

**BOROUGH OF ELMER**

**COUNTY OF SALEM**

**REPORT OF AUDIT**

**DECEMBER 31, 2018**

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**COUNTY OF SALEM**  
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**COUNTY OF SALEM**  
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**COUNTY OF SALEM**  
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**BOROUGH OF ELMER**

**COUNTY OF SALEM**

**PART I**

**OFFICIALS IN OFFICE AND SURETY BONDS**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

## **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)
R. Matthew Richards	Councilman	(A)
Steven A. Schalick	Councilman	(A)
James W. Zee, III	Councilman	(A)
Sarah D. Walker	Borough Clerk, Officer for Municipal Improvement Searches and Registrar of Vital Statistics	\$ 18,500 (1)
James V. Davis	Tax Collector, Tax Search Officer, Collector - Water Department	\$ 225,000 (1)
Cynthia A. Strang	Chief Financial Officer/Treasurer, Chief Financial Officer-Water Dept.	\$ 74,000 (1)
Gregory Busa	Assessor	(A)
Robert M. Richards	Assistant Superintendent - Water Department	(A)
Christina Digneo	Animal Registrar	(A)
Brian J. Duffield	Solicitor	(A)
Consulting Engineer Services	Engineer	(A)

(A) Selective Insurance Company \$2,500 Blanket Bond

(1) Public Employee Dishonesty Bond

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## 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, 2018 and 2017, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and statement of general fixed assets group of accounts - regulatory basis for the year ended December 31, 2018 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, 2018 and 2017, 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, 2018 and 2017, 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 group of accounts - regulatory basis, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.



***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 15-08-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 additional 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 8, 2019, 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  
May 8, 2019

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## **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, 2018, and the related notes to financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 8, 2019. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Elmer's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Elmer's internal control over financial reporting.

*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, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of 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**.

### **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  
May 8, 2019

**CURRENT FUND**  
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**

**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance December 31, 2018</u>	<u>Balance December 31, 2017</u>
<b><u>ASSETS</u></b>			
Regular Fund:			
Cash - Chief Financial Officer	A-4	\$ 947,757	\$ 682,379
Cash - Collector	A-5	1,543	189,871
Change Fund		200	200
		<u>949,500</u>	<u>872,450</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	51,521	73,559
Tax Title Liens Receivable	A-7	20,057	16,641
Property Acquired for Taxes - Assessed Valuation	A-8	20,500	20,500
Revenue Accounts Receivable	A-10	8,687	10,930
Interfunds Receivable	A-11	3,256	2,172
Miscellaneous Accounts Receivable	A-21	19,929	234
		<u>123,950</u>	<u>124,036</u>
Total Regular Fund		<u>1,073,450</u>	<u>996,486</u>
Federal and State Grant Fund:			
State Grants Receivable	A-17	19,356	14,178
Amount Due from Current Fund	A-11	44,836	20,981
Total Grant Fund		<u>64,192</u>	<u>35,159</u>
Total Current Fund		<u>\$ 1,137,642</u>	<u>\$ 1,031,645</u>

**CURRENT FUND****COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE****REGULATORY BASIS**

		Balance December 31, 2018	Balance December 31, 2017
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
	<u>Ref.</u>		
Regular Fund			
Liabilities			
Appropriation Reserves	A-3,13	\$ 45,365	\$ 57,382
Amount Due to State of New Jersey for Senior Citizen and Veterans Tax Exemptions	A-9	2,549	3,049
Amount Due to Grant Fund	A-11	44,836	20,981
Amount Due to General Capital Fund	A-11	711	
Prepaid Taxes	A-12	47,701	119,513
Encumbrances Payable	A-14	52,869	47,791
Local District School Taxes Payable	A-15	339,360	268,491
Amount Due County for Added Taxes	A-16	3,561	474
County Tax Payable	A-16		27
Amount Due to State of New Jersey	A-20	25	25
Prepaid Housing fee	A-4	240	
Reserve for Sale of Municipal Assets	A-22	9,610	64,610
Total Liabilities		546,827	582,343
Reserve for Receivables and Other Assets	A	123,950	124,036
Fund Balance	A-1	402,673	290,107
Total Regular Fund		1,073,450	996,486
Federal and State Grant Fund			
Encumbrances Payable	A-14	9,972	747
Reserve for State Grants - Unappropriated	A-18		3,600
Reserve for State Grants - Appropriated	A-19	54,220	30,812
Total Grant Fund		64,192	35,159
Total Current Fund		\$ 1,137,642	\$ 1,031,645

CURRENT FUNDCOMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCEREGULATORY BASIS

	Ref.	Year 2018	Year 2017
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 135,000	\$ 145,700
Miscellaneous Revenue Anticipated	A-2	324,322	233,260
Receipts from Delinquent Taxes	A-2	72,208	75,854
Receipts from Current Taxes	A-2	3,725,211	3,233,007
Non-Budget Revenue	A-2	73,141	55,312
Other Credits to Income			
Cancellation of Prior year Grants			864
Interfunds Received Advanced			3,378
Statutory Excess in Animal Control Fund	A-11	1,142	
Unexpended Balance of Appropriation Reserves	A-13	52,777	41,491
Cancellation of Prior year Encumbrances	A-14		215
Total Income		4,383,801	3,789,081
<u>Expenditures</u>			
Budget and Emergency Appropriations			
Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	269,806	263,940
Other Expenses	A-3	496,100	485,544
Deferred Charges and Statutory Expenditures	A-3	51,647	55,007
Appropriations Excluded from "CAPS":			
Operations:			
Other Expenses	A-3	90,072	58,697
Capital Improvements	A-3	61,000	1,000
Debt Service			74,153
Deferred Charges	A-3	11,000	
Transfer to Board of Education	A-3	7,941	8,029
Local District School Taxes	A-15	1,836,798	1,411,141
County Taxes	A-16	1,287,531	1,257,241
County Taxes - Added	A-16	3,561	474
Interfund and Other Advances	A	20,779	
Total Expenditures		4,136,235	3,615,226
Excess in Revenue		247,566	173,855
Fund Balance, January 1	A	290,107	261,952
		537,673	435,807
Decreased by			
Utilization of Anticipated Revenue	A-2	135,000	145,700
Fund Balance, December 31	A	\$ 402,673	\$ 290,107

CURRENT FUNDSTATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 135,000	\$ 135,000	\$
Miscellaneous Revenues:				
Fines and Costs - Municipal Court	A-10	56,000	76,507	20,507
Interest and Costs on Taxes	A-6	15,000	21,665	6,665
Interest on Investments	A-10	2,300	3,241	941
Consolidated Municipal Property Tax Relief Act	A-10	15,054	15,054	
Energy Receipts Tax (P.L. 1987 Ch. 162 & 167)	A-10	111,499	111,499	
Uniform Fire Safety Act	A-10	4,000	4,578	578
Clean Communities Program	A-17	4,000	4,000	
Municipal Alliance on Alcoholism and Drug Abuse	A-17	4,178	4,178	
Sale of Municipal Assets	A-22	55,000	55,000	
Recycling Tonnage Grant	A-18	2,618	2,618	
Reserve for Body Armor Fund	A-18	982	982	
Elmer Walking Trail	A-17	20,000	20,000	
Salem County Cultural and Heritage Commission: 2019 Arts Grant - Veterans Memorial Park Monument	A-17	5,000	5,000	
Total Miscellaneous Revenue	A-1	295,631	324,322	28,691
Receipts from Delinquent Taxes	A-2(2)	63,001	72,208	9,207
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	A-2	654,390	757,750	103,360
Budget Totals	A-3	\$ 1,148,022	1,289,280	\$ 141,258
Non-budget Revenue	A-1,10		73,141	
			\$ 1,362,421	

CURRENT FUNDSTATEMENT OF REVENUES - REGULATORY BASIS

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>		
Allocation of Current Tax Collections			
Revenue from Collections	A-6	\$	3,725,211
Allocated to			
County and School Taxes	A-15,16		3,127,917
Balance for Support of Municipal Budget Appropriations			<u>597,294</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>160,456</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>757,750</u></u>
Receipts from Delinquent Taxes			
Delinquent Tax Collections	A-6,2	\$	72,208
Tax Title Lien Collections	A-7		
	A-1,2		<u>72,208</u>
		\$	<u><u>72,208</u></u>
<u>Analysis of Anticipated Interest Earned:</u>			
Revenue Accounts Receivable:			
Treasurer	A-10	\$	2,606
Interest Earned - Interfunds	A-11		635
	A-1, 2(1)		<u>3,241</u>
		\$	<u><u>3,241</u></u>



CURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Mayor and Council:					
Salaries and Wages	20,221 \$	20,221 \$	19,721 \$	500 \$	
Other Expenses	5,950	5,950	4,305	1,645	
Municipal Clerk:					
Salaries and Wages	15,810	15,810	15,618	192	
Other Expenses	8,000	8,000	7,189	811	
Elections:					
Other Expenses	5	5		5	
Financial Administration (Treasury):					
Salaries and Wages	18,054	17,654	17,604	50	
Other Expenses	9,500	9,000	7,026	1,974	
Audit Services:					
Other Expenses	13,395	13,395	13,395		
Revenue Administration (Tax Collection):					
Salaries and Wages	11,500	10,600	10,500	100	
Other Expenses	6,500	6,500	5,311	1,189	
Tax Assessment Administration:					
Salaries and Wages	9,180	9,180	9,180		
Other Expenses	3,700	3,700	2,929	771	
Legal Services and Costs:					
Other Expenses	18,000	14,500	13,506	994	
Engineering Services:					
Other Expenses	3,000	3,000	646	2,354	
Public Building and Grounds:					
Salaries and Wages	9,511	8,511	7,551	960	
Other Expenses	21,000	22,000	21,639	361	
Insurance:					
Liability	32,500	30,900	30,425	475	
Workers' Compensation Insurance	23,000	22,000	21,541	459	
Technology:					
Other Expenses	7,800	3,800	3,062	738	

CURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>					
<u>LAND USE ADMINISTRATION</u>					
Land Use Board:					
Salaries and Wages	4,764 \$	4,764 \$	4,725 \$	39 \$	
Other Expenses	3,700	3,700	2,273	1,427	
	\$				
<u>PUBLIC SAFETY FUNCTION</u>					
Police Department:					
Salaries and Wages	157,500	158,500	157,153	1,347	
Other Expenses	30,000	30,500	30,397	103	
Fire:					
Other Expenses	36,250	36,250	35,135	1,115	
Emergency Management Services:					
Salaries and Wages	2,482	2,482	2,465	17	
Other Expenses	1,100	1,400	1,176	224	
First Aid Organization Contribution	21,600	21,600	21,600		
Housing Inspections					
Salaries and Wages	5,995	5,995	5,880	115	
Other Expenses	2,500	2,500	1,823	677	
Fire Code Inspector (Uniform Fire Code)					
Salaries and Wages	7,763	7,763	7,278	485	
Other Expenses	2,300	2,300	1,854	446	
<u>PUBLIC WORKS FUNCTION</u>					
Streets and Road Maintenance					
Other Expenses	19,000	24,500	23,365	1,135	
<u>SANITATION FUNCTION</u>					
Garbage and Trash Removal:					
Other Expenses	94,500	98,000	91,913	6,087	
Recycling:					
Other Expenses	35,500	35,500	31,038	4,462	

CURRENT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>					
<u>HEALTH AND WELFARE FUNCTION</u>					
Board of Health:					
Salaries and Wages	\$ 8,280	\$ 7,580	\$ 7,282	\$ 298	\$
Other Expenses	2,000	2,200	1,758	442	
Animal Control Services:					
Salaries and Wages	746	746	746		
Other Expenses	4,000	4,000	3,836	164	
<u>RECREATION AND EDUCATION FUNCTION</u>					
Other Expense	9,700	9,200	8,519	681	
Celebration of Public Event Anniversary or Holiday					
Other Expenses	4,500	4,500	3,386	1,114	
Grants man					
Other Expenses	100	100		100	
<u>UNCLASSIFIED</u>					
Electric	24,000	25,100	22,947	2,153	
Street Lighting	17,800	17,800	16,600	1,200	
Telephone	14,000	12,500	11,847	653	
Heating	10,000	11,500	9,820	1,680	
Gasoline	8,000	10,200	9,309	891	
Total Operations Within "CAPS"	\$ 764,706	\$ 765,906	\$ 725,273	\$ 40,633	\$

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<u>OPERATIONS WITHIN "CAPS" (Continued)</u>					
Detail:					
Salaries and Wages	\$ 271,806	\$ 269,806	\$ 265,703	\$ 4,103	\$
Other Expenses (Incl. Contingent)	492,900	496,100	459,570	36,530	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges:					
Prior Year Bill	225	225	225		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	25,997	25,997	25,997		
Social Security System (O.A.S.I.)	22,475	21,275	20,633	642	
Unemployment Compensation Insurance	2,000	2,000	1,639	361	
Defined Contribution Retirement Program	2,150	2,150	1,468	682	
Total Deferred Charges and Statutory Expenditures - Municipal Within "Caps"	52,847	51,647	49,962	1,685	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 817,553	\$ 817,553	\$ 775,235	\$ 42,318	\$

**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<b><u>OPERATIONS EXCLUDED FROM "CAPS":</u></b>					
Recycling Tax Appropriation	\$ 2,250	\$ 2,250	\$ 1,952	\$ 298	
Municipal Library (Aid to Library)	4,000	4,000	4,000		
<b><u>SHARED SERVICE AGREEMENTS</u></b>					
Joint Municipal Court	41,000	41,000	38,251	2,749	
Public and Private Programs Offset by Revenues:					
Reserve for Body Armor Fund	982	982	982		
Foundation of New Jersey: Elmer Walking Trail	20,000	20,000	20,000		
Arts Grant: Veterans Memorial Park Monument					
County Share	5,000	5,000	5,000		
Local Share	5,000	5,000	5,000		
Get Active Grant - New Jersey Prevention Network					
Municipal Alliance Program	4,178	4,178	4,178		
State Share	1,044	1,044	1,044		
Local Share					
Clean Communities Program					
Other Expenses					
Recycling Tonnage Grant	2,618	2,618	2,618		
Total Public and Private Programs Offset By Revenues	38,822	42,822	42,822		
Total Operations Excluded from "CAPS":	86,072	90,072	87,025	3,047	
Detail:					
Other Expenses	86,072	90,072	87,025	3,047	
<b><u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</u></b>					
Capital Improvement Fund	6,000	6,000	6,000		
Purchase of Police Vehicle	55,000	55,000	55,000		
Total Capital Improvements - Excluded from "CAPS"	61,000	61,000	61,000		
<b><u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u></b>					
Payment of Bond Anticipation and Capital Notes					
Interest on Notes					
Total Municipal Debt Service Excluded From "CAPS"					
Deferred Charges - Municipal - Excluded from "CAPS"					
Ord 16-5 Replacement of Municipal Building Roof	11,000	11,000	11,000		
Emergency Authorizations					
Transferred to Board of Education for Use of Local Schools	\$ 7,941	\$ 7,941	\$ 7,941	\$	

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Total General Appropriations Excluded from "CAPS"	\$ 166,013	\$ 170,013	\$ 166,966	\$ 3,047	\$
Subtotal General Appropriations	983,566	987,566	942,201	45,365	
Reserve for Uncollected Taxes	160,456	160,456	160,456		
Total General Appropriations	\$ 1,144,022	\$ 1,148,022	\$ 1,102,657	\$ 45,365	\$
		A-2	A-1	A:A-1	
Adopted Budget					
Chapter 159	\$	1,144,022			
Reserve for Uncollected Taxes		4,000			
Disbursed			\$ 160,456		
Due to Capital Fund			846,616		
Grant Matching Share			755		
Encumbrances Payable			6,044		
Federal and State Grants			52,008		
			36,778		
	\$	1,148,022	\$ 1,102,657		

Ref.  
A-2  
A-2  
A-2(2)  
A-4  
A-11  
A-11,19  
A-14  
A-19

**TRUST FUND**  
**COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**  
**REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance December 31, 2018</u>	<u>Balance December 31, 2017</u>
<b><u>ASSETS</u></b>			
<b><u>Animal Control Fund:</u></b>			
Cash - Chief Financial Officer	B-1	\$ 5,270	\$ 4,468
<b><u>Other Trust Funds:</u></b>			
Cash - Chief Financial Officer	B-1	153,198	153,165
		\$ 158,468	\$ 157,633
<b><u>LIABILITIES, RESERVES &amp; FUND BALANCE</u></b>			
<b><u>Animal Control Fund:</u></b>			
Due to Current Fund	B-3	\$ 1,143	\$ 2
Reserve for Animal Control Fund			
Expenditures	B-4	3,537	3,641
Prepaid Licenses	B-5	590	825
		5,270	4,468
<b><u>Other Trust Funds:</u></b>			
Amount Due to Current Fund	B-6	2,113	2,115
Payroll Taxes Payable	B-7	1,249	3,440
Accounts Payable	B-10	300	
Reserved for:			
Tax Title Lien Redemptions	B-8		
Premiums Received at Tax Sale	B-9	28,000	25,300
Escrow Deposits	B-10	11,341	6,965
Performance Guarantee	B-10	6,502	6,483
William Haluszka Bequest	B-10	100,410	100,782
Fire Safety Fees	B-10	475	925
Snow Removal Trust	B-10	2,808	7,155
		153,198	153,165
		\$ 158,468	\$ 157,633

**GENERAL CAPITAL FUND****COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE****REGULATORY BASIS**

	Ref.	Balance December 31, 2018	Balance December 31, 2017
<b><u>ASSETS</u></b>			
Cash - Chief Financial Officer	C-2	\$ 172,657	\$ 230,041
Due From Current Fund	C-4	711	
Due from State of New Jersey - Transportation Trust Fund Authority Act	C-5	145,000	66,816
Deferred Charges to Future Taxation Unfunded	C-6	44,546	47,000
		<u>\$ 362,914</u>	<u>\$ 343,857</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Capital Improvement Fund	C-7	\$ 31,077	\$ 32,422
Amount Due to Current Fund	C-4		55
Non-Spending Reserve - Purchase of Police Vehicle Improvement Authorizations	C-4	755	
Funded	C-8	263,831	168,454
Unfunded	C-8	39,841	31,374
Contracts Payable	C-9	19,006	88,894
Fund Balance	C-1	8,404	22,658
		<u>\$ 362,914</u>	<u>\$ 343,857</u>

There were bonds and notes authorized but not issued on December 31, 2017 of \$47,000 and \$44,546 on December 31, 2018 (Exhibit C-10).



**GENERAL CAPITAL FUND**  
**STATEMENT OF FUND BALANCE**

	<u>Ref.</u>		
Balance, December 31, 2017	C	\$	22,658
Decreased by:			
Appropriated to Fund Ordinance 18-08	C-8	\$	4,400
Cancellation of Ordinance 2015-14	C-8		9,854
			<u>14,254</u>
Balance, December 31, 2018	C	\$	<u><u>8,404</u></u>

**WATER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**

		December 31,	
		2018	2017
<b>ASSETS:</b>	<b>Ref.</b>		
Operating Fund:			
Cash - Treasurer	D-5	\$ 218,035	\$ 208,320
Cash - Collector	D-6	1,339	15,312
Change Fund		25	25
Due from Water Capital Fund	D-7	50	51
		<u>219,449</u>	<u>223,708</u>
Receivables with Full Reserves			
Water Utility Charges Receivable	D-9	9,590	7,625
Deferred Charges:			
Emergency Authorization Per NJSA 40A: 4-47	D-18	4,915	
Total Operating Fund		<u>233,954</u>	<u>231,333</u>
Capital Fund:			
Cash - Treasurer	D-5:D-8	191,493	193,991
Fixed Capital	D-10	2,785,750	2,731,718
Fixed Capital Authorized and Uncompleted	D-16	85,513	95,160
Total Capital Fund		<u>3,062,756</u>	<u>3,020,869</u>
Total Utility Fund		<u>\$ 3,296,710</u>	<u>\$ 3,252,202</u>

There were no Bonds and Notes Authorized But Not Issued on December 31, 2018 and none on December 31, 2017.

