliance on Alcoholism and Drug Abuse	9,134	7,833	5,190	8,426	3,351
Salem County Improvement Authority					
REA Grant	3,547				3,547
Total Local Grants	12,681	7,833	5,190	8,426	6,898
Total All Grants	\$ 193,950	\$ 18,338	\$ 166,564	\$ 8,476	\$ 37,248
	<u>Ref.</u>	<u>A</u>		<u>A-11</u>	<u>A</u>
Grant Share	A-3	\$ 16,771	\$		
Borough Matching Share	A-3,11	1,567			
Encumbrances Payable	A-14		842		
Paid by Current Fund	A-11		165,722		
		<u>\$ 18,338</u>	<u>\$ 166,564</u>		

CURRENT FUND**SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY**

	<u>Ref.</u>	<u>Marriage Licenses</u>
Balance, December 31, 2013	A	\$ 25
Increased by Receipts	A-4	<u>100</u>
		125
Decreased by Disbursements	A-4	<u>100</u>
Balance, December 31, 2014	A	<u><u>\$ 25</u></u>

CURRENT FUND**SCHEDULE OF OTHER RESERVES**

	Ref.	Total	Reserve to Pay Debt Service	Sale of Municipal Assets	Codification of Ordinances
Balance, December 31, 2013	A	\$ 156,343	\$ 85,000	\$ 64,610	\$ 6,733
Increased by:					
Receipt	A-4	44,446	44,446		
		<u>200,789</u>	<u>129,446</u>	<u>64,610</u>	<u>6,733</u>
Decreased by					
Anticipated as Revenue in 2014 Budget	A-2	85,000	85,000		
Disbursements	A-4	6,733			6,733
		<u>91,733</u>	<u>85,000</u>		<u>6,733</u>
Balance, December 31, 2014	A	<u>\$ 109,056</u>	<u>\$ 44,446</u>	<u>\$ 64,610</u>	<u>\$ -</u>

CURRENT FUND**SCHEDULE OF PREPAID TAXES**

	<u>Ref.</u>		
Balance, December 31, 2013	A	\$	39,494
Increased by:			
Receipt of 2015 Taxes	A-5		48,997
			<hr/>
			88,491
Decreased by:			
Applied to 2014 Taxes Receivable	A-6		39,494
			<hr/>
Balance, December 31, 2014	A	\$	<u><u>48,997</u></u>

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

	Ref.	Animal Control Fund	Other Trust Fund
Balance, December 31, 2013	B	\$ 1,329	\$ 40,372
Increased by Receipts			
Interest Earned	B-3	10	
Dog License Fees	B-4	1,949	
Cat License Fees	B-4	1,046	
State Dog License Fees	B-2	416	
Prepaid Licenses	B-5	1,110	
Deposits for Payroll	B-7		351,542
Tax Title Lien Redemptions	B-8		91,251
Premiums Received at Tax Sale	B-9		25,900
Escrow Deposits	B-10		5,326
Performance Guarantee	B-10		105,302
Private Contractor's Escrow	B-10		1,440
Snow Removal Trust	B-10		4,018
Amount Due to Current Fund	B-6		151
		<u>5,860</u>	<u>625,302</u>
Decreased by Disbursements			
Expenditures Made Under R. S. 4:19-15.11	B-4	2,295	
State of New Jersey- Dog Licenses	B-2	416	
Amount Due to Current Fund	B-3,6		223
Payroll Expenditures	B-7		350,448
Tax Title Lien Redemptions	B-8		72,779
Premiums Received at Tax Sale	B-9		15,300
Escrow Deposits	B-9		11,727
Performance Guarantee	B-9		105,278
Private Contractor's Escrow	B-9		1,440
Snow Removal Trust	B-9		5,000
		<u>2,711</u>	<u>562,195</u>
Balance, December 31, 2014	B	<u>\$ 3,149</u>	<u>\$ 63,107</u>

