

BOROUGH OF MAGNOLIA
COUNTY OF CAMDEN
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2016

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BOROUGH OF MAGNOLIA

PART 1

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Magnolia
Magnolia, New Jersey 08049

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 Magnolia, in the County of Camden, State of New Jersey, as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Magnolia, in the County of Camden, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Magnolia, in the County of Camden, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2016, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters

Other Information

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

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2017 on our consideration of the Borough of Magnolia, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Magnolia's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
May 23, 2017

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Magnolia
Magnolia, New Jersey 08049

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Borough of Magnolia, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated May 23, 2017. That report indicated that the Borough of Magnolia'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 Magnolia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Magnolia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Magnolia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Magnolia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Recommendations* as finding no. 2016-001.

The Borough of Magnolia's Response to Findings

The Borough of Magnolia's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
May 23, 2017

BOROUGH OF MAGNOLIA

CURRENT FUND

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

As of December 31, 2016 and 2015

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Regular Fund:			
Cash--Collector/Treasurer	SA-1	\$ 1,812,845.74	\$ 1,482,228.43
Cash--Change Funds	SA-3	550.00	550.00
		<u>1,813,395.74</u>	<u>1,482,778.43</u>
Receivables and Other Assets with Full Reserves:			
Other Accounts Receivable	SA-1; SA-7	2,550.00	1,250.00
Property Acquired for Taxes--Assessed Valuation		5,975.00	5,975.00
Tax Title Liens Receivable	SA-4	130,109.43	100,877.53
Delinquent Property Taxes Receivable	SA-6	236,504.98	226,938.06
Revenue Accounts Receivable	SA-7	25,177.93	28,553.93
Prepaid Regional School Tax	SA-1; SA-19	75,358.18	67,152.19
Due from Federal and State Grant Fund	SA-25	10,639.00	207,110.33
Due from Animal Control Fund	SB-5	1.46	1.28
Due from Trust Other Funds	SB-9	61,568.45	35,497.85
Due from General Capital Fund	SC-7	52,751.90	
		<u>600,636.33</u>	<u>673,356.17</u>
Deferred Charges:			
Special Emergency Authorizations	SA-8	-	20,600.00
		<u>-</u>	<u>20,600.00</u>
		<u>2,414,032.07</u>	<u>2,176,734.60</u>
Federal and State Grant Fund:			
Due from General Capital Fund	SA-1	720.00	27,875.00
Federal and State Grants Receivable	SA-20	317,660.72	476,204.07
		<u>318,380.72</u>	<u>504,079.07</u>
		<u>\$ 2,732,412.79</u>	<u>\$ 2,680,813.67</u>

BOROUGH OF MAGNOLIA

CURRENT FUND

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

As of December 31, 2016 and 2015

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3; SA-9	\$ 367,137.97	\$ 421,961.98
Reserve for Encumbrances	A-3; SA-9	65,794.76	47,240.18
Prepaid Taxes	SA-10	68,247.39	60,285.61
Tax Overpayments	SA-11	47,962.53	49,171.44
Accounts Payable	SA-12	3,114.90	794.09
Due County for Added & Omitted Taxes	SA-16	3,523.03	2,337.83
Due County for Payments in Lieu of Taxes	SA-17	134,651.11	119,239.61
Local District School Tax Payable	SA-18	2.50	2.50
Reserve for Revaluation		4,995.21	4,995.21
Due to State of New Jersey:			
Veterans' and Senior Citizens' Deductions	SA-5	45,204.57	43,954.57
Marriage Licenses/Civil Unions	SA-14	125.00	125.00
Due General Capital Fund	SC-7	20,326.79	20,326.79
		<u>740,758.97</u>	<u>770,434.81</u>
Reserves for Receivables and Other Assets	A	600,636.33	673,356.17
Fund Balance	A-1	<u>1,072,636.77</u>	<u>732,943.62</u>
		<u>2,414,032.07</u>	<u>2,176,734.60</u>
Federal and State Grant Fund:			
Reserve for Federal and State Grants:			
Appropriated	SA-21	299,161.42	184,405.30
Unappropriated	SA-22	943.54	3,386.62
Contracts Payable	SA-23	6,480.00	34,728.09
Reserve for Encumbrances	SA-24	1,156.76	8,675.63
Due to Current Fund	SA-25	10,639.00	207,110.33
Due to Trust Other Fund	SA-1	65,773.10	65,773.10
		<u>318,380.72</u>	<u>504,079.07</u>
		<u>\$ 2,732,412.79</u>	<u>\$ 2,680,813.67</u>

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

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statements of Operations and Changes in Fund Balance--Regulatory Basis
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 422,000.00	\$ 420,000.00
Miscellaneous Revenues Anticipated	1,555,480.29	1,613,613.40
Receipts from Delinquent Taxes	219,295.02	258,946.52
Receipts from Current Taxes	10,261,365.28	9,903,703.54
Non-Budget Revenue	114,898.70	55,478.05
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	391,182.98	241,098.71
Cancellation of Tax Overpayments		4,612.80
Cancellation of Accounts Payable	171.27	4,523.52
Cancellation of Federal and State Grants Appropriated Reserves	2,002.00	
Liquidation of Reserves for:		
Due General Capital Fund		158.58
Due Federal and State Grant Fund	196,471.33	
	<u>13,162,866.87</u>	<u>12,502,135.12</u>
 Total Income	 <u>13,162,866.87</u>	 <u>12,502,135.12</u>
<u>Expenditures</u>		
Budget Appropriations:		
Operations--Within "CAPS":		
Salaries and Wages	1,533,100.00	1,560,590.52
Other Expenses	1,527,728.06	1,537,483.00
Deferred Charges and Statutory Expenditures--Municipal	437,306.00	416,734.60
Operations--Excluded from "CAPS":		
Salaries and Wages	221,598.43	194,759.44
Other Expenses	139,544.59	202,110.03
Capital Improvements	207,500.00	207,000.00
Municipal Debt Service	376,679.53	380,479.93
Deferred Charges	20,600.00	20,600.00
County Taxes	2,304,910.36	2,212,396.21
Due County for Added and Omitted Taxes	3,523.03	2,337.83
Local District School Taxes	3,871,584.00	3,618,523.00
Regional High School Taxes	1,665,671.05	1,693,040.00
Senior Citizen and Veterans Deductions Disallowed By Tax Collector--		
Prior Year Taxes	2,500.00	2,250.00
Cancellation of Federal and State Grants Receivable	600.00	

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statements of Operations and Changes in Fund Balance--Regulatory Basis
 For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Expenditures (Cont'd)</u>		
Creation of Reserves for:		
Due Federal and State Grant Fund		\$ 89,600.37
Due Animal Control Fund	\$ 0.18	0.20
Due Trust Other Fund	26,070.60	7,191.75
Due General Capital Fund	52,751.90	
Other Accounts Receivable	1,300.00	1250
Prepaid Regional School Tax	8,205.99	67152.19
	12,401,173.72	12,213,499.07
Total Expenditures		
Excess in Revenues	761,693.15	288,636.05
<u>Fund Balance</u>		
Fund Balance Jan. 1	732,943.62	864,307.57
	1,494,636.77	1,152,943.62
Utilized as Anticipated Revenue	422,000.00	420,000.00
Balance Dec. 31	\$ 1,072,636.77	\$ 732,943.62

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

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statement of Revenues--Regulatory Basis
 For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Anticipated</u> Special N.J.S.A. <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Surplus Anticipated	\$ 422,000.00	-	\$ 422,000.00	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	6,300.00		6,300.00	
Municipal Court	195,000.00		165,787.96	\$ (29,212.04)
Interest and Costs on Taxes	67,000.00		59,934.62	(7,065.38)
Cable Franchise Fee	16,433.72		16,433.72	
Consolidated Municipal Property Tax Relief Aid	16,911.00		16,911.00	
Energy Receipts Tax	439,409.00		439,409.00	
Special Items of General Revenues Anticipated with Prior Written Consent of Director of Local Government Services:				
Shared Services Agreements Offset with Appropriations:				
Shared Services Agreement--Street and Road Maintenance--Hi Nella Borough	43,062.00		43,062.00	
Shared Services Agreement--Street and Road Maintenance--Stratford Borough	246,793.80		246,793.80	
Shared Services Agreement--Court--Laurel Springs	18,240.00		18,240.00	
Shared Services Agreement--Tax Collector--Borough of Lawnside	15,300.00		15,300.00	
Public and Private Revenues Offset with Appropriations:				
Municipal Drug Alliance	8,826.00		8,826.00	
Recycling Tonnage Grant	3,106.86		3,106.86	
Clean Communities Grant		\$ 10,538.34	10,538.34	
Body Armor Replacement Grant		1,382.18	1,382.18	
Bulletproof Vest Partnership Grant	279.76		279.76	
New Jersey Department of Transportation		200,000.00	200,000.00	
Drunk Driving Enforcement Grant		4,206.58	4,206.58	
Other Special Items:				
Payments In Lieu of Taxes	272,000.00		298,968.47	26,968.47
Total Miscellaneous Revenues	<u>1,348,662.14</u>	<u>216,127.10</u>	<u>1,555,480.29</u>	<u>(9,308.95)</u>
Receipts from Delinquent Taxes	<u>200,000.00</u>	<u>-</u>	<u>219,295.02</u>	<u>19,295.02</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>2,672,563.86</u>	<u>-</u>	<u>2,812,750.82</u>	<u>140,186.96</u>
Budget Totals	<u>4,643,226.00</u>	<u>216,127.10</u>	<u>5,009,526.13</u>	<u>150,173.03</u>
Non-Budget Revenues	<u>-</u>	<u>-</u>	<u>114,898.70</u>	<u>114,898.70</u>
	<u>\$ 4,643,226.00</u>	<u>\$ 216,127.10</u>	<u>\$ 5,124,424.83</u>	<u>\$ 265,071.73</u>

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2016

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 10,261,365.28
Allocated to:	
School and County Taxes	7,837,925.39
Balance for Support of Municipal Budget Appropriations	2,423,439.89
Add: Appropriation "Reserve for Uncollected Taxes"	389,310.93
Amount for Support of Municipal Budget Appropriations	\$ 2,812,750.82

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 211,160.05
Overpayments Applied	500.00
Tax Title Lien Collections	7,634.97
	\$ 219,295.02

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:

Clerk:

Licenses:

Mercantile	\$	2,750.00
Marriage/Civil Union		81.00
Peddlers		105.00

Fees and Permits:

Street Opening Permits		62,168.00
Police Reports		67.83
Fire Arm Permits		216.00
Zoning Ordinance		40.00
Registrar of Vital Statistics		1,100.00
Interest Earned on Investments		6,577.66

\$ 73,125.49

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2016

Analysis of Realized Revenues (Cont'd)

Miscellaneous Revenue Not Anticipated (Cont'd):

Collector/Treasurer:

Recycling	\$ 1,421.75	
Lot Clearances	11,536.07	
Administration Fee--Veterans' and Senior Citizens' Deductions	1,180.00	
Duplicate Certificate of Redemption Fees	1,735.00	
DMV Inspection Fines	1,853.25	
Outstanding Checks Canceled	5,329.93	
Maintenance Liens	6,861.47	
Weddings	1,350.00	
JIF Safety Award	1,500.00	
Business Applications	450.00	
Miscellaneous	766.86	
Various Refunds	<u>3,721.88</u>	
		\$ 37,706.21

Due Trust Other Fund:

Administration Fees--Police Outside Services	<u>4,067.00</u>	
--	-----------------	--

\$ 41,773.21

\$ 114,898.70

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

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS--WITHIN "CAPS"</u>						
<u>General Government Functions</u>						
Administrative and Executive						
Salaries and Wages	\$ 50,000.00	\$ 50,000.00	\$ 48,219.32		\$ 1,780.68	
Mayor and Township Committee						
Salaries and Wages	57,100.00	57,100.00	55,140.10		1,959.90	
Other Expenses	10,000.00	10,000.00	8,166.01	\$ 316.38	1,517.61	
Borough Clerk						
Salaries and Wages	34,500.00	34,500.00	29,959.71		4,540.29	
Other Expenses	9,500.00	9,500.00	8,171.64	80.51	1,247.85	
Financial Administration						
Salaries and Wages	42,900.00	42,900.00	36,935.32		5,964.68	
Other Expenses	9,000.00	9,000.00	6,102.47	1,071.13	1,826.40	
Audit Services						
Other Expenses	25,200.00	25,200.00	25,200.00			
Computerized Data Processing						
Salaries and Wages	1,400.00	1,400.00	1,357.80		42.20	
Other Expenses	25,500.00	22,300.00	16,260.87	1,047.25	4,991.88	
Collection of Taxes						
Salaries and Wages	15,600.00	15,600.00	15,600.00			
Other Expenses	9,000.00	9,000.00	5,131.35	57.98	3,810.67	
Assessment of Taxes						
Salaries and Wages	14,800.00	14,800.00	14,756.40		43.60	
Other Expenses	10,000.00	10,000.00	4,098.47	114.99	5,786.54	
Legal Services and Costs						
Other Expenses	39,000.00	46,500.00	39,347.96	3,077.65	4,074.39	
Engineering Services and Costs						
Other Expenses	18,000.00	50,300.00	38,038.25	2,068.75	10,193.00	

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>General Government Functions (Cont'd)</u>						
Economic Development Agency						
Other Expenses	\$ 300.00	\$ 300.00			\$ 300.00	
<u>Land Use Administration</u>						
Municipal Land Use Law (NJS 40:55D-1):						
Planning Board:						
Salaries and Wages	8,800.00					
Other Expenses	7,100.00	7,100.00	\$ 5,910.52			1,189.48
<u>Insurance</u>						
Unemployment Compensation Insurance	8,600.00	8,600.00	8,571.77			28.23
General Liability	105,800.56	105,800.56	69,647.72			36,152.84
Employee Group Health	385,000.00	385,000.00	333,637.11	\$ 181.28		51,181.61
Workers Compensation Insurance	110,820.50	110,820.50	110,820.50			
Health Benefit Waiver	12,000.00	12,000.00	1,499.98			10,500.02
<u>Public Safety Functions</u>						
Police						
Salaries and Wages	1,060,100.00	1,060,100.00	1,038,103.60			21,996.40
Other Expenses	86,436.00	86,436.00	72,664.57	4,546.30		9,225.13
Office of Emergency Management						
Salaries and Wages	2,800.00	2,800.00				2,800.00
Other Expenses	1,000.00	1,000.00	427.96			572.04
Aid to Volunteer Fire Companies						
Other Expenses	8,500.00	8,500.00	8,500.00			
Aid to Volunteer Ambulance Co.						
Other Expenses	4,600.00	4,600.00	3,037.22	978.72		584.06