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

**WATER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET**  
**REGULATORY BASIS**

		December 31,	
		2018	2017
<u>Liabilities, Reserves and Fund Balance:</u>			
	Ref.		
Operating Fund Liabilities:			
Appropriation Reserves	D-4:D-11	\$ 13,582	\$ 21,404
Encumbrances Payable	D-12	28,868	26,561
Water Rent Overpayments	D-15	1,324	
Total Liabilities		43,774	47,965
Reserve for Receivables	D	9,590	7,625
Fund Balance	D-1	180,590	175,743
Total Operating Fund		233,954	231,333
Capital Fund:			
Due to Water Operating Fund	D-7	50	51
Capital Improvement Fund	D-13	45,959	35,959
Reserve for Amortization	D-14	2,586,178	2,246,878
Unexpended Improvement Authorizations	D-17	85,513	95,160
Contracts Payable	D-19		2,850
NJ Environmental Infrastructure Loan Payable	D-20	285,085	580,000
Fund Balance	D-2	59,971	59,971
Total Capital Fund		3,062,756	3,020,869
		\$ 3,296,710	\$ 3,252,202

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

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

	Ref.	<u>Year ended December 31,</u>	
		<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	D-1:D-3	\$ 57,200	\$ 53,200
Water Rents	D-3	239,593	233,091
Interest on Water Rents	D-3	3,909	5,673
Miscellaneous Revenue not Anticipated	D-3	2,591	1,149
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-11	21,404	41,003
		<u>324,697</u>	<u>334,116</u>
Total Revenue and Other Income			
Expenditures:			
Budget Appropriations:			
Operations	D-4	202,250	200,700
Capital Improvements	D-4	55,000	39,000
Deferred Charges and Statutory Expenditures	D-4	10,315	11,200
		<u>267,565</u>	<u>250,900</u>
Total Expenditures			
Excess in Revenue		57,132	83,216
Adjustments to Income Before Fund Balance:			
Expenditures Included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		4,915	
		<u>62,047</u>	<u>83,216</u>
Statutory Excess to Fund Balance			
Fund Balance, January 1	D	175,743	145,727
		<u>237,790</u>	<u>228,943</u>
Decreased by:			
Utilized by Operating Budget	D-2	57,200	53,200
Fund Balance, December 31	D	<u>\$ 180,590</u>	<u>\$ 175,743</u>

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, 2017 and 2018	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	\$ 57,200	\$ 57,200	\$
Water Rents	D-1,9	208,000	239,593	31,593
Miscellaneous - Interest and Penalties on Water Rents	D-1,9	2,400	3,909	1,509
	D-4	<u>\$ 267,600</u>	<u>\$ 300,702</u>	<u>\$ 33,102</u>

## Analysis of Realized Revenue:

## Non-budget Revenue

Interest Earned on Bank Deposits	D-5	\$ 2,503
Interest Earned on Collector's Account	D-6	39
Interest Earned on Water Capital Fund	D-7	49
Total Non-budget Revenue	D-1	<u>\$ 2,591</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	\$ 56,300	\$ 56,300	\$ 45,579	\$ 10,721	\$
Other Expenses	138,000	138,000	137,154	846	
Liability Insurance	7,950	7,950	7,550	400	
Total Operations	202,250	202,250	190,283	11,967	
Capital Improvements:					
Capital Improvement Fund	10,000	10,000	10,000		
Capital Outlay	45,000	45,000	44,385	615	
Total Capital Improvements	55,000	55,000	54,385	615	
Debt Service:					
Payment of Loan Principal		4,915	4,915		
Deferred Charges and Statutory Expenditures:					
Public Employees' Retirement System	5,500	5,500	550		
Contribution to Social Security System	4,300	4,300	3,484	816	
Unemployment Compensation Insurance	550	550	366	184	
Total Statutory Expenditures	10,350	15,265	9,315	1,000	
	\$ 267,600	\$ 272,515	\$ 253,983	\$ 13,582	\$
Ref.	D-3	D-3	D-1	D: D-1	
Original Budget		\$ 267,600			
Emergency Authorization		4,915			
Encumbrances Payable		\$	28,868		
Cash Disbursed			225,115		
		\$ 272,515	\$ 253,983		

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



**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

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, 2018.

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, 2018**  
**(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, 2018**  
**(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 11<sup>th</sup> day of the 11<sup>th</sup> 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, 2018**  
**(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, 2018**  
**(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, 2018**  
**(CONTINUED)**

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

C. **Basis of Accounting** - 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, 2018**  
**(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

GASB No. 82 - Pensions - an Amendment of GASB No. 67, No. 68 and No. 73: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

G. 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, 2018**  
**(CONTINUED)**

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

G. **Budgets and Budgetary Accounting** - Continued

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 2018 and 2017 calendar years, Borough Council approved the following budget insertions:

	<u>2018</u>	<u>2017</u>
NJDEP Clean Communities	\$ 4,000	\$ 4,000

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 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$160,456 and \$118,111, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$135,000 and \$145,700, 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 2018 calendar year, except for \$3,500 to Legal Services, \$4,000 to Technology, \$5,500 to Streets and Roads and \$3,500 to 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. No emergency appropriations were adopted by resolution in 2018. No special emergency resolutions were adopted by Borough Council during 2018 and no balances remained from prior years special emergency appropriations.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

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

H. Investments

As of December 31, 2018, 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.

I. 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, 2018**  
**(CONTINUED)**

2. **Cash** - Continued

Custodial Credit Risk – 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, 2018, \$1,461,096 of the municipal's bank balance was exposed to custodial credit risk and is covered by GUDPA. The total bank balance was \$1,711,096.

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, 2018 and 2017.

	Balance as of 12/31/17	Additions	Adjustments (Disposals)	Balance as of 12/31/18
Land	\$ 127,922			\$ 127,922
Buildings & Improv.	743,431			743,431
Vehicles	633,700	\$ 47,995	\$ (39,954)	641,741
Furniture, Fixtures and Equipment	952,430	52,975	(35,420)	969,985
	<u>\$ 2,457,483</u>	<u>\$ 100,970</u>	<u>\$ (75,374)</u>	<u>\$ 2,483,079</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

**4. Pension Plans**

**Description of Plans** - All required employees of the Township are covered by the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System of New Jersey (PFRS) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the 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. For additional information about PERS and PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

As of the date of this audit report's issuance, the Audited Accompanying Schedule of Employer Allocations of the State of NJ Public Employee's Retirement System as of and for the year ended June 30, 2018 has not yet been issued including the Township's fiscal year 2018 allocations. With the exception of Township Pension Contributions and Payroll figures, the following note will reflect numbers applicable to the Township's fiscal year end December 31, 2017.

The following represents the membership tiers for PERS:

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

**Public Employees' Retirement System**

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

4. **Pension Plans** - Continued

**Public Employees' Retirement System - Continued**

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

Contributions - 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 provides for employee contributions of 7.34% through June 30, 2018 and 7.50% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The Township's contributions to PERS for the years ended December 31, 2018, and 2017, were \$2,259 and \$2,140 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 year ended December 31, 2018 was \$227,467. Payroll covered by PERS was \$146,631 for fiscal year 2018. Contributions to the system for the year ended December 31, 2018 is as follows:

	<b><u>PERS</u></b>
	10,87
Employees \$	5
	31,49
Township	<u>7</u>
	42,37
Total	<u>\$ 2</u>

The Township is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

**Public Employees Retirement System**

<b><u>Fiscal Year</u></b>	<b><u>Normal Contribution</u></b>	<b><u>Accrued Liability</u></b>	<b><u>Total Liability</u></b>	<b><u>Funded by State</u></b>	<b><u>Paid by Township</u></b>
2018	\$ <u>4,146</u>	\$ <u>25,816</u>	\$ <u>31,497</u>	\$ <u>N/A</u>	\$ <u>31,497</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

4. **Pension Plans** - Continued

**Public Employees' Retirement System - Continued**

**Components of Net Pension Liability** - At December 31, 2017, the Borough's proportionate share of the PERS net pension liability was \$791,456. The net pension liability was measured as of June 30, 2017. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Borough's proportion measured as of June 30, 2017 was 0.003400% which was a decrease of 0.000501% from its proportion measured as of June 30, 2016.

**Pension Expense and Deferred Outflows/Inflows of Resources** - The Borough's 2017 PERS pension expense, with respect to GASB 68, was \$49,483. The Borough's 2017 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 18,636	\$
Changes of assumptions	159,451	158,867
Net difference between projected and actual earnings on pension plan investments	5,389	
Changes in proportion	96,430	134,353
Total	\$ 4,446,384	\$ 3,118,539

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

Year		PERS
2018	\$	120
2019		10,579
2020		14,985
2021		(33,574)
2022		(5,424)
Thereafter		
Total	\$	(13,314)

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

4. **Pension Plans** - Continued

**Public Employees' Retirement System - Continued**

**Additional Information** - Collective Balances at December 31, 2017 and 2016 are as follows:

Year		12/31/2017		12/31/2016
Collective deferred outflows of resources	\$	279,906	\$	430,201
Collective deferred inflows of resources	\$	293,220	\$	61,584
Collective Net Pension Liability	\$	791,456	\$	1,155,400
Borough's Proportion		0.003400%		0.003901%

**Actuarial Assumptions** - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

4. **Pension Plans** - Continued

**Public Employees' Retirement System - Continued**

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

4. **Pension Plans** - Continued

**Public Employees' Retirement System - Continued**

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4%) or 1-percentage-point higher (6%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
Borough's proportionate share the net pension liability	\$ <u>981,855</u>	\$ <u>791,456</u>	\$ <u>632,830</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

14. **Pension Plans** - Continued

**Public Employees' Retirement System - Continued**

**Required Supplementary Pension Information** – The following schedules align with GASB 68 10-year information requirements for PERS. Information is currently only available for the past five years for the Public Employees Retirement System.