TRUST FUND**SCHEDULE OF AMOUNT DUE FROM/TO STATE OF NEW JERSEY****ANIMAL CONTROL FUND**

	<u>Ref.</u>		
Balance, December 31, 2013	B		\$
Increased by:			
Collection of State License Fees	B-1	\$ 416	
			<u>416</u>
			416
Decreased by:			
Payments	B-1		416
			<u>416</u>
Balance, December 31, 2014	B		\$ <u><u>-</u></u>

TRUST FUND**SCHEDULE OF AMOUNT DUE TO CURRENT FUND****ANIMAL CONTROL FUND**

	<u>Ref.</u>		
Balance December 31, 2013	B		\$
Increased by:			
Interest Earned	B-1		10
			<u>10</u>
			10
Decreased by:			
Payment to Current Fund			
Balance December 31, 2014	B		\$ <u><u>10</u></u>

TRUST FUNDS**SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

	<u>Ref.</u>		
Balance, December 31, 2013	B	\$	319
Increased by:			
Dog License Fees Collected	B-1	\$	1,949
Cat License Fees Collected	B-1		1,046
Prior Year Prepaid	B-5		1,010
			<u>4,005</u>
			4,324
Decreased by:			
Expenditures Under R. S. 4:19-5.11:			
Cash	B-1		2,295
			<u>2,295</u>
Balance, December 31, 2014	B	\$	<u><u>2,029</u></u>

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2013	\$ 2,024
2012	2,196
	<u>4,220</u>
	<u><u>\$ 4,220</u></u>

SCHEDULE OF PREPAID LICENSES**TRUST OTHER FUND**

	<u>Ref.</u>		
Balance December 31, 2013	B	\$	1,010
Increased by:			
Receipt	B-1		1,110
			<u>2,120</u>
Decreased by:			
Applied to Licenses Fee Revenue	B-4		1,010
Balance December 31, 2014	B	\$	<u><u>1,110</u></u>

TRUST FUND**SCHEDULE OF AMOUNT DUE TO/FROM CURRENT FUND****TRUST OTHER FUND**

	<u>Ref.</u>		
Balance December 31, 2013	B	\$	159
Increased by:			
Interest Earned - Trust Other	B-1	\$	151
Cancellation of Tax Sale Premium	B-9		1,000
Adjustment to Tax Title Lien Redemptions	B-8		1,000
			<u>2,151</u>
			<u>2,310</u>
Decreased by:			
Payment	B-1		223
Balance December 31, 2014	B	\$	<u><u>2,087</u></u>

TRUST FUND
SCHEDULE OF PAYROLL TAXES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2013	B	\$ 1,213
Increased by:		
Deposits	B-1	351,542
		<u>352,755</u>
Decreased by:		
Payment	B-1	350,448
Balance, December 31, 2014	B	\$ <u><u>2,307</u></u>
 <u>Analysis of Deposits Balance</u>		
DCRP		\$ 2,290
PERS		17
		<u>\$ <u><u>2,307</u></u></u>

TRUST FUND
SCHEDULE OF TAX TITLE LIEN REDEMPTIONS PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2013	B	\$	1,000
Increased by:			
Receipt	B-1		91,251
			92,251
Decreased by:			
Disbursements	B-1	\$	72,779
Adjustment	B-6		1,000
			73,779
Balance, December 31, 2014	B	\$	18,472
<u>Analysis of Balance:</u>			
	<u>Certificate Number</u>		
	2013-24	\$	18,472

TRUST FUND
SCHEDULE OF PREMIUMS RECEIVED AT TAX SALE

	<u>Ref.</u>		
Balance, December 31, 2013	B	\$	13,500
Increased by:			
Receipt	B-1		25,900
			39,400
Decreased by:			
Disbursements	B-1	\$	15,300
Cancellation	B-6		1,000
			16,300
Balance, December 31, 2014	B	\$	23,100

Analysis of Balance:

<u>Block</u>	<u>Lot</u>		
3	19	\$	100
5	9		2,000
7	1		400
15	6		2,200
15	15		1,000
24	3		200
26	17		2,200
27	36		500
27	37		6,000
28	22		4,500
28	22.01		4,000
			23,100
		\$	23,100