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Expended			Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Public Safety Functions (Cont'd)</u>						
Fire Department						
Salaries and Wages	\$ 2,600.00	\$ 2,600.00	\$ 2,592.60		\$ 7.40	
Other Expenses	24,500.00	24,500.00	20,143.21	\$ 4,003.02	353.77	
Uniform Fire Safety Act (P.L. 1983, Ch.383)						
Other Expenses	3,000.00	3,000.00	2,363.43		636.57	
Borough Prosecutor						
Salaries and Wages	17,400.00	17,400.00	10,527.13		6,872.87	
<u>Public Works Functions</u>						
Streets and Roads						
Salaries and Wages	188,400.00	188,400.00	162,373.64		26,026.36	
Other Expenses	31,500.00	42,500.00	24,197.06	2,671.75	15,631.19	
Public Building and Grounds:						
Other Expenses	56,500.00	45,200.00	34,899.24	8,692.70	1,608.06	
Recycling						
Other Expenses	10,000.00	10,000.00	2,055.40	3,627.00	4,317.60	
Vehicle Maintenance						
Other Expenses	45,500.00	45,500.00	17,740.44	19,513.51	8,246.05	
<u>Health and Human Services Functions</u>						
Board of Health						
Other Expenses	100.00	100.00			100.00	
Animal Control Services						
Other Expenses	7,000.00	7,000.00	5,569.50	500.00	930.50	
Public Assistance						
Other Expenses	1.00	1.00			1.00	

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Park and Recreation Functions</u>						
Parks and Playgrounds						
Other Expenses	\$ 2,000.00	\$ 2,000.00	\$ 1,396.71		\$ 603.29	
<u>Other Common Operating Functions</u>						
Accumulated Leave Compensation						
Salaries and Wages	7,500.00	7,500.00	7,429.55		70.45	
Senior Citizen						
Other Expenses	2,000.00	2,000.00	1,799.98		200.02	
Celebration of Public Event, Anniversary or Holiday						
Other Expenses	15,250.00	15,250.00	10,426.91	\$ 70.98	4,752.11	
<u>Utility Expenses and Bulk Purchases</u>						
Utilities	132,000.00	104,500.00	61,984.58	2,404.51	40,110.91	
Street Lighting	64,000.00	64,000.00	60,461.26		3,538.74	
Fire Hydrant Services	50,400.00	50,400.00	44,152.90		6,247.10	
<u>Landfill/Solid Waste Disposal Costs</u>						
Landfill Fees	137,800.00	137,800.00	120,325.26	2.00	17,472.74	
<u>Municipal Court Functions</u>						
Municipal Court						
Salaries and Wages	27,500.00	27,500.00	24,017.67		3,482.33	
Other Expenses	52,020.00	52,020.00	39,991.39	764.68	11,263.93	
Public Defender						
Salaries and Wages	10,500.00	10,500.00	3,110.92		7,389.08	
Total Operations--Within "CAPS"	<u>3,060,828.06</u>	<u>3,060,828.06</u>	<u>2,662,865.40</u>	<u>55,791.09</u>	<u>342,171.57</u>	<u>-</u>

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
Detail:						
Salaries and Wages	\$ 1,541,900.00	\$ 1,533,100.00	\$ 1,450,123.76		\$ 81,195.56	
Other Expenses	1,518,928.06	1,527,728.06	1,212,741.64	\$ 55,791.09	260,976.01	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
<u>MUNICIPAL--WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	75,439.00	75,439.00	75,439.00			
Police and Fireman's Retirement System	219,867.00	219,867.00	219,867.00			
Defined Contribution Retirement System	2,000.00	2,000.00	926.07		1,073.93	
Social Security System (O.A.S.I.)	140,000.00	140,000.00	130,029.88		9,970.12	
Total Deferred Charges and Statutory Expenditures Municipal--Within "CAPS"	437,306.00	437,306.00	426,261.95	-	11,044.05	-
Total General Appropriations for Municipal Purposes Within "CAPS"	3,498,134.06	3,498,134.06	3,089,127.35	55,791.09	353,215.62	-
<u>OPERATIONS--EXCLUDED FROM "CAPS"</u>						
Recycling Tax	7,200.00	7,200.00	4,226.34	2.00	2,971.66	

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--EXCLUDED FROM "CAPS" (CONT'D)</u>						
Shared Services Agreements:						
Streets and Roads Maintenance						
Borough of Hi-Nella & Borough of Stratford						
Salaries and Wages	\$ 217,391.85	\$ 217,391.85	\$ 217,391.85			
Other Expenses	72,463.95	72,463.95	59,012.59	\$ 10,001.67	\$ 3,449.69	
Tax Collector						
Borough of Lawnside						
Salaries and Wages	15,300.00	15,300.00	15,300.00			
Municipal Court						
Borough of Laurel Springs						
Salaries and Wages	18,240.00	18,240.00	18,240.00			
Public and Private Programs Offset by Revenues:						
Recycling Tonnage Grant	3,106.86	3,106.86	3,106.86			
Alcohol Education and Rehabilitation (40A:40-87, \$1,296.53+)						
Municipal Alliance on Alcoholism and Drug Abuse						
State Share	8,826.00	8,826.00	8,826.00			
Borough Share	2,206.50	2,206.50	2,206.50			
Body Armor Grant (40A:4-87, \$1,382.18+)		1,382.18	1,382.18			
Clean Communities Grant (40A:40-87, \$10,538.34+)		10,538.34	10,538.34			
Matching Funds for Grants	1.00	1.00			1.00	
Bulletproof Vest Partnership Grant	279.76	279.76	279.76			
Drunk Driving Enforcement Grant (40A:4-87, \$4,206.58+)		4,206.58	4,206.58			
Total Operations--Excluded from "CAPS"	345,015.92	361,143.02	344,717.00	10,003.67	6,422.35	-
Detail:						
Salaries and Wages	250,931.85	221,598.43	221,598.43			
Other Expenses	94,084.07	139,544.59	123,118.57	10,003.67	6,422.35	

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Expended		Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u> <u>Reserved</u>	
<u>CAPITAL IMPROVEMENTS--EXCLUDED FROM "CAPS"</u>					
Acquisition of Police Equipment	\$ 7,500.00	\$ 7,500.00		\$ 7,500.00	
Public and Private Programs Offset by Revenues:					
NJ Transportation Trust Fund (40A:40-87, \$200,000.00+)		200,000.00	\$ 200,000.00		
Total Capital Improvements Excluded from "CAPS"	<u>7,500.00</u>	<u>207,500.00</u>	<u>200,000.00</u>	<u>-</u> <u>7,500.00</u>	<u>-</u>
<u>MUNICIPAL DEBT SERVICE--EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	110,000.00	110,000.00	110,000.00		
Payment of Bond Anticipation Notes and Capital Notes	154,958.00	154,958.00	154,958.00		
Interest on Bonds	34,642.50	34,642.50	34,642.50		
Interest on Notes	11,100.00	11,100.00	10,879.40		\$ 220.60
Loan Repayments for Principal	53,207.11	53,207.11	53,207.11		
Loan Repayments for Interest	18,757.48	18,757.48	12,992.52		5,764.96
Total Municipal Debt Service--Excluded from "CAPS"	<u>382,665.09</u>	<u>382,665.09</u>	<u>376,679.53</u>	<u>-</u> <u>-</u>	<u>5,985.56</u>
<u>DEFERRED CHARGES-MUNICIPAL--EXCLUDED FROM "CAPS"</u>					
Special Emergency Authorizations - 5 years (NJS 40A:4-55)	20,600.00	20,600.00	20,600.00		
Total Deferred Charges-Municipal--Excluded from "CAPS"	<u>20,600.00</u>	<u>20,600.00</u>	<u>20,600.00</u>	<u>-</u> <u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>755,781.01</u>	<u>971,908.11</u>	<u>941,996.53</u>	<u>\$ 10,003.67</u> <u>13,922.35</u>	<u>5,985.56</u>
Subtotal General Appropriations	4,253,915.07	4,470,042.17	4,031,123.88	65,794.76	5,985.56
Reserve for Uncollected Taxes	389,310.93	389,310.93	389,310.93		
Total General Appropriations	<u>\$ 4,643,226.00</u>	<u>\$ 4,859,353.10</u>	<u>\$ 4,420,434.81</u>	<u>\$ 65,794.76</u> <u>\$ 367,137.97</u>	<u>\$ 5,985.56</u>

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Encumbered</u>	<u>Reserved</u>	
Budget		\$ 4,643,226.00				
Appropriation by 40A:4-87		<u>216,127.10</u>				
		<u>\$ 4,859,353.10</u>				
Reserve for Federal and State Grants--Appropriated			\$ 230,546.22			
Deferred Charges:						
Special Emergency Authorizations			20,600.00			
Reserve for Uncollected Taxes			389,310.93			
Disbursed			<u>3,779,977.66</u>			
			<u>\$ 4,420,434.81</u>			

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

BOROUGH OF MAGNOLIA

TRUST FUND

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

As of December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash--Treasurer	SB-1	\$ 6,358.90	\$ 5,179.57
		<u>6,358.90</u>	<u>5,179.57</u>
Other Funds:			
Cash--Treasurer	SB-1	465,948.62	346,429.62
Cash--Collector	SB-2	271,983.56	390,786.88
Community Development Block Grant Receivable	SB-3	62,678.30	43,488.00
Due from State of New Jersey--State Permit Fees	SB-7	5,823.00	
Other Accounts Receivable	SB-8	1,602.30	9,394.30
Due from Federal and State Grant Fund	SB-1		65,773.10
Due from Sewer Utility Capital Fund	D	263.80	263.80
		<u>808,299.58</u>	<u>856,135.70</u>
		<u>\$ 814,658.48</u>	<u>\$ 861,315.27</u>

(Continued)

BOROUGH OF MAGNOLIA

TRUST FUND

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

As of December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	SB-4	\$ 6,353.24	\$ 5,178.29
Due to Current Fund	SB-5	1.46	1.28
Due to State of New Jersey--State Registration Fees	SB-6	4.20	
		<u>6,358.90</u>	<u>5,179.57</u>
Other Funds:			
Due to State of New Jersey--State Permit Fees	SB-7		1,260.00
Due to Current Fund	SB-9	61,568.45	35,497.85
Payroll Deductions Payable	SB-10	14,687.77	19,743.28
Reserve for Engineering Inspection Fees	SB-11	128,218.04	133,778.13
Reserve for Public Defender Fees	SB-12		516.77
Reserve for Construction Code Expenditures	SB-13	263,840.52	183,774.28
Reserve for Summer Recreation Program	SB-14	8,598.04	7,761.35
Reserve for Law Enforcement Funds	SB-15	7,984.32	8,431.79
Reserve for Community Development Block Grant	SB-16	14,602.30	35,068.00
Reserve for Redemption of Tax Title Liens	SB-17	11,643.62	41,586.26
Premiums Received at Tax Sales	SB-18	231,700.00	331,800.00
Reserve for POAA Fees	SB-19	362.94	344.94
Reserve for Police Outside Services	SB-20	2,727.50	2,783.90
Reserve for Community Center	SB-21	24,785.80	14,622.27
Reserve for Police Equipment and Training	SB-22	835.09	2,421.69
Reserve for Street Opening Deposits		35,508.01	35,508.01
Reserve for Recycling Program		684.71	684.71
Reserve for K-9 Donations		552.47	552.47
		<u>808,299.58</u>	<u>856,135.70</u>
		<u>\$ 814,658.48</u>	<u>\$ 861,315.27</u>

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

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
 As of December 31, 2016 and 2015

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>(Restated)</u> <u>2015</u>
Cash--Treasurer	SC-1; SC-2	\$ 299,682.88	\$ 254,249.73
Deferred Charges to Future Taxation:			
Unfunded	SC-3	1,438,906.29	1,321,364.29
Funded	SC-4	1,641,039.46	1,804,246.57
New Jersey Environmental Infrastructure Trust Loans			
Receivable	SC-5		101,591.26
Due from Current Fund	SC-7		20,326.79
		<u>\$ 3,379,628.63</u>	<u>\$ 3,501,778.64</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
Due to Current Fund	SC-7	\$ 52,751.90	
Due to Federal and State Grant Fund	SC-1	720.00	\$ 27,875.00
Due to Sewer Utility Capital Fund	SC-1	48,958.74	
Due to State of New Jersey	SC-5		50,000.00
Improvement Authorizations:			
Funded	SC-6	99,277.35	148,404.17
Unfunded	SC-6	304,843.36	128,151.21
Contracts Payable	SC-8	63,005.28	5,111.15
General Serial Bonds	SC-9	984,000.00	1,094,000.00
New Jersey Environmental Infrastructure Trust Loans			
Payable	SC-10	657,039.46	710,246.57
Bond Anticipation Notes	SC-11	1,166,406.29	1,321,364.29
Capital Improvement Fund	SC-12		13,995.00
Reserve for Payment of Bonds		472.73	472.73
Fund Balance	C-1	<u>2,153.52</u>	<u>2,158.52</u>
		<u>\$ 3,379,628.63</u>	<u>\$ 3,501,778.64</u>

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

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of Fund Balance--Regulatory Basis
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 2,158.52
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>5.00</u>
Balance Dec. 31, 2016	<u><u>\$ 2,153.52</u></u>

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

BOROUGH OF MAGNOLIA
SEWER UTILITY FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2016 and 2015

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	(Restated) <u>2015</u>
Operating Fund:			
Cash--Collector/Treasurer	SD-1	\$ 199,198.80	\$ 87,265.52
Change Fund	SD-3	100.00	100.00
Due from Sewer Utility Capital Fund	SD-4	<u>126,327.44</u>	<u>226,877.44</u>
		<u>325,626.24</u>	<u>314,242.96</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	SD-5	16,123.87	26,130.04
Sewer Utility Liens Receivable	SD-9	<u>147.14</u>	<u> </u>
Total Receivables with Full Reserves:		<u>16,271.01</u>	<u>26,130.04</u>
Total Operating Fund		<u>341,897.25</u>	<u>340,373.00</u>
Capital Fund:			
Cash--Treasurer	SD-1	104,317.64	104,317.64
Due from General Capital Fund	SD-1	48,958.74	
New Jersey Environmental Infrastructure Trust Loans Receivable	SD-1		149,508.74
Fixed Capital	SD-13	576,787.01	576,787.01
Fixed Capital Authorized and Uncompleted	SD-14	<u>738,000.00</u>	<u>738,000.00</u>
Total Capital Fund		<u>1,468,063.39</u>	<u>1,568,613.39</u>
		<u>\$ 1,809,960.64</u>	<u>\$ 1,908,986.39</u>

(Continued)