**Schedule of the Boroughs' Proportionate Share of the Net Pension Liability (PERS)**

	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Borough's Proportion of the Net Pension Liability	0.003400 %	0.003901 %	0.003258 %	0.003749 %	0.003549 %
Borough's Proportionate Share of the Net Pension Liability	\$791,456	\$1,155,400	\$731,250	\$702,001	\$678,335
Borough's Covered-Employee Payroll	\$ 184,128	\$ 291,466	\$ 259,257	\$ 266,775	\$ 252,142
Borough's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	429.84%	396.41%	282.06%	263.14%	269.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

**Schedule of the Borough's Contributions (PERS)**

	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Borough's Contractually Required Contribution	\$ 31,497	\$ 34,657	\$ 28,006	\$ 30,910	\$ 26,743
Borough's Contribution in Relation to the Contractually Required Contribution	(31,497)	(34,657)	(28,006)	(30,910)	(26,743)
Borough's Contribution Deficiency (Excess)	\$	\$	\$	\$	\$
Borough's Covered-Employee Payroll	184,128	291,466	259,257	266,775	252,142
Borough's Contributions as a Percentage of Covered-Employee Payroll	1.10%	0.69%	0.78%	0.75%	0.80%



**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

4. **Pension Plans** - Continued

**Police and Firemen's Retirement System**

The State of New Jersey Division of Pensions and Benefits administers the Police and Firemen's Retirement System of New Jersey (Plan), a governmental cost sharing multiple-employer defined benefit pension plan that provides pensions for all individuals who become full-time policemen and firemen and who at the time of enrollment are no older than age 35.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

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

**Contributions** - The contribution requirements of plan members are determined by state statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 10% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Payroll covered by PFRS was \$17,915 for the year ended December 31, 2018.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

4. **Pension Plans** - Continued

**Defined Contribution Retirement Program (DCRP)**

The **Defined Contribution Retirement Program (DCRP)** was July 1, 2007 under the provisions of Chapter 92, P.L. 2007 (NJSA 43:15c-1 et seq). The DCRP is administered by Prudential Financial and provides eligible members 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. The Borough's contributions to the DCRP for the year were as follows:

	<u>DCRP</u>
Employees	\$ 2,184
Borough	<u>1,541</u>
Total	<u>\$ 3,725</u>

**Pension Plan Fiduciary Net Position** - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

5. **Long-Term Debt**

**Summary of Statutory Debt Condition - Annual Debt Statement**

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 .04%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ -	\$ -	\$ -
Water Utility Debt	285,085	285,085	-
General Debt	44,546		44,546
	<u>\$ 329,631</u>	<u>\$ 285,085</u>	<u>\$ 44,546</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.

Equalized Valuation Basis:

2016	\$ 107,565,262
2017	108,435,982
2018	<u>105,663,029</u>
Average	\$ <u>107,221,424</u>

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

5. **Long-Term Debt** - Continued

Summary of Statutory Debt Condition - Annual Debt Statement

Net debt \$44,546/Equalized Valuation Basis per N.J.S.A. 4A:2-2 as amended, \$107,221,424 =.04%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	3,752,750
Net Debt		44,546
Remaining Borrowing Power	\$	3,708,204

In 2017, an Environmental Infrastructure Trust Loan Agreement was approved in the amount of \$580,000. During 2018, the loan principal amount was reduced from \$580,000 to \$290,000. One loan payment was made during 2018 and the combined balance of principal, interest and fees, as of December 31, 2018 is as follows:

Schedule of Annual Debt Service for Principal, Interest and Loan Fees for the N.J. Environmental Infrastructure Trust Loan Agreement

Calendar Year	Principal	Interest	Loan Fee	Total
2019	\$ 12,372.87	\$ 4,085.00	\$ 435.00	\$ 16,892.87
2020	12,372.87	4,010.00	435.00	16,817.87
2021	12,372.87	3,926.00	435.00	16,733.87
2022	12,372.87	3,833.50	435.00	16,641.37
2023	12,372.87	3,736.50	435.00	16,544.37
2024	12,372.87	3,634.00	435.00	16,441.87
2025	12,372.87	3,526.00	435.00	16,333.87
2026	12,372.87	3,413.00	435.00	16,220.87
2027	12,372.87	3,296.00	435.00	16,103.87
2028	17,372.87	3,175.00	435.00	20,982.87
2029	17,372.87	2,891.00	435.00	20,698.87
2030	17,372.87	2,598.00	435.00	20,405.87
2031	17,372.87	2,301.00	435.00	20,108.87
2032	17,372.87	1,991.00	435.00	19,798.87
2033	17,372.87	1,674.00	435.00	19,481.87
2034	17,372.87	1,350.00	435.00	19,157.87
2035	17,372.87	1,019.00	435.00	18,826.87
2036	17,372.87	683.00	435.00	18,490.87
2037	17,373.09	343.00	435.00	18,151.09
	\$ 285,084.75	\$ 51,485.00	\$ 8,265.00	\$ 344,834.75

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

6. **Bond Anticipation Notes Payable - None**

7. **Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, there were no deferred charges on the Current Fund balance sheet.

8. **Taxes Collected in Advance**

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

	Balance December 31, 2018	Balance December 31, 2017
Prepaid Taxes - Cash Liability	\$ 47,701	\$ 119,513

9. **Leases**

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

2019	\$ 1,609
2020	1,609
2021	1,072
	<hr/>
	\$ 4,290
	<hr/> <hr/>

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 \$5,577 as of December 31, 2018.

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, \$918,399 was the maximum amount permitted to be deferred as of December 31, 2017, under those regulations, with \$583,011 representing the amount deferred, based on the Borough's, prior years elections to defer school taxes.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

**11. Local District School Tax** - Continued

As of July 31, 2017, the Elmer Board of Education ceased to exist, as a result of the merger/consolidation with the Pittsgrove Township Board of Education. As Pittsgrove Township raises school tax on the calendar year method, the basis for charging Elmer Borough's school tax in 2019 should be pursued for change from the deferred method to the calendar year method. Accordingly, the amount of Elmer Borough's previously deferred school tax will be eliminated, once the change in the method of raising school tax is approved by the New Jersey Department of Education. This change has not been approved as of the audit date.

In addition, the Elmer Borough school tax charged to operations in 2018 represents the original fiscal year school tax for the 2018/2019 school budget. There will also be an additional charge to Elmer Borough in the amount of \$366,062, which is planned to be raised in the 2018/2019 school budget in 2019 and thereafter. While this amount was related to the 2018/2019 merged budget, revision of the school tax calculation was not approved and therefore, none of this amount was charged to operations of the Borough of Elmer, as of December 31, 2018. This may translate to a significant school tax increase in 2019.

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	
	2018	2017
Balance of Tax	\$ 922,371	\$ 851,502
Deferred	583,011	583,011
Taxes Payable	<u>\$ 339,360</u>	<u>\$ 268,491</u>

**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, 2018**  
**(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. There exists one claim, which is being handled by the insurance carrier.

**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, 2018 and 2017, 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>
2018	\$ 3,789,641	\$ 3,725,211	98.30%
2017	3,307,137	3,232,144	97.73%
2016	3,168,297	3,084,689	97.36%
2015	2,971,040	2,889,361	97.25%

**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>
2018	\$ 20,500
2017	20,500
2016	20,500

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

**19. Comparative Schedule of Tax Rate Information**

	2018	2017	2016	2015	2014
Tax Rate	\$ 3.581	\$ 3.123	\$ 2.99	\$ 2.79	\$ 2.77
Apportionment of Tax Rate:					
Municipal	0.619	0.600	0.59	0.59	0.55
County	1.221	1.189	1.108	0.93	0.98
Local School	1.741	1.334	1.291	1.27	1.24
Assessed Valuation	\$ 105,546,800	\$ 105,779,300	\$ 107,999,522	\$ 105,963,385	\$ 105,963,385

**20. Interfund Balances**

As of December 31, 2018, the following interfunds were included on the balance sheets of the various funds of the Borough of Elmer:

	<u>Due to</u>	<u>Due From</u>
Current Fund:		
Grant Fund	\$ 44,836	\$
Animal Control Fund		1,143
Trust Other Fund		2,113
General Capital	711	
Grant Fund:		
Current Fund		44,836
Animal Control Fund		
Current Fund	1,143	
Trust Other Funds:		
Current Fund	2,113	
General Capital:		
Current Fund		711
Water Operating Fund:		
Due from Water Capital		50
Water Capital Fund:		
Due to Water Operating	50	

**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
2018	\$ 20,057	\$ 51,521	\$ 71,578	1.89%
2017	16,641	73,559	90,200	2.85%
2016	13,662	79,332	92,994	2.94%
2015	10,810	70,495	81,305	74.00%
2014	8,142	37,473	45,615	1.55%

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

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

	Year 2018		Year 2017	
	Amount	%	Amount	%
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 135,000	3.08%	\$ 145,700	3.85%
Miscellaneous - From Other than Local Property Tax Levies	451,382	10.30%	334,520	8.83%
Collection of Delinquent Taxes and Tax Title Liens	72,208	1.65%	75,854	85.32%
Collection of Current Tax Levy	3,725,211	84.97%	3,233,007	2.00%
	<u>\$ 4,383,801</u>	<u>100.00%</u>	<u>\$ 3,789,081</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	\$ 987,566	23.88%	\$ 946,370	26.18%
County Taxes	1,291,092	31.21%	1,257,715	34.79%
Local School Taxes	1,836,798	44.41%	1,411,141	39.03%
Other	20,779	0.50%		
	<u>4,136,235</u>	<u>100.00%</u>	<u>3,615,226</u>	<u>100.00%</u>
Excess in Revenue	247,566		173,855	
Fund Balance, January 1	290,107		261,952	
	<u>537,673</u>		<u>435,807</u>	
Less:				
Utilization as Anticipated Revenue	135,000		145,700	
Fund Balance, December 31	<u>\$ 402,673</u>		<u>\$ 290,107</u>	



**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(CONTINUED)**

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

	Year 2018		Year 2017	
	Amount	%	Amount	%
<u>Revenue and Other Income</u>				
Fund Balances Utilized	\$ 57,200	17.35%	\$ 53,200	15.92%
Water Rents	239,593	72.70%	233,091	69.76%
Miscellaneous Revenue	6,500	1.97%	6,822	2.04%
Other	26,319	7.98%	41,003	12.28%
Total Income	\$ 329,612	100.00%	\$ 334,116	100.01%
<u>Expenditures</u>				
Budget Expenditures:				
Water Operating Fund	\$ 267,565	100.00%	\$ 250,900	100.00%
Other				
Total Expenditures	267,565	100.00%	250,900	100.00%
Excess in Revenue	62,047		83,216	
Fund Balance, January 1	175,743		145,727	
	237,790		228,943	
Less:				
Utilization as Anticipated Revenue	57,200		53,200	
Fund Balance, December 31	\$ 180,590		\$ 175,743	

**24. Grants and Contracts**

During the 2018 calendar year, the Borough was awarded various grants, as shown in the Schedule of Appropriated Reserves.