CURRENT FUND**SCHEDULE OF MISCELLANEOUS RESERVES**

<u>Reserve</u>	<u>Ref.</u>	<u>Balance December 31, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 2014</u>
Escrow Deposits		\$ 8,401	\$ 5,326	\$ 11,727	\$ 2,000
Performance Guarantee Trust		6,401	105,302	105,278	6,425
Fire Safety Fees		1,575			1,575
Private Contractor's Escrow		100	1,440	1,440	100
Snow Removal Trust		8,023	4,018	5,000	7,041
		<u>24,500</u>	<u>116,086</u>	<u>123,445</u>	<u>17,141</u>
Total Reserves	<u>Ref.</u>	<u>A</u>	<u>B-1</u>	<u>B-1</u>	<u>A</u>

GENERAL CAPITAL FUND**SCHEDULE OF CASH - CHIEF FINANCIAL OFFICER**

	<u>Ref.</u>		
Balance, December 31, 2013	C,C-3	\$	288,651
Increased by Receipts			
Due from Grant Fund	C-5	\$	87,398
Interest Earned	C-4		942
2014 Budget Appropriation: Capital Improvement Fund	C-7		10,000
			<u>98,340</u>
			386,991
Decreased by Disbursements:			
Bond Anticipation Notes	C-9		44,446
Due from Current Fund	C-4		1,737
Improvement Authorizations	C-8		2,441
			<u>48,624</u>
Balance, December 31, 2014	C,C-3	\$	<u><u>338,367</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance December 31, 2013	Receipts		Disbursements		Transfers		Balance December 31, 2014	
		Budget Appropriation	Miscellaneous	Improvement Authorization	Miscellaneous	To	From		
Fund Balance	\$ 32,735	\$	\$	\$	\$	\$	\$ 16,000	\$ 16,735	
Capital Improvement Fund	54,940	10,000				850		65,790	
Amount Due from Grant Fund	(87,398)		87,398						
Amount Due Current Fund	885		942		1,737			90	
Reserve for Preliminary Expenses	850						850		
IMPROVEMENT AUTHORIZATIONS:									
GENERAL IMPROVEMENTS:									
<u>Ord. No.</u>									
07-6	Reconstruction of Penn Street	80,496					80,496		
09-13	Improving Pedestrian Routes to Elmer Elementary School	450					450		
11-7	Construction of Sidewalks	152,601		2,441	44,446	84,038		189,752	
11-8	Purchase of 4 Wheel Drive Police Vehicle	3,092					3,092		
12-9	Purchase of Anthony Property Police Vehicle	50,000						50,000	
14-18	Renovation on the Municipal Parking Lot					16,000		16,000	
		<u>\$ 288,651</u>	<u>\$ 10,000</u>	<u>\$ 88,340</u>	<u>\$ 2,441</u>	<u>\$ 46,183</u>	<u>\$ 100,888</u>	<u>\$ 100,888</u>	<u>\$ 338,367</u>
<u>Ref.</u>		C-2	C-2,7	C-8	C-2			C-2	

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

	<u>Ref.</u>	
Balance, December 31, 2013 (Due to)	C	\$ 885
Increased by:		
Interest Earned	C-2	942
		<u>1,827</u>
Decreased by:		
Payment	C-2	1,737
Balance, December 31, 2014 (Due to)	C	<u>\$ 90</u>

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

	<u>Ref.</u>	
Balance, December 31, 2013	C	\$ 87,398
Decreased by:		
Receipt	C-2	87,398
Balance, December 31, 2014	C	<u>\$ -</u>