BOROUGH OF MAGNOLIA
SEWER UTILITY FUND

Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2016 and 2015

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2016</u>	(Restated) <u>2015</u>
Operating Fund:			
Appropriation Reserves	D-3; SD-8	\$ 39,435.27	\$ 35,601.36
Reserve for Encumbrances	D-3; SD-8	194.16	196.64
Sewer Rental Overpayments	SD-6	3,549.64	2,589.72
Prepaid Sewer Rents	SD-7	2,410.41	2,410.41
Accrued Interest on Bonds and Notes	SD-10	4,242.77	4,807.37
		<u>47,421.84</u>	<u>45,605.50</u>
Reserves for Receivables	D	16,271.01	26,130.04
Fund Balance	D-1	<u>278,204.40</u>	<u>268,637.46</u>
Total Operating Fund		<u>341,897.25</u>	<u>340,373.00</u>
Capital Fund:			
Bond Anticipation Notes	SD-16	7,500.00	15,000.00
New Jersey Environmental Infrastructure Trust Loans Payable	SD-15	396,428.79	428,531.86
Reserve for Amortization	SD-12	910,858.22	871,255.15
Improvement Authorizations:			
Funded	SD-11	15,085.09	15,085.09
Unfunded	SD-11	3,541.33	3,541.33
Due to Trust Other Fund	B	263.80	263.80
Due to Sewer Utility Operating Fund	SD-4	126,327.44	226,877.44
Fund Balance		<u>8,058.72</u>	<u>8,058.72</u>
Total Capital Fund		<u>1,468,063.39</u>	<u>1,568,613.39</u>
		<u>\$ 1,809,960.64</u>	<u>\$ 1,908,986.39</u>

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

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
 Statements of Operations and Changes in Fund Balance--Regulatory Basis
 For the Years Ended December 31, 2016 and 2015

<u>Revenue and Other Income Realized</u>	<u>2016</u>	<u>2015</u>
Fund Balance	\$ 65,811.00	\$ 70,653.00
Sewer Service Charges	253,921.17	242,152.99
Miscellaneous	5,620.98	4,236.11
Other Credits to Income:		
Cancellation of Sewer Overpayment	98.04	3,123.45
Unexpended Balance of Appropriation Reserves	<u>35,573.15</u>	<u>37,347.19</u>
 Total Income	 <u>361,024.34</u>	 <u>357,512.74</u>
 <u>Expenditures</u>		
Operating	221,820.00	225,283.05
Debt Service	50,626.40	52,197.08
Statutory Expenditures	<u>13,200.00</u>	<u>13,200.00</u>
 Total Expenditures	 <u>285,646.40</u>	 <u>290,680.13</u>
 Statutory Excess to Fund Balance	 75,377.94	 66,832.61
 <u>Fund Balance</u>		
Balance January 1	<u>268,637.46</u>	<u>272,457.85</u>
	344,015.40	339,290.46
Decreased by:		
Utilized as Revenue in Sewer Utility Operating Budget	<u>65,811.00</u>	<u>70,653.00</u>
Balance December 31	<u>\$ 278,204.40</u>	<u>\$ 268,637.46</u>

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

BOROUGH OF MAGNOLIA
SEWER UTILITY FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance	\$ 65,811.00	\$ 65,811.00	
Sewer Service Charges	220,000.00	253,921.17	\$ 33,921.17
Miscellaneous	400.00	5,620.98	5,220.98
	<u>400.00</u>	<u>5,620.98</u>	<u>5,220.98</u>
Total Revenues	<u>\$ 286,211.00</u>	<u>\$ 325,353.15</u>	<u>\$ 39,142.15</u>

Analysis of Realized Revenues

Rents:

Consumer Accounts Receivable:

Collected	\$ 249,715.98
Overpayments Applied	1,794.78
Prepayments Applied	2,410.41
	<u>2,410.41</u>
	<u>\$ 253,921.17</u>

Miscellaneous Revenues Anticipated:

Treasurer:

Interest on Investments \$ 702.56

Collector:

Interest on Delinquent Accounts 3,718.42

Connection Fees 1,200.00

\$ 5,620.98

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

BOROUGH OF MAGNOLIA
SEWER UTILITY FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Expended</u>			<u>Unexpended Balance Canceled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Operating:						
Salaries and Wages	\$ 154,000.00	\$ 154,000.00	\$ 147,716.97		\$ 6,283.03	
Other Expenses	<u>67,820.00</u>	<u>67,820.00</u>	<u>36,030.26</u>	\$ 194.16	<u>31,595.58</u>	
Total Operating	<u>221,820.00</u>	<u>221,820.00</u>	<u>183,747.23</u>	<u>194.16</u>	<u>37,878.61</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	32,103.07	32,103.07	32,103.07			
Payment of Bond Anticipation Notes and Capital Notes	7,500.00	7,500.00	7,500.00			
Interest on Bonds	11,317.52	11,317.52	10,788.17			\$ 529.35
Interest on Notes	<u>270.41</u>	<u>270.41</u>	<u>235.16</u>			<u>35.25</u>
	<u>51,191.00</u>	<u>51,191.00</u>	<u>50,626.40</u>	<u>-</u>	<u>-</u>	<u>564.60</u>
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	12,000.00	12,000.00	10,508.45		1,491.55	
Unemployment Compensation Insurance	<u>1,200.00</u>	<u>1,200.00</u>	<u>1,134.89</u>		<u>65.11</u>	
Total Statutory Expenditures	<u>13,200.00</u>	<u>13,200.00</u>	<u>11,643.34</u>	<u>-</u>	<u>1,556.66</u>	<u>-</u>
Total Sewer Utility Appropriations	<u>\$ 286,211.00</u>	<u>\$ 286,211.00</u>	<u>\$ 246,016.97</u>	<u>\$ 194.16</u>	<u>\$ 39,435.27</u>	<u>\$ 564.60</u>
Disbursed			\$ 234,993.64			
Accrued Interest			<u>11,023.33</u>			
			<u>\$ 246,016.97</u>			

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

BOROUGH OF MAGNOLIA
Statement of General Fixed Assets Account Group--Regulatory Basis
For the Year Ended December 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
General Fixed Assets:				
Land	\$ 7,545.00			\$ 7,545.00
Buildings	880,194.27			880,194.27
Vehicles and Equipment	<u>3,320,423.18</u>		\$ 62,656.30	<u>3,257,766.88</u>
	<u>\$ 4,208,162.45</u>	<u>\$ -</u>	<u>\$ 62,656.30</u>	<u>\$ 4,145,506.15</u>
Total General Fixed Assets				
Total Investments in General Fixed Assets	<u>\$ 4,208,162.45</u>	<u>\$ -</u>	<u>\$ 62,656.30</u>	<u>\$ 4,145,506.15</u>

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

BOROUGH OF MAGNOLIA
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Magnolia was incorporated in 1915 and is located in Camden County, New Jersey, approximately ten miles southeast of the City of Philadelphia. The population according to the 2010 census is 4,341.

The Borough is governed by a Mayor-Council form of government consisting of seven members elected at large by the voters. Each member of the Borough Council holds office for a three year term. The terms are staggered so that at least two member's term expires each year. The Mayor, who is elected by general election to a four year term, acts as the chief executive officer. Legislative powers rest with the Borough Council. The Chief Financial Officer and the Borough Clerk are appointed by the Borough Council and monitor the daily administrative and financial responsibilities.

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

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

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds which are described as follows:

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Magnolia School District and the Sterling Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31. For the regional high school district, operations is charged for the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

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

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

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

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

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2016, the Borough's bank balances of \$3,229,489.27 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 2,629,931.52
Uninsured and Uncollateralized	<u>599,557.75</u>
Total	<u>\$ 3,229,489.27</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 4.020	\$ 3.881	\$ 3.826	\$ 3.725	\$ 3.653
Apportionment of Tax Rate:					
Municipal	\$ 1.022	\$ 1.002	\$.983	\$.969	\$.934
County	.883	.847	.834	.849	.869
Local School	1.481	1.384	1.316	1.262	1.215
Regional High School	.634	.648	.693	.645	.635

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2016	\$ 261,374,900.00
2015	261,507,000.00
2014	262,281,800.00
2013	263,227,386.00
2012	263,151,486.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2016	\$ 10,523,080.96	\$ 10,261,365.28	97.51%
2015	10,159,828.47	9,903,703.54	97.48%
2014	10,132,134.59	9,817,206.95	96.89%
2013	9,811,888.66	9,521,968.16	97.05%
2012	9,644,644.32	9,354,056.08	96.99%

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 130,109.43	\$ 236,504.98	\$ 366,614.41	3.48%
2015	100,877.53	226,938.06	327,815.59	3.23%
2014	43,426.71	284,850.74	328,277.45	3.24%
2013	21,808.41	269,402.72	291,211.13	2.97%
2012	12,433.62	287,011.01	299,444.63	3.10%

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

<u>Year</u>	<u>Number</u>
2016	16
2015	16
2014	12
2013	6
2012	6

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2016	\$ 5,975.00
2015	5,975.00
2014	5,975.00
2013	5,975.00
2012	5,975.00

Note 5: SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2016	\$ 26,130.04	\$ -	\$ 244,015.00	\$ 270,145.04	\$ 253,921.17
2015	24,003.26	-	244,279.77	268,283.03	242,152.99
2014	19,650.85	-	244,061.03	263,711.88	239,708.62
2013	21,047.91	-	244,858.64	265,906.55	246,255.70
2012	23,642.21	-	244,845.12	268,487.33	247,439.42

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2016	\$ 1,072,636.77	\$ 460,000.00	42.88%
2015	732,943.62	422,000.00	57.58%
2014	864,307.57	420,000.00	48.59%
2013	629,848.98	424,500.00	67.40%
2012	511,236.55	400,000.00	78.24%

Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2016	\$ 278,204.40	\$ 65,690.00	23.61%
2015	268,637.46	65,811.00	24.50%
2014	272,457.85	70,653.00	25.93%
2013	302,172.71	96,350.00 (A)	31.89%
2012	329,207.79	92,941.00 (B)	28.23%

(A) Includes \$40,000 utilized in the 2014 Current Fund budget.

(B) Includes \$40,000 utilized in the 2013 Current Fund budget.

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2016:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 124,960.81	
Federal and State Grant	720.00	\$ 10,639.00
Trust - Animal Control		1.46
Trust - Other	263.80	61,568.45
General Capital		102,430.64
Sewer Utility - Operating	126,327.44	
Sewer Utility - Capital	48,958.74	126,591.24
	<u>\$ 301,230.79</u>	<u>\$ 301,230.79</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2017, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

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

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

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

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

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

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, 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.

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Borough's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2016 was 12.70% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) – Based on the most recent PERS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$69,848.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2015, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$70,624.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$42,583.92.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Borough's contractually required contribution rate for the year ended December 31, 2016 was 27.19% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$225,383.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2015, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$219,867.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$83,888.10.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2016 was 2.05% of the Borough's covered payroll.

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

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2016 is \$16,991.00, and is payable by April 1, 2017. Based on the PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2015 was \$20,567.00, which was paid on April 1, 2016.

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

For the year ended December 31, 2016, employee contributions totaled \$1,697.81, and the Borough's contributions were \$926.07. There were no forfeitures during the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2016, the Borough's proportionate share of the PERS net pension liability was \$2,328,603.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Borough's proportion was 0.0078623506%, which was a decrease of 0.0003523042% from its proportion measured as of June 30, 2015.

At December 31, 2016, the Borough's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$167,749.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Borough's contribution to PERS was \$70,624.00, and was paid on April 1, 2016.

Police and Firemen's Retirement System - At December 31, 2016, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 5,280,483.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	443,430.00
	<u>\$ 5,723,913.00</u>

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

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2016 measurement date, the Borough's proportion was 0.0276428037%, which was an increase of 0.0005939298% from its proportion measured as of June 30, 2015. Likewise, at June 30, 2016, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0276428037%, which was an increase of 0.0005939298% from its proportion, on-behalf of the Borough, measured as of June 30, 2015.

At December 31, 2016, the Borough's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$637,531.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Borough's contribution to PFRS was \$219,867.00, and was paid on April 1, 2016.

At December 31, 2016, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the plan as of the June 30, 2016 measurement date is \$56,636.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2016, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 43,305.00	\$ -	\$ 43,305.00	\$ -	\$ 34,614.00	\$ 34,614.00
Changes of Assumptions	482,362.00	731,390.00	1,213,752.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	88,792.00	369,993.00	458,785.00	-	-	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	30,203.00	266,969.00	297,172.00	246,336.00	-	246,336.00
Borough Contributions Subsequent to the Measurement Date	34,924.00	112,692.00	147,616.00	-	-	-
	<u>\$ 679,586.00</u>	<u>\$ 1,481,044.00</u>	<u>\$ 2,160,630.00</u>	<u>\$ 246,336.00</u>	<u>\$ 34,614.00</u>	<u>\$ 280,950.00</u>

\$34,924.00 and \$112,692.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2017. These amounts were based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the Borough's year end of December 31, 2016.

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

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

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

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

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2017	\$ 83,772.00	\$ 327,895.00	\$ 411,667.00
2018	83,772.00	327,895.00	411,667.00
2019	105,703.00	416,604.00	522,307.00
2020	89,383.00	244,167.00	333,550.00
2021	35,696.00	17,177.00	52,873.00
	<u>\$ 398,326.00</u>	<u>\$ 1,333,738.00</u>	<u>\$ 1,732,064.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation	3.08%	3.08%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

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

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. 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).