**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**  
**(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**

Year	Balance December 31	Utilized in Budget of Succeeding Year
2018	\$ 402,673	\$ 135,000
2017	290,107	145,700
2016	261,952	142,900
2015	262,553	138,000

**Water Operating Fund**

	Year	Balance December 31	Utilized in Budget of Succeeding Year
Current Fund	2018	\$ 180,590	\$ 57,200
	2017	175,743	53,200
	2016	145,727	51,400
	2015	105,706	51,400
	2014	72,381	52,100

26. **Subsequent Events**

There were no material events between December 31, 2018 and May 8, 2019 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, 2018**

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, 2017	Receipts or Revenue Recognized	Balance December 31, 2018
					From	To			
FEMA Reimbursements- Hurricane Irene	N/A	N/A	N/A	\$ 20,134	1/1/12	12/31/12	\$ 1,901	\$	\$ 1,901
Small Cities Reimbursements	14.219	14.219	14.219	13,445	1/1/11	12/31/11	10,792		10,792
2007 Small Cities	14.219	14.219	14.219		1/1/07	Closing	559		559
							\$ 13,252	\$	\$ 13,252

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS**

**BOROUGH OF ELMER**

**COUNTY OF SALEM**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

State Grantor / Program Title	Grant or State Project Number	Grant Award Amount	Grant Period		Balance December 31, 2017	Revenue Recognized	Matching Share	Received	Expenditures	Balance December 31, 2018	
			From	To						Accounts Receivable	Accounts Receivable Reserve
Department of Community Affairs											
Stormwater Grant	4850-800054-201	\$ 4,000	1/1/08	12/31/08	\$ 76	\$	\$	\$	\$	\$ 5,000	\$ 76
Wastewater Management	N/A	5,000	1/1/10	12/31/10	5,000					5,000	5,000
Recycling Tonnage Grant	4830-752-050580-50	2,293	1/1/17	12/31/17	1,453			1,453			
Recycling Tonnage Grant	4830-752-050580-50	2,618	1/1/18	12/31/18	612	2,618		2,618			
Clean Communities Program	4900-765-042-4900-004	4,000	1/1/17	12/31/17				612			410
Clean Communities Program	4900-765-042-4900-004	4,000	1/1/18	12/31/18		4,000		4,000			410
Municipal Alliance	N/A	4,178	1/1/17	12/31/17	4,178			951		4,178	4,272
Municipal Alliance	N/A	4,178	1/1/18	12/31/18		4,178	1,044			4,178	5,222
Get Active Grant	N/A	3,000	1/1/16	12/31/15	3,000						3,000
Body Armor Fund	1020-718-066-1020-001	1,006	1/1/15	12/31/15	210						210
Body Armor Fund	1020-718-066-1020-001	1,005	1/1/16	12/31/16	1,005						1,005
Body Armor Fund	1020-718-066-1020-001	981	1/1/17	12/31/17	981	982					1,963
<b>Total</b>					\$ 14,178	\$ 11,778	\$ 1,044	\$ 4,000	\$ 9,224	\$ 18,356	\$ 21,158

**BOROUGH OF ELMER**

**COUNTY OF SALEM**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

NONE

**BOROUGH OF ELMER****SCHEDULE OF CASH AND INVESTMENTS PER N.J.S.A. 40A:5-5****FOR THE PERIOD DECEMBER 31, 2018 TO MARCH 31, 2019**

	<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, 2018	\$ 949,500	\$ 5,270	\$ 151,946	\$ 1,252	\$ 172,657	\$ 219,399	\$ 191,493
Increased by:							
Cash Receipts Record	962,773	2,929	125,527	83,297	127	61,993	142
Decreased by:							
Cash Disbursements Record	1,912,273	8,199	277,473	84,549	172,784	281,392	191,635
Balance, March 31, 2019	\$ 909,053	\$ 5,141	\$ 159,220	\$ 2,651	\$ 172,784	\$ 209,896	\$ 191,635
Balance on Deposit per Certification of: First National Bank of Elmer: Checking Account	\$ 918,167	\$ 5,326	\$ 159,220	\$ 7,914	\$ 172,784	\$ 209,871	\$ 191,635
Deposits in Transit Prudential Error	200	115				25	
Less: Outstanding Checks	9,314	300		5,263			
Balance, March 31, 2019	\$ 909,053	\$ 5,141	\$ 159,220	\$ 2,651	\$ 172,784	\$ 209,896	\$ 191,635

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

	<u>Ref.</u>		
Balance, December 31, 2017	A	\$	682,379
Increased by Receipts			
Collector	A-5	\$	3,922,110
State's Share of Senior Citizens and Veterans Deductions Allowed	A-9		13,000
Revenue Accounts Receivable	A-10		283,375
Interfunds Receivable	A-11		28,649
State Marriage License Fees	A-20		125
Miscellaneous Accounts Receivable	A-21		559
Prepaid Housing Fee	A		240
Total Receipts			<u>4,248,058</u>
			<u>4,930,437</u>
Decreased by Disbursements			
2018 Appropriations	A-3		846,616
2017 Appropriation Reserves	A-13		4,605
Interfunds	A-11		10,189
Encumbrances Payable	A-14		46,930
Local District School Taxes	A-15		1,765,929
County Taxes	A-16		1,288,032
State Marriage License Fees	A-20		125
Miscellaneous Accounts Receivable	A-21		20,254
Total Disbursements			<u>3,982,680</u>
Balance, December 31, 2018	A	\$	<u><u>947,757</u></u>



**CURRENT FUND**  
**SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance, December 31, 2017	A	\$	189,871
Increased by:			
Taxes Receivable	A-6	\$	3,664,406
Interest and Costs on Taxes	A-2		21,665
Revenue Accounts Receivable	A-10		10
2019 Taxes Prepaid	A-12		47,701
			<hr style="width: 100%; border: 0.5px solid black;"/>
			3,733,782
			<hr style="width: 100%; border: 0.5px solid black;"/>
			3,923,653
Decreased by:			
Payments to Chief Financial Officer	A-4		3,922,110
			<hr style="width: 100%; border: 0.5px solid black;"/>
Balance, December 31, 2018	A	\$	<u><u>1,543</u></u>

**CURRENT FUND**

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

Year	Balance December 31, 2017	2018 Levy	2017	2018	State Share of Senior Citizens And Veterans Deductions	Cancellations	Transfer to Tax Title Lien	Balance December 31, 2018
2017	\$ 73,558	\$ 389	\$ 73,458	\$ (1,250)	\$ 1,739	\$		
2018	73,558	389	73,458	(1,250)	1,739			
		3,789,641	119,513	14,750	9,493	3,416	51,521	
	\$ 73,558	\$ 3,790,030	\$ 119,513	\$ 13,500	\$ 11,232	\$ 3,416	\$ 51,521	
<u>Ref.</u>	A		A-12	A-5	A-9	A-7	A	
<u>Analysis of 2018 Property Tax Levy</u>								
Tax Yield	Ref.							
General Purpose Added Taxes						\$ 3,779,631		
						10,010		
Tax Levy						\$	\$ 3,789,641	
Local District School Tax (Abstract) County Taxes				A-15				
County Tax Amount Due County Added Taxes						\$ 1,287,558		
						3,561		
Total County Taxes				A-16		\$	1,291,119	
Local Tax for Municipal Purposes				A-2		654,390		
Add Additional Tax Levied						1,844,132		
							2,498,522	
						\$	\$ 3,789,641	

**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>		
Balance, December 31, 2017	A	\$	16,641
Increased by:			
Transfer from Taxes Receivable	A-6		3,416
Balance, December 31, 2018	A	\$	<u>20,057</u>

**CURRENT FUND**

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

	<u>Ref.</u>	
Balance, December 31, 2017 and 2018	A	\$ <u>20,500</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, 2017	A	\$ 3,049
Increased by:		
Cash Received from the State	A-4	<u>13,000</u>
		16,049
Decreased by:		
Deductions per Original Billing:		
Senior Citizens		\$ 6,250
Veterans		8,000
Deductions Allowed by Collector		<u>500</u>
		14,750
Less: Disallowed by Collector		
2017		(1,250)
2018		
	A-6	<u>13,500</u>
Balance, December 31, 2018	A	\$ <u>2,549</u>

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

Ref.	Balance December 31, 2017	Accrued in 2018	Collected by		Balance December 31, 2018
			Collector	Treasurer	
<b>Anticipated Revenues:</b>					
A-2	\$ 6,124	\$ 75,896	\$	\$ 76,507	\$ 5,513
A-2 (2)		2,606		2,606	
A-2		15,054		15,054	
A-2		111,499		111,499	
A-2		4,578		4,578	
	6,124	209,633		210,244	5,513
<b>Total Anticipated Revenues</b>					
<b>Miscellaneous Revenue Not Anticipated:</b>					
		15		15	
Non-Budget Licenses		2,950		2,975	
Housing Fees	25	1,547		1,346	226
Fire Safety Permit Fees	25	3,491		1,493	2,103
Police Vehicle Usage	105	160		160	
Police Reports		350		350	
Zoning Fees		22,460		22,435	845
Registrar Fees	820	6,100		6,100	
Cable Television Franchise Fee		260		260	
Senior Citizen Administration Fees		10	10		
Tax Search		133		133	
Homestead Benefit Mailing		3,700		3,700	
Land Use Applications		10		10	
DMV Inspection Fines		50		50	
Rental of Poll Places		4		4	
Miscellaneous Refunds		1,393		1,393	
Insurance Refunds		40		40	
Miscellaneous		1,078			
Gov Deals		22,000		25,500	
Vacant Property Registration	3,500	450		450	
Fingerprinting		105		105	
Voided Checks		5,950		5,950	
Small Cities Receipt		331		662	
Farm Ground Lease					
A-2	4,806	72,587	10	73,131	3,174
	\$ 10,930	\$ 282,220	10	\$ 283,375	\$ 8,687
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, 2017	A	\$ (18,809)	\$ (20,981)	\$ 2	\$ 2,115	\$ 55
Increased by						
Interest Earned	A-2(2)	635		17	139	479
Expenditures Paid by Current Fund:						
Grant Appropriated Reserves	A-4,19	10,189	10,189			
Statutory Excess in Animal Control Fund	A-1	1,142		1,142		
		(6,843)	(10,792)	1,161	2,254	534
Decreased by						
2018 Budget Matching Share	A-3	6,044	6,044			
Grant Fund Receipts	A-4,17	28,000	28,000			
Receipt	A-4	649		18	141	490
Non-Spending Reserve - Purchase of Police Vehicle	A-3	755				755
		35,448	34,044	18	141	1,245
Balance, December 31, 2018	A	\$ (42,291)	\$ (44,836)	\$ 1,143	\$ 2,113	\$ (711)
Interfund Payable	A	\$ (45,547)				
Interfund Receivable	A	3,256				
		\$ (42,291)				