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

Ord. Number	Improvement Description	Balance December 31, 2013	Funded by Budget Appropriation	Appropriation Cancelled	Balance December 31, 2014	Analysis of Balance December 31, 2014		Bond Anticipation Notes
						Unexpended Improvement Authorization	Expenditures	
General Improvements:								
06-4	Repaving of Center Street and Hitchner Avenue	\$ 25,000	\$ 25,000	\$	\$	\$	\$	
09-5	Replacement of Borough Hall HVAC	27,000			27,000			27,000
7-6	Reconstruction of Penn Street	80,496		80,496				
07-7	Purchase of 4 Wheel Drive Police Vehicle	19,904	2,904		17,000			17,000
09-13	Improving Pedestrian Routes to Elmer Elementary School	5,000	4,550	450				
11-7	Construction of Sidewalks	260,000	85,000		175,000			175,000
11-8	Purchase of 4 Wheel Drive Police Vehicle	33,000		3,092	29,908			29,908
		<u>\$ 450,400</u>	<u>\$ 117,454</u>	<u>\$ 84,038</u>	<u>\$ 248,908</u>	<u>\$</u>	<u>\$</u>	<u>\$ 248,908</u>
		C		C-8	C			
Notes Paid by Budget Appropriation	Ref. C-9		\$ 117,454					
			<u>\$ 117,454</u>					

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance, December 31, 2013	C	\$	54,940
Increased by:			
2014 Budget Appropriation	C-2	\$	10,000
Preliminary Costs Cancelled	C-10		850
			<hr/>
			10,850
Balance, December 31, 2014	C	\$	<hr/> <hr/> 65,790

GENERAL CAPITAL FUND**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord No.	Improvement Description	Ordinance Date	Amount	Balance December 31, 2013		2014 Authorizations	Paid or Charged	Authorization Cancelled	Balance December 31, 2014	
				Funded	Unfunded				Funded	Unfunded
<u>General Improvements:</u>										
07-6	Reconstruction of Penn Street	2-14-07	\$ 150,000	\$	\$ 80,496	\$	\$	\$ 80,496	\$	\$
09-13	Improving Pedestrian Routes to Elmer Elementary School	9-9-09	37,300		450			450		
11-7	Construction of Sidewalks	4-13-11	300,000		152,601		2,441			150,160
11-8	Purchase of 4 Wheel Drive Police Vehicle	5-11-11	30,798		3,092			3,092		
12-9	Purchase of Anthony Property	9-12-12	50,000	50,000						50,000
14-18	Renovation to Municipal Parking Lot	6-20-14	16,000			16,000				16,000
				\$ 50,000	\$ 236,639	\$ 16,000	\$ 2,441	\$ 84,038	\$ 66,000	\$ 150,160
		<u>Ref.</u>		C	C			C-6	C	C
	Cash Disbursements	C-2,3				\$	\$ 2,441			
	Capital Fund Balance Appropriated	C-1				16,000				
						\$ 16,000	\$ 2,441			

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Improvement Description	Ordinance Number	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2013	Increased	Decreased	Balance December 31, 2014
Reconstruction of Center Street	04-5	9-16-04	9-6-13	9-5-14	1.09%	\$ 5,000	\$	\$ 5,000	\$
Repaving of Center Street and Hitchner Avenue	06-4	5-15-06	5-10-13	5-9-14	0.62%	25,000		25,000	
Replacement of Borough Hall HVAC	06-5	5-15-06	5-10-13 5-16-14	5-9-14 5-15-15	0.62% 0.98%	55,000	27,000	55,000	27,000
Reconstruction of Penn Street	07-6	4-14-07	4-12-13	4-12-14	0.62%	52,500		52,500	
Purchase of 4 Wheel Drive Police Vehicle	07-7	4-14-07	4-12-13 4-15-14	4-12-14 4-14-15	0.62% 0.98%	19,900	17,000	19,900	17,000
Construction of Sidewalks	11-7	5-11-11	5-10-13 5-16-14	5-9-14 5-15-15	0.62% 0.98%	260,000	214,592	260,000	214,592
Purchase of 4 Wheel Drive Police Vehicle	11-8	6-15-11	6-14-13 5-16-14	6-13-14 6-16-15	0.62% 0.98%	33,000	29,908	33,000	29,908
						<u>\$ 450,400</u>	<u>\$ 288,500</u>	<u>\$ 450,400</u>	<u>\$ 288,500</u>
		<u>Ref.</u>				C			C
Paid by Budget Appropriation		C-6					\$	\$ 117,454	
Reimbursement to Current Fund		C-2						44,446	
Reissued							288,500	288,500	
							<u>\$ 288,500</u>	<u>\$ 450,400</u>	