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

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	<u>5.25%</u>	5.63%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2016 was 3.98% for PERS and 5.55% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS and through 2050 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS and through 2050 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 2,853,431.00</u>	<u>\$ 2,328,603.00</u>	<u>\$ 1,895,312.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2016, the plans measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 5.55%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Borough's Proportionate Share of the Net Pension Liability	\$ 6,808,796.00	\$ 5,280,483.00	\$ 4,034,236.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>571,770.47</u>	<u>443,430.00</u>	<u>338,776.07</u>
	<u>\$ 7,380,566.47</u>	<u>\$ 5,723,913.00</u>	<u>\$ 4,373,012.07</u>

Pension Plan Fiduciary Net Position

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

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

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0078623506%	0.0082146548%	0.0097237266%	0.0094278601%
Borough's Proportionate Share of the Net Pension Liability	\$ 2,328,603.00	\$ 1,844,025.00	\$ 1,820,548.00	\$ 1,801,851.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 524,560.00	\$ 536,420.00	\$ 635,396.00	\$ 643,732.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	443.92%	343.77%	286.52%	279.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Four Years)

	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 69,848.00	\$ 70,624.00	\$ 80,161.00	\$ 71,037.00
Borough's Contribution in Relation to the Contractually Required Contribution	(69,848.00)	(70,624.00)	(80,161.00)	(71,037.00)
Borough's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll (Calendar Year)	\$ 549,771.00	\$ 506,489.00	\$ 524,517.00	\$ 665,002.00
Borough's Contributions as a Percentage of its Covered Payroll	12.70%	13.94%	15.28%	10.68%

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0276428037%	0.0270488739%	0.0252138783%	0.0246019017%
Borough's Proportionate Share of the Net Pension Liability	\$ 5,280,483.00	\$ 4,505,400.00	\$ 3,171,672.00	\$ 3,270,601.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	443,430.00	395,108.00	341,536.00	304,860.00
Total	<u>\$ 5,723,913.00</u>	<u>\$ 4,900,508.00</u>	<u>\$ 3,513,208.00</u>	<u>\$ 3,575,461.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 883,532.00	\$ 856,588.00	\$ 833,744.00	\$ 772,088.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	597.66%	525.97%	380.41%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Four Years)

	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 225,383.00	\$ 219,867.00	\$ 193,660.00	\$ 179,490.00
Borough's Contribution in Relation to the Contractually Required Contribution	(225,383.00)	(219,867.00)	(193,660.00)	(179,490.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 828,966.00	\$ 868,508.00	\$ 860,031.00	\$ 817,767.00
Borough's Contributions as a Percentage of its Covered Payroll	27.19%	25.32%	22.52%	21.95%

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

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

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

Note 9: COMPENSATED ABSENCES

Full-time employees are entitled to paid sick leave and vacation days in various amounts as outlined in the Borough's employee handbook and police contracts. Unused sick leave and vacation days may be accumulated and carried forward to the subsequent year, subject to conditions outlined in the handbook and contracts. Upon retirement, employees may be compensated for accumulated unused sick leave and vacation days in accordance with formulas and limits established in the handbook and contracts.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$283,064.73.

Note 10: LEASE OBLIGATIONS

At December 31, 2016, the Borough had lease agreements in effect for the following:

- Capital:
 - Police Vehicles
- Operating:
 - Copiers
 - Postage Machine

Note 10: LEASE OBLIGATIONS (CONT'D)

Capital leases - The following is an analysis of the Borough's capital leases:

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2016</u>	<u>2015</u>
Vehicles	<u>\$ 53,820.35</u>	<u>\$ 84,421.11</u>

The following schedule represents the remaining principal and interest payments, through maturity, for capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 24,131.42	\$ 1,407.13	\$ 25,538.55
2018	17,130.75	724.41	17,855.16
2019	<u>12,558.18</u>	<u>196.92</u>	<u>12,755.10</u>
Total	<u>\$ 53,820.35</u>	<u>\$ 2,328.46</u>	<u>\$ 56,148.81</u>

Operating Leases - Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 6,174.00
2018	5,400.00
2019	5,400.00
2020	5,400.00
2021	5,400.00

Rental payments under operating leases for the year 2016 were \$6,039.47.

Note 11: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2010 - On May 27, 2010, the Borough issued \$1,389,000.00 of general improvement bonds, with a net interest cost of 3.342958%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds is May 1, 2022.

Note 11: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 120,000.00	\$ 31,192.50	\$ 151,192.50
2018	140,000.00	27,292.50	167,292.50
2019	150,000.00	22,755.00	172,755.00
2020	175,000.00	17,473.75	192,473.75
2021	190,000.00	11,495.00	201,495.00
2022	209,000.00	4,180.00	213,180.00
	<u>\$ 984,000.00</u>	<u>\$ 114,388.75</u>	<u>\$ 1,098,388.75</u>

New Jersey Environmental Infrastructure Loans

On November 8, 2007, the Borough entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$913,287.00, at no interest, from the fund loan, and \$915,000.00 at interest rates ranging from 3.4% to 5.0% from the trust loan. The proceeds were used to fund the repair and replacement of the sanitary sewer mains, lines and pipes, the remediation of the department of public works garage and the installation of a fuel spill recovery system. Semiannual debt payments are due February 1st and August 1st through 2027.

On November 10, 2015, the New Jersey Environmental Infrastructure Trust issued Environmental Infrastructure Refunding Bonds, Series 2015A-R1 to refund a portion of the outstanding the New Jersey Environmental Infrastructure Bonds, Series 2007A. See Notes 12 and 17.

General Debt - The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 53,169.48	\$ 16,746.07	\$ 69,915.55
2018	52,262.11	15,561.05	67,823.16
2019	55,865.87	14,376.05	70,241.92
2020	55,683.01	13,066.30	68,749.31
2021	60,011.29	11,725.36	71,736.65
2022-2026	311,947.22	35,269.67	347,216.89
2027	68,100.48	1,933.44	70,033.92
	<u>\$ 657,039.46</u>	<u>\$ 108,677.94</u>	<u>\$ 765,717.40</u>

Note 11: CAPITAL DEBT (CONT'D)**New Jersey Environmental Infrastructure Loans (Cont'd)**

Sewer Utility Debt - The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 32,080.48	\$ 10,103.93	\$ 42,184.41
2018	31,533.01	9,388.95	40,921.96
2019	33,707.39	8,673.95	42,381.34
2020	33,597.05	7,883.70	41,480.75
2021	36,208.56	7,074.64	43,283.20
2022-2026	188,217.29	21,280.34	209,497.63
2027	41,085.01	1,166.16	42,251.17
	<u>\$ 396,428.79</u>	<u>\$ 65,571.67</u>	<u>\$ 462,000.46</u>

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

Summary of Debt

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 2,807,445.75	\$ 3,125,610.86	\$ 3,487,009.61
Sewer Utility:			
Loans and Notes	<u>403,928.79</u>	<u>443,531.86</u>	<u>514,854.47</u>
Total Issued	<u>3,211,374.54</u>	<u>3,569,142.72</u>	<u>4,001,864.08</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>272,500.00</u>	<u>-</u>	<u>-</u>
Total Authorized but not Issued	<u>272,500.00</u>	<u>-</u>	<u>-</u>
Total Issued and Authorized but not Issued	<u>3,483,874.54</u>	<u>3,569,142.72</u>	<u>4,001,864.08</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds	472.73	472.73	472.73
Sewer Utility:			
Self-Liquidating	<u>403,928.79</u>	<u>443,531.86</u>	<u>514,854.47</u>
Total Deductions	<u>404,401.52</u>	<u>444,004.59</u>	<u>515,327.20</u>
Net Debt	<u>\$ 3,079,473.02</u>	<u>\$ 3,125,138.13</u>	<u>\$ 3,486,536.88</u>

Note 11: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.194%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School Purposes	\$ 1,197,455.06	\$ 1,197,455.06	
Local School Purposes	3,765,000.00	3,765,000.00	
Self-Liquidating	403,928.79	403,928.79	
General	3,079,945.75	472.73	\$ 3,079,473.02
	<u>\$ 8,446,329.60</u>	<u>\$ 5,366,856.58</u>	<u>\$ 3,079,473.02</u>

Net debt \$3,079,473.02 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$257,866,963.33, equals 1.194%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 9,025,343.72
Less: Net Debt	<u>3,079,473.02</u>
Remaining Borrowing Power	<u>\$ 5,945,870.70</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 325,353.15
Deductions:	
Operating and Maintenance Costs	\$ 235,020.00
Debt Service	<u>50,626.40</u>
Total Deductions	<u>285,646.40</u>
Excess in Revenue	<u>\$ 39,706.75</u>

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

Note 12: CAPITAL DEBT REFUNDING

On November 10, 2015, the New Jersey Environmental Infrastructure Trust (NJEIT) issued Environmental Infrastructure Refunding Bonds, Series 2015A-R1 to refund a portion of the outstanding New Jersey Environmental Infrastructure Bonds, Series 2007A. As a result of this financing by the New Jersey Environmental Infrastructure Trust, the Borough's debt service requirements for its 2007 New Jersey Environmental Infrastructure Loan was reduced by \$95,249.96, \$83,000.00 for principal and \$12,249.96 for interest. These savings will be provided to the Borough through "savings credits" applied to the Borough's debt service requirements for its 2007 NJEIT loan through August 2027.

Note 13: SCHOOL TAXES

Sterling Regional High School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	Balance December 31,	
	<u>2016</u>	<u>2015</u>
Balance of Tax	\$ 828,954.00	\$ 836,717.05
Deferred	<u>828,954.00</u>	<u>836,717.05</u>
Tax Payable	<u>\$ -</u>	<u>\$ -</u>

Note 14: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The expense for these benefits for the years ended December 31, 2016 and 2015 was \$9,128.83 and \$9,304.54, respectively.

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

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

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

Note 14: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd) - The Fund provides the Borough with the following coverage:

Casualty Insurance
 Business Automobile Insurance
 Property Insurance
 Workers' Compensation Insurance
 Environmental Legal Liability insurance
 Crime insurance
 Excess Crime Insurance
 Excess Liability Insurance
 Excess Workers' Compensation and Employer's Liability Insurance
 Public Officials and Employment Liability Insurance

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Borough's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2016, which can be obtained at camdenmunicpaljif.org.

Note 15: CONTINGENCIES

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

Tax Appeals - As of December 31, 2016, various tax appeals were on file against the Borough. Based upon information provided by the tax assessor, the exposure to the Borough is unknown.

Note 16: CONCENTRATIONS

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

Note 17: RESTATEMENT OF PRIOR YEAR

The year ended December 31, 2015 financial statements of the general capital fund and the sewer utility capital fund have been restated.

The balances restated below resulted from the refunding of a portion of outstanding New Jersey Environmental Infrastructure Bonds, Series 2007A in November, 2015. See Note 12.

General Capital Fund***Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis***

<u>Account</u>	<u>Dec. 31, 2015</u>	<u>(Restated) Dec. 31, 2015</u>
Deferred Charges to Future Taxation:		
Funded	\$ 1,856,013.67	\$ 1,804,246.57
Total Assets	3,553,545.74	3,501,778.64
 New Jersey Environmental Infrastructure Trust Loans		
Payable	762,013.67	710,246.57
Total Liabilities, Reserves and Fund Balance	3,553,545.74	3,501,778.64

Sewer Utility Capital Fund***Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis***

<u>Account</u>	<u>Dec. 31, 2015</u>	<u>(Restated) Dec. 31, 2015</u>
New Jersey Environmental Infrastructure Trust Loans Payable	\$ 459,764.76	\$ 428,531.86
Reserve for Amortization	840,022.25	871,255.15

Note 18: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the Borough authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Adoption Date</u>	<u>Authorization</u>
General Improvements		
Road Improvements	4/20/2017	\$ 95,000.00
Borough Hall Repairs/Reconstruction	4/20/2017	95,000.00
		<u>\$ 190,000.00</u>

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5--Treasurer
For the Year Ended December 31, 2016

	<u>Regular</u>	<u>Federal and State Grant Fund</u>
Balance Dec. 31, 2015	\$ 1,482,228.43	-
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 37,706.21	
Collector	10,526,272.74	
Other Accounts Receivable	1,250.00	
Due to State of New Jersey--Veterans' and Senior Citizens' Deductions	59,250.00	
Revenue Accounts Receivable	1,335,029.91	
Due to State of New Jersey:		
Marriage Licenses/Civil Unions	675.00	
Due County for Payments in Lieu of Taxes	15,411.50	
Federal and State Grants Receivable		\$ 323,605.07
Matching Funds for Grants		2,206.50
Due Federal and State Grant Fund	197,873.33	
Due Animal Control Fund	22.26	
Due Trust Other Funds	37,513.18	27,875.00
Due General Capital Fund	693.31	
Petty Cash	50.00	
	<u>12,211,747.44</u>	<u>\$ 353,686.57</u>
Carried Forward	13,693,975.87	353,686.57

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Current Cash
Per N.J.S. 40A:5-5--Treasurer
For the Year Ended December 31, 2016

	<u>Regular</u>	<u>Federal and State Grant Fund</u>
Brought Forward	\$ 13,693,975.87	\$ 353,686.57
Decreased by Disbursements:		
2016 Appropriations	\$ 3,779,977.66	
2015 Appropriation Reserves	74,940.06	
Tax Overpayments	3,612.38	
Accounts Payable	587.04	
Due to CCMUA	35,812.57	
Due to State of New Jersey:		
Marriage Licenses/Civil Unions	675.00	
County Taxes Payable	2,304,910.36	
Due County for Added and Omitted Taxes	2,337.83	
Local District School Taxes	3,871,584.00	
Regional High School Taxes Payable	1,598,518.86	
Prepaid Regional High School Taxes	75,358.18	
Matching Funds for Grants	2,206.50	
Other Accounts Receivable		
Due Current Fund		\$ 197,873.33
Due Trust Other Fund	57,544.90	65,773.10
Due General Capital Fund	73,014.79	720.00
Reserve for Federal and State Grant Fund--Appropriated		51,096.82
Contracts Payable		30,267.69
Reserve for Encumbrances		7,955.63
Petty Cash	50.00	
	11,881,130.13	353,686.57
Balance Dec. 31, 2016	\$ 1,812,845.74	\$ -

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statement of Current Cash
 Per N.J.S. 40A:5-5--Collector
 For the Year Ended December 31, 2016

	<u>Regular</u>
Receipts:	
Interest and Costs on Taxes	\$ 59,934.62
Tax Title Liens	7,634.97
Taxes Receivable	10,340,180.50
Prepaid Taxes	68,247.39
Tax Overpayments	14,462.69
Due CCMUA	<u>35,812.57</u>
	10,526,272.74
Decreased by:	
Deposits to Treasurer's Account	<u><u>\$ 10,526,272.74</u></u>

All funds are deposited directly to the Treasurer's bank account.