**CURRENT FUND****SCHEDULE OF PREPAID TAXES**

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ 119,513
Increased by:		
Receipt of 2019 Taxes	A-5	47,701
		<u>167,214</u>
Decreased by:		
Applied to 2018 Taxes Receivable	A-6	119,513
Balance, December 31, 2018	A	<u>\$ 47,701</u>

**CURRENT FUND****SCHEDULE OF APPROPRIATION RESERVES - 2017**

	<u>Balance December 31, 2017</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages:				
Police	\$ 981	\$ 81	\$	81
Other Expenses:				
Technology	822	822	225	597
Police	304	1,204	1,198	6
Road Repairs and Maintenance	4,229	4,229	3,167	1,062
Telephone	1,185	1,185	15	1,170
Other Accounts No Changes	49,861	49,861		49,861
	<u>\$ 57,382</u>	<u>\$ 57,382</u>	<u>\$ 4,605</u>	<u>\$ 52,777</u>
<u>Ref.</u>	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, 2017	A	\$ 47,791	\$ 747
Increased by:			
2018 Budget Encumbrances	A-3,19	52,008	9,225
		<u>99,799</u>	<u>9,972</u>
Decreased by:			
Payments Cancelled	A-4,11 A-1	46,930	
		<u>46,930</u>	
Balance, December 31, 2018	A	<u>\$ 52,869</u>	<u>\$ 9,972</u>
Analysis of Balance:			
2017 Encumbrances		\$ 861	\$ 747
2018 Encumbrances		52,008	9,225
		<u>\$ 52,869</u>	<u>\$ 9,972</u>



**CURRENT FUND**  
**SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

	<u>Ref.</u>			
Balance, December 31, 2017				
School Tax Payable	A	\$ 268,491		
School Tax Deferred		583,011		
		\$ 851,502		
Increased by				
Levy - School Year, July 1, 2018- June 30, 2019	A-1,2,6		1,836,798	
			2,688,300	
Decreased by				
Payments	A-4		1,765,929	
			\$ 922,371	
Balance, December 31, 2018				
School Tax Payable	A	339,360		
School Tax Deferred		583,011		
		\$ 922,371		

2018 Liability for Local District School Tax

Taxes Paid		\$ 1,765,929		
Taxes Payable December 31, 2018		339,360		
		2,105,289		
Less: Tax Payable December 31, 2017		268,491		
Amount Charged to 2018 Operations	A-1		\$ 1,836,798	

Note - As of July 31, 2018, the Elmer Board of Education ceased operations through the merger/consolidation with the Pittsgrove Township Board of Education. Accordingly, as of the calendar year 2018, the above method of charging the Borough of Elmer's school tax should be requested for approval to change from the Deferred method to the Calendar year method to be in line with the continuing District of Pittsgrove Board of Education.

**CURRENT FUND**  
**SCHEDULE OF COUNTY TAXES**

	<u>Ref.</u>		
Balance, December 31, 2017			
County Taxes	A	\$ 27	
Added County Taxes	A	474	
		<hr/>	\$ 501
Increased by:			
2018 County Taxes:			
General County Taxes		\$ 1,265,622	
County Open Space		21,936	
		<hr/>	
	A-1	1,287,558	
Due County on Added and Omitted Taxes	A-1	3,561	
		<hr/>	
	A-1,2,6		1,291,119
			<hr/>
			1,291,620
Decreased by:			
Cancellation	A-1	27	
Payments	A-4	1,288,032	
		<hr/>	
			1,288,059
			<hr/>
Balance, December 31, 2018			
Added County Taxes	A	\$ 3,561	
		<hr/>	
			\$ <u>3,561</u>

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

<u>Grant Purpose</u>	Balance December 31, 2017	2018 Revenue	Received	Balance December 31, 2018
<b>State Grants:</b>				
Stormwater Grant	\$ 5,000	\$	\$	\$ 5,000
Wastewater Management Clean Communities	5,000			5,000
2017 Get Active Grant - NJ Prevention Network		4,000	4,000	
2018 Municipal Alliance on Alcoholism and Drug Abuse:		4,178		4,178
2017	4,178			4,178
<b>Total State Grants</b>	<b>14,178</b>	<b>8,178</b>	<b>4,000</b>	<b>18,356</b>
<b>Local Grants:</b>				
Salem County Cultural and Heritage Commission - 2019 Arts Grant: Veterans Memorial Park Monument		5,000	4,000	1,000
Salem Health and Wellness Fund of the Community Foundation of New Jersey: Elmer Walking Trail		20,000	20,000	
<b>Total Local Grants</b>		<b>25,000</b>	<b>24,000</b>	<b>1,000</b>
<b>Total Grants</b>	<b>\$ 14,178</b>	<b>\$ 33,178</b>	<b>\$ 28,000</b>	<b>\$ 19,356</b>
<u>Ref.</u>	A	A-2	A-11	A

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

<u>Grant Purpose</u>	Balance December 31, 2018	Receipts	Anticipated in 2018 Budget	Balance December 31, 2019
Body Armor Fund	\$ 982	\$	\$ 982	\$
Recycling Tonnage Grant	2,618		2,618	
	<b>\$ 3,600</b>	<b>\$</b>	<b>\$ 3,600</b>	<b>\$</b>
<u>Ref.</u>	A		A-2	

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

Grant Purpose	Balance December 31, 2017	Transferred from 2018 Budget Appropriation	Expended	Balance December 31, 2018
<b>Federal Grants:</b>				
FEMA Reimbursements- Hurricane Irene	\$ 1,901	\$	\$	1,901
Small Cities Reimbursements	10,792			10,792
2007 Small Cities	559			559
<b>Total Federal Grants</b>	<b>13,252</b>			<b>13,252</b>
<b>State Awards:</b>				
Stormwater Grant	76			76
Wastewater Management	5,000			5,000
Recycling Tonnage Grant		2,618	2,618	
Recycling Tonnage Grant			1,453	
Municipal Alliance Program				
Municipal Alliance Program				
Municipal Alliance Program	5,223		951	4,272
Municipal Alliance Program		5,222		5,222
Clean Communities Program		4,000	3,590	410
Clean Communities Program			612	
Get Active Grant	612			3,000
Body Armor Fund	3,000			1,215
Body Armor Fund	1,215			1,963
Body Armor Fund	981	982		
<b>Total State Awards</b>	<b>17,560</b>	<b>12,822</b>	<b>9,224</b>	<b>21,158</b>
<b>Local Grants:</b>				
Salem County Cultural and Heritage Commission - 2019 Arts Grant:		10,000	10,000	
Veterans Memorial Park Monument				
Salem Health and Wellness Fund of the Community Foundation of New Jersey:				
Elmer Walking Trail		20,000	190	19,810
		30,000	10,190	19,810
<b>Total All Grants</b>	<b>\$ 30,812</b>	<b>\$ 42,822</b>	<b>\$ 19,414</b>	<b>\$ 54,220</b>
	<b>A</b>	<b>A</b>	<b>A</b>	<b>A</b>
<b>Ref.</b>				
Grant Share		\$ 36,778	\$ 10,189	
Paid by Current Fund				
Matching Share		6,044	9,225	
Encumbrances Payable				
		<b>\$ 42,822</b>	<b>\$ 19,414</b>	

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

	<u>Ref.</u>	<u>Marriage Licenses</u>
Balance, December 31, 2017	A	\$ 25
Increased by Receipts	A-4	125
		<u>150</u>
Decreased by Disbursements	A-4	125
Balance, December 31, 2018	A	<u>\$ 25</u>

EXHIBIT A-21

**CURRENT FUND****SCHEDULE OF MISCELLANEOUS ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	
Balance, December 31, 2017	A	\$ 234
Increased by: Disbursements	A-4	20,254
		<u>20,488</u>
Decreased by: Receipts	A-4	559
Balance, December 31, 2018	A	<u>\$ 19,929</u>

**CURRENT FUND****SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS**

	<u>Ref.</u>	<u>Sale of Municipal Assets</u>
Balance, December 31, 2017	A	\$ 64,610
Decreased By:		
Anticipated as Revenue	A-2	55,000
Balance, December 31, 2018	A	<u>\$ 9,610</u>

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

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2017	B	\$ 4,468	\$ 153,165
Increased by Receipts			
Interest Earned	B-3	17	139
Dog License Fees	B-4	1,795	
Cat License Fees	B-4	635	
Prepaid Licenses	B-5	590	
Amount Due to Current Fund	B-6		
Deposits for Payroll	B-7		373,149
Tax Title Lien Redemptions	B-8		176,638
Premiums Received at Tax Sale	B-9		20,100
Escrow Deposits	B-10		20,000
William Haluszka Bequest	B-10		303
Performance Guarantee	B-10		19
Snow Removal Trust	B-10		3,011
		<u>7,505</u>	<u>746,524</u>
Decreased by Disbursements			
Expenditures Made Under R. S. 4:19-15.11	B-4	1,808	
State of New Jersey- Dog Licenses	B-2	409	
Amount Due to Current Fund	B-3,6	18	141
Payroll Expenditures	B-7		375,340
Tax Title Lien Redemptions	B-8		176,638
Premiums Received at Tax Sale	B-9		17,400
William Haluszka Bequest	B-10		675
Fire Safety Fees	B-10		450
Snow Removal Trust	B-10		7,058
Escrow Deposits	B-10		15,624
		<u>2,235</u>	<u>593,326</u>
Balance, December 31, 2018	B	<u>\$ 5,270</u>	<u>\$ 153,198</u>

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

	<u>Ref.</u>		
Balance, December 31, 2017	B	\$	-
Increased by:			
Collection of State License Fees	B-4		409
Decreased by:			
Payments	B-1		409
Balance, December 31, 2018	B	\$	-