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PRELIMINARY EXPENSES

	<u>Ref.</u>	<u>Elmer Train Station Relocation Project</u>
Balance, December 31, 2013	C	\$ 850
Decreased by:		
Canceled to Capital Improvement Fund	C-7	850
Balance, December 31, 2014	C	<u><u>\$</u></u>

WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2013	D:D-6	\$ 80,774	\$ 231,601
Increased by Receipts:			
Water Collector	D-8	243,019	
Due from Water Capital Fund	D-7	1,320	
Miscellaneous Revenue	D-3	424	710
2014 Budget Appropriations	D-6		10,000
Total Receipts		<u>244,763</u>	<u>10,710</u>
		<u>325,537</u>	<u>242,311</u>
Decreased by Disbursements:			
2014 Budget Appropriations	D-4	190,515	
2013 Appropriation Reserves	D-11	1,274	
Refund of Prior Year Water Rent Overpayment	D-1	7,869	
Due to Water Operating Account	D-7		1,320
Encumbrances Payable	D-12	6,677	
Total Disbursements		<u>206,335</u>	<u>1,320</u>
Balance, December 31, 2014	D-D:6	<u>\$ 119,202</u>	<u>\$ 240,991</u>

WATER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

	<u>Ref.</u>		
Balance, December 31, 2013	D	\$	1,031
Increased by Receipts:			
Water Consumer Account Collections	D-9	\$	238,705
Interest on Water Rents	D-3		3,197
Interest Earned on Bank Deposits	D-3		64
Water Rent Overpayments	D-15		1,055
			<hr style="width: 100%; border: 0.5px solid black;"/>
			243,021
			<hr style="width: 100%; border: 0.5px solid black;"/>
			244,052
Decreased by:			
Payments to Treasurer	D-5		243,019
			<hr style="width: 100%; border: 0.5px solid black;"/>
Balance, December 31, 2014	D	\$	<u><u>1,033</u></u>

EXHIBIT D-7

SCHEDULE OF AMOUNT DUE TO/FROM WATER CAPITAL FUND

	<u>Ref.</u>		
Balance, December 31, 2013	D	\$	671
Increased by:			
Interest Earned on Bank Deposits	D-5		710
			<hr style="width: 100%; border: 0.5px solid black;"/>
			1,381
Decreased by:			
Receipt	D-5		1,320
			<hr style="width: 100%; border: 0.5px solid black;"/>
Balance, December 31, 2014	D	\$	<u><u>61</u></u>

**WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER UTILITY CAPITAL CASH**

	Balance December 31, 2013	Receipts		Disbursements		Balance December 31, 2014
		Budget Appropriations	Miscellaneous	Miscellaneous	Transfers	
Fund Balance	\$ 59,971	\$	\$	\$	\$	\$ 59,971
Water Capital Improvement Fund	170,959	10,000				180,959
Due to Water Operating Fund	671		710	1,320		61
	<u>\$ 231,601</u>	<u>\$ 10,000</u>	<u>\$ 710</u>	<u>\$ 1,320</u>	<u>\$</u>	<u>\$ 240,991</u>
<u>Ref.</u>	D:D-5	D-13	D-7	D-7		D, D-5

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY CHARGES RECEIVABLE

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ 8,801
Increased by:		
Water Rents Levied		235,851
		<hr/> 244,652
Decreased by:		
Collections	D-3:D-6	238,705
		<hr/> 5,947
Balance, December 31, 2014	D	\$ <u><u>5,947</u></u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>Description:</u>	Balance December 31, 2013	<u>Additions</u>	Balance December 31, 2014
Springs and Wells	\$ 297,096	\$	\$ 297,096
Distribution Mains and Accessories	49,678		49,678
Pumping Station and Structures	7,251		7,251
Fire Hydrants	33,324		33,324
Water Tower and Standpipes	672,538		672,538
Water Service Installation	23,527		23,527
Electric Pumping Equipment	18,235		18,235
Maintenance Equipment	6,260		6,260
Miscellaneous Equipment	1,827		1,827
New Meters	41,434		41,434
Installation of New Service - N. Main Street	3,468		3,468
Rehabilitation of Well #6	92,685		92,685
Water System Improvements	588,015		588,015
Purchase of Water Meters	145,564		145,564
Repairs to Water Wells	50,000		50,000
Installation of New Tablet Chlorination Feed System	25,000		25,000
	<u>\$ 2,055,902</u>	<u>\$</u>	<u>\$ 2,055,902</u>

Ref.