BOROUGH OF MAGNOLIA
 CURRENT FUND
 Schedule of Change Funds
 As of December 31, 2016

<u>Office</u>	<u>Amount</u>
Construction Code	\$ 100.00
Collector	300.00
Police	50.00
Municipal Court	100.00
	<hr/>
	\$ 550.00
	<hr/> <hr/>

Exhibit SA-4

CURRENT FUND
 Statement of Tax Title Liens Receivable
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 100,877.53
Increased by:	
Transferred from Taxes Receivable	\$ 36,707.00
Interest and Costs from Tax Sale	360.24
	<hr/>
	37,067.24
	<hr/>
	137,944.77
Increased by:	
Canceled	200.37
Collected	7,634.97
	<hr/>
	7,835.34
	<hr/>
Balance Dec. 31, 2016	\$ 130,109.43
	<hr/> <hr/>

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Due to State of New Jersey
Veterans' and Senior Citizens' Deductions
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 43,954.57
Increased by:		
Collected		<u>59,250.00</u>
		103,204.57
Decreased by:		
Accrued in 2016:		
Deductions Allowed per Tax Billings	\$ 62,250.00	
Deductions Allowed by Tax Collector	<u>250.00</u>	
	62,500.00	
Less: Deductions Disallowed by Tax Collector	<u>2,000.00</u>	
	\$ 60,500.00	
Deductions Disallowed by Tax Collector--Prior Year Taxes	<u>2,500.00</u>	
		<u>58,000.00</u>
Balance Dec. 31, 2016		<u><u>\$ 45,204.57</u></u>

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2016

<u>Year</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Levy</u>	<u>Added Taxes</u>	<u>Collections</u>	<u>2016</u>	<u>Canceled</u>	<u>Transferred to Tax Title Liens</u>	<u>Overpayments Applied</u>	<u>Due from State of New Jersey</u>	<u>Balance Dec. 31, 2016</u>
2007	\$ 0.31									\$ 0.31
2013	3,904.37									3,904.37
2014	5,761.96									5,761.96
2015	217,271.42		\$ 2,500.00		\$ 211,160.05		\$ 2,266.58	\$ 500.00		5,844.79
	226,938.06	-	2,500.00	-	211,160.05	-	2,266.58	500.00	-	15,511.43
2016		\$ 10,523,080.96		\$ 60,285.61	10,129,020.45	\$ 6,281.71	34,440.42	11,559.22	\$ 60,500.00	220,993.55
	<u>\$ 226,938.06</u>	<u>\$ 10,523,080.96</u>	<u>\$ 2,500.00</u>	<u>\$ 60,285.61</u>	<u>\$ 10,340,180.50</u>	<u>\$ 6,281.71</u>	<u>\$ 36,707.00</u>	<u>\$ 12,059.22</u>	<u>\$ 60,500.00</u>	<u>\$ 236,504.98</u>

Analysis of 2016 Property Tax Levy

Tax Yield

General Purpose Tax	\$ 10,507,041.84
Added Taxes	16,039.12
	<u>\$ 10,523,080.96</u>

Tax Levy

Local School Tax	\$ 3,871,584.00
Regional High School Tax	1,657,908.00
County Taxes:	
County Tax	\$ 2,119,821.96
County Library	133,071.60
County Open Space	52,016.80
Due County for Added and Omitted Taxes	<u>3,523.03</u>
Total County Taxes	2,308,433.39
Local Tax for Municipal Purposes	2,672,563.86
Add: Additional Tax Levied	<u>12,591.71</u>
Local Tax for Municipal Purposes Levied	<u>2,685,155.57</u>
Total Tax Levy	<u>\$ 10,523,080.96</u>

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2016

	Balance Dec. 31, 2015	Accrued 2016	Collections		Accounts Receivable	Balance Dec. 31, 2016	
			Treasurer	Collector			
Licenses:							
Alcoholic Beverages		\$ 6,300.00	\$ 6,300.00				
Other:							
Mercantile		2,750.00	2,750.00				
Marriage/Civil Union		81.00	81.00				
Peddlers		105.00	105.00				
Fees and Permits:							
Street Opening Permits		62,168.00	62,168.00				
Police Reports		67.83	67.83				
Fire Arm Permits		216.00	216.00				
Zoning Ordinance		40.00	40.00				
Registrar of Vital Statistics		1,100.00	1,100.00				
Tax and Municipal Improvement Search Fees		20.00	20.00				
Cable Franchise Fee	\$ 16,433.72	17,195.78	16,433.72			\$ 17,195.78	2016
Municipal Court:							
Fines and Costs	12,120.21	161,649.90	165,787.96			7,982.15	Dec. 2016
Interest Earned on Investments		6,577.66	3,826.13		\$ 2,751.53		
Consolidated Municipal Property Tax Relief Aid		16,911.00	16,911.00				
Energy Receipts Tax		439,409.00	439,409.00				
Payments in Lieu of Taxes		298,968.47	298,968.47				
Shared Services Agreements--							
Borough of Hi-Nella		43,062.00	43,062.00				
Borough of Stratford		246,793.80	246,793.80				
Borough of Laurel Springs		18,240.00	18,240.00				
Borough of Lawnside		15,300.00	12,750.00		2,550.00		
	<u>\$ 28,553.93</u>	<u>\$ 1,336,955.44</u>	<u>\$ 1,335,029.91</u>	<u>\$ -</u>	<u>\$ 5,301.53</u>	<u>\$ 25,177.93</u>	
Interfunds:							
Due Animal Control Fund					\$ 22.44		
Due Trust Other Funds					1,971.88		
Due General Capital Fund					757.21		
					2,751.53		
Other					2,550.00		
					<u>\$ 5,301.53</u>		

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statement of Deferred Charges
 N.J.S. 40A:4-55 Special Emergency Authorizations
 For the Year Ended December 31, 2016

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2015</u>	<u>Raised in 2016 Budget</u>	<u>Balance Dec. 31, 2016</u>
12-28-11	Tax Map Update	\$ 18,000.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	
5-19-11	Revaluation	85,000.00	17,000.00	17,000.00	17,000.00	
		<u>\$ 114,400.00</u>	<u>\$ 22,880.00</u>	<u>\$ 20,600.00</u>	<u>\$ 20,600.00</u>	<u>\$ -</u>

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of 2015 Appropriation Reserves
For the Year Ended December 31, 2016

	<u>Balance Dec. 31, 2015</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Encumbered</u>	<u>Reserves</u>			
<u>General Government</u>					
Mayor and Council					
Salaries and Wages		\$ 2,773.08	\$ 2,773.08		\$ 2,773.08
Other Expenses	\$ 4.95	589.45	594.40	\$ 4.95	589.45
Borough Clerk					
Salaries and Wages		10,431.55	10,431.55		10,431.55
Other Expenses	122.16	1,009.97	1,132.13	708.37	423.76
Codification of Ordinances		50.00	50.00		50.00
Financial Administration					
Salaries and Wages		7,740.74	7,740.74	1,853.93	5,886.81
Other Expenses	264.40	5,178.51	5,442.91	264.40	5,178.51
Computerized Data Processing					
Salaries and Wages		3.72	3.72		3.72
Other Expenses	185.75	8,282.52	8,468.27	869.00	7,599.27
Collection of Taxes					
Salaries and Wages		5,604.00	5,604.00		5,604.00
Other Expenses	1,211.65	4,132.92	5,344.57	411.65	4,932.92
Assessment of Taxes					
Salaries and Wages		332.92	332.92		332.92
Other Expenses		7,203.60	7,203.60		7,203.60
Legal Services and Costs					
Other Expenses	41.25	6,898.99	6,940.24	3,330.70	3,609.54
Engineering Services and Costs					
Other Expenses	237.50	10,069.00	10,306.50	237.50	10,069.00
Economic Development Agency					
Other Expenses		300.00	300.00		300.00
Municipal Land Use Law (NJS 40:55D-1):					
Planning Board:					
Salaries and Wages		8,136.87	8,136.87	220.00	7,916.87
Other Expenses		2,456.10	2,456.10		2,456.10
<u>Insurance</u>					
Unemployment Compensation		330.77	330.77		330.77
General Liability		15,086.25	15,086.25		15,086.25
Employee Group Insurance	191.00	46,510.58	46,701.58	191.00	46,510.58
Workers Compensation Insurance		0.44	0.44		0.44

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of 2015 Appropriation Reserves
For the Year Ended December 31, 2016

	<u>Balance Dec. 31, 2015</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Encumbered</u>	<u>Reserves</u>			
<u>Public Safety Functions</u>					
Police					
Salaries and Wages		\$ 14,878.54	\$ 14,878.54		\$ 14,878.54
Other Expenses	\$ 12,424.20	13,935.94	26,360.14	\$ 11,807.92	14,552.22
Office of Emergency Management					
Salaries and Wages		2,800.00	2,800.00		2,800.00
Other Expenses	753.82	180.47	934.29	744.36	189.93
Aid to Volunteer Ambulance Company					
Other Expenses	1,237.34	353.89	1,591.23	1,237.34	353.89
Fire					
Salaries and Wages		58.16	58.16		58.16
Other Expenses	4,397.20	142.59	4,539.79	3,713.10	826.69
Uniform Fire Safety Act (P.L. 1983, Ch.383)					
Other Expenses	1,510.35	281.41	1,791.76	1,480.74	311.02
Borough Prosecutor					
Salaries and Wages		11,560.08	11,560.08		11,560.08
<u>Public Works Functions</u>					
Streets and Roads					
Salaries and Wages		29,470.18	29,470.18		29,470.18
Other Expenses	2,355.61	19,529.60	21,885.21	247.62	21,637.59
Public Building and Grounds:					
Other Expenses	2,924.53	12,958.96	15,883.49	2,986.24	12,897.25
Recycling					
Other Expenses	3,551.00	4,308.10	7,859.10	3,520.00	4,339.10
Vehicle Maintenance					
Other Expenses	3,400.29	18,654.36	22,054.65	3,070.97	18,983.68
<u>Health and Human Services Functions</u>					
Board of Health					
Other Expenses		100.00	100.00		100.00
Animal Control Services					
Other Expenses		1,500.00	1,500.00	500.00	1,000.00
Public Assistance					
Other Expenses		1.00	1.00		1.00
<u>Parks and Recreation</u>					
Parks and Playgrounds					
Other Expenses	62.55	96.39	158.94	62.55	96.39
<u>Other Common Operating Functions</u>					
Accumulated Leave Compensation					
Salaries and Wages		261.32	261.32		261.32
Senior Citizen					
Other Expenses		700.00	700.00		700.00
Celebration of Public Events					
Other Expenses	309.90	8,993.33	9,303.23	664.40	8,638.83

(Continued)

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of 2015 Appropriation Reserves
For the Year Ended December 31, 2016

	<u>Balance Dec. 31, 2015</u>		<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
	<u>Encumbered</u>	<u>Reserves</u>			
<u>Utility Expenses and Bulk Purchases</u>					
Utilities	\$ 32.85	\$ 51,634.33	\$ 51,667.18	\$ 1,911.20	\$ 49,755.98
Street Lighting		14,228.92	14,228.92	6,758.30	7,470.62
Fire Hydrant Services		7,011.05	7,011.05	4,013.90	2,997.15
<u>Landfill/Solid Waste Disposal Costs</u>					
Landfill Fees		22,069.56	22,069.56	10,704.43	11,365.13
<u>Municipal Court Functions</u>					
Municipal Court					
Salaries and Wages		1,632.98	1,632.98	1,550.76	82.22
Other Expenses	1,223.42	6,408.57	7,631.99	3,128.00	4,503.99
Public Defender					
Salaries and Wages		5,232.00	5,232.00	209.61	5,022.39
Statutory Expenditures:					
Contribution to:					
Defined Contribution Retirement System		726.35	726.35		726.35
Social Security System (O.A.S.I.)		5,718.82	5,718.82		5,718.82
Statutory Expenditures					
Recycling Tax		1,648.32	1,648.32	507.76	1,140.56
Interlocal Municipal Service Agreements					
Streets and Roads Maintenance--					
Other Expenses	10,798.46	21,763.78	32,562.24	11,108.48	21,453.76
Matching Funds for Grants					
		1.00	1.00		1.00
	<u>\$ 47,240.18</u>	<u>\$ 421,961.98</u>	<u>\$ 469,202.16</u>	<u>\$ 78,019.18</u>	<u>\$ 391,182.98</u>
Disbursed				\$ 74,940.06	
Accounts Payable				3,079.12	
				<u>\$ 78,019.18</u>	

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statement of Prepaid Taxes
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015 (2016 Taxes)		\$ 60,285.61
Increased by:		
Collections--2017 Taxes		<u>68,247.39</u>
		128,533.00
Decreased by:		
Applied to 2016 Taxes Receivable		<u>60,285.61</u>
Balance Dec. 31, 2016 (2017 Taxes)		<u><u>\$ 68,247.39</u></u>

Exhibit SA-11

CURRENT FUND
 Statement of Tax Overpayments
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 49,171.44
Increased by:		
2016 Overpayments		<u>14,462.69</u>
		63,634.13
Decreased by:		
Refunded	\$ 3,612.38	
Applied to Taxes Receivable	<u>12,059.22</u>	
		<u>15,671.60</u>
Balance Dec. 31, 2016		<u><u>\$ 47,962.53</u></u>

A complete detailed list is on file at the office of the Tax Collector.

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statement of Accounts Payable
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 794.09
Increased by:		
Charged to Appropriation Reserves		<u>3,079.12</u>
		3,873.21
Decreased by:		
Canceled	\$ 171.27	
Disbursed	<u>587.04</u>	
		<u>758.31</u>
Balance Dec. 31, 2016		<u><u>\$ 3,114.90</u></u>

CURRENT FUND
 Statement of Due to CCMUA
 For the Year Ended December 31, 2016

Received at Tax Sale		\$ 35,812.57
Decreased by:		
Disbursed to CCMUA		<u><u>\$ 35,812.57</u></u>

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statement of Due to the State of New Jersey
 Marriage Licenses/Civil Unions
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 125.00
Increased by:		
Receipts		675.00
		800.00
Decreased by:		
Disbursements		675.00
		800.00
Balance Dec. 31, 2016		\$ 125.00

CURRENT FUND
 Statement of County Taxes Payable
 For the Year Ended December 31, 2016

2016 Levy:		
County		\$ 2,119,821.96
County Library		133,071.60
County Open Space		52,016.80
		\$ 2,304,910.36
Decreased by:		
Payments		\$ 2,304,910.36
		\$ 2,304,910.36

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Due County For Added and Omitted Taxes
For the Year Ended December 31, 2016

Balance Dec.31, 2015:	\$ 2,337.83
Increased by:	
County Share of 2016 Levy:	
Added Taxes	<u>3,523.03</u>
	5,860.86
Decreased by:	
Payments	<u>2,337.83</u>
Balance Dec.31, 2016	<u><u>\$ 3,523.03</u></u>

BOROUGH OF MAGNOLIA
CURRENT FUND
 Statement of Due County for Payments in Lieu of Taxes
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 119,239.61
Increased by:	
Receipts:	
County Share of 2016 Payments in Lieu of Taxes	15,411.50
Balance Dec. 31, 2016	\$ 134,651.11

CURRENT FUND
 Statement of Local School Tax Payable
 For the Year Ended December 31, 2016

Balance Dec.31, 2015	\$ 2.50
Increased by:	
Levy--January 1, 2016 to December 31, 2016	3,871,584.00
	3,871,586.50
Decreased by:	
Payments	3,871,584.00
Balance Dec.31, 2016	\$ 2.50