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

	<u>Ref.</u>		
Balance December 31, 2017	B	\$	2
Increased by:			
Interest Earned	B-1	\$	17
Statutory Excess Due to Current Fund			1,142
			1,159
Decreased by:			
Payment to Current Fund			1,161
			18
Balance December 31, 2018	B	\$	1,143



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

	<u>Ref.</u>		
Balance, December 31, 2017	B	\$	3,641
Increased by:			
Dog License Fees Collected	B-1	\$	1,795
Cat License Fees Collected	B-1		635
Prepaid Dog Licenses	B-5		695
Prepaid Cat Licenses	B-5		130
			<u>3,255</u>
			6,896
Decreased by:			
Expenditures Under R. S. 4:19-5.11:			
Cash	B-1		1,808
Due to NJ dept of Health	B-2		409
Statutory Excess Due to Current Fund	B-6		1,142
			<u>3,359</u>
Balance, December 31, 2018	B	\$	<u><u>3,537</u></u>

**LICENSE FEES COLLECTED**

<u>Year</u>	<u>Amount</u>
2016	\$ 1,810
2017	1,727
	<u>3,537</u>
	<u><u>\$ 3,537</u></u>

**SCHEDULE OF PREPAID LICENSES****ANIMAL CONTROL FUND**

	<u>Ref.</u>		
Balance December 31, 2017	B	\$	825
Increased by Receipt:			
Dog Licenses		\$	450
Cat Licenses			140
Receipt	B-1		<u>590</u>
			1,415
Decreased by:			
2018 Dog Licenses			695
2018 Cat Licenses			130
Applied to Licenses Fee Revenue	B-4		<u>825</u>
Balance December 31, 2018	B	\$	<u><u>590</u></u>

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

	<u>Ref.</u>		
Balance December 31, 2017	B	\$	2,115
Increased by:			
Interest Earned - Trust Other	B-1		139
			<u>2,254</u>
Decreased by:			
Payment	B-1		141
Balance December 31, 2018	B	\$	<u><u>2,113</u></u>

**TRUST FUND**  
**SCHEDULE OF PAYROLL TAXES PAYABLE**

	<u>Ref.</u>	
Balance, December 31, 2017	B	\$ 3,440
Increased by:		
Deposits	B-1	373,149
		<u>376,589</u>
Decreased by:		
Payment	B-1	375,340
		<u>375,340</u>
Balance, December 31, 2018	B	\$ <u>1,249</u>
<u>Analysis of Deposits Balance</u>		
Pers		\$ <u>1,249</u>
		<u>\$ 1,249</u>

**TRUST FUND****SCHEDULE OF TAX TITLE LIEN REDEMPTIONS PAYABLE**

	<u>Ref.</u>	
Balance, December 31, 2017	B	\$ -
Increased by:		
Receipt	B-1	176,638
		<u>176,638</u>
Decreased by:		
Disbursements	B-1	176,638
		<u>176,638</u>
Balance, December 31, 2018	B	<u>\$ -</u>

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

	<u>Ref.</u>	
Balance, December 31, 2017	B	\$ 25,300
Increased by:		
Receipt	B-1	20,100
		<u>45,400</u>
Decreased by:		
Disbursements	B-1	17,400
		<u>17,400</u>
Balance, December 31, 2018	B	<u>\$ 28,000</u>

**Analysis of Balance:**

<u>Block</u>	<u>Lot</u>	<u>Date</u>	<u>Amount</u>
6	12	1/4/17	\$ 700
15	17	1/6/16	11,600
17	16	1/6/16	100
24	3	1/4/17	100
24	21	1/6/16	100
6	14	3/28/18	2,900
18	13	3/28/18	3,900
24	1	3/28/18	1,300
25	21	3/28/18	1,500
30	10	3/28/18	3,900
30	18	3/28/18	1,900
			<u>\$ 28,000</u>

**CURRENT FUND**

**SCHEDULE OF MISCELLANEOUS RESERVES**

Reserve	Balance December 31, 2017	Receipts	Disbursements	Balance December 31, 2018
Escrow Deposits	\$ 6,965	\$ 20,000	\$ 15,624	\$ 11,341
Performance Guarantee Trust	6,483	19		6,502
William Haluszka Bequest	100,782	303	675	100,410
Fire Safety Fees	925		450	475
Snow Removal Trust	7,155	3,011	7,358	2,808
<b>Total Reserves</b>	<b>\$ 122,310</b>	<b>\$ 23,333</b>	<b>\$ 24,107</b>	<b>\$ 121,536</b>
	<b>B</b>	<b>B-1</b>		<b>B</b>
	<b>Ref.</b>			
Disbursements			\$ 23,807	
Accounts Payable			300	
			<b>\$ 24,107</b>	

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

	<u>Ref.</u>		
Balance, December 31, 2017	C,C-3		\$ 230,041
Increased by Receipts			
Interest Earned	C-4	\$ 479	
Due from NJ Transportation Trust Fund Authority Act	C-5	48,146	
Deferred Charge - 2018 Budget	C-6	11,000	
Capital Improvement Fund	C-7	6,000	
		<hr/>	65,625
			<hr/>
			295,666
Decreased by Disbursements:			
Due from Current Fund	C-4	490	
Improvement Authorizations	C-8	33,625	
Contracts Payable	C-9	88,894	
		<hr/>	123,009
			<hr/>
Balance, December 31, 2018	C,C-3		\$ <u><u>172,657</u></u>

**GENERAL CAPITAL FUND**  
**ANALYSIS OF CASH**

Ord. No.	Balance December 31, 2017	Receipts			Disbursements			Balance December 31, 2018
		Budget Appropriation	Miscellaneous		Improvement Authorization	Transfers		
			Miscellaneous			To	From	
Fund Balance	\$ 22,658	\$	\$	\$	\$	\$	\$	8,404
Capital Improvement Fund	32,422	6,000				1,255	14,254	31,077
Amount Due Current Fund	55		479	490			755	(711)
NJ Transportation Trust Fund Authority Act Receivable	(66,816)		48,146			18,670	145,000	(145,000)
Contracts and Encumbrances Payable	88,894			88,894		19,006		19,006
Reserve for Police Vehicle						755		755
<b>IMPROVEMENT AUTHORIZATIONS:</b>								
<b>GENERAL IMPROVEMENTS:</b>								
11-7	142,449				8,328			134,121
15-14	(2,131)				79			(2,210)
16-5	(13,495)	11,000						(2,495)
17-11	26,005				15,934		10,071	
18-05					9,128	153,600	19,006	125,466
18-08					156	4,400		4,244
	\$ 230,041	\$ 17,000	\$ 48,625	\$ 89,384	\$ 33,625	\$ 197,686	\$ 197,686	\$ 172,657

Ref.

C-2

C-2

C-2

C-8

C-2

C-2

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

	<u>Ref.</u>		
Balance, December 31, 2017 (Due To)	C	\$	55
Increased by:			
Interest Earned	C-2		479
			<u>534</u>
Decreased by:			
Payment	C-2	\$	490
Non-Spending Reserve -			
Purchase of Police Vehicle	C		<u>755</u>
			1,245
Balance, December 31, 2018 (Due From)	C	\$	<u><u>711</u></u>

EXHIBIT C-5

**GENERAL CAPITAL FUND****SCHEDULE OF DUE FROM NEW JERSEY****TRANSPORTATION TRUST FUND AUTHORITY ACT**

	<u>Ref.</u>		
Balance, December 31, 2017	C	\$	66,816
Increased by:			
2018 Award for Ordinance 2018-5	C-8		145,000
			<u>211,816</u>
Decrease by:			
Cancellation of Ordinance 2017-11	C-8	\$	8,816
Cancellation of Ordinance 2015-14	C-10		9,854
Receipt	C-2		<u>48,146</u>
			66,816
Balance, December 31, 2018	C	\$	<u><u>145,000</u></u>



**GENERAL CAPITAL FUND**

**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. Number	Improvement Description	Balance December 31, 2017	Funded by Budget Appropriation	2018 Cancellation Authorization	2018 Authorization	Balance December 31, 2018	Analysis of Balance December 31, 2018		
							Unexpended Improvement Authorization	Expenditures	Bond Anticipation Notes
General Improvements:									
15-14	Reconstruction of State Street	\$ 18,500	\$	9,854	\$	8,646	\$ 6,436	\$ 2,210	\$
16-5	Replacement of Municipal Building Roof	28,500	11,000			17,500	15,005	2,495	
18-5	Reconstruction of State Street - Phase 3				18,400	18,400	18,400		
		\$ 47,000	\$ 11,000	\$ 9,854	\$ 18,400	\$ 44,546	\$ 39,841	\$ 4,705	\$
Ref.		C	C-2, 10	C-10	C-10	C			

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

	<u>Ref.</u>		
Balance, December 31, 2017	C	\$	32,422
Increased by:			
Cancellation of Improvement Authorizations	C-8	\$	1,255
2018 Budget Appropriation	C-2		6,000
			<u>7,255</u>
			39,677
Decrease by:			
Appropriated to Finance Ordinance 2018-5	C-8		<u>8,600</u>
Balance, December 31, 2018	C	\$	<u><u>31,077</u></u>

**GENERAL CAPITAL FUND**

**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord No.	Improvement Description	Ordinance Date	Amount	Balance December 31, 2017		2018 Authorizations	Cancelled	Paid or Charged	Balance December 31, 2018	
				Funded	Unfunded				Funded	Unfunded
11-7	Construction of Sidewalks	4-13-11	\$ 300,000	\$ 142,449	\$	\$	\$ 8,328	\$ 134,121	\$	
15-14	Reconstruction of State Street	9-9-15	230,000	16,369		9,854	79			6,436
16-5	Replacement of Municipal Building Roof	4-13-16	30,000	15,005						15,005
17-11	Reconstruction of Union Street and Hitchner Avenue	8-9-17	147,000	26,005		10,071	15,934			
18-05	Reconstruction of State Street - Phase 3	5-9-18	172,000		172,000		28,134	125,466		18,400
18-08	Lighting Renovations	6-13-18	4,400		4,400		156	4,244		
				<u>\$ 168,454</u>	<u>\$ 31,374</u>	<u>\$ 176,400</u>	<u>\$ 19,925</u>	<u>\$ 263,831</u>	<u>\$ 39,841</u>	
			<u>Ref.</u>	<u>C</u>	<u>C</u>			<u>C</u>	<u>C</u>	<u>C</u>
	Cash Disbursements		C-2,3				\$ 33,625			
	Contracts and Encumbrances Payable		C-9				19,006			
	Due from NJ Transportation Trust Fund Act		C-5		145,000		8,816			
	Amount Authorized but not Issued		C-6		18,400					
	Capital Fund Balance		C-1		4,400		9,854			
	Capital Improvement Fund		C-7		8,600		1,255			
				<u>\$ 176,400</u>	<u>\$ 19,925</u>	<u>\$ 52,631</u>				