D

D

WATER UTILITY OPERATING FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES

	Balance December 31, 2013	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations				
Salaries and Wages	\$ 828	\$ 828	\$	\$ 828
Other Expenses	8,948	8,948	1,274	7,674
Liability Insurance	1,834	1,834		1,834
Capital Improvements:				
Capital Outlay	4,902	4,902		4,902
Statutory Expenditures				
Social Security System	354	354		354
Unemployment Compensation Insurance	71	71		71
	<u>\$ 16,937</u>	<u>\$ 16,937</u>	<u>\$ 1,274</u>	<u>\$ 15,663</u>
Ref.	D		D-5	D-1

WATER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2013	D	\$	6,677
Increased by:			
Current Encumbrances	D-4		12,579
			<hr/> 19,256
Decreased by:			
Payments	D-5		6,677
			<hr/> 12,579
Balance, December 31, 2014	D	\$	<hr/> <hr/> 12,579

WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>		
Balance, December 31, 2013	D	\$	170,959
Increased by:			
2014 Budget Appropriation	D-7		10,000
Balance, December 31, 2014	D	\$	<hr/> 180,959

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance, December 31, 2013 and 2014	D	\$ <u>2,055,902</u>

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER RENT OVERPAYMENTS

	<u>Ref.</u>	
Balance, December 31, 2013	D	\$ -
Increased by:		
2014 Overpayments	D-3	<u>1,055</u>
Balance, December 31, 2014	D	\$ <u>1,055</u>

BOROUGH OF ELMER

COUNTY OF SALEM

PART II

ROSTER OF OFFICIALS IN OFFICE

INTERNAL CONTROL COMMENTS

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

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>
Joseph P. Stemberger	Mayor	(A)
Lewis M. Schneider	Council President	(A)
Lynda Davis	Councilwoman	(A)
Cynthia L. Nolan	Councilwoman	(A)
Andrew M. Williams	Councilman	(A)
Steven A. Schalick	Councilman	(A)
James W. Zee, III	Councilman	(A)
Beverly S. Richards	Borough Clerk, Officer for Municipal Improvement Searches and Registrar of Vital Statistics	\$ 18,500 (1)
Joanne Eddy	Tax Collector, Tax Search Office, Collector - Water Department and Animal Registrar	\$ 150,000 (1)
Cynthia A. Strang	Chief Financial Officer/Treasurer, Chief Financial Officer-Water Dept.	\$ 74,000 (1)
Roy A. Duffield	Assessor	(A)
Robert M. Richards	Assistant Superintendent - Water Department	(A)
Brian J. Duffield	Solicitor	(A)
Fralinger Engineering	Engineer	(A)

(A) Selective Insurance Company \$2,500 Blanket Bond
(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 2014. There was one prior year bid for the Construction of Pedestrian Sidewalks, of which the project was completed during 2014 and no exception was noted.

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 Borough 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 for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they become delinquent.

The Governing Body on January 1, 2014 adopted the following resolutions authorizing interest to be charged on delinquent taxes and water charges:

WHEREAS, the Borough of Elmer is able to set policies and procedures for the office of the Tax and Water Collector that allows for the best fiscal interest of the municipality,

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

NOW, THEREFORE BE IT RESOLVED, that the Tax Collector, is hereby authorized and directed to the following:

TAXES

- a) Interest on taxes shall be 8% on the first \$1,500 of the delinquency and 18% on all subsequent delinquency until the account is paid in full all accounts have a 10 day grace period during each quarter when taxes are due
- b) A year end penalty of 6% for taxpayers with a delinquency in excess of \$10,000 who fail to pay the delinquency before the end of the year
- c) A tax sale of all delinquent accounts for the 2013 Municipal Taxes will be held no later than January 31, 2014.
- d) A tax sale of all delinquent accounts for the 2014 Municipal Taxes will be held no later than January 31, 2015.
- e) Delinquent tax accounts in the amount of +/- \$5.00 may, at the discretion of the tax collector be cancelled prior to the tax sale.
- f) Charges for Certificates of Redemption shall be \$25.00 per certificate.
- g) Charges for Replacements of Loss Tax Sale Certificates shall be \$100.00.
- h) All Tax Sale Liens shall be redeemed through certified funds only (cash, money order or certified check).
- i) All payments made to clear accounts for tax sale must be made through certified funds only (cash, money, certified check)
- j) Borough Charges for property clean-up, trash removal, and other similar charges shall be charged an interest rate of 18%, 30 days after the billing date.

WATER

- a) A late fee penalty on water shall be 5% on the 11th day following the due date on the bill. All accounts have a 10-day grace period during each quarter when the bills are due.
- b) A tax sale of all delinquent accounts for the 2013 Municipal Taxes will be held no later than January 31, 2014.
- c) A tax sale of all delinquent accounts for the 2014 Municipal Taxes will be held no later than January 31, 2015
- d) All payments made to clear accounts for tax sale must be made through certified funds only (cash, money order, or certified check).
- e) Delinquent water accounts in the amount of +/- \$5.00 may, at the discretion of the tax collector be cancelled prior to the tax sale.
- f) Final water reads shall be given a charge of \$20.00 per read.

DELINQUENT TAXES AND TAX TITLE LIENS

The tax collection percentage increased from 96.47% in 2013 to 98.63% in 2014 and no properties were noted in Bankruptcy during the year under audit.

The last tax sale was held on January 8, 2014, and was complete and inspection of Tax Sale Certificates 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>
2014	2
2013	3
2012	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 2014, with the exception of two minor additions.

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 2015 Taxes	30
Payments of 2014 Taxes	30
Delinquent Taxes	2
Tax Title Liens	2
Water Assessments	2

The result of the test, which was made as of November 30, 2014 and December 31, 2014, did not reveal any irregularities based upon inspection and evaluation of the test results.

GENERAL COMMENTS

MUNICIPAL COURT

The municipal court activities of the Borough of Elmer are maintained through the Mid Salem County Court which includes the Borough of Woodstown, the Borough of Elmer, the Township of Mannington and the Township of Quinton. Therefore, no court report is prepared or submitted by the Borough of Elmer.

ASSIGNMENT OF DUTIES

Due to the limited number of Borough 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 Borough Council, 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 results of our audit determined that interfunds appeared appropriate and that they were to be cleared during the subsequent year, where practical.

ANIMAL CONTROL FUND

The Borough issued 214 dog licenses during the year versus 201 in 2013. The animal control records for Dog and Cat licenses appeared properly maintained, during the year under audit and reconciled to detailed records.

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.

GENERAL AND WATER CAPITAL FUNDS

There exist three remaining General Capital Project Ordinances that are currently being reviewed for expenditure or other proper disposition and no open Water Capital Projects. Funding of the open ordinances was determined to be within the applicable statutory requirements.

TAX OFFICE

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

TAX TITLE LIEN REDEMPTION and PREMIUM ACCOUNTS

The Borough maintains separate Tax Title Lien Redemption and Tax Sale Premium accounts, which were properly maintained during the year, including transfers to the Current Fund.

STATE OF NEW JERSEY - TECHNICAL ACCOUNTING DIRECTIVES

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

The general ledger record was properly maintained during the year and a selective encumbrance purchase order system appeared operative in the year under audit. Encumbrances payable were provided, tested, as part of the audit and reported as of December 31, 2014.

GRANT FUND RESERVE BALANCES

The grant fund contains numerous accounts receivables and reserve balances that are being reviewed for proper disposition by the Finance Officer.

ESCROW FUNDS AND OTER TRUST FUNDS

The Borough maintains trust funds for Escrow Accounts, Performance Guarantees, Fire Safety Fees and Snow Removal. 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, 2014.