BOROUGH OF MAGNOLIA
CURRENT FUND
Statement of Regional High School Tax Payable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015:		
School Tax Deferred		\$ 836,717.05
Increased by:		
Levy--School Year July 1, 2016 to June 30, 2017		<u>1,657,908.00</u>
		2,494,625.05
Decreased by:		
Prepayments Applied	\$ 67,152.19	
Payments	<u>1,598,518.86</u>	
		<u>1,665,671.05</u>
Balance Dec. 31, 2016:		
School Tax Deferred		<u><u>\$ 828,954.00</u></u>

BOROUGH OF MAGNOLIA
FEDERAL AND STATE GRANT FUND
 Statement of Federal and State Grants Receivable
 For the Year Ended December 31, 2016

<u>Program</u>	<u>Balance Dec. 31, 2015</u>	<u>Accrued</u>	<u>Collected</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2016</u>
Federal Grants:					
Bulletproof Vest Partnership Grant	\$ 843.17	\$ 883.11	\$ 883.11		\$ 843.17
Municipal Stormwater Regulation Program	1,705.00				1,705.00
Justice Assistance Grant	629.85				629.85
Federal Firefighters Assistance Grant	24,886.00		24,866.00		20.00
New Jersey Transportation Trust Fund Authority Act	60,834.92			\$ 60,834.92	
State Grants:					
Municipal Drug Alliance	2,468.34	8,826.00	8,072.88		3,221.46
New Jersey Transportation Trust Fund Authority Act	252,014.70	200,000.00	148,595.55		303,419.15
Body Armor Replacement Grant		1,382.18	1,382.18		
Green Communities	3,000.00				3,000.00
Clean Communities Program		10,538.34	10,538.34		
Alcohol Education and Rehabilitation Grant		60.43	60.43		
Domestic Violence Training	2,220.27				2,220.27
Drunk Driving Enforcement Grant		4,206.58	4,206.58		
Local Grants:					
Camden County Open Space Preservation	127,601.82		125,000.00		2,601.82
	<u>\$ 476,204.07</u>	<u>\$ 225,896.64</u>	<u>\$ 323,605.07</u>	<u>\$ 60,834.92</u>	<u>\$ 317,660.72</u>
Federal and State Grants Appropriated				\$ 60,234.92	
Current Fund Balance				600.00	
				<u>\$ 60,834.92</u>	

BOROUGH OF MAGNOLIA
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants--Appropriated
For the Year Ended December 31, 2016

<u>Program</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred from 2016 Budget Appropriation</u>	<u>Paid or Charged</u>	<u>Prior Year Encumbrances Canceled</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2016</u>
Federal Grants:						
COPS More	\$ 1,051.01					\$ 1,051.01
Bulletproof Vest Partnership Grant	377.00	\$ 279.76	\$ 279.76			377.00
Justice Assistance Grant	837.00					837.00
Federal Firefighters Assistance Grant	26,130.00		26,130.00			
New Jersey Transportation Trust Fund Authority Act	60,234.92				\$ 60,234.92	
State Grants:						
Municipal Drug Alliance	5,546.56	11,032.50	9,659.00			6,920.06
New Jersey Transportation Trust Fund Authority Act	20,601.87	200,000.00	2,019.60	\$ 720.00	2,002.00	217,300.27
Body Armor Replacement Grant	1,510.33	1,382.18	1,610.33			1,282.18
Green Communities	3,000.00					3,000.00
Star Recreation	1,350.84					1,350.84
Clean Communities Grant	21,658.40	10,538.34	5,115.99			27,080.75
Alcohol Education and Rehabilitation Grant	5,096.59		950.00			4,146.59
Hazards Emergency Operation Planning Program	212.87					212.87
Domestic Violence Training	848.52					848.52
Drunk Driving Enforcement Grant	11,290.65	4,206.58	2,144.50			13,352.73
Recycling Tonnage Grant	12,334.04	3,106.86	1,200.00			14,240.90
Special Purpose Grants:						
Local Domestic Preparedness	11.44					11.44
Local Grants:						
Comcast Technology Grant	3,774.99					3,774.99
Walmart Grant	204.00					204.00
Camden County Open Space Preservation	8,334.27		5,164.00			3,170.27
Total	\$ 184,405.30	\$ 230,546.22	\$ 54,273.18	\$ 720.00	\$ 62,236.92	\$ 299,161.42
Reserve for Encumbrances			\$ 1,156.76			
Contracts Payable			2,019.60			
Disbursed			51,096.82			
			<u>\$ 54,273.18</u>			
Grants Receivable					\$ 60,234.92	
Current Fund Balance					<u>2,002.00</u>	
					<u>\$ 62,236.92</u>	

BOROUGH OF MAGNOLIA
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants--Unappropriated
For the Year Ended December 31, 2016

<u>Program</u>	<u>Balance Dec. 31, 2015</u>	<u>Grants Receivable</u>	<u>Realized as Miscellaneous Revenue in 2016 Budget</u>	<u>Balance Dec. 31, 2016</u>
Federal Grants:				
Bulletproof Vest Partnership Grant	\$ 279.76	\$ 883.11	\$ 279.76	\$ 883.11
New Jersey Transportation Trust Fund Authority Act		200,000.00	200,000.00	
State Grants:				
Municipal Drug Alliance		8,826.00	8,826.00	
Body Armor Replacement Grant		1,382.18	1,382.18	
Clean Communities Grant		10,538.34	10,538.34	
Alcohol Education and Rehabilitation Grant		60.43		60.43
Drunk Driving Enforcement Grant		4,206.58	4,206.58	
Recycling Tonnage Grant	<u>3,106.86</u>		<u>3,106.86</u>	
	<u>\$ 3,386.62</u>	<u>\$ 225,896.64</u>	<u>\$ 228,339.72</u>	<u>\$ 943.54</u>

BOROUGH OF MAGNOLIA
FEDERAL AND STATE GRANT FUND
Statement of Contracts Payable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 34,728.09
Increased by:		
Charge Orders		2,019.60
		36,747.69
Decreased by:		
Disbursed		30,267.69
Balance Dec. 31, 2016		\$ 6,480.00

FEDERAL AND STATE GRANT FUND
Statement of Reserve for Encumbrances
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 8,675.63
Increased by:		
Charged to Reserve for Federal and State Grants--Appropriated		1,156.76
		9,832.39
Decreased by:		
Canceled	\$ 720.00	
Disbursed	7,955.63	
		8,675.63
Balance Dec. 31, 2016		\$ 1,156.76

BOROUGH OF MAGNOLIA
FEDERAL AND STATE GRANT FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 207,110.33
Increased by:		
Canceled Appropriated Reserves		<u>2,002.00</u>
		209,112.33
Decreased by:		
Disbursed	\$ 197,873.33	
Canceled Grants Receivable	<u>600.00</u>	
		<u>198,473.33</u>
Balance Dec. 31, 2016		<u><u>\$ 10,639.00</u></u>

SUPPLEMENTAL EXHIBITS

TRUST FUND

BOROUGH OF MAGNOLIA
TRUST FUND
Statement of Trust Cash Per N.J.S. 40A:5-5--Treasurer
For the Year Ended December 31, 2016

	<u>Animal Control</u>	<u>Other</u>
Balance Dec. 31, 2015	\$ 5,179.57	\$ 346,429.62
Increased by Receipts:		
Reserve for Animal Control Fund Expenditures	\$ 6,934.60	
Due Current Fund	22.44	\$ 51,549.75
Due Federal and State Grant Fund		65,773.10
State Registration Fees	713.40	
Community Development Block Grant Receivable		2,609.70
Due to State of New Jersey--State Permit Fees		5,767.00
Other Accounts Receivable		7,792.00
Payroll Deductions Payable		781,755.37
Net Payroll		1,369,847.49
Reserve for Engineering Inspection Fees		61,895.16
Reserve for Public Defender Fees		6,594.07
Reserve for Construction Code Expenditures		127,889.82
Reserve for Summer Recreation Program		3,550.00
Reserve for Law Enforcement Funds		2.53
Reserve for POAA Fees		18.00
Reserve for Police Outside Services		134,073.61
Reserve for Community Center		50,770.44
Reserve for Police Equipment and Training		920.00
	<u>7,670.44</u>	<u>2,670,808.04</u>
Decreased by Disbursements:		
Reserve for Animal Control Fund Expenditures	5,759.65	
State Registration Fees	709.20	
Due to Current Fund	22.26	36,718.47
Due to State of New Jersey--State Permit Fees		12,850.00
Payroll Deductions Payable		786,810.88
Net Payroll		1,369,847.49
Reserve for Engineering Inspection Fees		67,455.25
Reserve for Public Defender Fees		7,110.84
Reserve for Construction Code Expenditures		47,823.58
Reserve for Summer Recreation Program		2,713.31
Reserve for Law Enforcement Funds		450.00
Reserve for Community Development Block Grant		42,265.70
Reserve for Police Outside Services		134,130.01
Reserve for Community Center		40,606.91
Reserve for Police Equipment and Training		2,506.60
	<u>6,491.11</u>	<u>2,551,289.04</u>
Balance Dec. 31, 2016	<u>\$ 6,358.90</u>	<u>\$ 465,948.62</u>

BOROUGH OF MAGNOLIA
TRUST FUND
Statement of Trust Cash Per N.J.S. 40A:5-5--Collector
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 390,786.88
Increased by Receipts:		
Due Current Fund	\$ 12,034.03	
Reserve for Redemption of Tax Title Liens	475,989.03	
Premiums Received at Tax Sales	108,500.00	
		596,523.06
		987,309.94
Decreased by Disbursements :		
Due Current Fund	794.71	
Reserve for Redemption of Tax Title Liens	505,931.67	
Premiums Received at Tax Sales	208,600.00	
		715,326.38
Balance Dec. 31, 2016		\$ 271,983.56

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
 Statement of Community Development Block Grants Receivable
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 43,488.00
Increased by:	
Entitlements Accrued in 2016:	
Year 38	21,800.00
	65,288.00
Decreased by:	
Receipts	2,609.70
Balance Dec. 31, 2016	\$ 62,678.30

Analysis of Balance Dec. 31, 2016

<u>Project</u>	<u>Entitlement Year</u>	<u>Amount</u>
Street Improvements	36	\$ 17,478.30
Street Improvements	37	23,400.00
Street Improvements	38	21,800.00
		\$ 62,678.30

BOROUGH OF MAGNOLIA
TRUST ANIMAL CONTROL FUND
 Statement of Reserve for Animal Control Fund Expenditures
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$	5,178.29
Increased by:			
Receipts:			
Dog License Fees	\$		4,468.60
Cat License Fees			756.00
Late Fees			<u>1,710.00</u>
			<u>6,934.60</u>
			12,112.89
Decreased by:			
Expenditures Under RS 4:19-15.11:			
Disbursed			<u>5,759.65</u>
Balance Dec. 31, 2016		\$	<u><u>6,353.24</u></u>
<u>License Fees Collected</u>			<u>Amount</u>
2014	\$		4,740.40
2015			<u>4,626.60</u>
		\$	<u><u>9,367.00</u></u>

TRUST ANIMAL CONTROL FUND
Statement of Due to Current Fund
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$	1.28
Increased by:			
Receipts:			
Interest Earned on Deposits			<u>22.44</u>
			23.72
Decreased by:			
Interfund Loans Returned			<u>22.26</u>
Balance Dec. 31, 2016		\$	<u><u>1.46</u></u>

BOROUGH OF MAGNOLIA
TRUST ANIMAL CONTROL FUND
 Statement of Due to State of New Jersey
 For the Year Ended December 31, 2016

State Registration Fees:		
Collected	\$	713.40
Decreased by:		
Disbursed		709.20
Balance Dec. 31, 2016	\$	4.20

TRUST OTHER FUNDS
 Statement of Due to/from State of New Jersey--State Permit Fees
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015 (Due To)	\$	1,260.00
Increased by:		
Receipts:		
State Training Fees		5,767.00
		7,027.00
Decreased by:		
Disbursed		12,850.00
Balance Dec. 31, 2016 (Due From)	\$	5,823.00

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
 Statement of Other Accounts Receivable
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 9,394.30
Decreased by:		
Receipts		7,792.00
		<u>7,792.00</u>
Balance Dec. 31, 2016		\$ 1,602.30
		<u>1,602.30</u>
 <u>Analysis of Balance Dec. 31, 2016</u>		
Police Outside Services Accounts Receivable		\$ 1,602.30
		<u>1,602.30</u>

TRUST OTHER FUNDS
 Statement of Due to Current Fund
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 35,497.85
Increased by:		
Receipts:		
Treasurer:		
Administrative Fees--Police Outside Services--		
Realized as Miscellaneous Revenue Not Anticipated	\$ 4,067.00	
Interfund Loans Advanced	46,365.62	
Interest Earned Deposits	1,117.13	
		<u>48,549.75</u>
		\$ 51,549.75
Collector:		
Interfund Loans Advanced	11,179.28	
Interest Earned Deposits	854.75	
		<u>12,034.03</u>
		63,583.78
		<u>63,583.78</u>
		99,081.63
Decreased by:		
Disbursed:		
Interfund Loans Returned:		
Treasurer	36,718.47	
Collector	794.71	
		<u>37,513.18</u>
Balance Dec. 31, 2016		\$ 61,568.45
		<u>61,568.45</u>

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 19,743.28
Increased by:	
Payroll Deductions and Employer Share of Social Security	781,755.37
	801,498.65
Decreased by:	
Disbursed	786,810.88
Balance Dec. 31, 2016	\$ 14,687.77
<u>Analysis of Balance Dec. 31, 2016</u>	
Public Employees' Retirement System	\$ 3,163.26
Police & Firemen's Retirement System	9,598.15
New Jersey Unemployment Compensation/Disability	1,228.00
Federal Withholding	33.54
New Jersey Withholding	(2.25)
FICA Employer	(28.26)
FICA Employer	0.00
DCRP	(132.60)
Employer DCRP	926.07
Garnish	568.61
PBA	(40.00)
Unallocated	(626.75)
	\$ 14,687.77

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
 Statement of Reserve for Engineering Inspection Fees
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 133,778.13
Increased by:	
Receipts:	
Escrow Deposits	<u>61,895.16</u>
	195,673.29
Decreased by:	
Disbursed	<u>67,455.25</u>
Balance Dec. 31, 2016	<u><u>\$ 128,218.04</u></u>

TRUST OTHER FUNDS
 Statement of Reserve for Public Defender Fees
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 516.77
Increased by:	
Fees Collected	<u>6,594.07</u>
	7,110.84
Decreased by:	
Disbursed	<u><u>\$ 7,110.84</u></u>