**GENERAL CAPITAL FUND**

**SCHEDULE OF CONTRACTS PAYABLE**

	<u>Ref.</u>	
Balance, December 31, 2017	C	\$ 88,894
Increased by:		
2018 Contracts	C-8	19,006
		<hr/>
		107,900
Decreased by:		
Payments	C-2	88,894
		<hr/>
Balance, December 31, 2018	C	<u><u>\$ 19,006</u></u>

**GENERAL CAPITAL FUND**

**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance December 31, 2017	Amount Authorized in 2018	Cancellation	Raised in 2018 Budget	Balance December 31, 2018
2015-14	Reconstruction of State Street	\$ 18,500	\$	9,854	\$	8,646
2016-5	Replacement of Municipal Building Roof	28,500			11,000	17,500
2018-5	Reconstruction of State Street - Phase 3		18,400			18,400
		<u>\$ 47,000</u>	<u>\$ 18,400</u>	<u>9,854</u>	<u>\$ 11,000</u>	<u>\$ 44,546</u>
Ref.	C	C	C-6	C-6	C-6	C

**WATER UTILITY FUND**  
**SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2017	D:D-6	\$ 208,320	\$ 193,991
Increased by Receipts:			
Water Collector	D-6	258,838	
Due from Water Capital Fund	D-7	50	
Interest Earned	D-3,8	2,503	49
2018 Budget Appropriations - Capital Improvement Fund	D-13		10,000
Total Receipts		<u>261,391</u>	<u>10,049</u>
		<u>469,711</u>	<u>204,040</u>
Decreased by Disbursements:			
2018 Budget Appropriations	D-4	225,115	
Due to Water Operating Account	D-7		50
Encumbrances Payable	D-12	26,561	
Contracts Payable	D-19		2,850
Improvement Authorization	D-17		9,647
Total Disbursements		<u>251,676</u>	<u>12,547</u>
Balance, December 31, 2018	D-D:6	<u>\$ 218,035</u>	<u>\$ 191,493</u>

**WATER UTILITY FUND**  
**SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>		
Balance, December 31, 2017	D	\$	15,312
Increased by Receipts:			
Water Consumer Account Collections	D-9	\$	240,917
Interest and Penalties on Water Rents	D-9		3,909
Interest Earned on Bank Deposits	D-3		39
			<u>244,865</u>
			260,177
Decreased by:			
Payments to Treasurer	D-5		<u>258,838</u>
Balance, December 31, 2018	D	\$	<u><u>1,339</u></u>

EXHIBIT D-7

**SCHEDULE OF AMOUNT DUE TO/FROM WATER CAPITAL FUND**

	<u>Ref.</u>		
Balance, December 31, 2017	D	\$	51
Increased by:			
Interest Earned on Bank Deposits	D-3,5		49
			<u>100</u>
Decreased by:			
Receipt	D-5		<u>50</u>
Balance, December 31, 2018	D	\$	<u><u>50</u></u>

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

	Balance December 31, 2017	Receipts		Disbursements		Balance December 31, 2018
		Budget Appropriations	Miscellaneous	Miscellaneous	Improvement Authorization	
Capital Fund Balance	\$ 59,971	\$	\$	\$	\$	\$ 59,971
Water Capital Improvement Fund	35,959	10,000				45,959
Water Capital Improvement Ord. 2015-15	95,160			9,647		85,513
Water Capital Contracts Payable	2,850		2,850			
Due to Water Operating Fund	51		49	50		50
	\$ 193,991	\$ 10,000	\$ 49	\$ 2,900	\$ 9,647	\$ 191,493
Ref.	D:D-5	D-13	D-5	57	D-17	D, D-5



**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF WATER UTILITY CHARGES RECEIVABLE**

	<u>Ref.</u>		
Balance, December 31, 2017	D		\$ 7,625
Increased by:			
Water Rents Levied			245,467
			<hr/> 253,092
Decreased by:			
Collections	D-6	\$ 244,826	
2018 Overpayments	D-15	(1,324)	
	D-3		<hr/> 243,502
Balance, December 31, 2018	D		<hr/> <hr/> \$ 9,590

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**

Description:	Balance December 31, 2017	Additions	Balance December 31, 2018
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	11,805	45,129
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
Scadata System	9,279		9,279
Well Pump Motor	6,697		6,697
WQAA		32,580	32,580
Water Tank Improvements	659,840	9,647	669,487
	\$ 2,731,718	\$ 54,032	\$ 2,785,750
	D		D
	Ref.		
Added by 2018 Budgeted Capital Outlay		\$ 44,385	
Transfer from Fixed Capital Authorized			
and Uncompleted - Ord.15-15		9,647	
		\$ 54,032	

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF 2017 APPROPRIATION RESERVES**

	Balance December 31, 2017	Balance After Transfers	Paid or Charged	Balance Lapsed
Operations				
Salaries and Wages	\$ 5,439	\$ 5,439	\$	\$ 5,439
Other Expenses	7,906	7,906		7,906
Liability Insurance	31	31		31
Capital Improvements:				
Capital Outlay	7,214	7,214		7,214
Statutory Expenditures				
Social Security System	617	617		617
Unemployment Compensation Insurance	197	197		197
	<u>\$ 21,404</u>	<u>\$ 21,404</u>	<u>\$</u>	<u>\$ 21,404</u>

Ref.

D

D-1

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF ENCUMBRANCES PAYABLE**

	<u>Ref.</u>		
Balance, December 31, 2017	D	\$	26,561
Increased by:			
Current Encumbrances	D-4		28,868
			<hr/> 55,429
Decreased by:			
Payments	D-5		26,561
			<hr/> 28,868
Balance, December 31, 2018	D	\$	<hr/> <hr/> 28,868

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>		
Balance, December 31, 2017	D	\$	35,959
Increased by:			
2018 Budget Appropriation	D-5,8		10,000
			<hr/> 45,959
Balance, December 31, 2018	D	\$	<hr/> <hr/> 45,959

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF RESERVE FOR AMORTIZATION**

	<u>Ref.</u>		
Balance, December 31, 2017	D	\$	2,246,878
Increased by:			
State Environmental Infrastructure Loan:			
Amount Forgiven	D-20	\$	290,000
Loan Principal Payment	D-20		4,915
Capital Outlay by 2018 Operating Budget	D-10		44,385
			<u>339,300</u>
Balance, December 31, 2018			<u><u>2,586,178</u></u>

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF WATER RENT OVERPAYMENTS**

	<u>Ref.</u>		
Balance, December 31, 2017	D	\$	-
Increased by:			
2018 Overpayments	D-9		1,324
Balance, December 31, 2018	D	\$	<u><u>1,324</u></u>

**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ord. Number	Ordinance Improvement Description	Balance December 31, 2017	Costs Transferred to Fixed Capital	Balance December 31, 2018
	General Improvements:			
2015-15	Water Tower Improvements	\$ 95,160	\$ 9,647	\$ 85,513
	Ref.	D	D-10	D

**WATER CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATION**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance December 31, 2017		Paid Or Charged	Balance December 31, 2018	
				Funded	Unfunded		Funded	Unfunded
2015-15	Water Tower Improvement	1/14/15	\$ 500,000	\$ 95,160	\$	9,647	\$	85,513
			\$	\$ 95,160	\$	9,647	\$	85,513
		Ref.		D	D	D-5	D	D

**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF WATER UTILITY EMERGENCY AUTHORIZATIONS**

	<u>Ref.</u>	
Increased by:		
2018 Emergency Authorization		
Per 40A:4-47	D-4	\$     4,915
Balance, December 31, 2018	D	\$     4,915



**WATER CAPITAL FUND**  
**SCHEDULE OF CONTRACTS PAYABLE**

	<u>Ref.</u>		
Balance, December 31, 2017	D	\$	2,850
Increased by:			
Encumbrances Payable	D-17		
			2,850
Decreased by:			
Payment	D-5		2,850
Balance, December 31, 2018	D	\$	-

**WATER CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE**  
**LOAN PAYABLE**

	<u>Ref.</u>		
Balance, December 31, 2017		\$	580,000
Decreased by:			
Amount Forgiven by the State of New Jersey		\$	290,000
Payment	D-5,19		4,915
			294,915
Balance, December 31, 2018	D	\$	285,085

**BOROUGH OF ELMER**

**COUNTY OF SALEM**

**PART II**

**INTERNAL CONTROL COMMENTS**

**GENERAL COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

## **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, 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 bids were requested by public advertising for the following items:

Resurfacing of State Street

Sidewalk Replacement

**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 the official newspaper, 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 3, 2018 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 2017 Municipal Taxes will be held no later than January 31, 2018.
- d) A tax sale of all delinquent accounts for the 2018 Municipal Taxes will be held no later than January 31, 2019.
- 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 2017 Municipal Taxes will be held no later than January 31, 2018.
- c) A tax sale of all delinquent accounts for the 2018 Municipal Taxes will be held no later than January 31, 2019.
- 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 97.73% in 2017 to 98.3% in 2018 and no properties were noted in Bankruptcy during the year under audit.

The last tax sale was held on March 28, 2018, 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>
2018	2
2017	2
2016	2

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 2018.

**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 2019 Taxes	40
Payments of 2018 Taxes	40
Delinquent Taxes	7
Tax Title Liens	5
Water Assessments	40

The result of the test, which was made as of November 30, 2018 and December 31, 2018, 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 211 dog licenses during the year versus 117 in 2017. 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 five remaining General Capital Project Ordinances that are currently being reviewed for expenditure or other proper disposition and one 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, 2018.

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, 2018.



**Schedule of Comments and Recommendations**  
**For the Year Ended December 31, 2018**

**Schedule of Financial Statement Comments**

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

**FOLLOW-UP ON PRIOR YEAR'S FINDINGS**

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

There were no prior year recommendations.

**RECOMMENDATIONS**

None

**APPRECIATION**

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

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**

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