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Construction Code Expenditures
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 183,774.28
Increased by:	
Receipts:	
Permits	<u>127,889.82</u>
	311,664.10
Decreased by:	
Disbursed	<u>47,823.58</u>
Balance Dec. 31, 2016	<u><u>\$ 263,840.52</u></u>

TRUST OTHER FUNDS
Statement of Reserve for Summer Recreation Program
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 7,761.35
Increased by:	
Receipts:	
Fees	<u>3,550.00</u>
	11,311.35
Decreased by:	
Disbursed	<u>2,713.31</u>
Balance Dec. 31, 2016	<u><u>\$ 8,598.04</u></u>

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Law Enforcement Funds
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 8,431.79
Increased by:	
Receipts:	
Interest Earned on Deposits	<u>2.53</u>
	8,434.32
Decreased by:	
Disbursed	<u>450.00</u>
Balance Dec. 31, 2016	<u><u>\$ 7,984.32</u></u>

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Community Development Block Grant
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$	35,068.00
Increased by:		
Entitlements Accrued in 2016		21,800.00
		56,868.00
Decreased by:		
Disbursed		42,265.70
Balance Dec. 31, 2016	\$	14,602.30

Exhibit SB-17

TRUST OTHER FUNDS
Statement of Reserve for Redemption of Tax Title Liens
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$	41,586.26
Increased by:		
Receipts:		
Deposits for Redemption of Tax Title Liens		475,989.03
		517,575.29
Decreased by:		
Disbursements:		
Redemption of Tax Title Liens		505,931.67
Balance Dec. 31, 2016	\$	11,643.62

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
 Statement of Premiums Received at Tax Sale
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 331,800.00
Increased by:	
Receipts:	
Premiums Received at Tax Sale	108,500.00
	440,300.00
Decreased by:	
Disbursed	208,600.00
Balance Dec. 31, 2016	\$ 231,700.00

TRUST OTHER FUNDS
 Statement of Reserve for POAA Fees
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 344.94
Increased by:	
Receipts	18.00
Balance Dec. 31, 2016	\$ 362.94

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Police Outside Services
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$	2,783.90
Increased by:		
Receipts		134,073.61
		136,857.51
Decreased by:		
Disbursed		134,130.01
		134,130.01
Balance Dec. 31, 2016	\$	2,727.50

TRUST OTHER FUNDS
Statement of Reserve for Community Center
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$	14,622.27
Increased by:		
Receipts:		
Donations and Rental Fees		50,770.44
		50,770.44
		65,392.71
Decreased by:		
Disbursed		40,606.91
		40,606.91
Balance Dec. 31, 2016	\$	24,785.80

BOROUGH OF MAGNOLIA
TRUST OTHER FUNDS
Statement of Reserve for Police Equipment and Training
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 2,421.69
Increased by:	
Receipts	<u>920.00</u>
	920.00
Decreased by:	
Disbursed	<u>2,506.60</u>
Balance Dec. 31, 2016	<u><u>\$ 835.09</u></u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of General Capital Cash
Per N.J.S. 40A:5-5--Treasurer
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 254,249.73
Increased by Receipts:		
NJ Environmental Infrastructure Trust Loans Receivable	\$ 51,591.26	
Due Current Fund	73,772.00	
Due Federal and State Grant Fund	720.00	
Due Sewer Utility Capital Fund	<u>48,958.74</u>	
		<u>175,042.00</u>
		429,291.73
Decreased by Disbursements:		
Improvement Authorizations	96,022.81	
Contracts Payable	5,017.73	
Due Current Fund	693.31	
Due Federal and State Grant Fund	<u>27,875.00</u>	
		<u>129,608.85</u>
Balance Dec. 31, 2016		<u><u>\$ 299,682.88</u></u>

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
 Analysis of General Capital Cash and Investments
 For the Year Ended December 31, 2016

	Balance (Deficit) <u>Dec. 31, 2015</u>	Receipts		Disbursements		Transfers <u>From</u> <u>To</u>	Balance (Deficit) <u>Dec. 31, 2016</u>
		<u>Miscellaneous</u>		<u>Improvement Authorizations</u>	<u>Miscellaneous</u>		
Fund Balance	\$ 2,158.52					\$ 5.00	\$ 2,153.52
Due to State of New Jersey	50,000.00					50,000.00	
Reserve for Payment of Bonds	472.73						472.73
Contracts Payable	5,111.15				\$ 5,017.73	20.00	63,005.28
Capital Improvement Fund	13,995.00					13,995.00	
Due Current Fund	(20,326.79)	\$ 73,772.00					52,751.90
Due Federal and State Grant Fund	27,875.00	720.00			27,875.00		720.00
Due Sewer Utility Capital Fund		48,958.74					48,958.74
NJDOT Grant Receivable							
Other Accounts Receivable							
New Jersey Environmental Infrastructure Loan Receivable	(101,591.26)	51,591.26				50,000.00	
Improvement Authorizations:							
Ordinance No.							
645 Multipurpose:							
Acquisition of Fire Equipment	1,852.31						1,852.31
2005-5 Multipurpose:							
Acquisition of Computer Equipment and Software	20,202.01						20,202.01
Reconstruction of Various Road Projects	12,050.47						12,050.47
2007-9 Various Improvements:							
DPW Site Remediation	114,251.79			\$ 47,122.16		2,004.66	65,124.97
Brooke Avenue Storm Sewer	47.59						47.59
2013-3 Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	853.08						853.08
2013-6; 2014-11 Acquisition of a Fire Truck, Ambulance and Borough Improvements to the Community Center Park Area	17,268.00						17,268.00
2014-4 Acquisition of Police Software, Borough Office Computers and Completion of Various Road Improvements	110,030.13			48,900.65		20.00	61,149.48
2016-6 Acquisition of Police Equipment, DPW Truck, and Road Improvements						60,927.20	(46,927.20)
	<u>\$ 254,249.73</u>	<u>\$ 175,042.00</u>	<u>\$ 96,022.81</u>	<u>\$ 33,586.04</u>	<u>\$ 126,951.86</u>	<u>\$ 126,951.86</u>	<u>\$ 299,682.88</u>

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation--Unfunded
 For the Year Ended December 31, 2016

Improvement Description	Ordinance Number	Balance Dec. 31, 2015	2016 Authorizations	Notes Paid by Budget Appropriation	Balance Dec. 31, 2016	Analysis of Balance Dec.31, 2016		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
General Improvements:								
Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	2013-3	\$ 20,514.29		\$ 2,600.00	\$ 17,914.29	\$ 17,914.29		
Acquisition of a Fire Truck, Ambulance and Borough Improvements to the Community Center Park Area	2013-6; 2014-11	562,855.00		70,358.00	492,497.00	492,497.00		
Acquisition of Police Software, Borough Office Computers and Completion of Various Road Improvements	2014-4	737,995.00		82,000.00	655,995.00	655,995.00		
Acquisition of Police Equipment, DPW Truck,	2016-6		\$ 272,500.00		272,500.00		\$ 46,927.20	\$ 225,572.80
		<u>\$ 1,321,364.29</u>	<u>\$ 272,500.00</u>	<u>\$ 154,958.00</u>	<u>\$ 1,438,906.29</u>	<u>\$ 1,166,406.29</u>	<u>\$ 46,927.20</u>	<u>\$ 225,572.80</u>
Improvement Authorizations--Unfunded								\$ 350,031.36
Less:								
Unexpended Proceeds of Bond Anticipation Note Issued:								
Ordinance Numbers:								
2013-3							\$ 853.08	
2013-6; 2014-11							17,268.00	
2014-4							106,337.48	
								<u>124,458.56</u>
								<u>\$ 225,572.80</u>

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation--Funded
For the Year Ended December 31, 2016

Restated Balance Dec. 31, 2015		\$ 1,804,246.57
Decreased by:		
2016 Budget Appropriation to Pay:		
Serial Bonds	\$ 110,000.00	
Loans	<u>53,207.11</u>	
		<u>163,207.11</u>
Balance Dec. 31, 2016		<u><u>\$ 1,641,039.46</u></u>

Exhibit SC-5

GENERAL CAPITAL FUND
Statement of New Jersey Environmental Infrastructure Trust Loans Receivable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 101,591.26
Decreased by:		
Received	\$ 51,591.26	
Due to State of New Jersey--Canceled	<u>50,000.00</u>	
		<u><u>\$ 101,591.26</u></u>

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2016

Improvement Description	Ordinance Number	Amount	Balance Dec. 31, 2015		Down Payment	Deferred Charges to Future Taxation	Paid or Charged	Contracts Payable Canceled	Balance Dec. 31, 2016	
			Funded	Unfunded					Funded	Unfunded
General Improvements:										
Multipurpose:	645									
Acquisition of Fire Equipment		\$ 7,000.00	\$ 1,852.31						\$ 1,852.31	
Multipurpose:	2005-5									
Acquisition of Computer Equipment and Software		32,000.00	20,202.01						20,202.01	
Reconstruction of Various Road Projects		330,000.00	12,050.47						12,050.47	
Various Improvements:	2007-9									
DPW Site Remediation		462,000.00	114,251.79			\$ 49,126.82			65,124.97	
Brooke Avenue Storm Sewer		710,000.00	47.59						47.59	
Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	2013-3	27,000.00		\$ 853.08						\$ 853.08
Acquisition of a Fire Truck, Ambulance and Borough Improvements to the Community Center Park Area	2013-6; 2014-7	738,750.00		17,268.00						17,268.00
Acquisition of Police Software, Borough Office Computers and Completion of Various Road Improvements	2014-4	861,000.00		110,030.13			48,900.65	\$ 20.00		61,149.48
Acquisition of Police Equipment, DPW Truck, and Road Improvements	2016-06	286,500.00			\$ 14,000.00	\$ 272,500.00	60,927.20			225,572.80
			<u>\$ 148,404.17</u>	<u>\$ 128,151.21</u>	<u>\$ 14,000.00</u>	<u>\$ 272,500.00</u>	<u>\$ 158,954.67</u>	<u>\$ 20.00</u>	<u>\$ 99,277.35</u>	<u>\$ 304,843.36</u>
Disbursed							\$ 96,022.81			
Contracts Payable							62,931.86			
							<u>\$ 158,954.67</u>			
Capital Improvement Fund					\$ 13,995.00					
Fund Balance					5.00					
					<u>\$ 14,000.00</u>					

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
 Statement of Due from/to Current Fund
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015 (Due from)		\$ 20,326.79
Increased by:		
Disbursed:		
Interfund Loan Advanced		<u>693.31</u>
		21,020.10
Decreased by:		
Received:		
Interfund Loans Returned	\$ 73,014.79	
Interest Earned on Deposits	<u>757.21</u>	
		<u>73,772.00</u>
Balance Dec. 31, 2016 (Due to)		<u><u>\$ 52,751.90</u></u>

GENERAL CAPITAL FUND
Statement of Contracts Payable
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 5,111.15
Increased by:		
Charged to Improvement Authorizations		<u>62,931.86</u>
		68,043.01
Decreased by:		
Canceled	\$ 20.00	
Disbursed	<u>5,017.73</u>	
		<u>5,037.73</u>
Balance Dec. 31, 2016		<u><u>\$ 63,005.28</u></u>

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of General Serial Bonds
For the Year Ended December 31, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding Dec. 31, 2016</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements of 2010	5-27-10	\$ 1,389,000.00	5-01-17	\$ 120,000.00	3.800%	<u>\$ 1,094,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ 984,000.00</u>
			5-01-18	140,000.00	3.800%			
			5-01-19	150,000.00	3.800%			
			5-01-20	175,000.00	3.800%			
			5-01-21	190,000.00	3.800%			
			5-01-22	209,000.00	3.800%			

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of New Jersey Environmental Infrastructure Trust Loans Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities Outstanding Dec. 31, 2016				Interest Rate	Restated Balance Dec. 31, 2015	Paid by Budget Appropriation	Balance Dec. 31, 2016
			Date	Trust Loan	State Loan	Total				
Site Remediation, Installation of Fuel Spill Recovery System and Brooke Avenue Storm Sewer Replacement	11-08-07	\$ 1,140,287.00	2-01-17		\$ 5,660.97	\$ 5,660.97				
			8-01-17	\$ 23,700.15	23,808.36	47,508.51	5.000%			
			2-01-18		5,207.29	5,207.29				
			8-01-18	23,700.15	23,354.67	47,054.82	5.000%			
			2-01-19		4,753.60	4,753.60				
			8-01-19	26,194.90	24,917.36	51,112.26	4.000%			
			2-01-20		4,350.33	4,350.33				
			8-01-20	26,818.60	24,514.09	51,332.69	4.000%			
			2-01-21		3,947.05	3,947.05				
			8-01-21	29,937.05	26,127.18	56,064.23	5.000%			
			2-01-22		3,392.55	3,392.55				
			8-01-22	29,937.05	25,572.68	55,509.73	5.000%			
			2-01-23		2,838.05	2,838.05				
			8-01-23	32,431.80	27,034.55	59,466.35	4.250%			
			2-01-24		2,323.87	2,323.87				
			8-01-24	32,431.80	26,520.38	58,952.18	4.500%			
			2-01-25		1,779.45	1,779.45				
			8-01-25	35,550.25	27,992.34	63,542.59	4.500%			
			2-01-26		1,189.66	1,189.66				
			8-01-26	35,550.25	27,402.54	62,952.79	4.500%			
2-01-27		599.87	599.87							
8-01-27	38,668.70	28,831.93	67,500.63	4.250%	\$ 710,246.57	\$ 53,207.11	\$ 657,039.46			

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of Bond Anticipation Notes
For the Year Ended December 31, 2016

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
Acquisition of Various Pieces of Fire Gear and a New Phone System for the Borough Offices	2013-3	6-07-13	6-05-15	6-03-16	0.839%	\$ 20,514.29		\$ 20,514.29	
		6-07-13	6-03-16	6-02-17	0.829%		\$ 17,914.29		\$ 17,914.29
Acquisition of a Fire Truck, Ambulance and Borough Improvements to the Community Center Park Area	2013-6; 2014-11	7-09-13	6-05-15	6-03-16	0.839%	562,855.00		562,855.00	
		7-09-13	6-03-16	6-02-17	0.829%		492,497.00		492,497.00
Acquisition of Police Software, Borough Office Computers and Completion of Various Road Improvements	2014-4	6-06-14	6-05-15	6-03-16	0.839%	737,995.00		737,995.00	
		6-06-14	6-03-16	6-02-17	0.829%		655,995.00		655,995.00
						<u>\$ 1,321,364.29</u>	<u>\$ 1,166,406.29</u>	<u>\$ 1,321,364.29</u>	<u>\$ 1,166,406.29</u>
Renewals							\$ 1,166,406.29	\$ 1,166,406.29	
Paid by Budget Appropriation								154,958.00	
							<u>\$ 1,166,406.29</u>	<u>\$ 1,321,364.29</u>	

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 13,995.00
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>\$ 13,995.00</u>

BOROUGH OF MAGNOLIA
GENERAL CAPITAL FUND
 Statement of Bonds and Notes Authorized But Not Issued
 For the Year Ended December 31, 2016

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Authorizations</u>	<u>Balance Dec. 31, 2016</u>
General Improvements:				
Acquisition of Police Equipment, DPW Truck, and Road Improvements	2016-6	\$ -	\$ 272,500.00	\$ 272,500.00
		<u>\$ -</u>	<u>\$ 272,500.00</u>	<u>\$ 272,500.00</u>

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

BOROUGH OF MAGNOLIA
SEWER UTILITY FUND
Statement of Sewer Utility Cash
Per N.J.S. 40A:5-5 -- Treasurer
For the Year Ended December 31, 2016

	Operating	Capital
Balance Dec. 31, 2015	\$ 87,265.52	\$ 104,317.64
Increased by Receipts:		
Due Sewer Utility Capital Fund	\$ 100,550.00	
Miscellaneous Revenues	702.56	
Sewer Collector	257,487.14	
NJ Environmental Infrastructure Trust Loans Receivable		\$ 149,508.74
	358,739.70	149,508.74
	446,005.22	253,826.38
Decreased by Disbursements:		
2016 Appropriations	234,993.64	
Accrued Interest on Bonds and Notes	11,587.93	
2015 Appropriation Reserves	224.85	
Due Sewer Utility Operating Fund		100,550.00
Due General Capital Fund		48,958.74
	246,806.42	149,508.74
Balance Dec. 31, 2016	\$ 199,198.80	\$ 104,317.64

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
 Statement of Sewer Utility Cash
 Per N.J.S. 40A:5.5 -- Sewer Collector
 For the Year Ended December 31, 2016

	<u>Regular</u>
Receipts:	
Connection Fees	\$ 1,200.00
Interest on Delinquent Accounts	3,718.42
Consumer Accounts Receivable	249,715.98
Sewer Rental Overpayments	<u>2,852.74</u>
	257,487.14
Decreased by:	
Payments to Treasurer	<u><u>\$ 257,487.14</u></u>

All funds are deposited directly to the Treasurer's bank account.

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
 Schedule of Change Funds
 As of December 31, 2016

<u>Office</u>	<u>Amount</u>
Collector	\$ <u>100.00</u>

Exhibit SD-4

SEWER UTILITY OPERATING FUND
 Statement of Due from Sewer Utility Capital Fund
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 226,877.44
Decreased by:	
Interfund Loans Received	<u>100,550.00</u>
Balance Dec. 31, 2016	<u>\$ 126,327.44</u>

Exhibit SD-5

SEWER UTILITY OPERATING FUND
 Statement of Consumer Accounts Receivable
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 26,130.04
Increased by:	
Sewer Billings (Net)	<u>244,015.00</u>
	270,145.04
Decreased by:	
Collected	\$ 249,715.98
Transfer to Sewer Liens	100.00
Sewer Rental Prepayments Applied	2,410.41
Sewer Rental Overpayments Applied	<u>1,794.78</u>
	<u>254,021.17</u>
Balance Dec. 31, 2016	<u>\$ 16,123.87</u>

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
Statement of Sewer Rental Overpayments
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 2,589.72
Increased by:		
2016 Overpayments		<u>2,852.74</u>
		5,442.46
Decreased by:		
Canceled	\$ 98.04	
Applied to Consumer Accounts Receivable	<u>1,794.78</u>	
		<u>1,892.82</u>
Balance Dec. 31, 2016		<u><u>\$ 3,549.64</u></u>

SEWER UTILITY OPERATING FUND
Statement of Prepaid Sewer Rents
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 2,410.41
Decreased by:		
Applied to Consumer Accounts Receivable		<u><u>\$ 2,410.41</u></u>

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
 Statement of 2015 Appropriation Reserves
 For the Year Ended December 31, 2016

	Balance Dec. 31, 2015		Balance After Modification	Disbursed	Balance Lapsed
	Encumbered	Reserves			
Operating:					
Salaries and Wages		\$ 4,410.83	\$ 4,410.83		\$ 4,410.83
Other Expenses	\$ 196.64	30,179.52	30,376.16	\$ 224.85	30,151.31
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)		616.74	616.74		616.74
Unemployment Compensation Insurance		394.27	394.27		394.27
	\$ 196.64	\$ 35,601.36	\$ 35,798.00	\$ 224.85	\$ 35,573.15

SEWER UTILITY OPERATING FUND
 Statement of Sewer Utility Liens Receivable
 For the Year Ended December 31, 2016

Transfers from Consumer Accounts Receivable	\$ 100.00
Interest and Costs from Tax Sale	47.14
Balance Dec. 31, 2016	\$ 147.14

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
 Statement of Accrued Interest on Bonds and Notes and Analysis of Balance
 For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 4,807.37
Increased by:		
Budget Appropriation:		
Interest on Bonds	\$ 10,788.17	
Interest on Notes	<u>235.16</u>	
		<u>11,023.33</u>
		15,830.70
Decreased by:		
Disbursements		<u>11,587.93</u>
Balance Dec. 31, 2016		<u><u>\$ 4,242.77</u></u>

Analysis of Accrued Interest Dec. 31, 2016

	<u>Principal Outstanding Dec. 31, 2016</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Loan	\$ 202,079.30	5.000%	8/01/16	12/31/16	152 Days	\$ 4,207.68
Bond Anticipation Note	7,500.00	0.829%	6/03/16	12/31/16	206 Days	<u>35.09</u>
						<u><u>\$ 4,242.77</u></u>

BOROUGH OF MAGNOLIA
SEWER UTILITY CAPITAL FUND
Schedule of Improvement Authorizations
As of December 31, 2016

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Ordinance Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2016</u>	
				<u>Funded</u>	<u>Unfunded</u>
General Improvements:					
Sewer Projects and Reconstruction of Collapsed Pipe under Roadway	2006-15	9-06-06	\$ 50,000.00		\$ 3,541.33
Various Improvements to the Sewer Utility System	2007-09	5-02-07	688,000.00	\$ 15,085.09	
				<u>\$ 15,085.09</u>	<u>\$ 3,541.33</u>

BOROUGH OF MAGNOLIA
SEWER UTILITY CAPITAL FUND
Statement of Reserve for Amortization
For the Year Ended December 31, 2016

Restated Balance Dec. 31, 2015		\$ 871,255.15
Increased by:		
Notes Paid by Operating Budget	\$ 7,500.00	
Loans Paid by Operating Budget	<u>32,103.07</u>	
		<u>39,603.07</u>
Balance Dec. 31, 2016		<u><u>\$ 910,858.22</u></u>

Exhibit SD-13

SEWER UTILITY CAPITAL FUND
Schedule of Fixed Capital
As of December 31, 2016

	<u>Amount</u>
Pumping Station	\$ 17,402.60
Sewer Mains and Laterals	456,495.24
Buildings	9,625.00
Equipment	88,117.00
Well	4,080.17
Fence	<u>1,067.00</u>
	<u><u>\$ 576,787.01</u></u>

BOROUGH OF MAGNOLIA
SEWER UTILITY OPERATING FUND
 Schedule of Fixed Capital Authorized and Uncompleted
 As of December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Amount</u>	<u>Balance Dec. 31, 2016</u>
	General Improvements:			
2006-15	Sewer Projects and Reconstruction of Collapsed Pipe under Roadway	9-06-06	\$ 50,000.00	\$ 50,000.00
2007-09	Various Improvements to the Sewer Utility System:	5-02-07		
	Evesham Force Sewer Main		373,125.00	373,125.00
	Jefferson Sewer Replacement		31,175.00	31,175.00
	Monroe Sewer Repairs		283,700.00	<u>283,700.00</u>
				<u>\$ 738,000.00</u>

BOROUGH OF MAGNOLIA
SEWER UTILITY CAPITAL FUND
 Statement of New Jersey Environmental Infrastructure Trust Loans Payable
 For the Year Ended December 31, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities Outstanding Dec. 31, 2016</u>				<u>Interest Rate</u>	<u>Restated Balance Dec. 31, 2015</u>	<u>Paid By Budget Appropriation</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Trust Loan</u>	<u>State Loan</u>	<u>Total</u>				
Repair and Replacement of the Sanitary Sewer Mains, Lines and Pipes	11-08-07	\$ 688,000.00	2-01-17		\$ 3,415.61	\$ 3,415.61				
			8-01-17	\$ 14,299.85	14,365.02	28,664.87	5.000%			
			2-01-18		3,141.87	3,141.87				
			8-01-18	14,299.85	14,091.29	28,391.14	5.000%			
			2-01-19		2,868.14	2,868.14				
			8-01-19	15,805.10	15,034.16	30,839.26	5.000%			
			2-01-20		2,624.81	2,624.81				
			8-01-20	16,181.40	14,790.83	30,972.23	5.000%			
			2-01-21		2,381.50	2,381.50				
			8-01-21	18,062.95	15,764.12	33,827.07	5.000%			
			2-01-22		2,046.93	2,046.93				
			8-01-22	18,062.95	15,429.55	33,492.50	5.000%			
			2-01-23		1,712.36	1,712.36				
			8-01-23	19,568.20	16,311.59	35,879.79	5.000%			
			2-01-24		1,402.13	1,402.13				
			8-01-24	19,568.20	16,001.35	35,569.55	5.000%			
			2-01-25		1,073.65	1,073.65				
			8-01-25	21,449.75	16,889.47	38,339.22	5.000%			
2-01-26		717.79	717.79							
8-01-26	21,449.75	16,533.62	37,983.37	5.000%						
2-01-27		361.94	361.94							
8-01-27	23,331.30	17,391.75	40,723.05	5.000%	<u>\$428,531.86</u>	<u>\$ 32,103.07</u>	<u>\$ 396,428.79</u>			

BOROUGH OF MAGNOLIA
SEWER UTILITY CAPITAL FUND
 Statement of Bond Anticipation Notes
 For the Year Ended December 31, 2016

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
Sewer Projects and Reconstruction of Collapsed Pipe under Roadway	2006-15	7-31-07	6-05-15	6-03-16	0.839%	\$ 15,000.00		\$ 15,000.00	
		7-31-07	6-03-16	6-02-17	0.829%		\$ 7,500.00		\$ 7,500.00
						<u>\$ 15,000.00</u>	<u>\$ 7,500.00</u>	<u>\$ 15,000.00</u>	<u>\$ 7,500.00</u>
Renewals							\$ 7,500.00	\$ 7,500.00	
Paid by Budget Appropriation								<u>7,500.00</u>	
							<u>\$ 7,500.00</u>	<u>\$ 15,000.00</u>	

PART 2
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

BOROUGH OF MAGNOLIA
Schedule of Findings and Recommendations
For the Year Ended December 31, 2016

Schedule of Financial Statement Findings

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

Finding No. 2016-001

Criteria or Specific Requirement

N.J.S.A. 40A:4-39, Dedication by Rider, states that certain dedicated revenues may be available for expenditure by the local unit as and when received in cash during the fiscal year. The inclusion of such dedicated revenues as an annex to the annual budget, and accounting thereof in the trust fund, shall be subject to the approval of the Director of the Division of Local Government Services.

Condition

The Borough entered into a lease agreement to rent its community center to a private entity to operate summer camp activities for approximately ten weeks in the summer. The rental fees collected under this agreement were deposited and expended by the Borough in a trust fund without receiving prior dedication by rider approval for rental fee revenues.

Context

The Borough collected \$22,000.00 in rental fees under the lease agreement in 2016, which were accounted for in the trust other funds without a dedication by rider approval for such rental fees.

Effect

Expenditures were made from the rental fees received without proper prior approval of the Director of the Division of Local Government Services. Additionally, since the community center was funded by serial bonds, and the serial bonds were outstanding in 2016, the lease agreement may be for activities that are an exception to the private business use test of bonds, thereby potentially no longer qualifying the bonds as a "governmental bond issue."

Cause

The Borough received dedication by rider approval for donations for the community center, but was denied dedication by rider approval for community center rental fees. Revenues for community center donations and rental fees are accounted for in the same trust reserve.

Recommendation

We recommend that the Borough include in the trust funds only those revenues for which the Borough has received dedication by rider approval. Additionally, we recommend the Borough seek advice from bond counsel to determine if the bonds may potentially be considered private activity bonds and, if so, to take recommended remedial actions regarding the outstanding serial bonds.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

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

FINANCIAL STATEMENT FINDINGS

None.

BOROUGH OF MAGNOLIA
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Betty Ann Cowling-Carson	Mayor	
Steven Whalen	Council President	
Odell Saxton	Councilman	
Rick Krause	Councilman	
Anthony DePrince III	Councilman	
Paula Bonamassa	Councilwoman	
Mary Martz	Councilwoman	
John Fabritiis	Chief Financial Officer	\$ 1,000,000.00 (A)
Kathy Andress	Tax Collector,	1,000,000.00 (C)
	Sewer Administrator, Deputy Borough Clerk	1,000,000.00 (A)
Shelley Strehle	Treasurer	1,000,000.00 (C)
	Deputy Tax Collector from May 19, 2016	1,000,000.00 (A)
Mark Godfrey	Borough Administrator	1,000,000.00 (A)
John D. Keenan, Jr.	Borough Clerk, Dog License Clerk,	
	Register of Vital Statistics	1,000,000.00 (A)
Mike DePalma	Construction Code Official	1,000,000.00 (A)
Krisden McCrink	Municipal Magistrate	1,000,000.00 (B)
Jacquelyn Vicari	Court Administrator	1,000,000.00 (B)
Denise Strehle	Deputy Court Administrator	1,000,000.00 (A)
Kim Krause	Deputy Court Administrator	1,000,000.00 (A)
Daniel H. Long	Solicitor	
Karen Davis	Assessor	

(A) Covered by the Public Employee Dishonesty Coverage in the amount of \$50,000 written by the Camden County Municipal Joint Insurance Fund and the Excess Public Employee Dishonesty Coverage in the amount of \$950,000 written by the Municipal Excess Liability Joint Insurance Fund.

(B) Covered by the Excess Public Officials Bond Coverage in the amount of \$1,000,000 written by the Municipal Excess Liability Joint Insurance Fund.

(C) Covered by the Primary Statutory Positions Bond Coverage in the amount of \$1,000,000 written by the Municipal Excess Liability Joint Insurance Fund.

All of the Bonds were examined and properly executed.

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APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read "Todd R. Saler". The signature is written in a cursive style with a large initial "T" and "S".

Todd R. Saler
Certified Public Accountant
Registered Municipal Accountant

